
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in **MicroPort CardioFlow Medtech Corporation**, you should at once hand this circular together with the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer 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.



MicroPort CardioFlow Medtech Corporation

微创心通医疗科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2160)

SUPPLEMENTAL CIRCULAR OF THE ANNUAL GENERAL MEETING

**CONTINUING CONNECTED TRANSACTION IN RELATION TO
2022 SERVICE PROCUREMENT FRAMEWORK AGREEMENT
AND
SUPPLEMENTAL NOTICE OF ANNUAL GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**



This supplemental circular should be read together with the circular and notice of the Annual General Meeting dated May 31, 2022.

A letter from the Board containing information on, among other things, the 2022 Service Procurement Framework Agreement is set out on pages 5 to 18 of this supplemental circular. A letter from the Independent Board Committee in respect of the 2022 Service Procurement Framework Agreement is set out on pages 19 to 20 of this supplemental circular. A letter of advice from Gram Capital Limited, the Independent Financial Adviser, in respect of the 2022 Service Procurement Framework Agreement to the Independent Board Committee and the Independent Shareholders is set out on pages 21 to 37 of this supplemental circular.

The Annual General Meeting of MicroPort CardioFlow Medtech Corporation will be held on Wednesday, June 22, 2022 at 10:00 a.m. at No. 1601 Zhangdong Road, Zhangjiang Hi-Tech Park, Pudong New District, Shanghai, China. For details, please refer to the notice of the AGM dated May 31, 2022.

June 8, 2022

CONTENTS

	<i>Page</i>
DEFINITIONS	1
LETTER FROM THE BOARD	5
LETTER FROM THE INDEPENDENT BOARD COMMITTEE	19
LETTER FROM THE INDEPENDENT FINANCIAL ADVISER	21
APPENDIX I — GENERAL INFORMATION	38
SUPPLEMENTAL NOTICE OF ANNUAL GENERAL MEETING	43

DEFINITIONS

In this supplemental circular, unless otherwise defined or the context otherwise requires, the following terms or expressions shall have the following meanings:

“2022 Service Procurement Framework Agreement”	the 2022 Service Procurement Framework Agreement dated June 7, 2022 between MP CardioFlow (for itself and on behalf of its subsidiaries) and MicroPort [®] (for itself and on behalf of its subsidiaries other than the Group), pursuant to which we agreed to, among others, procure (i) promotion services; and (ii) patient health management services from Retained MicroPort [®] Group
“Annual General Meeting” or “AGM”	the annual general meeting to be held on Wednesday, June 22, 2022 at 10:00 a.m. at No. 1601 Zhangdong Road, Zhangjiang Hi-Tech Park, Pudong New District, Shanghai, China or any adjournment thereof
“associate(s)”	has the meaning as defined in the Listing Rules
“Board”	the board of directors of the Company
“China” or “PRC”	the People’s Republic of China, but for the purpose of this circular and unless otherwise indicated, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Company” or “the Company”	MicroPort CardioFlow Medtech Corporation (微创心通医疗科技有限公司), a company with limited liability incorporated under the laws of the Cayman Islands on January 10, 2019
“connected person”	has the meaning as defined in the Listing Rules
“continuing connected transaction”	has the meaning as defined in the Listing Rules
“controlling shareholder(s)”	has the meaning as defined in the Listing Rules
“Director(s)”	the director(s) of the Company, including all executive, non-executive and independent non-executive directors

DEFINITIONS

“Group”	the Company and all of its subsidiaries or, where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries, the present subsidiaries of the Company and the businesses operated by such subsidiaries or their predecessors (as the case may be)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, consisting of the independent non-executive Directors who are not the directors of MicroPort [®] , established to provide advice to Independent Shareholders in respect of the 2022 Service Procurement Framework Agreement and the transactions contemplated thereunder
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the 2022 Service Procurement Framework Agreement and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders of the Company, excluding MicroPort [®] and Shanghai MicroPort
“Independent Third Party(ies)”	persons who are not the connected person(s) of the Group
“Latest Practicable Date”	June 7, 2022, being the latest practicable date prior to the printing of this supplemental circular for the purpose of ascertaining certain information in this supplemental circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange, as amended or supplemented from time to time

DEFINITIONS

“MicroPort [®] ”	MicroPort Scientific Corporation (微創醫療科學有限公司), an exempted company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange (stock code: 00853)
“MicroPort [®] Group”	MicroPort [®] and its subsidiaries
“MP CardioFlow”	Shanghai MicroPort CardioFlow Medtech Co., Ltd. (上海微創心通醫療科技有限公司), a limited liability company established in the PRC on May 21, 2015 and a wholly-owned subsidiary of the Company
“non-exempt continuing connected transaction”	has the meaning as defined in the Listing Rules
“R&D”	research and development
“Retained MicroPort [®] Group”	MicroPort [®] and its subsidiaries, excluding the Group
“RMB”	the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Shanghai Huahao”	Shanghai Huahao Enterprise Management Limited Partners (Limited Partnership) (上海鏵浩企業管理合夥企業(有限合夥)), a limited partnership established in the PRC
“Shanghai MicroPort”	Shanghai MicroPort Limited, a company incorporated in the BVI with limited liability on January 8, 2019, a wholly-owned subsidiary of MicroPort [®] and one of the controlling shareholders of the Company
“Share(s)”	ordinary share(s) in the share capital of the Company of US\$0.000005 each
“Shareholder(s)”	holder(s) of the Share(s) from time to time

DEFINITIONS

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

per cent

LETTER FROM THE BOARD



MicroPort CardioFlow Medtech Corporation

微创心通医疗科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2160)

Executive Directors:

Mr. Chen Guoming

Mr. Zhao Liang

Ms. Yan Luying

Non-Executive Directors:

Dr. Luo Qiyi (*Chairman of the Board*)

Mr. Zhang Junjie

Ms. Wu Xia

Independent non-executive Directors:

Mr. Jonathan H. Chou

Ms. Sun Zhixiang

Dr. Ding Jiandong

Registered office:

P.O. Box 10008

Willow House, Cricket Square

Grand Cayman, KY1-1001

Cayman Islands

***Head office and principal place of
business in the PRC:***

No. 1601 Zhangdong Road

Zhangjiang Hi-Tech Park

Pudong New District

Shanghai, PRC

***Principal place of business
in Hong Kong:***

Room 1901, 19/F, Lee Garden One

33 Hysan Avenue, Causeway Bay

Hong Kong

June 8, 2022

To the Shareholders

Dear Sir/Madam,

**CONTINUING CONNECTED TRANSACTION IN RELATION TO
2022 SERVICE PROCUREMENT FRAMEWORK AGREEMENT**

INTRODUCTION

Reference is made to the announcement dated June 7, 2022 in relation to the entering into of the 2022 Service Procurement Framework Agreement and the transactions contemplated thereunder.

LETTER FROM THE BOARD

The purpose of this supplemental circular is to provide you with, among other things, (i) details of the 2022 Service Procurement Framework Agreement and transactions contemplated thereunder; (ii) a letter from the Independent Board Committee to the Independent Shareholders containing its commendation; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

THE 2022 SERVICE PROCUREMENT FRAMEWORK AGREEMENT

On June 7, 2022, MP CardioFlow (for itself and on behalf of its subsidiaries) and MicroPort[®] (for itself and on behalf of its subsidiaries other than the Group) entered into the 2022 Service Procurement Framework Agreement, pursuant to which MP CardioFlow will procure (i) promotion services and (ii) patient health management services from the Retained MicroPort[®] Group.

Principal Terms

Date

June 7, 2022

Parties

- (1) MP CardioFlow (for itself and on behalf of its subsidiaries); and
- (2) MicroPort[®] (for itself and on behalf of its subsidiaries other than the Group)

Duration

Subject to approval by the Independent Shareholders at the AGM, the 2022 Service Procurement Framework Agreement will commence from June 22, 2022 and end on December 31, 2023, unless otherwise terminated in accordance with the terms thereunder.

Payment terms

Payment arrangements will be negotiated by the parties and stated in individual implementation agreements.

LETTER FROM THE BOARD

Subject to compliance with applicable laws and regulations (including but not limited to the Listing Rules) and requirements of securities regulatory authorities, the 2022 Service Procurement Framework Agreement may be renewed for a further term of no longer than three years from time to time. Upon renewal, the parties may amend the terms of the 2022 Service Procurement Framework Agreement based on the then prevailing circumstances.

Nature of the Transactions

(1) Procurement of promotion services

The Group will procure promotion services from the Retained MicroPort[®] Group. Such promotion services mainly include promoting the products of the Group through, among others, (i) organizing online and offline marketing activities and to identify potential patients of the Group's products; (ii) preparing market research reports and patient analysis reports for the Group; (iii) developing and maintenance of the patients education platform of the Group; and (iv) conducting patients education to increase the awareness of TAVI (transcatheter aortic valve implantation) and the Group's products.

(2) Procurement of patient health management services

The Group will procure patient health management services from the Retained MicroPort[®] Group. Such patient health management services mainly include designing integrated patient supporting plan for potential patients of the Group's products and providing relevant services (such as (a) medical planning consulting services, (b) preoperative and postoperative health management consulting services, (c) green channel services for medical treatment, and (d) customized insurance supporting services (coordinating with third-party insurance companies to design and provide customized insurance products for potential patients)) for potential patients of the Group's products.

Pricing Policy

The service fees of the promotion services are determined based on the each type of the relevant service, through arm's length negotiation primarily between the parties with reference to a number of factors applicable to all service providers, including but not limited to (i) the nature, complexity, and value of tasks completed by Retained MicroPort[®] Group under each work order; (ii) the fee rates for historical comparable transactions of similar nature by the Retained MicroPort[®] Group and other third party suppliers, if any; (iii) the available prevailing market rate of services on similar supply conditions as stated in the fee quotes provided by the other third

LETTER FROM THE BOARD

party suppliers; and (iv) the overall cost (mainly the labor cost) the Group may incur for conducting similar promotion activities by its in-house sales and marketing personnel, especially identification referrals of targeting patients.

The service fees of the patient health management services are determined based on the each type of the relevant service, through arm's length negotiation primarily between the parties with reference to a number of factors applicable to all service providers, including but not limited to (i) the nature, complexity, and value of tasks completed by Retained MicroPort[®] Group under each work order; (ii) the cost of providing such services, if any; (iii) the fee rates charged for historical comparable transactions of similar nature by the Retained MicroPort[®] Group and other third party suppliers, if any; and (iv) the available prevailing market rate of services on similar supply conditions as stated in the fee quotes provided by the other third party suppliers.

It is expected that save for the preparation of market research reports and patient analysis reports for the Group (including identifying and referring the eligible patients), the other transactions contemplated under the 2022 Service Procurement Framework Agreement will be determined mainly based on the available prevailing market rate of services on similar supply conditions as stated in the fee quotes provided by the other third party suppliers. The Group will further negotiate with the Retained MicroPort[®] Group in respect of the quotations if the quotations provided by Retained MicroPort[®] Group is higher than the fee quotes provided by the other third party suppliers for comparable transactions.

For the preparation of market research reports and patient analysis reports for the Group (including identifying and referring the eligible patients), the Company will assess the fairness of the quotation to be provided by the Retained MicroPort[®] Group with reference to the historical transactions of similar nature by the Retained MicroPort[®] Group and the overall cost (mainly the labor cost) the Group may incur for conducting similar promotion activities by the Group's in-house sales and marketing personnel. The Group will further negotiate with the Retained MicroPort[®] Group in respect of the quotation if (i) there is any material difference between the quotations provided by the Retained MicroPort[®] Group and the fee rate for historical comparable transaction of similar nature provided by the Retained MicroPort[®] Group; and/or (ii) the quotations provided by the Retained MicroPort[®] Group is higher than the overall cost (mainly the labor cost) the Group may incur for conducting similar promotion activities by the Group's in-house sales and marketing personnel.

The final price of the transactions contemplated under the 2022 Service Procurement Framework Agreement will be, as the case may be, (i) no less favorable than those offered by independent third parties for comparable transactions; or (ii) not higher than the overall cost (mainly the labor cost) the Group may incur for conducting similar promotion activities by the Group's in-house sales and marketing personnel.

LETTER FROM THE BOARD

Based on the above, the Board is of the view that the service fee rate is fair and reasonable and it is commercially sensible for the Company and in the interest of the Company and the Shareholders as a whole to procure such services from the Retained MicroPort[®] Group without taking into consideration its shareholding in the Company. Moreover, if any of such services are readily available from third party suppliers with terms of supply that are more favorable for the Company, the Group will procure such services from such third party suppliers.

Implementation Agreements

Members of the Group and members of the Retained MicroPort[®] Group will enter into, from time to time and as necessary, individual implementation agreements to set out the specific terms and conditions in respect of the procurement of the products thereunder. Any such implementation agreements will be within the ambit of the 2022 Service Procurement Framework Agreement and shall not contravene the provisions of the 2022 Service Procurement Framework Agreement.

Reasons for and Benefits of the Transactions

The TVT (transcatheter valve therapy) medical device industry in which the Group operates is intensely competitive and rapidly changing. The Company faces competition with major international medical device companies as well as domestic medical device companies which are developing heart valve disease solutions. In order to gain a higher market share in China's as well as overseas TAVI (transcatheter aortic valve implantation) market, it's important for the Company to further strengthen the commercialization capabilities of the Company by, among others, leveraging the promotion and patient health management services provided by external suppliers. Therefore, the services provided by the Retained MicroPort[®] Group under the 2022 Service Procurement Framework Agreement are essential to the commercialization process and can be a supplement to the in-house sales and marketing team of the Group.

The Company is a biotechnology medical device company. Therefore, the promotion of its products and the management of the eligible patients of the Group's products require sophisticated experience and knowledge that are better handled by service providers with such capabilities. The Retained MicroPort[®] Group has a proven record of successfully commercializing medical devices, and has a well-established and experienced sales and marketing team familiar with the Group's products with not only a broad coverage of the Group's target departments of domestic hospitals but also global outreach. Further, the Retained MicroPort[®] Group has been very familiar with the Group's requirements and has been providing us with various satisfying services in a timely and cost-efficient manner. Therefore, it is believed that engaging the Retained MicroPort[®] Group to provide the promotion services and patient health management services will be beneficial for the Company to boost brand awareness, enhance the Group's influence, grasp market dynamics and increase the penetration rate of the Group's products. In addition, in line with the Group's

LETTER FROM THE BOARD

globalization strategy, with the support from the overseas sales and marketing team of the Retained MicroPort® Group, the Company will further advance its global commercialization process which will enable the Company to expeditiously establish an advantageous position in market share in the relevant overseas market.

The Group's procurements of services from the Retained MicroPort® Group have been and will be conducted in the ordinary and usual course of business of the Group, on an arm's length basis and on normal commercial terms or better. Furthermore, the risk of the Retained MicroPort® Group terminating the connected transactions is remote as the parties under the relevant agreements have limited termination rights and the termination would not be in the commercial interest of the Retained MicroPort® Group in commercial aspect. Also taking into account that (1) most of the services provided by the Retained MicroPort® Group under the 2022 Service Procurement Framework Agreement can be easily procured from independent third party service providers in the market at comparable terms, and (2) the Company does not rely on the Retained MicroPort® Group for services with no other alternative suppliers readily available in the market which mainly refer to the preparing market research reports and patient analysis reports for the Group (including identifying and referring the eligible patients), as such promotion activities can also be done by the Company's own in-house commercialization team, in an unlikely event that the Retained MicroPort® Group terminates the 2022 Service Procurement Framework Agreement or is unable to provide the relevant services to the Company, we do not consider the business of the Company will be materially and adversely affected. The Company received the approval from the National Medical Products Administration of the People's Republic of China regarding the registration application for its VitaFlow® transcatheter aortic valve implantation system, Alwide® Plus balloon catheter and VitaFlow Liberty™ transcatheter aortic valve implantation system in August 2019, July 2021 and August 2021, respectively. Given the Company has only begun commercializing products since August 2019, it is still in the process of transition from R&D stage to commercialization stage. The proposed annual caps as set out below are determined with reference to the the estimated increasing demand for relevant services in line with the Group's business expansion and commercialization progress. The total cost of the Company is also expected to increase with a similar trend in 2022 and 2023. Based on the current estimation of the Company, as a percentage of the total research and development costs, distribution costs, administrative expenses and other operating costs of the Company, the proposed annual caps are expected to remain relatively stable at less than 15% in 2022 and 2023. Based on the above, the Company believes that the transactions under the 2022 Service Procurement Framework Agreement will not cause any undue reliance on the Retained MicroPort® Group.

We are of the view that the terms of the 2022 Service Procurement Framework Agreement is fair and reasonable, and the transactions contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interest of the Company and the Shareholders as a whole and will be beneficial to the Group.

LETTER FROM THE BOARD

Annual Caps and Basis of Determination

Proposed Annual Caps

The proposed annual caps for the transactions contemplated under the 2022 Service Procurement Framework Agreement are set out below:

	2022	2023
Proposed annual caps (<i>RMB'000</i>)	55,000	80,000

The proposed annual caps for the transactions contemplated under the 2022 Service Procurement Framework Agreement were determined with reference to (i) the available historical fee rates or agreed future service fee rates charged by the Retained MicroPort[®] Group for providing such services and the expected increase of the labor cost of the service provider; (ii) the estimated increasing demand for relevant services in line with the Group's business expansion and commercialization progress; and (iii) the Retained MicroPort[®] Group's ability of service supply.

Promotion Service Fees:

The estimated amounts of promotion services fees, which account for approximately 20%-30% of the proposed annual caps, are mainly incurred from (i) promotion services for organizing marketing activities and conducting patients education (accounting for approximately 45%-55% of the estimated promotion service fees for 2022 and 2023); and (ii) promotion services for identifying eligible patients (accounting for approximately 45%-55% of the estimated promotion service fees for 2022 and 2023).

The estimated amounts of services fees for organizing domestic marketing activities were determined based on the estimated service fee for organizing each domestic marketing activity which falls within the range of RMB10,000 to RMB60,000 and the estimated number of the domestic marketing activities to be held by the Group based on its current marketing plan (160 events in 2022 and 200 events in 2023), and also taking into consideration the estimated cost for organizing overseas marketing activities. The estimated amounts of promotion services fees for patients education were determined based on the estimated times of patients education to be conducted by the Group based on its current marketing plan and the estimated service fee for each time which falls within the quotations offered by independent third party suppliers for same/similar services. The estimated amounts of promotion services fees for identifying the eligible patients were determined based on the estimated number of eligible patients to be referred and the estimated referral fee for each eligible patient.

LETTER FROM THE BOARD

Patient Health Management Service Fees:

Patient health management service fees account for approximately 70%-80% of the proposed annual caps. The fees for designing integrated patient supporting plan for potential patients and providing relevant services are the majority part of the estimated amounts of the patient health management services fees which were determined based on the estimated number of such services to be provided by the Retained MicroPort[®] Group and the estimated fee for such services which is the same as the quotation provided by an independent third party supplier and is lower than the quotation provided by another independent third party supplier. The estimated number of such services to be provided by the Retained MicroPort[®] Group was determined after arm's length negotiation between the Group and the Retained MicroPort[®] Group with reference to the current number of potential patients in the database of the business partners of the Retained MicroPort[®] Group who meet the relevant selection criteria.

Historical Transaction Amount

The following table sets forth the historical transaction amount of the promotion services and patient health management services we procured from the Retained MicroPort[®] Group:

	Promotion services	Patient health management services
	<i>(RMB'000, unaudited)</i>	
FY2021	150	200
Four months ended April 30, 2022	120	2,000

Based on the reasons below, the Company is of the view that the proposed annual caps are fair and reasonable despite that the annual caps for the two years ending December 31, 2023 are significantly higher than the historical transaction amount:

- (1) Given the Company has only begun commercializing products since August 2019, the Company is still in the process of transition from R&D stage to commercialization stage and plans to allocate more resources in the forthcoming years to enhance its commercialization capabilities to boost brand awareness, enhance the Group's influence, grasp market dynamics and increase the penetration rate of the Group's products. Considering the nature of the transactions under the 2022 Service Procurement Framework Agreement, the transaction amounts for such transactions are also expected

LETTER FROM THE BOARD

to increase along with the commercialization of our products and product candidates. The increase in the proposed annual caps from 2022 to 2023 are in line with the commercialization plan and marketing budget of the Group.

- (2) There had been Covid-19 outbreaks in certain parts of China in the first quarter of 2022, which adversely affected the promotion activities of the Company and the Company's demands for patient health management services. The Company believes that the Company's total procurement amount for the relevant services will show a recovery trend from the impact of the COVID-19 pandemic in the second half of 2022 and further increase in 2023.
- (3) The Company has been exploring different approaches to further promote the commercialization of the Company's products. As part of the Company's commercialization attempt, the Company has only started to provide patient health management services through external service providers since the June 2021. There is only historical transaction amount for a limited period available.
- (4) The Retained MicroPort[®] Group has only started to provide and Company has only started to procure from the Retained MicroPort[®] Group the patient health management services and promotion services since 2021. Before that, the Company had been procuring the relevant services from other independent third party suppliers. As the fee rates for the relevant services offered by the Retained MicroPort[®] Group are competitive as compared with other independent third party suppliers providing similar services, the Company considers it commercially sensible to source the relevant services mainly from the Retained MicroPort[®] Group in the forthcoming years.

INFORMATION OF THE PARTIES

The Company is a medical device company in China focusing on the R&D and commercialization of innovative transcatheter and surgical solutions for structural heart diseases. The Group is a medical device group primarily focusing on the R&D, manufacturing and sale of medical devices treating structural heart diseases. MP CardioFlow is a limited liability company established in the PRC. MP CardioFlow is the principal operating subsidiary of the Group through which the Group conducted its business primarily.

MicroPort[®] Group is a leading medical device group focusing on innovating, manufacturing and marketing high-end medical devices globally in a broad range of business segments including cardiovascular, orthopedics, cardiac rhythm management, endovascular, neurovascular, heart valve, surgical robot and other business.

LETTER FROM THE BOARD

INTERNAL CONTROL POLICIES

In order to ensure that the transactions contemplated under the 2022 Service Procurement Framework Agreement will be conducted on normal commercial terms or better, the Group has adopted the following measures:

- (1) The Company places great importance on the management of connected transactions and takes the initiative to actively update the list of connected persons. In order to comprehensively and accurately identify connected persons, the Company conducts penetration management of substantial Shareholders to achieve effective collection of data related to connected transactions. To meet the management requirements of the Stock Exchange in relation to connected transactions, the Company has formulated internal guidelines for connected transactions based on the applicable requirements under the Listing Rules, which further clarifies the duties of each functional department with respect to the connected transactions so as to ensure that all the connected transactions of the Company are effectively monitored and supervised and all relevant connected transactions are in the interests of the Company and the Shareholders as a whole;
- (2) the Internal Audit Department of the Group will supervise and monitor the individual agreements to be entered into between the Group and the Retained MicroPort[®] Group to ensure they will be entered into in accordance with the pricing policy under the 2022 Service Procurement Framework Agreement;
- (3) the Finance Department of the Group will review and compare at least two quotations from independent third parties, if available, with the quotes from the Retained MicroPort[®] Group when determining which supplier to engage with so as to ensure that the price of the services provided by the Retained MicroPort[®] Group to the Group is fair and reasonable, and is determined on normal commercial terms or on terms no less favorable to the Group than the terms available from independent third parties, if applicable;
- (4) for services that with no available quotes from independent third parties, the Finance Department of the Group will assess the fairness of the quotation to be provided by the Retained MicroPort[®] Group with reference to the historical transactions of similar nature by the Retained MicroPort[®] Group and the overall cost (mainly the labor cost) the Group may incur for conducting similar promotion activities by the Group's in-house sales and marketing personnel. The Finance Department of the Group will further negotiate with the Retained MicroPort[®] Group in respect of the quotations if (i) there is any material difference between the quotations provided by the Retained

LETTER FROM THE BOARD

MicroPort[®] Group and the historical comparable transactions of similar nature provided by the Retained MicroPort[®] Group; and/or (ii) the quotations provided by the Retained MicroPort[®] Group is higher than the overall cost (mainly the labor cost) the Group may incur for conducting similar promotion activities by the Group's in-house sales and marketing personnel;

- (5) the Group will comply with the annual review requirements in respect of the transactions contemplated under the 2022 Service Procurement Framework Agreement in accordance with Chapter 14A of the Listing Rules, such as engaging the Company's auditor to conduct annual review and having the independent non-executive Directors to review the transactions contemplated under the 2022 Service Procurement Framework Agreement and give opinions/confirmations in the Company's annual reports;
- (6) the Board will arrange internal trainings for the senior management of the Group and responsible staff on the compliance requirements for continuing connected transactions;
- (7) the Finance Department of the Group will monitor the transaction amounts under the 2022 Service Procurement Framework Agreement by preparing designated management accounts for the continuing connected transactions therein on a monthly basis to make sure that the actual contract amounts do not exceed the relevant annual caps. If it is expected that the transaction amount of any continuing connected transaction that is or will be incurred in the financial year will reach or exceed the relevant annual cap, the Finance Department shall report to the management and consider the measures to be taken to ensure that the requirements under the Listing Rules are complied with, including obtaining the approval of independent Shareholders (if required); and
- (8) if any revision or adjustment on the terms (including without limitation, the price of the services) of the individual agreement under the 2022 Service Procurement Framework Agreement is necessary, provided such revision or adjustment is in compliance with the 2022 Service Procurement Framework Agreement, an approval application will be made by the Total Solutions Promotion Department and approved by, among others, the Board Secretary Office.

LISTING RULES IMPLICATIONS

As of the date of the 2022 Service Procurement Framework Agreement, MicroPort[®], through its wholly-owned subsidiary Shanghai MicroPort, was indirectly interested in approximately 46.26% of the total issued share capital of the Group. Therefore, MicroPort[®] is a connected person of the Company.

LETTER FROM THE BOARD

As the highest of the applicable percentage ratios (other than the profit ratio) calculated for the purpose of Chapter 14A of the Listing Rules will exceed 5%, the transactions contemplated under the 2022 Service Procurement Framework Agreement are non-exempt continuing connected transactions subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The transactions underlying the 2022 Service Procurement Framework Agreement will not involve other members of the MicroPort® Group which are, at the time of the transactions, listed on the Stock Exchange and their respective subsidiaries.

THE AGM

The Annual General Meeting of MicroPort CardioFlow Medtech Corporation will be held on Wednesday, June 22, 2022 at 10:00 a.m. at No. 1601 Zhangdong Road, Zhangjiang Hi-Tech Park, Pudong New District, Shanghai, China.

Please refer to the AGM Circular of the Company and the notice of AGM (the “**Original AGM Notice**”) dated May 31, 2022 for the details of other resolutions to be considered at the AGM, the eligibility for attending the AGM, the registration procedures, the closure of register of members, voting by poll and other relevant matters. A supplemental notice of the AGM is set out on pages 43 to 44 of this circular (the “**Supplemental AGM Notice**”). The AGM will be convened and held for the Shareholders to consider and, if thought fit, to approve the resolutions contained in the Original AGM Notice and, the resolution contained in the Supplemental AGM Notice. A supplemental form of proxy for the AGM (the “**Supplemental Form of Proxy**”) is enclosed with this circular.

Important Notice: The Supplemental Form of Proxy will not affect the validity of the form of proxy dated May 31, 2022 in relation to the AGM (the “Original Form of Proxy”) in respect of the resolutions set out in the Original AGM Notice. If you have already validly appointed a proxy to act for you at the AGM under the Original Form of Proxy but have not completed and returned the Supplemental Form of Proxy of AGM, your proxy will have the right to vote at his/her discretion with respect to the supplemental resolutions set out in the Supplemental AGM Notice. If you do not duly complete and deliver the Original Form of Proxy but have duly completed and delivered the Supplemental Form of Proxy and validly appointed a proxy to attend and act for you at the AGM, your proxy will be entitled to vote at his/her discretion on resolutions set out in the Original Form of Proxy.

LETTER FROM THE BOARD

MicroPort[®] (holding 1,112,855,680 Shares or approximately 46.26% of the Shares in the Company as of the Latest Practicable Date) who is involved in, or interested in the 2022 Service Procurement Framework Agreement will abstain from voting the relevant resolution at the AGM pursuant to Rule 14A.36 of the Listing Rules.

RECOMMENDATION

The Directors (including the independent non-executive Directors but excluding Dr. Luo Qiyi, Mr. Zhang Junjie, Ms. Wu Xia and Mr. Jonathan H. Chou, who are also Directors appointed by MicroPort[®] or hold director's positions in the Retained MicroPort[®] Group and are deemed to have interest in the 2022 Service Procurement Framework Agreement and thus had abstained from voting on the 2022 Service Procurement Framework Agreement and the transactions contemplated thereunder) after taking into account the advice of the Independent Financial Adviser consider that the terms of the 2022 Service Procurement Framework Agreement (including the relevant annual caps thereunder) are fair and reasonable, and the transactions contemplated thereunder are on normal commercial terms or better, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors after taking into account the advice of the Independent Financial Adviser but excluding Dr. Luo Qiyi, Mr. Zhang Junjie, Ms. Wu Xia and Mr. Jonathan H. Chou) recommend the Independent Shareholders to vote in favor of the relevant resolution to be proposed at the AGM in relation to the 2022 Service Procurement Framework Agreement and the transactions contemplated thereunder.

The Independent Board Committee, having taken into account the recommendations from Gram Capital Limited, the Independent Financial Adviser, considers that the terms of the 2022 Service Procurement Framework Agreement (including the relevant annual caps thereunder) are fair and reasonable, and the transactions contemplated thereunder are on normal commercial terms or better, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolution to be proposed at the AGM to approve the 2022 Service Procurement Framework Agreement (including the relevant annual caps thereunder).

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the additional the letter from the Independent Board Committee set out on pages 19 to 20 of this supplemental circular, the letter from the Independent Financial Adviser set out on pages 21 to 37 of this supplemental circular and the additional information set out in the appendix I to this supplemental circular.

Yours faithfully,

By order of the Board

MicroPort CardioFlow Medtech Corporation

Luo Qiyi

Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is a full text of the letter from the Independent Board Committee to the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



MicroPort CardioFlow Medtech Corporation

微创心通医疗科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2160)

June 8, 2022

To the Independent Shareholders

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTION IN RELATION TO 2022 SERVICE PROCUREMENT FRAMEWORK AGREEMENT

We refer to the supplemental circular dated June 8, 2022 issued by the Company to the Shareholders (the “**Supplemental Circular**”) of which this letter forms part. Terms used in this letter shall bear the same meanings as defined in the Supplemental Circular unless the context otherwise requires.

We have been authorized by the Board to form the Independent Board Committee to consider and advise the Independent Shareholders as to whether, in its opinion, the terms of the 2022 Service Procurement Framework Agreement is fair and reasonable, and the transactions contemplated thereunder are on normal commercial terms or better, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Gram Capital Limited, the Independent Financial Adviser, has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the 2022 Service Procurement Framework Agreement and the transactions contemplated thereunder.

We wish to draw your attention to the letter from the Board set out on pages 5 to 18 of the Supplemental Circular and the letter from the Independent Financial Adviser set out on pages 21 to 37 of the Supplemental Circular, both of which provide details of the 2022 Service Procurement Framework Agreement and the transactions contemplated thereunder.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered, among other matters, the 2022 Service Procurement Framework Agreement and the transactions contemplated thereunder, the advice of the Independent Financial Adviser, and the relevant information contained in the letter from the Board, we are of the opinion that the terms of the 2022 Service Procurement Framework Agreement is fair and reasonable, and the transactions contemplated thereunder are on normal commercial terms or better, in the ordinary and usual course of business of the Group and in the interests of our Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favor of the relevant resolution to be proposed at the AGM in relation to the 2022 Service Procurement Framework Agreement and the transactions contemplated thereunder.

Yours faithfully,

The Independent Board Committee

MicroPort CardioFlow Medtech Corporation

Ms. Sun Zhixiang Dr. Ding Jiandong

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transaction for the purpose of inclusion in this supplemental circular.



Room 1209, 12/F.
Nan Fung Tower
88 Connaught Road Central/
173 Des Voeux Road Central
Hong Kong

8 June 2022

*To: The independent board committee and the independent shareholders of
MicroPort CardioFlow Medtech Corporation*

Dear Sirs,

CONTINUING CONNECTED TRANSACTION

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the 2022 Service Procurement Framework Agreement and the transactions contemplated thereunder (including the corresponding proposed annual caps) (the “**Transaction**”), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the supplemental circular dated 8 June 2022 issued by the Company to the Shareholders (the “**Supplemental Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Supplemental Circular unless the context requires otherwise.

On 7 June 2022, MP CardioFlow (for itself and on behalf of its subsidiaries) and MicroPort® (for itself and on behalf of its subsidiaries other than the Group) entered into the 2022 Service Procurement Framework Agreement, pursuant to which MP CardioFlow will procure (i) promotion services and (ii) patient health management services from the Retained MicroPort® Group.

According to the Board Letter, the Transaction constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules and are subject to reporting, annual review, announcement, circular and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising Ms. Sun Zhixiang and Dr. Ding Jiandong (both being INEDs) has been established to advise the Independent Shareholders on (i) whether the terms of the Transaction are on normal commercial terms and are fair and reasonable; (ii) whether the Transaction is in the interests of the Company and the Shareholders as a whole and is conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolution to approve the Transaction at the AGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

INDEPENDENCE

We were not aware of (i) any relationships or interests between Gram Capital and the Company; or (ii) any services provided by Gram Capital to the Company, during the past two years immediately preceding the Latest Practicable Date, or any other parties that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Supplemental Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Supplemental Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Supplemental Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Transaction. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Supplemental Circular, for which the Directors of our Company collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to our Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

information contained in the Supplemental 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 therein or the Supplemental Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Supplemental Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, MP CardioFlow, MicroPort® or their respective subsidiaries or associates (where applicable), nor have we considered the taxation implication on the Group or the Shareholders as a result of the Transaction. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Transaction, we have taken into consideration the following principal factors and reasons:

Information on the Group

With reference to the Board Letter, the Company is a medical device company in the PRC focusing on the R&D and commercialization of innovative transcatheter and surgical solutions for structural heart diseases. The Group is a medical device group primarily focusing on the R&D, manufacturing and sale of medical devices treating structural heart diseases. MP CardioFlow is a limited liability company established in the PRC. MP CardioFlow is the principal operating subsidiary of the Company through which the Group conducted its business primarily.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below are the audited financial information of the Group for the two years ended 31 December 2021 as extracted from the Company’s annual report for the year ended 31 December 2021 (the “**2021 Annual Report**”):

	For the year ended 31 December 2021 (“FY2021”) RMB’000	For the year ended 31 December 2020 (“FY2020”) RMB’000	Year-on-year change %
Revenue	200,813	103,934	93.21
Gross profit	118,701	45,380	161.57
Loss attributable to equity shareholders of the Company	(183,264)	(398,087)	(53.96)

As illustrated in the above table, the Group’s revenue was approximately RMB200.8 million for FY2021, representing an increase of approximately 93.21% as compared to that for FY2020. With reference to the 2021 Annual Report, the increase in the Group’s revenue was mainly due to the rapid growth in sales volume of the Group’s commercialized products.

The Group’s gross profit for FY2021 increased by approximately 161.57% and the gross profit margin increased by approximately 15.45 percentage points as compared to those for FY2020. With reference to the 2021 Annual Report, the Company has been actively expanding its production capacity to meet the growing demand for product supply and achieved significant progress in reducing cost and increasing efficiency, resulting in the increase in gross profit margin.

The loss attributable to equity shareholders of the Company in FY2021 decreased by approximately 53.96% as compared to that of FY2020. With reference to the 2021 Annual Report, such decrease was mainly due to (i) the increase in the Group’s revenue and gross profit; (ii) the turnaround from fair value loss in financial instruments for FY2020 to fair value gain in financial instruments for FY2021; and (iii) the decrease in finance costs, partially offset by the increase in research and development costs and distribution costs.

With reference to the 2021 Annual Report, the Group’s in-house developed product portfolio consists of three commercialized transcatheter aortic heart valve implantation (“**TAVI**”) products, namely VitaFlow[®], VitaFlow Liberty[™] (including the procedural accessories as their offerings) and Alwide[®] Plus, and various TAVI products, transcatheter mitral valve (“**TMV**”) products, transcatheter tricuspid valve (“**TTV**”) products, surgical valve products and procedural accessories

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

at different development stages. In addition, the Group also collaborate with its business partners with respect to certain TMV and TTV products, for which the Group owns the exclusive commercial rights in the PRC.

With reference to the 2021 Annual Report, the Group intend to capitalize its strengths to pursue a business strategy to (1) continue to strengthen its presence in the PRC's TAVI market; (2) continue to advance its international strategy; (3) rapidly advance its TMV pipeline and other product candidates; and (4) improve operational efficiency and achieve economies of scale to support its long-term growth. In 2022, the Group will continue to expand its business coverage, accelerate research and development and innovation, advance international strategies, focus on reducing costs and increasing efficiency, and consolidate corporate governance. The Group devotes to the world's leading provider for total solutions to treat structural heart diseases, and bring the world's cutting edge structural heart diseases treatment products and technologies to more countries and benefit more patients.

Information on MicroPort®

With reference to the Board Letter, MicroPort® Group is a leading medical device group focusing on innovating, manufacturing and marketing high-end medical devices globally in a broad range of business segments including cardiovascular, orthopedics, cardiac rhythm management, endovascular, neurovascular, heart valve, surgical robot and other businesses.

As at the date of the 2022 Service Procurement Framework Agreement, MicroPort®, through its wholly-owned subsidiary Shanghai MicroPort, was indirectly interested in approximately 46.26% of the total issued share capital of the Company.

Reasons for and benefits of the Transaction

Reasons for and benefits of the Transaction are set out under the section headed "Reasons for and Benefits of the Transactions" of the Board Letter.

According to the 2021 Annual Report, the Group commercialized VitaFlow® and VitaFlow Liberty™ in the PRC in August 2019 and September 2021 respectively. Leveraging on the continuous increase in sales of VitaFlow® and the rapid penetration of the second-generation product VitaFlow Liberty™ since its launch, the Group maintained constant rapid growth in revenue for FY2021. As at 31 December 2021, TAVI (transcatheter aortic valve implantation) using VitaFlow® and VitaFlow Liberty™ had been performed at over 300 hospitals in the PRC, most of which were Class IIIA hospitals located in tier-one and tier-two cities, and the Group have successfully established a leading market share in over 180 of these hospitals.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As aforementioned, in 2022, the Group will, among others, continue to expand its business coverage. The Transaction serves such purpose as scope of the Transaction includes, among other, (i) identify eligible patient of the Group's products and referring such eligible patients to the Group; (ii) increase the penetration rate of the Group's products through online and offline marketing activities; and (iii) provide supportive and ancillary services to eligible patients of the Group through the Retained MicroPort® Group.

In light of the above, we consider that the Transaction is conducted in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

Principal terms of the Transaction

The tables below summarise the major terms of the Transaction, details of which are set out under the section headed "THE 2022 SERVICE PROCUREMENT FRAMEWORK AGREEMENT" of the Board Letter:

Date

7 June 2022

Parties

- (i) MP CardioFlow (for itself and on behalf of its subsidiaries); and
- (ii) MicroPort® (for itself and on behalf of its subsidiaries other than the Group)

Duration

Subject to approval by the Independent Shareholders at the AGM, the 2022 Service Procurement Framework Agreement will commence from 22 June 2022 (the "**Effective Date**") and end on 31 December 2023, unless otherwise terminated in accordance with the terms thereunder.

Payment terms

Payment arrangements will be negotiated by the parties and stated in individual implementation agreements.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Subject to compliance with applicable laws and regulations (including but not limited to the Listing Rules) and requirements of securities regulatory authorities, the 2022 Service Procurement Framework Agreement may be renewed for a further term of no longer than three years from time to time. Upon renewal, the parties may amend the terms of the 2022 Service Procurement Framework Agreement based on the then prevailing circumstances.

Nature of the Transaction and pricing policies

(1) Procurement of promotion services

The Group will procure promotion services from the Retained MicroPort[®] Group. Such promotion services mainly include promoting the products of the Group through, among others, (i) organizing online and offline marketing activities and to identify potential patients of the Group's products; (ii) preparing market research reports and patient analysis reports for the Group; (iii) developing and maintenance of the patients education platform of the Group; and (iv) conducting patients education to increase the awareness of TAVI (transcatheter aortic valve implantation) and the Group's products.

The service fees of the promotion services are determined based on the each type of the relevant service, through arm's length negotiation primarily between the parties with reference to a number of factors applicable to all service providers, including but not limited to (i) the nature, complexity, and value of tasks completed by Retained MicroPort[®] Group under each work order; (ii) the fee rates for historical comparable transactions of similar nature by the Retained MicroPort[®] Group and other third party suppliers, if any; (iii) the available prevailing market rate of services on similar supply conditions as stated in the fee quotes provided by the other third party suppliers; and (iv) the overall cost (mainly the labor cost) the Group may incur for conducting similar promotion activities by the Group's in-house sales and marketing personnel, especially identification referrals of targeting patients.

(2) Procurement of patient health management services

The Group will procure patient health management services from the Retained MicroPort[®] Group. Such patient health management services mainly include designing integrated patient supporting plan for potential patients of the Group's products and providing relevant services (such as (a) medical planning consulting services, (b) preoperative and postoperative health management consulting services, (c) green channel services for medical treatment, and (d) customized insurance supporting services (coordinating with third-party insurance companies to design and provide customized insurance products for potential patients)) for potential patients of the Group's products.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The service fees of the patient health management services are determined based on the each type of the relevant service, through arm's length negotiation primarily between the parties with reference to a number of factors applicable to all service providers, including but not limited to (i) the nature, complexity, and value of tasks completed by Retained MicroPort[®] Group under each work order; (ii) the cost of providing such services, if any; (iii) the fee rates charged for historical comparable transactions of similar nature by the Retained MicroPort[®] Group and other third party suppliers, if any; and (iv) the available prevailing market rate of services on similar supply conditions as stated in the fee quotes provided by the other third party suppliers.

It is expected that save for the preparation of market research reports and patient analysis reports for the Group (including identifying and referring the eligible patients), the other transactions contemplated under the 2022 Service Procurement Framework Agreement will be mainly determined with reference to the available prevailing market rate of services on similar supply conditions as stated in the fee quotes provided by at least two other third party suppliers. As confirmed by the Directors, the Group will further negotiate with the Retained MicroPort[®] Group in respect of the quotation if the quotation provided by Retained MicroPort[®] Group is higher than the fee quotes provided by the other third party suppliers for comparable transactions. The Group may seek quotations from third party suppliers by way of tendering procedures, online quotations, etc.

For the preparation of market research reports and patient analysis reports for the Group (including identifying and referring the eligible patients), the Company will assess the fairness of the quotation to be provided by the Retained MicroPort[®] Group with reference to the historical transactions of similar nature by the Retained MicroPort[®] Group and the overall cost (mainly the labor cost) the Group may incur for conducting similar promotion activities by the Group's in-house sales and marketing personnel. As confirmed by the Directors, the Group will further negotiate with the Retained MicroPort[®] Group in respect of the quotation if (i) there is any material difference between the quotations provided by the Retained MicroPort[®] Group and the fee rate for historical comparable transaction of similar nature provided by the Retained MicroPort[®] Group; and/or (ii) the quotation provided by the Retained MicroPort[®] Group is higher than overall cost (mainly the labor cost) the Group may incur for conducting similar promotion activities by the Group's in-house sales and marketing personnel.

The final price of the transactions contemplated under the 2022 Service Procurement Framework Agreement will be, as the case may be, (i) no less favourable than those offered by independent third parties for comparable transactions; or (ii) not higher than overall cost (mainly the labor cost) the Group may incur for conducting similar promotion activities by the Group's in-house sales and marketing personnel.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Having considered that (i) the service fees will be determined based on the historical transactions of similar nature (i.e. the fee rates for historical transactions of similar nature by the Retained MicroPort[®] Group and other third party suppliers), the available prevailing market rate of similar services (i.e. the available prevailing market rate of services on similar supply conditions as stated in the fee quotes provided by at least two other independent third party suppliers) and/or the costs of providing such services (i.e. the overall cost (mainly the labor cost) the Group may incur for conducting similar promotion activities by the Group's in-house sales and marketing personnel); and (ii) the determination of services fees with reference to prevailing market rate of such services or (if no comparable quotations) cost of such services are widely adopted as pricing policies for continuing connected transactions of other listed companies on the Stock Exchange, we are of the view that pricing policies for the Transaction are fair and reasonable.

Internal control policies

With reference to the Board Letter, in order to ensure that the transactions contemplated under the 2022 Service Procurement Framework Agreement will be conducted on normal commercial terms or better, the Group adopted certain internal control policies, details of which are set out under the section headed "INTERNAL CONTROL POLICIES" of the Board Letter.

Having considered that according to the internal control policies, (i) the Group's Internal Audit Department will supervise and monitor the individual agreements to be entered into between the Group and the Retained MicroPort[®] Group to ensure they will be entered into in accordance with the pricing policy under the 2022 Services Procurement Framework Agreement; and (ii) the Group's Finance Department will review and compare at least two quotes from independent third parties, if available, with the quotes from the Retained MicroPort[®] Group when determining which supplier to engage with so as to ensure that the price of the services provided by the Retained MicroPort[®] Group to the Group is fair and reasonable, we are of the view that the effective implementation of the internal control policies would help to ensure fair pricing of the Transaction.

In addition, we also noted that the Group's Finance Department will monitor the transaction amounts under the 2022 Service Procurement Framework Agreement by preparing designated management accounts for the continuing connected transactions therein on a monthly basis to make sure that the actual contract amounts do not exceed the relevant annual caps. In addition, before entering into any individual agreements, the Group's Finance Department and the Group's Legal Department will assess whether the contract value of such individual agreement together with actual contract amounts (based on the latest monthly designated management accounts for continuing connected transactions) will exceed the proposed annual caps for relevant periods.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

To assess the effectiveness of the implementation of the internal control policies, we discussed with staff of (i) the Internal Audit Department; (ii) the Finance Department; and (iii) the Legal Department, all of which will be involved in the internal control procedures for fair pricing and annual cap monitoring, to check whether they were aware of and would comply with the internal control policies. The relevant staffs acknowledged their awareness of the internal control procedures for the Transaction and would comply with relevant procedures when conducting the Transaction. Upon our request, we obtained the internal control document of the Transaction. After reviewing the document, we acknowledged that the contents of internal control document contained all relevant procedures for both fair pricing measures and annual cap monitoring measure for the Transaction as disclosed in the Board Letter. In addition, the Company also provided us supporting document, showing that the board office of the Company provided the internal control document to all relevant departments and required such departments to strictly follow the internal control measures as contained in the document. Therefore, we do not doubt the effectiveness of the implementation of the internal control policies.

Proposed annual caps

Set out below are the proposed annual caps for the Transaction (i) for the period from the Effective Date to 31 December 2022 (the “**2022 Period**”); and (ii) for the year ending 31 December 2023 (the “**2023 Period**”, collectively with the 2022 Period, the “**Periods**”):

	For the period from the Effective Date to 31 December 2022 RMB'000	For the year ending 31 December 2023 RMB'000
Proposed annual caps	55,000	80,000

The proposed annual caps set out above were determined based on the factors as set out under the section headed “Annual Caps and Basis of Determination” of the Board Letter.

To assess the fairness and reasonableness of the proposed annual cap for the period from the Effective Date to 31 December 2022 and the proposed annual cap for the year ending 31 December 2023 (collectively, the “**Caps**”), we obtained the calculation of the Caps and conducted the following works and analyses:

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- Upon our request, the Directors advised us that the Caps were calculated based on (i) the estimated amounts of total service fees of approximately RMB51.5 million for the 2022 Period and approximately RMB74.9 million for the 2023 Period (comprised of (a) the estimated amounts of promotion services fees, accounting for approximately 20%-30% to the estimated amounts of total service fees; and (b) the estimated amounts of patient health management services fees, accounting for approximately 70%-80% to the estimated amounts of total service fees); and (ii) buffers of approximately 7% on the estimated amounts of service fees.
- **Promotion services fees:** according to the calculation, the estimated amounts of promotion services fees are mainly incurred from (i) promotion services for organizing marketing activities and conducting patients education; and (ii) promotion services for identifying eligible patients.

In respect of the promotion services fees for organizing marketing activities and conducting patients education:

- we understood that promotion services fees for organizing marketing activities included the service fees for promotion services for organizing both domestic and overseas marketing activities.

The promotion services fees for organizing domestic marketing activities was determined based on (a) estimated service fee for organizing each domestic marketing activity; and (b) estimated number of the domestic marketing activities. Based on the information of cost for certain domestic marketing activities as provided by the Company to us, the estimated service fees for organizing each domestic marketing activity in 2022 and 2023 fell within the range of service fee for organizing domestic marketing activity according to the aforesaid information (i.e. approximately RMB10,000 to RMB60,000). In addition, we noted that the estimated number of domestic marketing activities in 2022 (i.e. 80 events for the 2022 Period or 160 events after annualization for 2022) and 2023 (i.e. 200 events) represented an increase as compared to the number of domestic marketing activities hosted by the Group in 2021 (i.e. around 125 events). Based on our understanding, such marketing activities includes, academic promotion, patient screening, etc. In 2020, the Company sponsored 28 national conferences and organized 39 academic symposiums. According to the 2021 Annual Report, the Group intended to further increase its sales of TAVI products in China through, among other things, strengthen academic promotion. In addition, we understood

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

that the academic promotion is important to the Group as its purpose is to further penetrate the Group's products into China's TAVI market and enhance the Group's brand recognition.

Having considered that (i) there is a substantial increase in marketing activities hosted by the Group in 2021 (i.e. around 125 events) as compared to the marketing activities sponsored and organized by the Company in 2020 (i.e. 67 events) with the increase of around 58 events; (ii) the increase in estimated marketing events in 2022 (after annualization) to 2021 (i.e. around 35 events) and in 2023 to 2022 (after annualization) (i.e. around 40 events) was not overestimated in terms of the increase in number of events from 2020 to 2021; and (iii) the academic promotion is important to the Group as mentioned above, we consider the estimated increase in domestic marketing activities to be justifiable and the estimated promotion service fee for organizing domestic marketing activity to be justifiable.

As also stated in the 2021 Annual Report, as part of the Group's international strategy, the Group will steadily expand its academic coverage into overseas markets. Leveraging the experience and the expertise of the Group's international scientific advisory board, the Group intend to participate in more leading international cardiovascular conferences by organizing presentations and case studies to introduce its products to enhance the Group's brand awareness globally. In addition, according to the Company's 2021 annual results presentation material, the Group will leverage on MicroPort[®]'s overseas resources for the Group's global expansion.

As the promotion services fees for organizing overseas marketing activities were determined with reference to such fees for organizing domestic marketing activities, and having considered the Group's international strategy, we are of the view that the estimated promotion service fees for organizing overseas marketing activity to be justifiable.

In respect of the estimated promotion services fees for patients education, the Directors advised us the estimated times of services for 2022 and 2023 (being less than 100 times for each of 2022 and 2023) and the estimated fee cost for each time. We also obtained from the Company two independent third parties' quotations for similar services. As advised by the Directors, the Company sought quotations from the two independent third parties mainly considered (i) services available from the independent third parties to the Company; and (ii) the background of the independent third parties. We searched the background of the independent third parties and noted that (i) one of the independent third parties

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

focused on the delivery of medical information and assist Chinese clinical decision-making with operation of more than 10 years and had over three million registered users; and (ii) another independent third party is a new media in respect of medical industry with operation of approximately 10 years and had more than two million registered users in 2019. Having considered that (i) the quotation provided by the two independent third parties are for similar services as compared to the patients education; and (ii) the background of the two independent third parties (in particular, the long operation history), we consider that it is fair and reasonable to compare the estimated promotion services fees for patients education with the quotations provided by the two independent third parties. The estimated fee cost for each time is within the range of quotations offered by independent third parties for same/similar services (i.e. RMB15,000 to RMB60,000 for each time). Accordingly, we consider the estimated promotion services fees for patients education to be justifiable.

- in respect of promotion services fees for identifying the eligible patients, the Directors advised us the estimated number of eligible patients to be referred.

We noted from the prospectus of the Company dated 26 January 2021, (i) in 2019, the market size of the TAVI market in China was RMB392.0 million. It is expected that the TAVI market will experience rapid growth at a CAGR of 53.1%, reaching RMB5,055.7 million in 2025; and (ii) it is expected that China's TAVI market will experience, among other things, significant increase in penetration rate. In addition, we also noted from the annual report of MicroPort[®] for the year ended 31 December 2021 that, as at 31 December 2021, the MicroPort[®] Group (also through its associated companies) held more than 6,800 patents (including applications) around the world, covering over 20,000 hospitals in more than 80 countries and regions.

In addition, we also noted from the 2021 Annual Report that in 2021, despite the continued impact of the COVID-19 pandemic, TAVI has been developing rapidly in China. With the constantly increasing recognition and education of physicians and patients, the number of TAVI procedures in 2021 increased by 100% compared with 2020, showing an explosive growth. Meanwhile, the world has made important progress in numerous technical aspects in the interventional treatment of other structural heart diseases such as mitral valve and tricuspid valve. Going forward, with the accelerating aging population, growing health awareness of people, deepening education of physicians and patients, enlarging reimbursement

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

coverage of government medical insurance and increasing affordability of patients, the demand for treatment of structural heart diseases will be further released and the scope of clinical applications will be further expanded.

Based on the above, we consider that MicroPort® may have abundant patient sources and the TAVI market in China is also at a rapid growth trend and therefore the number of eligible patients to be referred to the Group is reasonable.

Based on the above analyses, we consider that the estimated amounts of promotion services fees for the Periods are fair and reasonable.

- **Patient health management services fees:** As mentioned in the Board Letter, such patient health management services mainly include designing integrated patient supporting plan for potential patients of the Group's products and providing relevant services (such as (a) medical planning consulting services, (b) preoperative and postoperative health management consulting services, (c) green channel services for medical treatment, and (d) customized insurance supporting services (coordinating with third-party insurance companies to design and provide customized insurance products for potential patients)) for potential patients of the Group's products. The services fees for designing integrated patient supporting plan for potential patients and relevant services (the "**Patient Supportive Service(s)**") are the majority part of the estimated patient health management services fees for the Periods.

Upon our request, we were advised by the Company in respect of the estimated number of the Patient Supportive Services and estimated fee for each Patient Supportive Service.

- In respect of the estimated fee for each Patient Supportive Service, the Company provided us two quotations from independent third parties for similar services. As advised by the Directors, the Company seeks quotations from the two independent third parties mainly considered their networks and resources. We searched for the background of the independent third parties and noted that (i) one of the independent third parties, according to its website, has integrated almost all the resources of the tertiary level-A hospitals in China; and (ii) another independent third party has around 2,000 tertiary level-A partner hospitals. Having considered the abundant networks and resources of the independent third parties, and the quotations provided by the independent third parties were for similar services, we are of the view that it is fair and reasonable to compare the estimated fee for each Patient Supportive Service with the quotations provided by the two independent third parties. As the estimated fee for each Patient Supportive Service is the same as one of the quotations provided by an independent third party (i.e. less than

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RMB10,000 per such service) and is lower than the quotation provided by the another independent third party (i.e. approximately RMB14,000 to RMB45,000 per such service), we are of the view that the estimated fee for each Patient Supportive Service is reasonable.

- In respect of the estimated number of Patient Supportive Services, the Directors advised us that such number was determined on arm's length negotiation between the Group and the sales department of a subsidiary of MicroPort[®] (which is engaged in providing patient health management service).

For our due diligence purpose, we discussed with staff of the aforesaid department and acknowledged the estimated number of such services for the Periods. Based on our discussion, we noted that (i) the estimated number of the Patient Supportive Services was further referenced to the number of potential patients to be referred by other companies (as a partner to the subsidiary of MicroPort[®]), subject to further selection based on certain criteria as set out by the member of the Retained Microport[®] Group; (ii) the current number of potential patients in other companies, (as a partner to the subsidiary of MicroPort[®]) database which may be referred by such companies to the subsidiary of MicroPort[®] represented 7 to 9 times more than the estimated number of potential patients (being eligible patients and the designing integrated patient supporting plan will be provided to such patients to further attract such patients to accept the Group's services); (iii) the estimated number of potential patients was much less than the potential patients in other companies database mainly due to the further selection by the subsidiary of MicroPort[®] based on certain criteria, such as age, blood pressure, diabetes, cardiac dysfunction of the potential patients, etc.; and (iv) the market research conducted by the subsidiary of MicroPort[®] on potential patients referral. Based on our discussion with the staff and our understanding as mentioned above, in particular, the current number of potential patients in its database which may be referred by the other companies to the subsidiary of MicroPort[®] were far more than (i.e. approximately 7 to 9 times more) the estimated number potential patients (being eligible patients and the designing integrated patient supporting plan will be provided to such patients to further attract such patients to accept the Group's services), we are of the view that the estimated numbers of the Patient Supportive Services for the Periods are reasonable.

Based on the above, we consider the patient health management services fees (the majority of which are services fees for the Patient Supportive Services) for the Periods to be reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- **Buffers:** we noted from the calculation that buffers of approximately 7% for the estimated transaction amounts were applied. Having considered (i) that unexpected circumstances may take place during the Periods; (ii) the buffer would provide flexibility in the event that the actual demand was more than estimated; and (iii) we noted from other Hong Kong listed companies' circulars regarding continuing connected transactions that the incorporation of buffer of 10% in proposed annual caps are common among companies listed on the Stock Exchange and the buffers of approximately 7% were less than the commonly adopted buffer of 10%, we are of the view that the buffers to be acceptable.

In light of the above factors, we consider the Caps to be fair and reasonable.

Shareholders should note that as the Caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2023, and they do not represent forecasts of costs arising from the Transaction. Consequently, we express no opinion as to how closely the actual cost arising from the Transaction will correspond with the Caps.

Having considered the above, including the principal terms of the Transaction and the Caps, we are of the view that the terms of the Transaction are fair and reasonable.

Listing Rules implication

The Management confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the values of the Transaction must be restricted by the Caps; (ii) the terms of the Transaction (together with the Caps) must be reviewed by the independent non-executive directors annually; and (iii) details of the independent non-executive directors' annual review on the terms of the Transaction (together with the Caps) must be included in the Company's subsequent published annual reports.

Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the Transaction (i) has not been approved by the Board; (ii) was not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iii) has exceeded the Caps.

In the event that the total amounts of the Transaction are anticipated to exceed the Caps, or that there is any proposed material amendment to the terms of the Transaction, as confirmed by the Directors, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transactions.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Given the above stipulated requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the Transaction and thus the interest of the Independent Shareholders would be safeguarded.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Transaction (including the Caps) are on normal commercial terms and are fair and reasonable; and (ii) the Transaction is conducted in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the AGM to approve the Transaction (including the Caps) and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited
Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 25 years of experience in investment banking industry.

RESPONSIBILITY STATEMENT

This supplemental circular, for which the Directors of the Company 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 circular misleading.

DISCLOSURE OF INTERESTS**(1) Directors and chief executives of the Company**

As of the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company and their associates in any of the Shares, underlying Shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long Positions in the Shares and underlying Shares of the Company

Name of Directors/Chief Executive	Nature of interest	Number of Shares/underlying Shares in respect of the options granted under the Share Options Scheme	Approximately percentage of shareholding interest
Dr. Luo Qiyi	Beneficial owner	6,413,144	0.27%
Mr. Chen Guoming	Beneficial owner	6,875,300	0.29%
Mr. Zhao Liang	Beneficial owner	3,859,011	0.16%
Ms. Yan Luying	Beneficial owner	5,029,347	0.21%
Dr. Ding Jiandong	Beneficial owner	30,000	0.00%

Save as disclosed above, none of the Directors or chief executives of the Company or their associates had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations.

(2) Substantial Shareholders

Substantial shareholders' interests and short positions in the Shares and underlying Shares

As of the Latest Practicable Date, so far as the Directors are aware, the following persons (other than the Directors or chief executives of the Company or their associates) had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Substantial Shareholders	Nature of interest	Number of Shares	Approximate percentage of shareholding interest
Shanghai MicroPort ⁽¹⁾	Beneficial Interest	1,112,855,680	46.26%
Shanghai Huahao ⁽²⁾	Beneficial Interest	191,681,040	7.97%
CICC Kangrui ⁽³⁾	Beneficial Interest	181,592,220	7.55%

Notes:

- (1) Shanghai MicroPort was wholly owned by MicroPort®. Therefore, MicroPort® was deemed to be interested in the Shares that Shanghai MicroPort was interested in under the SFO.
- (2) Each of Tianjin Huajie Enterprise Management Advisors Partners, L.P. (as the general partner of Shanghai Huahao), Huajie (Tianjin) Medical Investment Partnership (Limited Partnership) (as sole limited partner of Shanghai Huahao), Tianjin Huajie Enterprise Management Advisors Partners, L.P. (as general partner of Huajie (Tianjin) Medical Investment Partnership (Limited Partnership)), Tianjin Huaqing Enterprise Management Advisors Co., Ltd. (as the general partner of Tianjin Huajie Enterprise Management Advisors Partners, L.P.), Shanghai Weihong Investment Co., Ltd. (as the largest shareholder holding 51% of the equity interests in Tianjin Huaqing Enterprise Management Advisors Co., Ltd.), Huagan (Shanghai) Business Consulting Co., Ltd. (as the sole shareholder of Shanghai Weihong Investment Co., Ltd.), CR INVESTMENT (HK) LIMITED (as the sole shareholder of Huagan (Shanghai) Business Consulting Co., Ltd.), CR Investments Corporation (as the sole shareholder of CR INVESTMENT (HK) LIMITED), China Renaissance Holdings Limited (a company listed on the Stock Exchange with stock code 1911, as the sole shareholder of CR Investments Corporation) was deemed to be interested in the Shares that Shanghai Huahao was interested in under the SFO.
- (3) CICC Kangzhi (Ningbo) Equity Investment Management Co., Ltd. (中金康智(寧波)股權投資管理有限公司), “CICC Kangzhi”) was the general partner of CICC Kangrui. As confirmed by CICC Kangrui, CICC Kangzhi was controlled by CICC Capital Management Co., Ltd. (中金資本運營有限公司), which is a wholly-owned subsidiary of China International Capital Corporation Limited (中國國際金融股份有限公司). Therefore, each of CICC

Kangzhi, CICC Capital Management Co., Ltd. (中金資本運營有限公司) and China International Capital Corporation Limited (中國國際金融股份有限公司) was deemed to be interested in the Shares that CICC Kangrui was interested in under the SFO.

Save as disclosed above, no person, other than the Directors or chief executives of the Company whose interests are set out above, had any interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO.

Save as disclosed above, none of the other Directors and chief executive was a director or employee of a company which had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

EXPERT AND CONSENT

Gram Capital Limited, has given and has not withdrawn its written consent to the issue of this supplemental circular with the inclusion herein of its letter and references to its name in the form and context in which it is included in this supplemental circular.

The following is the qualification of the expert who has provided its opinion or advice, which is contained in this supplemental circular:

Name	Qualification	Date of conclusion or opinion
Gram Capital Limited	a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity	June 8, 2022

As of the Latest Practicable Date, Gram Capital Limited was not beneficially interested in the equity interest of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate other persons to subscribe for any shares, convertible securities, warrants, options or derivatives which carry voting rights in any member of the Group.

As of the Latest Practicable Date, Gram Capital Limited did not have any direct or indirect interest in any assets which have been, since December 31, 2021, being the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group.

MATERIAL ADVERSE CHANGE

As of the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading positions of the Company since December 31, 2021, being the date to which the latest published audited financial statement of the Company have been made up.

SERVICE CONTRACTS

As of the Latest Practicable Date, none of the Directors had entered or was proposing to enter into a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

LITIGATION

As of the Latest Practicable Date, neither the Company nor any member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any member of the Group.

DIRECTORS' INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS

No Director was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which was significant to the business of the Group taken as a whole.

None of the Directors has, or has had, any direct or indirect interest in any assets which have been acquired or disposed of by or leased to or which are proposed to be acquired, disposed of by or leased to, any member of the Group.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

The Directors are not aware of any Director or his respective associates having, as of the Latest Practicable Date, any interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group which would be required to be disclosed under the Listing Rules.

GENERAL

The Company's share registrar in Hong Kong is Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

The English text of this supplemental circular and the accompanying form of proxy shall prevail over the Chinese text in the case of any inconsistency.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://www.cardioflowmedtech.com>) from the date of this supplemental circular up to and including June 22, 2022, being the date of the Annual General Meeting:

- (1) the letter from the Independent Board Committee, the text of which is set out in this supplemental circular;
- (2) the letter from Gram Capital Limited the text of which is set out in this supplemental circular;
- (3) the written consent of Gram Capital Limited as referred to in this Appendix;
- (4) the 2022 Service Procurement Framework Agreement; and
- (5) this supplemental circular.

SUPPLEMENTAL NOTICE OF ANNUAL GENERAL MEETING



MicroPort CardioFlow Medtech Corporation

微创心通医疗科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2160)

SUPPLEMENTAL NOTICE OF ANNUAL GENERAL MEETING

Reference is made to the notice of annual general meeting (the “**Original AGM Notice**”) of MicroPort CardioFlow Medtech Corporation (the “**Company**”) dated May 31, 2022, which set out the time and venue of the annual general meeting of the Company (the “**AGM**”) and contain the resolutions to be considered by the shareholders of the Company at the AGM. Unless otherwise defined, capitalized terms used in this supplemental notice shall have the same meanings as those defined in the supplemental circular of the Company dated June 8, 2022.

SUPPLEMENTAL NOTICE IS HEREBY GIVEN that the AGM will be held as originally scheduled on Wednesday, June 22, 2022 at 10:00 a.m. at No. 1601 Zhangdong Road, Zhangjiang Hi-Tech Park, Pudong New District, Shanghai, China. In addition to the resolutions contained in the Original AGM Notice, the following resolution will also be considered:

ORDINARY RESOLUTION

8. (a) the 2022 Service Procurement Framework Agreement dated June 7, 2022 entered into between MP CardioFlow (for itself and on behalf of its subsidiaries) and MicroPort® (for itself and on behalf of its subsidiaries other than the Group) and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed; and

SUPPLEMENTAL NOTICE OF ANNUAL GENERAL MEETING

- (b) the proposed annual caps in relation to the transactions contemplated under the 2022 Service Procurement Framework Agreement as specified below be and are hereby approved, ratified and confirmed.

	2022	2023
Proposed annual caps (<i>RMB'000</i>)	55,000	80,000

Yours faithfully,
By order of the Board
MicroPort CardioFlow Medtech Corporation
Luo Qiyi
Chairman

Hong Kong, June 8, 2022

Notes:

- (i) Save for the inclusion of the additional proposed ordinary resolution set out in this supplemental notice, there are no other changes to the Original AGM Notice. For details of Resolutions 1 to 7 to be considered at the AGM, closure of the register of members of the Company, eligibility for attending the AGM, registration procedures for attending the AGM, appointment of proxy and other relevant matters, please refer to the Original AGM Notice.
- (ii) As the form of proxy published by the Company on the website of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on May 31, 2022 (the “**Original Proxy Form**”) sent together with the Original AGM Notice does not contain the additional ordinary resolution set out in this supplemental notice, a supplemental proxy form (the “**Supplemental Proxy Form**”) has been uploaded on the website of the Stock Exchange on June 8, 2022 and will be despatched to the shareholders of the Company together with this Supplemental AGM Notice.
- (iii) Completion and return of the Original Proxy Form and/or the Supplemental Proxy Form will not preclude a shareholder from attending in person and voting at the AGM or any adjournment thereof should he/she so wish.

As of the date of this notice, the executive Directors are Mr. Chen Guoming, Mr. Zhao Liang and Ms. Yan Luying, the non-executive Directors are Dr. Luo Qiyi, Mr. Zhang Junjie and Ms. Wu Xia, and the independent non-executive Directors are Mr. Jonathan H. Chou, Dr. Ding Jiandong and Ms. Sun Zhixiang.