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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in MicroPort Scientific Corporation, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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

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**MicroPort Scientific Corporation**

微創醫療科學有限公司\*

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 00853)**

**SCRIP DIVIDEND IN RELATION TO THE FINAL DIVIDEND  
FOR THE YEAR ENDED 31 DECEMBER 2019,  
PROPOSED RE-ELECTION OF RETIRING DIRECTORS,  
ELECTION OF A NON-EXECUTIVE DIRECTOR,  
PROPOSED GRANTING OF GENERAL MANDATES TO  
BUY BACK SHARES AND TO ISSUE SHARES,  
PROPOSED ADOPTION OF THE NEW SHARE OPTION SCHEME AND  
TERMINATION OF THE EXISTING SHARE OPTION SCHEME  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening the Annual General Meeting of MicroPort Scientific Corporation to be held at the Meeting Room of Shanghai MicroPort, 1601 Zhangdong Road, Zhangjiang Hi-Tech Park, Shanghai 201203, The People's Republic of China on Thursday, 18 June 2020 at 10:00 a.m. is set out on pages 28 to 32 of this circular. A form of proxy for use at the Annual General Meeting is also enclosed. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.microport.com](http://www.microport.com)).

Whether or not you are able to attend the Annual General Meeting, please complete and sign the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not later than 10:00 a.m. on 16 June 2020 (Tuesday) (Hong Kong time). Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the Annual General Meeting if they so wish.

\* for identification purpose only

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

“Adoption Date”	the date on which the New Share Option Scheme is to be conditionally adopted by the Shareholders at the Annual General Meeting
“Annual General Meeting”	the annual general meeting of the Company to be held at the Meeting Room of Shanghai MicroPort, 1601 Zhangdong Road, Zhangjiang Hi-Tech Park, Shanghai 201203, The People’s Republic of China on Thursday, 18 June 2020 at 10:00 a.m., to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages 28 to 32 of this circular, or any adjournment thereof
“Articles of Association”	the articles of association of the Company currently in force
“Board”	the board of Directors
“Business Associate”	any advisors, consultants, distributors, contractors, contract manufacturers, agents, customers, business partners, joint venture business partners, service providers of any member of the Group
“Company”	MicroPort Scientific Corporation, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Connected Person”/ “Core Connected Person”	shall have the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Eligible Participant(s)”	any director, employee or Business Associate who the Board decides, in its sole discretion, have contributed or will contribute to the Group
“Exercise Price”	the price per Share at which a Grantee may subscribe for Shares upon the exercise of an option pursuant to the terms and conditions of the New Share Option Scheme
“Existing Share Option Scheme”	the share option scheme adopted by the Company on 3 September 2010
“Final Dividend”	the proposed final dividend of HK5.3 cents (tax inclusive) per Share for the year ended 31 December 2019

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## DEFINITIONS

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“Grantee”	any Eligible Participant who accepts an offer in accordance with the terms of the New Share Option Scheme
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issuance Mandate”	a general mandate proposed to be granted to the Directors to allot, issue or deal with additional Shares of not exceeding 20% of the total number of Shares of the Company in issue as at the date of passing of the proposed ordinary resolution contained in item 8 of the notice of the Annual General Meeting as set out on pages 29 to 30 of this circular
“Latest Practicable Date”	13 May 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum of Association”	the memorandum of association of the Company currently in force
“New Share Option Scheme”	the new share option scheme proposed to be adopted by the Company at the Annual General Meeting, a summary of the principal terms of which is set out in the Appendix III of this circular
“Option(s)”	right(s) to subscribe for Share(s) granted pursuant to the New Share Option Scheme
“PRC”	the People’s Republic of China, which for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region of PRC and Taiwan
“Qualifying Shareholders”	the Shareholders whose registered addresses are in Hong Kong as shown on the register of members of the Company on the Record Date, other than Shareholder(s) whose name(s) appear(s) on the register of members of the Company on the Record Date and whose registered address(es) on that date is/are outside Hong Kong (if any) to whom the Directors, based on legal advice provided by legal advisers and on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, consider it necessary or expedient to exclude such Shareholder(s) from the Scrip Dividend Scheme

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## DEFINITIONS

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“Record Date”	29 June 2020
“RMB”	Renminbi, the lawful currency of the PRC
“Scrip Dividend Scheme”	the scheme proposed by the Directors in relation to the Final Dividend which offer the Qualifying Shareholders an alternative to elect to receive such dividend wholly or partly by an allotment and issue of new Shares credited as fully paid in lieu of cash payment
“Scrip Shares”	new Shares to be allotted and issued pursuant to the Scrip Dividend Scheme
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of nominal value of US\$0.00001 each in the capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Share Buy-back Mandate”	a general mandate proposed to be granted to the Directors to buy back Shares on the Stock Exchange of not exceeding 10% of the total number of Shares of the Company in issue as at the date of passing of the proposed ordinary resolution contained in item 7 of the notice of the Annual General Meeting as set out on page 29 of this circular
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent
“Takeovers Code”	the Codes on Takeovers and Mergers approved by the Securities and Futures Commission as amended from time to time
“US\$”	United States dollars, the lawful currency of the United States of America

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LETTER FROM THE BOARD

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**MicroPort Scientific Corporation**

**微創醫療科學有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 00853)**

*Executive Director:*

Dr. Zhaohua Chang (*Chairman*)

*Non-executive Directors:*

Mr. Norihiro Ashida

Mr. Hiroshi Shirafuji

Mr. Hongliang Yu

*Independent Non-executive Directors:*

Mr. Jonathan H. Chou

Dr. Guoen Liu

Mr. Chunyang Shao

*Registered Office:*

P.O. Box 309, Ugland House

Grand Cayman, KY1-1104

Cayman Islands

*Head Office in PRC:*

1601 Zhangdong Road

Zhangjiang Hi-Tech Park

Shanghai 201203

The People's Republic of China

*Principal Place of Business in*

*Hong Kong:*

Level 54, Hopewell Centre

183 Queen's Road East, Hong Kong

20 May 2020

*To the Shareholders*

Dear Sir/Madam,

**SCRIP DIVIDEND IN RELATION TO THE FINAL DIVIDEND  
FOR THE YEAR ENDED 31 DECEMBER 2019,  
PROPOSED RE-ELECTION OF RETIRING DIRECTORS,  
ELECTION OF A NON-EXECUTIVE DIRECTOR,  
PROPOSED GRANTING OF GENERAL MANDATES TO  
BUY BACK SHARES AND TO ISSUE SHARES,  
PROPOSED ADOPTION OF THE NEW SHARE OPTION SCHEME AND  
TERMINATION OF THE EXISTING SHARE OPTION SCHEME  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**1. INTRODUCTION**

The purpose of this circular is to provide the Shareholders with information reasonably necessary to enable you to make a decision on whether to vote for or against the resolutions

\* for identification purpose only

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## LETTER FROM THE BOARD

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to be proposed at the Annual General Meeting for the approval of, among other matters, (i) the payment of a Final Dividend (including the Scrip Dividend Scheme); (ii) the re-election of Directors; (iii) the election of a non-executive Director; (iv) the granting of a Share Buy-back Mandate and Issuance Mandate; and (v) the adoption of the New Share Option Scheme and Termination of the Existing Share Option Scheme.

### **2. SCRIP DIVIDEND SCHEME**

We refer to the announcement of the Company dated 30 March 2020 in relation to the annual results of the Company for the year ended 31 December 2019 (the “Announcement”). It was stated in the Announcement that the Directors had resolved to recommend the payment of a Final Dividend of HK5.3 cents (tax inclusive) per Share for the year ended 31 December 2019 to the Shareholders whose names appear on the register of members of the Company on the Record Date and also to recommend the Scrip Dividend Scheme to the Qualifying Shareholders, subject to the approval of the Shareholders on the payment of Final Dividend at the Annual General Meeting and the grant by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Scrip Shares to be allotted and issued pursuant thereto.

In arriving at the decision to recommend the Scrip Dividend Scheme to the Shareholders, the Directors consider that while the Company should declare a Final Dividend, the retention of cash, which would otherwise have been paid to the Shareholders as a cash dividend, within the Group would enhance the continuous growth, maintain the financial stability and reduce the financing costs of the Group. On the other hand, the Scrip Dividend Scheme will give those Qualifying Shareholders who wish to further invest in the Company the opportunity to increase their equity investment in the Company.

Qualifying Shareholders are entitled to elect to have the Final Dividend to be paid wholly or partly in Shares instead of in cash. Shareholders whose registered addresses are outside Hong Kong (if any) as shown in the register of members of the Company on the Record Date may not be permitted to participate in the Scrip Dividend Scheme if the Directors consider that the circulation of an offer of such election to such Shareholders would or might be unlawful or impracticable and accordingly no form of election will be sent to such Shareholders and they will receive the Final Dividend wholly in cash. The Company will make enquiry regarding the legal restrictions under the laws of the relevant place and the requirements of the relevant regulatory body or stock exchange for considering whether to exclude such Shareholder from the Scrip Dividend Scheme and it may only exclude such Shareholder on the basis that, having made such enquiry, it would be necessary or expedient to do so.

For the purpose of calculating the number of Scrip Shares, the value of the Scrip Shares will be fixed by the Board at its discretion with reference to the average of the closing prices of the Shares on the Stock Exchange for the five consecutive trading days ending on (and including) the Record Date less a discount of 20% of such average price or the par value of Shares, whichever is higher. In determining the price at which the Scrip Shares will be issued, the Board will take into consideration the average closing price of the Shares for the five trading days immediately preceding the Record Date and market conditions. While the Company considers that a Final Dividend should be paid, the retention

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## LETTER FROM THE BOARD

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of the cash destined for payment of the Final Dividend could improve the financial stability of the Group and reduce the financing costs of the operation of the Group. As such, the Company is offering a deeper discount of 20% in order to encourage more Shareholders to take up the scrip alternative in receiving their dividends.

The number of Scrip Shares to be issued will be rounded down to the nearest whole number of Scrip Shares and no Qualifying Shareholder is entitled to be allotted and issued any fraction of a Scrip Share under the Scrip Dividend Scheme. Fractional entitlements to Scrip Shares will be aggregated and sold for the benefit of the Company.

The Scrip Shares will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Scrip Shares save that they will not be entitled to the Final Dividend for the year ended 31 December 2019.

On the condition that the payment of the above Final Dividend by way of the Scrip Dividend Scheme is approved by the Shareholders at the Annual General Meeting, a circular containing details of the Scrip Dividend Scheme, together with a form of election (to the Qualifying Shareholders only), will be despatched to the Shareholders on or about 13 July 2020.

Subject to the passing of the resolution concerned at the Annual General Meeting, application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Scrip Shares. No part of the Scrip Shares will be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

### **Closure of register of members**

In order to determine the entitlement to the proposed Final Dividend, the register of members of the Company will be closed from 24 June 2020 to 29 June 2020, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed Final Dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on 23 June 2020 (Hong Kong time), being the last registration date.

Subject to the approval by the Shareholders of the payment of a Final Dividend at the Annual General Meeting and the grant by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Scrip Shares on the Stock Exchange, the proposed Final Dividend is expected to be paid on or about 17 August 2020. Dividend warrants and share certificates for new shares to be issued under the Scrip Dividend Scheme will be despatched by ordinary mail on or about 17 August 2020. The dealings in the Scrip Shares on the Stock Exchange are expected to commence on or around 18 August 2020.



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## LETTER FROM THE BOARD

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### 3. PROPOSED RE-ELECTION OF RETIRING DIRECTORS

In accordance with Article 16.18 of the Articles of Association, Mr. Norihiro Ashida (“Mr. Ashida”), Mr. Hiroshi Shirafuji (“Mr. Shirafuji”), Mr. Jonathan H. Chou (“Mr. Chou”) and Dr. Guoen Liu (“Dr. Liu”) shall retire from offices as Directors at the Annual General Meeting. Except for Mr. Shirafuji, who wants to devote more time to his other endeavours and does not offer himself for re-election, all of the above retiring Directors, being eligible, offer themselves for re-election at the Annual General Meeting.

Mr. Shirafuji shall retire as a Director at the conclusion of the Annual General Meeting. Mr. Shirafuji confirmed that he has no disagreement with the Board and there is no matter which needs to be brought to the attention of shareholders of the Company in respect of his retirement.

Mr. Chou and Dr. Liu have served as independent non-executive Directors of the Company for more than 9 years. Pursuant to Code A.4.3 of the Corporate Governance Code set out in Appendix 14 to the Listing Rules, an independent non-executive director having served for more than 9 years could be relevant to the determination of his independence and his further appointment should be subject to a separate resolution to be approved by shareholders.

Mr. Chou and Dr. Liu bring their valuable industry experiences and contribute to the Board’s efforts in promoting the best interests of the Company and its Shareholders. Alongside the other independent non-executive Directors, they contribute to ensuring that the interests of all Shareholders are taken into account and that relevant issues are subject to objective and dispassionate consideration by the Board. Mr. Chou and Dr. Liu demonstrate strong independence in discharging their duties and responsibilities with the utmost commitment in upholding the interests of the non-controlling Shareholders. They expressed individual viewpoints, debated issues and objectively scrutinized and challenged management.

Mr. Chou and Dr. Liu have confirmed their independence with reference to the factors set out in Rule 3.13 of the Listing Rules. The Nomination Committee has reviewed the independence of all independent non-executive Directors, the structure and composition of the Board, the confirmations and disclosures given by the Directors, the qualifications, skills and experience, time commitment and contribution of the retiring Directors with reference to the nomination principles and criteria set out in the Company’s Board Diversity Policy and Director Nomination Policy and the Company’s corporate strategy. There is no evidence that their services of over nine years as independent non-executive Directors would have any impact on their independence. Accordingly, the Nomination Committee has recommended to the Board to include Mr. Chou and Dr. Liu in the list of Directors being eligible for re-election at the Annual General Meeting. The Company considers that the retiring independent non-executive Directors are independent in accordance with the independence guidelines set out in the Listing Rules and will continue to bring valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning and diversity.

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## LETTER FROM THE BOARD

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Separate resolutions will be put forward at the Annual General Meeting for the re-election of Mr. Chou and Dr. Liu as Directors. Details of the Directors to be re-elected at the Annual General Meeting are set out in Appendix I to this circular.

#### **4. PROPOSED ELECTION OF NON-EXECUTIVE DIRECTOR**

The Board recommends the election of Dr. Yasuhisa Kurogi (“Dr. Kurogi”) as a non-executive Director of the Company with effect from the conclusion of the Annual General Meeting in view of his extensive knowledge and experience in the medical sector. The Board considers that he will provide significant contributions to the businesses of the Group and the Board diversity will be enhanced. The biographical details of Dr. Kurogi are set out in Appendix I to this circular. Save as disclosed in this circular, there are no other matters in relation to the proposed election of Dr. Kurogi as a non-executive Director that need to be brought to the attention of the Shareholders, and there is no information required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules.

#### **5. PROPOSED GRANTING OF THE SHARE BUY-BACK MANDATE**

At the annual general meeting of the Company held on 13 June 2019, a general mandate was granted to the Directors to buy back Shares. Such mandate will lapse at the conclusion of the Annual General Meeting. In order to give the Company the flexibility to buy back Shares if and when appropriate, an ordinary resolution will be proposed at the Annual General Meeting to approve the granting of the Share Buy-back Mandate to the Directors to buy back Shares on the Stock Exchange of not exceeding 10% of the total number of issued Shares as at the date of passing of the proposed ordinary resolution contained in item 7 of the notice of the Annual General Meeting as set out on page 29 of this circular (i.e. a total of 173,556,594 Shares on the basis that the issued share capital of the Company remains unchanged on the date of the Annual General Meeting). The Directors wish to state that they have no immediate plan to buy back any Shares pursuant to the Share Buy-back Mandate.

An explanatory statement required by the Listing Rules to provide the Shareholders with requisite information reasonably necessary for them to make an informed decision on whether to vote for or against the granting of the Share Buy-back Mandate is set out in Appendix II to this circular.

#### **6. PROPOSED GRANTING OF THE ISSUANCE MANDATE**

At the annual general meeting of the Company held on 13 June 2019, a general mandate was granted to the Directors to issue Shares. Such mandate will lapse at the conclusion of the Annual General Meeting. In order to give the Company the flexibility to issue Shares if and when appropriate, an ordinary resolution will be proposed at the Annual General Meeting to approve the granting of the Issuance Mandate to the Directors to allot, issue or deal with additional Shares of not exceeding 20% of the total number of issued Shares as at the date of passing of the proposed ordinary resolution contained in item 8 of the notice of the Annual General Meeting as set out on pages 29 to 30 of this circular (i.e. a total of 347,113,188 Shares on the basis that the issued share capital of the Company remains unchanged on the date of the Annual General Meeting). An ordinary resolution to

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## LETTER FROM THE BOARD

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extend the Issuance Mandate by adding the number of Shares bought back by the Company pursuant to the Share Buy-back Mandate will also be proposed at the Annual General Meeting.

### **7. PROPOSED ADOPTION OF THE NEW SHARE OPTION SCHEME AND TERMINATION OF THE EXISTING SHARE OPTION SCHEME**

#### **Proposed Adoption of the New Share Option Scheme**

The Existing Share Option Scheme of the Company is due to expire in September 2020. In order to provide the Company with the flexibility of granting share options to the Directors, employees and other persons as incentives or rewards for their contribution or potential contribution to the Group, the Directors proposed to adopt the New Share Option Scheme. The principal terms of the New Share Option Scheme are set out in Appendix III.

The adoption of the New Share Option Scheme is conditional upon (i) the approval of the New Share Option Scheme by the Shareholders at the Annual General Meeting; and (ii) the Stock Exchange granting approval for the listing of, and permission to deal in, the Shares which may be issued upon the exercise of the Options which may be granted under the New Share Option Scheme.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolution to be proposed at the Annual General Meeting to approve the adoption of the New Share Option Scheme.

No Director is a trustee of the New Share Option Scheme and no trustee is currently being contemplated to be appointed for the New Share Option Scheme.

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Shares which may be issued upon the exercise of the Options under the New Share Option Scheme.

The purpose of the New Share Option Scheme is to enable the Company to grant Options to selected Eligible Participants as incentives or rewards for their contribution and/or potential contribution to the Group. The Directors consider that the New Share Option Scheme will serve to motivate Eligible Participants to contribute to the Group's development. The New Share Option Scheme, which will be in the form of Options to subscribe for Shares, will enable the Group to recruit, incentivize and retain high-calibre staff. The Directors consider that the New Share Option Scheme is in line with modern commercial practice that Eligible Participants, which will include employees, directors and Business Associates who have contributed to the Group, be given incentives and align their interests and objectives with that of the Group.

The Directors consider that the inclusion of Business Associates who are persons other than the employees and directors of the Group as Eligible Participants is appropriate, as the successful development of the Group could not be achieved by the

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## LETTER FROM THE BOARD

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Directors and employees alone and will also depend on the cooperation of the business partners of the Group, which all play an important role in the business of the Group. Given that the success of the Group requires the cooperation and contribution from such parties, it is important that the Group is able to maintain good relationship with them. Having a share option scheme in place is one of the means to attract and retain those persons who contribute to the continuous development of the Group, so that they have an incentive to render improved services and/or patronage to the Group on a long-term basis. The inclusion of Business Associates who have contributed to the Group in the list of Eligible Participants would provide the Company with the flexibility of rewarding such persons should the situation arises that such reward and incentive would encourage them to align their interests and objectives with that of the Group and work towards enhancing the value of the Company and its Shares for the long-term development of the Group. The Company currently does not contemplate that it will enter into any contracts with Business Associates which include the granting of share options as part of the terms.

As such, the Directors are of the view that the adoption of the New Share Option Scheme will benefit the Company and the Shareholders as a whole.

The New Share Option Scheme does not specify a minimum period for which an Option must be held nor a performance target which must be achieved before an Option can be exercised. However, the rules of the New Share Option Scheme provide that the Board may determine, at its sole discretion, such terms and conditions on the grant of an Option. This determination may vary on a case by case basis but no such terms will be imposed the result of which will be to the advantage of the Eligible Participant. The basis for the determination of the subscription price is specified in the rules of the New Share Option Scheme.

Based on 1,735,565,940 Shares in issue as at the Latest Practicable Date and assuming that there is no change in the issued share capital of the Company before the Annual General Meeting, the maximum number of Shares that may be issued upon the exercise of the Options that may be granted under the New Share Option Scheme, the Existing Share Option Scheme is 173,556,594 Shares, being 10% of the issued share capital of the Company as at the date of the adoption of the New Share Option Scheme.

The aggregate number of Shares which may be issued upon the exercise of all options that may be granted under the New Share Option Scheme, the Existing Share Option Scheme and all outstanding share options granted and yet to be exercised under the other share option schemes of the Company has not exceeded 30% of the Shares in issue as at the Latest Practicable Date.

As at the Latest Practicable Date, no Options under the New Share Option Scheme have been granted and thus the Company considers that it would not be appropriate to disclose in this circular the value of the Options that may be granted under the proposed New Share Option Scheme as if they have been granted as at the Latest Practicable Date, as various determining factors for the calculation of such value cannot be reasonably ascertained at this stage. It would not be meaningful and may

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## LETTER FROM THE BOARD

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even be misleading to Shareholders if the value of the options is calculated based on a set of speculative assumptions. However, the Company will disclose the value of any options granted during a financial year or a particular period in its annual report and interim report based on the Binomial Options Pricing Model or a generally accepted comparable methodology.

A copy of the New Share Option Scheme will be available for inspection at the Company's principal place of business in Hong Kong at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, from the date of this Circular until the date of the Annual General Meeting.

As it is common among technology companies to offer their management and employees share options in order to attract talents, the Company considers the granting of share options an important part of its human resources policy. As such, the Company grants share options as and when the Board considers appropriate to incentivize its management and employees. As at the Latest Practicable Date, the Company has no concrete plan in granting any share options under the New Share Option, and details as to timing, size of the proposed grant and target grantees have not been determined.

### **Termination of the Existing Share Option Scheme**

The Existing Share Option Scheme was adopted by the Company on 3 September 2010 and has a validity of 10 years.

The Company had 122,173,533 options outstanding under the Existing Share Option Scheme as at the Latest Practicable Date. The Board proposes to terminate the Existing Share Option Scheme upon the adoption of the New Share Option Scheme at the Annual General Meeting. The outstanding options granted under the Existing Share Option Scheme will remain valid and capable of being exercised after the termination of the Existing Share Option Scheme.

Save for the Existing Share Option Scheme, the Company has no other valid option schemes of its own as at the Latest Practicable Date.

## **8. RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

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## LETTER FROM THE BOARD

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### 9. ANNUAL GENERAL MEETING AND PROXY ARRANGEMENT

The notice of the Annual General Meeting is set out on pages 28 to 32 of this circular.

Pursuant to the Listing Rules and the Articles of Association, any vote of Shareholders at a general meeting must be taken by poll except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands. Article 13.6 of the Articles of Association provides that, at any general meeting a resolution put to the vote of the meeting shall be decided on a poll. According to Article 14.1 of the Articles of Association, every shareholder present in person or by proxy shall have one vote for each share registered in his name in the register. An explanation of the detailed procedures of voting by poll will be provided to the Shareholders at the Annual General Meeting. The Company will publish an announcement of the poll results on the websites of the Stock Exchange and the Company after the Annual General Meeting in accordance with Rule 13.39(5) of the Listing Rules.

A form of proxy for use at the Annual General Meeting is enclosed with this circular and such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.microport.com](http://www.microport.com)). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not later than 10:00 a.m. on 16 June 2020 (Tuesday) (Hong Kong time). Completion and delivery of the form of proxy will not preclude you from attending and voting at the Annual General Meeting if you so wish and in such event, your proxy form shall be deemed to be revoked.

### 10. RECOMMENDATION

The Directors consider that the resolutions in relation to, among others, (i) the proposed payment of a Final Dividend (including the Scrip Dividend Scheme), (ii) the proposed re-election of retiring Directors and the election of a non-executive Director, (iii) the granting of the Share Buy-back Mandate and the Issuance Mandate, and (iv) the proposed adoption of the New Share Option Scheme and termination of the Existing Share Option Scheme are in the best interests of the Company and the Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolutions to be proposed at the Annual General Meeting.

Yours faithfully,  
For and on behalf of the Board  
**Dr. Zhaohua Chang**  
*Chairman*



The following are the details of the Directors who will retire and being eligible, offer themselves for re-election at the Annual General Meeting.

**(1) Mr. Norihiro Ashida**

Mr. Norihiro Ashida (“Mr. Ashida”), born in 1954, is a non-executive Director of the Company. Mr. Ashida has served as a Director since 1 November 2006. Mr. Ashida is currently holding directorship in certain subsidiaries of the Group. Mr. Ashida is also an Advisor of Otsuka Medical Devices Co., Ltd. (“OMD”) and a Director of KISCO. OMD and KISCO are subsidiaries of Otsuka Holdings Co., Ltd (“Otsuka Holdings”), a substantial shareholder of the Company holding approximately 22.07% of the issued share capital of the Company as at the Latest Practicable Date. Otsuka Holdings also has a trading relationship with the Group where certain associates of Otsuka Holdings are acting as distributors for the Group’s products. Mr. Ashida had served as a Director of OMD from February 2011 to March 2019. Mr. Ashida was an Executive Operating Officer of Otsuka Holdings and the Director of its business development and planning department until 2015. Before joining Otsuka Pharmaceutical Co., Ltd. (“Otsuka Pharmaceutical”) in April 2003, he was a general manager of Mizuho Corporate Bank Ltd. from 2002 to 2003. From 1999 to 2002, Mr. Ashida was a general manager of the Industrial Bank of Japan (“IBJ”), where he headed the credit department for western Japan. From 1995 to 1999, Mr. Ashida served as Vice President responsible for business development at 3iBJ Ltd., a venture capital firm formed by 3i Group plc and IBJ. From 1989 to 1995, Mr. Ashida was a Senior Vice President of IBJ (Canada). He joined IBJ in 1977 in its Tokyo branch. Mr. Ashida received his bachelor’s degree in economics from the University of Tokyo in 1977.

Save as disclosed above, Mr. Ashida did not hold any directorship in other listed public companies in Hong Kong or overseas in the last three years, and he is not related to any Directors, senior management, other substantial or controlling Shareholders (as defined in the Listing Rules) of the Company, nor does he hold any other positions with the Company or any of its subsidiaries.

As at the Latest Practicable Date, Mr. Ashida was not interested or deemed to be interested in any shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO.

Mr. Ashida shall enter into a letter of appointment with the Company which provides for a specific term of three years. As a Director, Mr. Ashida is subject to retirement by rotation and re-election at annual general meetings in accordance with the Articles of Association of the Company. Mr. Ashida currently receives no emoluments from the Company and his emolument, if any, will be reviewed by the Board from time to time under the authority granted to the Board by the shareholders and in accordance with the recommendation of the remuneration committee of the Board by reference to his experience and responsibilities, the Company’s performance, remuneration policy and prevailing market conditions.

There is no information which is discloseable nor is Mr. Ashida involved in any of the matters required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to (v) of the Listing Rules and there are no other matters concerning Mr. Ashida that need to be brought to the attention of the Shareholders.

**(2) Mr. Jonathan H. Chou**

Mr. Jonathan H. Chou (“Mr. Chou”), born in 1964, was appointed as our independent non-executive Director on 3 September 2010. Mr. Chou has more than 25 years of professional experience from various senior finance leadership positions with Fortune 500 companies as well as Asia headquartered U.S. listed companies. These companies include Honeywell International and Tyco Fire & Security (ADT) where he held the position of Asia Pacific Chief Financial Officer. More recently, Mr. Chou held the position of Chief Financial Officer of Kulicke & Soffa Industries, Inc. (NASDAQ: KLIC) (“K&S”), a US\$2 Billion market capitalization company from 2010 to 2018. K&S is a leading provider of semiconductor packaging and electronic assembly solutions supporting the global automotive, consumer, communications, computing and industrial segments. Mr. Chou holds a MBA degree from Duke University, Fuqua School of Business, North Carolina and a B.A. from the University at Buffalo, New York.

Save as disclosed above, Mr. Chou did not hold any directorship in other listed public companies in Hong Kong or overseas in the last three years, and he is not related to any Directors, senior management, other substantial or controlling Shareholders (as defined in the Listing Rules) of the Company, nor does he hold any other positions with the Company or any of its subsidiaries.

As at the Latest Practicable Date, Mr. Chou held 1,000,000 share options entitling him to subscribe for 1,000,000 shares of the Company.

Save as disclosed above, Mr. Chou was not interested or deemed to be interested in any shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO.

Mr. Chou shall enter into a letter of appointment with the Company which provides for a specified term of three years. As a Director, Mr. Chou is subject to retirement by rotation and re-election at annual general meetings in accordance with the Articles of Association. Save as disclosed above, Mr. Chou currently received no director’s fee from the Company for 2019 but received benefits in kind of US\$12,000 from the Company in 2019. His emolument, if any, will be reviewed by the Board from time to time under the authority granted to the Board by the shareholders and in accordance with the recommendation of the remuneration committee of the Board by reference to his experience and responsibilities, the Company’s performance, remuneration policy and prevailing market conditions.

There is no information which is discloseable nor is Mr. Chou involved in any of the matters required to be disclosed pursuant to any of the requirements under Rule 13.51(2)(h) to (v) of the Listing Rules and there are no other matters concerning Mr. Chou that need to be brought to the attention of the Shareholders.



**(3) Dr. Guoen Liu**

Dr. Guoen Liu (“Dr. Liu”), born in 1957, was appointed as our independent non-executive Director on 3 September 2010. Dr. Liu is a noted scholar in the fields of health and development economics, health reform and pharmaceutical economics. Dr. Liu currently serves as a BOYA professor of economics of Peking University, vice dean of Economics Management Department of Peking University, MOH Yangtze River Scholar professor of economics at the Peking University National School of Development, and director of the China Center for Health and Economic Research of Peking University. From 2000 to 2006, Dr. Liu was tenured associate professor of University of North Carolina at Chapel Hill. From 1994 to 2000, Dr. Liu was assistant professor of University of Southern California. Dr. Liu also serves as editor or a member of the editorial board in various periodic in the field of pharmaceutical economics. Dr. Liu received his bachelor’s degree in mathematics from Southwestern University for Nationalities in 1981, his master’s degree in statistics from Southwestern University of Finance and Economics in 1985, his Ph.D. in economics from the City University of New York in 1991, and post-doctoral training in health economics from Harvard University in 1994.

Save as disclosed above, Dr. Liu did not hold any directorship in other listed public companies in Hong Kong or overseas in the last three years, and he is not related to any Directors, senior management, other substantial or controlling Shareholders (as defined in the Listing Rules) of the Company, nor does he hold any other positions with the Company or any of its subsidiaries.

As at the Latest Practicable Date, Dr. Liu was not interested or deemed to be interested in any shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO.

Dr. Liu shall enter into a letter of appointment with the Company which provides for a specified term of three years. As a Director, Dr. Liu is subject to retirement by rotation and re-election at annual general meetings in accordance with the Articles of Association. Dr. Liu is entitled to receive a director’s fee of RMB250,000 (payable in equivalent USD) and benefits in kind of approximately US\$2,000 per annum, which is determined by reference to his experience and responsibilities, the Company’s performance and remuneration policy and the prevailing market conditions by the Board under the authority granted to the Board by the shareholders, and will be reviewed by the Board from time to time.

There is no information which is discloseable nor is Dr. Liu involved in any of the matters required to be disclosed pursuant to any of the requirements under Rule 13.51(2)(h) to (v) of the Listing Rules and there are no other matters concerning Dr. Liu that need to be brought to the attention of the Shareholders.

The following are details of Dr. Yasuhisa Kurogi, who is proposed to be elected as a non-executive Director at the Annual General Meeting.

**Dr. Yasuhisa Kurogi**

Dr. Yasuhisa Kurogi (“Dr. Kurogi”), born in 1964, is Head of Business Development of Otsuka Holdings, a substantial shareholder of the Company holding approximately 22.07% of the issued share capital of the Company as at the Latest Practicable Date. Dr. Kurogi is currently holding directorship in certain subsidiaries of Otsuka Holdings. He is also a director of the Licensing Executive Society JAPAN. Before joining Otsuka Holdings in August 2017, he was a Deputy Director of Business Development of Otsuka Pharmaceutical Co., Ltd (“OPC”) from 2015 to 2017. From 2007 to 2015, he was responsible for business development at Astex Pharmaceutical, Inc. and OPC. From 1992 to 2007, he was responsible for R&D at Cambridge Isotope Laboratories, Inc., Otsuka Maryland Research Laboratory, Inc., OPC, and Otsuka Pharmaceutical Factory, Inc. Dr. Kurogi received his Ph.D. degree in medicinal chemistry from the Hiroshima University in 1992 and was a fellow at Okazaki National Research Institutes in 1990. He also was a visiting lecturer of Tohoku University in 2000.

Save as disclosed above, Dr. Kurogi did not hold any directorship in other listed public companies in Hong Kong or overseas in the last three years, and he is not related to any Directors, senior management, other substantial or controlling Shareholders (as defined in the Listing Rules) of the Company, nor does he hold any other positions with the Company or any of its subsidiaries.

As at the Latest Practicable Date, Dr. Kurogi was not interested or deemed to be interested in any shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the SFO.

Dr. Kurogi will enter into a letter of appointment with the Company under which he will be appointed for a term of three years, subject to rotation and re-election at annual general meetings in accordance with the Articles of Association of the Company. Dr. Kurogi’s emolument, if any, will be determined by the Board from time to time under the authority granted to the Board by the shareholders and in accordance with the recommendation of the remuneration committee of the Board by reference to his experience and responsibilities, the Company’s performance, remuneration policy and prevailing market conditions.

There is no information which is discloseable nor is Dr. Kurogi involved in any of the matters required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to (v) of the Listing Rules and there are no other matters concerning Dr. Kurogi that need to be brought to the attention of the Shareholders.

**1. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprized 1,735,565,940 Shares.

Subject to the passing of the ordinary resolution set out in item 7 of the notice of the Annual General Meeting in respect of the granting of the Share Buy-back Mandate and on the basis that the issued share capital of the Company remains unchanged on the date of the Annual General Meeting, i.e. being 1,735,565,940 Shares, the Directors would be authorized under the Share Buy-back Mandate to buy back, during the period in which the Share Buy-back Mandate remains in force, a total of 173,556,594 Shares, representing 10% of the total number of Shares in issue as at the date of the Annual General Meeting.

**2. REASONS FOR SHARE BUY-BACK**

The Directors believe that the granting of the Share Buy-back Mandate is in the best interests of the Company and the Shareholders as a whole.

Shares buy-back may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such a buy-back will benefit the Company and the Shareholders.

**3. FUNDING OF SHARE BUY-BACK**

Share buy-backs pursuant to the Share Buy-back Mandate would be financed entirely from the Company's available cash flow or working capital facilities. The Company may only apply funds legally available for Shares buy-back in accordance with its Memorandum and Articles of Association, the laws of the Cayman Islands and/or any other applicable laws, as the case may be.

**4. IMPACT OF SHARE BUY-BACK**

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the annual report of the Company for the year ended 31 December 2019) in the event that the Share Buy-back Mandate was to be carried out in full at any time during the proposed buy-back period. However, the Directors do not intend to exercise the Share Buy-back Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

**5. MARKET PRICES OF SHARES**

The highest and lowest prices per Share at which Shares have traded on the Stock Exchange during each of the previous 12 months up to and including the Latest Practicable Date were as follows:

<b>Month</b>	<b>Highest HK\$</b>	<b>Lowest HK\$</b>
<b>2019</b>		
May	7.60	6.15
June	6.36	5.21
July	6.92	5.86
August	7.09	5.79
September	8.54	7.02
October	8.37	7.02
November	8.67	7.30
December	9.31	7.36
<b>2020</b>		
January	9.94	8.31
February	11.16	8.37
March	20.40	11.00
April	19.40	14.04
May ( <i>up to the Latest Practicable Date</i> )	22.20	16.18

**6. GENERAL**

To the best of their knowledge and having made all reasonable enquiries, none of the Directors nor any of their respective close associates (as defined in the Listing Rules) have any present intention to sell any Shares to the Company in the event that the granting of the Share Buy-back Mandate is approved by the Shareholders.

The Company has not been notified by any core connected persons (as defined in the Listing Rules) of the Company that they have a present intention to sell any Shares to the Company, or that they have undertaken not to sell any Shares held by them to the Company in the event that the granting of the Share Buy-back Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to buy back Shares pursuant to the Share Buy-back Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

**7. TAKEOVERS CODE**

If as a result of a buy-back of Shares pursuant to the Share Buy-back Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the Shareholder's interest, could obtain or consolidate control of the Company and thereby become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, the Company did not have a controlling shareholder within the meaning of the Listing Rules. Otsuka Holdings is the single largest substantial shareholder holding 382,994,120 Shares, representing approximately 22.07% of the total number of Shares in issue. In the event that the Directors exercise the power to repurchase Shares in full pursuant to the Share Buy-back Mandate, (if the present shareholdings remain the same) the shareholding of Otsuka Holdings in the Company will be increased to approximately 24.52% of the issued share capital of the Company and such increase would not give rise to an obligation to make a mandatory general offer under Rule 26 of the Takeovers Code.

To the best knowledge of the Company, the Directors are not aware of any other consequences which would arise under the Takeovers Code as a result of an exercise of the proposed Share Buy-back Mandate.

**8. SHARE BUY-BACK MADE BY THE COMPANY**

During the 6 months prior to the Latest Practicable Date, the Company had not bought back any of the Shares (whether on the Stock Exchange or otherwise).

The following is a summary of the principal terms of the New Share Option Scheme proposed to be approved at the Annual General Meeting.

1. The purpose of the New Share Option Scheme is to provide the Company with a means of incentivizing directors, employees or Business Associates and retaining employees, and to encourage employees to work towards enhancing the value of the Company and promote the long-term growth of the Group. This Scheme will link the value of the Company with the interests of Eligible Participants, enabling Eligible Participants and the Company to develop together and promoting the Company's corporate culture.
2. The Board may, at their discretion, invite any directors (including executive directors, non-executive directors and independent non-executive directors), employees and officers of any member of the Group and any advisors, consultants, distributors, contractors, contract manufacturers, agents, customers, business partners, joint venture business partners and service providers of any member of the Group who the Board considers, in its sole discretion, have contributed or will contribute to the Group to participate in the New Share Option Scheme.
3. The maximum number of Shares which may be issued upon exercise of all Options to be granted under the New Share Option Scheme, the Existing Share Option Scheme or any other share option schemes adopted by the Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) shall not exceed 10% of the aggregate of the Shares in issue on Adoption Date. Options which have lapsed shall not be counted in calculating the 10% limit. However (but subject to the 30% limit referred to in this paragraph below), the Company may refresh this 10% limit with Shareholders' approval provided that each such limit (as refreshed) may not exceed the 10% of the Shares in issue as of the date of the Shareholders' approval. Options previously granted under the New Share Option Scheme and any other share option schemes adopted by our Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) (including those outstanding, cancelled or lapsed in accordance with the relevant scheme or exercised Options) will not be counted for the purpose of calculating the limit to be refreshed. The Company may seek separate approval by Shareholders in general meeting for granting Options beyond the 10% limit provided that the Options in excess of the limit are granted only to Eligible Participants specially identified by the Company before such approval is sought. The total number of Shares which may be issued upon exercise of all Options granted and yet to be exercised under the New Share Option Scheme, the Existing Share Option Scheme or any other share option schemes adopted by the Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) must not exceed 30% of the Shares in issue from time to time.
4. Unless approved by Shareholders in the manner set out in this paragraph below, the total number of Shares issued and to be issued upon exercise of the Options granted to each Eligible Participant (including both exercised, cancelled and

outstanding Options) under the New Share Option Scheme or any other share option scheme adopted by the Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) in any 12 month period must not exceed 1% of the Shares in issue. Any further grant of Options which would result in the number of Shares issued as aforesaid exceeding the said 1% limit must be subject to prior Shareholders' approval with such Eligible Participant and his close associates (or his associates if the Eligible Participant is a connected person) abstaining from voting.

5. Each grant of Options to any director, chief executive or substantial shareholder of the Company (or any of their respective associates) shall be subject to the prior approval of the independent non-executive Directors of the Company (excluding any independent non-executive Director who is a proposed Grantee of the option). Where any grant of Options to a substantial shareholder or an independent non-executive Director of our Company, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12 month period up to and including the date of such grant:
  - (a) representing in aggregate over 0.1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the Shares in issue; and
  - (b) having an aggregate value, based on the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of such grant, in excess of HK\$5 million (or such other higher amount as may from time to time be specified by the Stock Exchange),

such grant of Options shall be subject to prior approval by the Shareholders. All connected persons of the Company shall abstain from voting at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular to be sent to the Shareholders in connection therewith.

6. No offer shall be made and no option shall be granted to any Eligible Participant after an inside information event has come to the knowledge of the Company until it has announced such inside information pursuant to the requirements of the Listing Rules and the SFO. In particular, no Options may be granted during the period commencing one month immediately preceding the earlier of:
  - (i) the date of the Board meeting (as such date to first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and



- (ii) the deadline for the Company to publish an announcement of its results for
  - (a) any year or half-year period in accordance with the Listing Rules, and
  - (b) where the Company elected to publish them, any quarterly or any other interim period,

and ending on the date of actual publication of the results for such year, half-year, quarterly or interim period (as the case may be).

- 7. (a) The period within which the option must be exercised will be specified by the Company at the time of grant. This period must expire no later than 10 years from the relevant date of grant (being the date of which the Board resolves to make an offer of Options to the relevant Grantee).
- (b) In the event a Grantee (being an employee, an officer or a director of any member of the Group) ceases to be an employee, an officer or a director for any reason other than (i) his or her death, (ii) his or her retirement, or (iii) on one or more of the grounds of termination of employment, appointment or directorship specified in paragraph 14(f) below, the Grantee may exercise the option up to his or her entitlement at the date of cessation (to the extent he or she is entitled to exercise at the date of cessation but not already exercised) on the date of such cessation which date shall be the last actual working day with the Group whether salary is paid in lieu of notice or not (provided that such exercise is during the relevant option period), failing which it will lapse.
- (c) In the case where the Grantee is an employee, an officer or a director and where the Grantee ceases to be an employee, an officer or director of our Group by reason of the termination of his or her employment, appointment or directorship on the grounds that he or she has become insolvent or has made any arrangements or compositions with his or her creditors generally or by reason of actual financial difficulties, the Grantee shall only be entitled to exercise the options during the relevant option period up to the entitlement of such Grantee as at the date on which such Grantee ceased to be an employee or a director of the Group (to the extent not already exercised) on the date of such cessation (provided that such exercise is during the relevant option period), failing which it will lapse.
- (d) In the case (1) where the Grantee is a Business Associate under a fixed term contract, if the Grantee ceases to be a Business Associate by reason of termination or expiry of the term of the relevant fixed term contract without any extension or renewal by the Group for reasons other than (i) on one or more of the grounds specified in paragraph 14(f) below, or (ii) on his or her death if the Business Associate is a natural person, or (2) where the Grantee is a Business Associate not under any fixed term contract, if the Grantee ceases to be a Business Associate by reason of the Grantee ceasing to provide any further advisory or consultancy or other kind of services, support, assistance or contribution to the Group as may be determined by the



Board and notified to such business associate in writing within one year after the provision of its last services, support, assistance or contribution to the Group for reasons other than (i) on one or more of the grounds specified in paragraph 14(f) below, or (ii) on his or her death if the Business Associate is a natural person, the Grantee may exercise the option up to his or her entitlement at the date of cessation (to the extent he or she is entitled to exercise at the date of cessation but not already exercised) within the period of six months (or such longer period as our Board may determine) following the date of such cessation, which date shall, in the case of (1) above, be the date of expiry of the relevant fixed term contract; and in the case of (2) above, be the date of the aforesaid written notification to the Business Associate failing which it will lapse.

- (e) In the event the Grantee dies before exercising the option in full and none of the events for termination of employment or engagement under paragraph 14(f) below then exists with respect to such Grantee, the personal representative(s) of the Grantee shall be entitled within a period of six months from the date of death (provided that such exercise is during the relevant option period) to exercise the option up to the entitlement of such Grantee as at the date of death (to the extent not already exercised), failing which it will lapse.
- (f) In the event that the date of retirement of a Grantee as decided by the relevant member of the Group falls before the date of the Grantee exercising the option in full and none of the events for termination of employment or engagement under paragraph 14(f) below then exists with respect to such Grantee, the Grantee shall be entitled within a period of six months from the date of retirement (provided that such exercise is during the relevant option period) to exercise the option up to the entitlement of such Grantee as at the date of retirement (to the extent not already exercised), failing which it will lapse.
- (g) If a general offer by way of voluntary offer, takeover or otherwise (other than by way of scheme of arrangement pursuant to paragraph 5(h) below) is made to all the holders of Shares (or all such holders other than the offeror, any person controlled by the offeror and any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional prior to the expiry date of the relevant option, the Company shall forthwith give notice thereof to the Grantee and the Grantee shall be entitled to exercise the option to its full extent or, if the Company shall give the relevant notification, to the extent notified by the Company at any time within such period as shall be notified by the Company.
- (h) If a general offer for Shares by way of scheme of arrangement is made to all the holders of Shares and has been approved by the necessary number of holders of Shares at the requisite meetings, the Company shall forthwith give notice thereof to the Grantee and the Grantee may at any time thereafter (but

before such time as shall be notified by the Company) exercise the option to its full extent or, if the Company shall give the relevant notification, to the extent notified by the Company.

- (i) In the event a notice is given by the Company to the Shareholders to convene a Shareholder's meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to the Grantee and the Grantee may at any time thereafter (but before such time as shall be notified by the Company) exercise the option to its full extent or, if the Company shall give the relevant notification, to the extent notified by the Company, and the Company shall as soon as possible and in any event no later than three days prior to the date of the proposed Shareholders' meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such option.
  - (j) In the event of a compromise or arrangement, other than a scheme of arrangement contemplated in paragraph 7(h) above, between the Company and its members and/or creditors being proposed in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees on the same day as it first gives notice of the meeting to its members and/or creditors to consider such a scheme or arrangement and the Grantee may at any time thereafter but before such time as shall be notified by the Company exercise the option to its full extent or, if the Company shall give the relevant notification, to the extent notified by the Company, and the Company shall as soon as possible and in any event no later than three days prior to the date of the proposed meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such option.
  - (k) Upon the occurrence of any of the events referred to in paragraphs 7(g), (h), (i) and (j) above, the Company may in its discretion and notwithstanding the terms of the relevant option also give notice to a Grantee that his or her option may be exercised at any time within such period as shall be notified by the Company and/or to be extent (not being less than the extent to which it could then be exercised in accordance with its terms) notified by the Company. If the Company gives such notice that any option shall be exercised in part only, the balance of the option shall lapse.
8. At the time of grant of the Options, the Company may specify any minimum period(s) for which an option must be held before it can exercised. The New Share Option Scheme does not contain any such minimum period.
9. At the time of the grant of the Options, the Company may specify any performance target(s) which must be achieved by the Grantee before the Options can be exercised. The New Share Option Scheme does not contain any performance targets.

10. The amount payable by a Grantee on acceptance of a grant of option is US\$1.00.
11. The subscription price for the Shares which are the subject of the Options shall be no less than the higher of (i) the closing price of the Shares as stated in the daily quotation sheet issued by the Stock Exchange on the date of the offer of a grant; (ii) the average closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange for the five business days immediately preceding the date of the offer of a grant; and (iii) the nominal value of a Share on the date of grant.
12. The Shares to be allotted and issued upon the exercise of an option shall be subject to the provisions of the Memorandum and Articles of Association of the Company for the time being in force and will rank *pari passu* with the fully paid Shares in issue as from the date of the name of the Grantee being registered on the register of members of the Company. Prior to the Grantee being registered on the register of members of the Company, the Grantee shall not have any voting rights, or rights to participate in any dividends or other distribution (including those arising on a liquidation of the Company), in respect of the Shares to be issued upon the exercise of the option.
13. No Options may be granted under the New Share Option Scheme after the date of the tenth anniversary of the adoption of the New Share Option Scheme.
14. An option shall lapse automatically and not be exercisable, to the extent not already exercised, on the earliest of:
  - (a) the expiry of the option period;
  - (b) the date of the expiry of the period for exercising the option as referred to in paragraphs 7(b), (c), (d), (e), (f), (g) or (j) above;
  - (c) subject to paragraph 7(i) above, the date of commencement of the winding up of the Company;
  - (d) the date on which the Grantee sells, transfers, charges, mortgages, encumbers or creates any interests in favor of any third party over or in relation to any option in breach of the New Share Option Scheme;
  - (e) the date on which:
    - (i) the Grantee (being an employee, an officer or a director of any member of the Group) ceases to be an employee, an officer or a director by reason of the termination of his or her employment, appointment or directorship on the grounds that he or she has been guilty of serious misconduct or has been convicted of any criminal offense involving his

- or her integrity or honesty or on any other ground on which an employer would be entitled to terminate his or her employment summarily;
- (ii) the Grantee being a Business Associate under any contract with the Group, such contract is terminated by reason of breach of contract on the part of the Business Associate; or
  - (iii) the Grantee being a Business Associate, appears either to be unable to pay or have no reasonable prospect to be able to pay debts, or has become insolvent, or has made any arrangements or composition with his or her creditors generally, or ceases or threatens to cease to carry on its business, or is wound up, or has an administrator or liquidator being appointed for the whole or any part of its undertaking or assets; or has been convicted of any criminal offense involving integrity or honesty, provided that whether any one or more of the events specified in the above occur in relation to a Grantee shall in the reasonable opinion of our Board be solely and conclusively determined by our Board;
- (f) where the Grantee is an employee, an officer, a director or a Business Associate of a member of the Group (other than our Company), the date on which such member ceases to be a member of our Group;
  - (g) unless our Board otherwise determines, and other than in the circumstances referred to in paragraphs 7(b) to 7(k), the date the Grantee ceases to be a Eligible Participant (as determined by a Board resolution) for any reason; and
  - (h) the date on which the option is cancelled by the Board.
15. In the event of any capitalization issue, rights issue, sub-division or consolidation of shares or reduction of share capital of the Company, but excluding, for the avoidance of doubt, any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in a transaction to which the Company is a party, the Board shall determine what adjustment is required to be made to the subscription price and/or the number of Shares to be issued on exercise of the Options, and the auditors or financial advisors engaged by the Company for such purpose shall certify in writing to the Board that such adjustments satisfy the requirements set out in Rule 17.03(13) of the Listing Rules and the note thereto and the supplementary guidance attached to the letter from the Stock Exchange dated September 5, 2005 to all issuers relating to share option schemes (the “Supplemental Guidance”).

Any such adjustments shall give the Eligible Participant the same proportion of the equity capital of the Company (as interpreted in accordance with the Supplemental Guidance) and adjustments to the advantage of the Eligible

Participants to the exercise price or to the number of Shares subject to the Options must be approved by the Shareholders in general meeting, and no adjustment may be made to the extent that Shares would be issued at less than their nominal value. In addition, any adjustment to be made will comply with the Listing Rules, the Supplemental Guidance and any future guidance/interpretation of the Listing Rules issued by the Stock Exchange from time to time.

16. Any Options granted but not exercised may be cancelled if the Grantee so agrees and new Options may be granted to the Eligible Participant provided such Options fall within the limits specified in paragraph 3 above and are otherwise granted in accordance with the terms of the New Share Option Scheme.
17. The Shares issued on exercise of the Options will on issue be identical shares of the Company.
18. The Company may by resolution in general meeting or the Board at any time resolve to terminate the New Share Option Scheme, and in such event, no further Options will be offered or granted, but in all other respects the New Share Option Scheme shall remain in full force and effect. Any granted but unexercised Options shall continue to be exercisable in accordance with their terms of issue after the termination of the New Share Option Scheme.
19. An Option shall be personal to the Grantee and shall not be assignable.
20. Subject to the terms set out in this paragraph below, the Board may amend any of the provisions of the New Share Option Scheme (including without limitation amendments in order to comply with changes in legal or regulatory requirements) at any time (but not so as to affect adversely any rights which have accrued to any Grantee at that date). Those specific provisions of the New Share Option Scheme which relate to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of Eligible Participants, and no changes to the authority of the Directors or administrator of the New Share Option Scheme in relation to any alteration of the terms herein shall be made, without the prior approval of Shareholders in general meeting. Any alterations to the terms and conditions of the New Share Option Scheme which are of a material nature, or any change to the terms of Options granted, must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the terms of the New Share Option Scheme.
21. The Share Option Scheme is conditional on:
  - (i) the passing of the necessary resolutions of the Shareholders to approve and adopt the rules of the New Share Option Scheme at the general meeting; and
  - (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares falling to be issued pursuant to the exercise of the Options to be granted under the New Share Option Scheme.

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## NOTICE OF ANNUAL GENERAL MEETING

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### MicroPort Scientific Corporation

微創醫療科學有限公司\*

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 00853)**

Notice is hereby given that the Annual General Meeting of MicroPort Scientific Corporation (the “**Company**”) will be held at Meeting Room of Shanghai MicroPort, 1601 Zhangdong Road, Zhangjiang Hi-Tech Park, Shanghai 201203, The People’s Republic of China on Thursday, 18 June 2020 at 10:00 a.m. for the following purposes:

#### **ORDINARY BUSINESS**

1. To receive the audited consolidated financial statements of the Company and the reports of the directors and auditors for the year ended 31 December 2019.
2. To declare and approve a final dividend of HK5.3 cents (tax inclusive) per share in the capital of the Company for the year ended 31 December 2019 by way of a scrip dividend scheme with an option to elect to receive wholly by an allotment and issue of shares credited as fully paid in lieu of cash payment.
3. To re-elect the following directors of the Company (the “**Directors**”) pursuant to the Articles of Association (the “**Articles of Association**”) of the Company:
  - (i) To re-elect Mr. Norihiro Ashida as a non-executive Director of the Company;
  - (ii) To re-elect Mr. Jonathan H. Chou as an independent non-executive Director of the Company;
  - (iii) To re-elect Dr. Guoen Liu as an independent non-executive Director of the Company.
4. To elect Dr. Yasuhisa Kurogi as a non-executive Director of the Company.
5. To authorize the board of directors of the Company (the “**Board**”) to fix the respective Directors’ remuneration.
6. To re-appoint KPMG, Certified Public Accountants as auditor and to authorize the Board to fix its remuneration.

\* for identification purpose only

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## NOTICE OF ANNUAL GENERAL MEETING

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### SPECIAL BUSINESS

To consider and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions:

7. **“THAT:**

- (a) subject to paragraph (b) below, a general mandate be and is hereby generally and unconditionally given to the directors of the Company to exercise during the Relevant Period (as defined below) all the powers of the Company to buy back its shares in accordance with all applicable laws, rules and regulations;
- (b) the total number of shares of the Company to be bought back pursuant to the mandate in paragraph (a) above shall not exceed 10% of the total number of issued shares of the Company as at the date of passing of this resolution, and if any subsequent consolidation or subdivision of shares is conducted, the maximum number of shares that may be bought back under the mandate in paragraph (a) above as a percentage of the total number of issued shares at the date immediately before and after such consolidation or subdivision shall be the same; and
- (c) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable laws to be held; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.”

8. **“THAT:**

- (a) subject to paragraph (c) below, a general mandate be and is hereby generally and unconditionally given to the directors of the Company during the Relevant Period (as defined below) to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers;

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## NOTICE OF ANNUAL GENERAL MEETING

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- (b) the mandate in paragraph (a) above shall authorize the directors of the Company to make or grant offers, agreements and options during the Relevant Period which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate number of shares allotted or agreed conditionally or unconditionally to be allotted by the directors pursuant to the mandate in paragraph (a) above, otherwise than pursuant to:
  - (i) a Rights Issue (as defined below);
  - (ii) the exercise of options under a share option scheme of the Company; and
  - (iii) any scrip dividend scheme or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Articles of Association of the Company,

shall not exceed 20% of the total number of issued shares of the Company as at the date of passing of this resolution, and if any subsequent consolidation or subdivision of shares is conducted, the maximum number of shares that may be issued under the mandate in paragraph (a) above as a percentage of the total number of issued shares at the date immediately before and after such consolidation or subdivision shall be the same; and

- (d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable laws to be held; and
- (iii) the date on which the authority set out in this resolution is revoked or varied by an ordinary resolution of the shareholders in general meeting.

“Right Issue” means an offer of shares open for a period fixed by the directors to holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction or the requirements of any recognized regulatory body or any stock exchange).”



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## NOTICE OF ANNUAL GENERAL MEETING

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9. “**THAT** conditional upon the passing of the resolutions set out in items 7 and 8 of the notice convening this meeting (the “**Notice**”), the general mandate referred to in the resolution set out in item 8 of the Notice be and is hereby extended by the addition to the aggregate number of shares which may be allotted and issued or agreed conditionally or unconditionally to be allotted and issued by the directors pursuant to such general mandate of the number of shares bought back by the Company pursuant to the mandate referred to in resolution set out in item 7 of the Notice, provided that such amount shall not exceed 10% of the total number of issued shares of the Company as at the date of passing of this resolution.”
10. “**THAT** conditional upon The Stock Exchange of Hong Kong Limited granting approval for the listing of, and permission to deal in, the ordinary shares of the Company falling to be issued pursuant to the exercise of any options granted under the share option scheme referred to in the circular dispatched to the shareholders on the same day as this notice, the terms of which are set out in the printed document marked “A” now produced to the meeting and for the purpose of identification signed by the Chairman hereof (the “**New Share Option Scheme**”), the New Share Option Scheme be and is hereby approved and adopted as at the date of passing this resolution and that the directors of the Company be and are hereby authorized to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the New Share Option Scheme, including granting options under the New Share Option Scheme and to allot and issue shares pursuant to the New Share Option Scheme, with the maximum number of shares which may be issued upon exercise of all share options that may be granted under the New Share Option Scheme or any other share option schemes adopted by the Company shall not exceed 10% of the total number of shares in issue on the date of the passing of this resolution, and take all such steps as may be necessary or desirable to implement such New Share Option Scheme.”
11. “**THAT** conditional upon the passing of resolution 10 set out in the notice convening the meeting of which this resolution forms part, the existing share option scheme of the Company adopted on 3 September 2010 be and is hereby terminated with immediate effect and that the Directors of the Company be authorised to take all such steps as may be necessary or desirable to implement this resolution.”

By Order of the Board  
**Dr. Zhaohua Chang**  
*Chairman*

20 May 2020

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## NOTICE OF ANNUAL GENERAL MEETING

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*Notes:*

1. All resolutions at the meeting will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). Article 13.6 of the Articles of Association provides that, at any general meeting a resolution put to the vote of the meeting shall be decided on a poll. According to Article 14.1 of the Articles of Association, every shareholder present in person or by proxy shall have one vote for each share registered in his name in the register. An explanation of the detailed procedures of conducting a poll will be provided to shareholders at the meeting. The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
2. Any shareholder of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a poll, vote instead of him. A proxy need not be a shareholder of the Company. In view of the novel coronavirus (“**COVID-19 pandemic**”), the Company advises shareholders to preferably consider appointing the chairman of the meeting, who will attend the annual general meeting in person, as their proxy to vote on relevant resolutions for them at the annual general meeting.
3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 10:00 a.m. on 16 June 2020 (Tuesday) (Hong Kong time). Delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. For determining the entitlement to attend and vote at the above meeting, the register of members of the Company will be closed from Monday, 15 June 2020 to Thursday, 18 June 2020, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the meeting, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 12 June 2020 (Friday) (Hong Kong time), being the last share registration date.
5. If a Typhoon Signal No. 8 or above is hoisted or a Black Rainstorm Warning Signal is in force at any time between 6:30 a.m. and 9:00 a.m. on the day of the meeting, the meeting will be adjourned. The Company will post an announcement on the Company’s website ([www.microport.com](http://www.microport.com)) and the HKEXnews website ([www.hkexnews.hk](http://www.hkexnews.hk)) to notify Shareholders of the date, time and place of the adjourned meeting.

The meeting will be held as scheduled when an Amber or a Red Rainstorm Warning Signal is in force. Shareholders should decide on their own whether they would attend the meeting under bad weather conditions bearing in mind their own situations.
6. Brief biographical and explanatory details for the respective Directors who offer themselves for re-election and election at the meeting are set out in the Circular dated 20 May 2020 of which this Notice forms part.
7. A circular containing further details concerning items 2 to 4 and 7 to 10 set out in this Notice will be sent to all shareholders of the Company.