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

If you have sold or transferred all your shares in Shanghai MicroPort MedBot (Group) Co., Ltd., you should at once hand this circular, together with the accompanying proxy form, to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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Shanghai MicroPort MedBot (Group) Co., Ltd.

上海微创医疗机器人(集团)股份有限公司

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

(Stock Code: 2252)

- (1) CONTINUING CONNECTED TRANSACTIONS;
(2) PROPOSED ELECTION OF SECOND SESSION OF THE BOARD;
(3) PROPOSED ELECTION OF SECOND SESSION OF
THE SUPERVISORY COMMITTEE;
AND
(4) NOTICE OF THE EGM**

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



Capitalised terms used on this cover shall have the same meanings as those defined in the section headed "Definitions" in this circular, unless the context requires otherwise.

Notice convening the EGM to be held at 10:00 a.m. on Friday, 29 December 2023 at 1601 Zhangdong Road, China (Shanghai) Pilot Free Trade Zone, Shanghai, PRC are set out on pages 71 to 74 of this circular. Proxy form for use at the EGM is also enclosed in this circular. Such proxy form is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (www.medbotsurgical.com) respectively.

Shareholders who intend to appoint a proxy to attend the EGM shall complete the proxy form in accordance with the instructions printed thereon and return it to the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares) or the Company's registered office in the PRC at Room 101, Area B, Building 1, 1601 Zhangdong Road, China (Shanghai) Pilot Free Trade Zone, Shanghai, PRC (for holders of Domestic Shares) as soon as possible but in any event not less than 24 hours before the time appointed for holding the EGM (i.e. not later than 10:00 a.m. on Thursday, 28 December 2023) or any adjournment thereof. Completion and return of the proxy form shall not preclude you from attending and voting in person at the EGM if you so wish and in such event the proxy form shall be deemed to be revoked.

12 December 2023

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DEFINITIONS

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

“2024 Master Products Procurement Agreement”	the master products procurement agreement entered into between the Company and MicroPort on 6 December 2023
“2024 Master Services Procurement Agreement”	the master services procurement agreement entered into between the Company and MicroPort on 6 December 2023
“2024 Sales Framework Agreement”	the sales framework agreement entered into between the Company and MicroPort on 6 December 2023
“Articles of Association”	the articles of association of the Company currently in force
“associate”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of the Company
“Board”	the board of Directors
“CardioFlow”	MicroPort CardioFlow Medtech Corporation (微创心通医疗科技有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 02160)
“CardioFlow Group”	CardioFlow and its subsidiaries
“China” or the “PRC”	the People’s Republic of China, but for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Company”	Shanghai MicroPort Medbot (Group) Co., Ltd. (上海微创医疗机器人(集团)股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed on the main board of the Stock Exchange (Stock Code: 02252)
“Core Product”	has the meaning ascribed to it in Chapter 18A of the Listing Rules; for the purposes of this circular, Core Product of the Group refers to Toumai
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“DFVision”	DFVision [®] (蜻蜓眼 [®]) 3D Electronic Laparoscope (registered name in China)

DEFINITIONS

“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and paid for in RMB
“EGM”	the extraordinary general meeting of the Company to be convened and held at 1601 Zhangdong Road, China (Shanghai) Pilot Free Trade Zone, Shanghai, PRC on Friday, 29 December 2023 at 10:00 a.m., to consider and, if appropriate, to approve the resolutions contained in the notice of the extraordinary general meeting which is set out on pages 71 to 74 of this circular, or any adjournment thereof
“EU”	the European Union
“Group”	the Company and its subsidiaries
“H Share(s)”	the overseas listed foreign share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and listed on the main board of the Stock Exchange and such Domestic Share(s) converted into H Share(s) upon the Domestic Share(s) been approved for full circulation under the full circulation scheme
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, comprising all the independent non-executive Directors namely Dr. Li Minghua, Mr. Yao Haisong and Mr. Mui Wing Hong, to advise the Independent Shareholders in respect of the 2024 Master Products Procurement Agreement, 2024 Master Services Procurement Agreement and 2024 Sales Framework Agreement (including the proposed annual caps therefor) 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, being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the 2024 Master Products Procurement Agreement, 2024 Master Services Procurement Agreement and 2024 Sales Framework Agreement and the transactions contemplated thereunder

DEFINITIONS

“Independent Shareholders”	the Shareholders who are not required to abstain from voting at the EGM for the relevant resolutions with respect to the 2024 Master Products Procurement Agreement, 2024 Master Services Procurement Agreement and 2024 Sales Framework Agreement
“Independent Third Party(ies)”	a person, or in the case of a company, the company or its ultimate beneficial owner(s), who is independent of and not connected with the Group and its connected persons and their respective ultimate beneficial owner(s) or their respective associates
“Latest Practicable Date”	6 December 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing”	the listing of H Shares on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Master Products Procurement Agreement”	the master products procurement agreement entered into between the Company and MicroPort on 15 October 2021
“Master Services Procurement Agreement”	the master services procurement agreement entered into between the Company and MicroPort on 15 October 2021
“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, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 00853), being one of the controlling shareholders of the Company
“MicroPort Group”	MicroPort and its subsidiaries, associates and joint ventures excluding, the Group, the CardioFlow Group and the Neurotech Group
“MicroPort Vision Power”	MicroPort Vision Power MedTech Shanghai Co., Ltd. (微創視神醫療科技(上海)有限公司), a company established in the PRC with limited liability
“MicroPort Sinica”	MicroPort Sinica Co., Ltd. (微創投資控股有限公司), a company established in the PRC with limited liability, being one of the controlling shareholders of the Company

DEFINITIONS

“NeuroTech”	MicroPort NeuroTech Limited (微創腦科學有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 02172)
“NeuroTech Group”	NeuroTech and its subsidiaries
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Nomination Committee”	the nomination committee of the Company
“Prospectus”	the prospectus of the Company published on 21 October 2021
“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of the Company
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Sales Framework Agreement”	the sales framework agreement entered into between the Company and MicroPort on 6 December 2022
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
“Shanghai Lantian”	Shanghai Lantian Enterprise Management Consultation Center (Limited Partnership) (上海藍恬企業管理諮詢中心(有限合夥)), a limited liability partnership established in the PRC
“Shanghai Latent”	Shanghai Latent Artificial Intelligence Co., Ltd. (上海默化人工智能科技有限公司), a company established in the PRC with limited liability, being one of the controlling shareholders of the Company
“Shanghai Maitian”	Shanghai Maitian Enterprise Management Consultation Center (Limited Partnership) (上海邁恬企業管理諮詢中心(有限合夥)), a limited liability partnership established in the PRC
“Shanghai Qinghe”	Shanghai Qinghe Enterprise Management Consultation Center (Limited Partnership) (上海擎赫企業管理諮詢中心(有限合夥)), a limited liability partnership established in the PRC
“Shanghai Qingmin”	Shanghai Qingmin Enterprise Management Consultation Center (Limited Partnership) (上海擎敏企業管理諮詢中心(有限合夥)), a limited liability partnership established in the PRC

DEFINITIONS

“Shanghai Qingxing”	Shanghai Qingxing Enterprise Management Consulting Center (Limited Partnership) (上海擎興企業管理諮詢中心(有限合夥)), a limited liability partnership established in the PRC
“Shanghai Qingzhen”	Shanghai Qingzhen Enterprise Management Consultation Center (Limited Partnership) (上海擎禎企業管理諮詢中心(有限合夥)), a limited liability partnership established in the PRC
“Shanghai Songqing”	Shanghai Songqing Enterprise Consulting Center (Limited Partnership) (上海頌擎企業管理諮詢中心(有限合夥)), a limited liability partnership established in the PRC
“Share(s)”	share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, comprising the H Share(s) and the Domestic Share(s)
“Shareholder(s)”	the holder(s) of the Share(s)
“SkyWalker”	the SkyWalker TM orthopedic joint arthroplasty surgical navigation and positioning system (registered name in China of which is 鴻鵠 [®]) (previously known as Honghu Orthopedic Surgical Robot)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategy and Development Committee”	the strategy and development committee of the Company
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“Toumai”	Toumai (圖邁 [®]) Laparoscopic Surgical Robot (registered name in China)
“USA”	the United States of America
“%”	per cent

LETTER FROM THE BOARD



Shanghai MicroPort MedBot (Group) Co., Ltd.

上海微创医疗机器人(集团)股份有限公司

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

(Stock Code: 2252)

Executive Director:

Dr. He Chao

Non-executive Directors:

Mr. Sun Hongbin (*Chairman of the Board*)

Mr. Sun Xin

Mr. Chen Chen

*Registered office, headquarters and
principal place of business in the PRC:*

Room 101, Area B, Building 1

1601 Zhangdong Road

China (Shanghai) Pilot Free Trade Zone

Shanghai

PRC

Independent Non-executive Directors:

Dr. Li Minghua

Mr. Yao Haisong

Mr. Mui Wing Hong

Principal place of business in Hong Kong:

5/F, Manulife Place

348 Kwun Tong Road

Kowloon

Hong Kong

12 December 2023

To the Shareholders

Dear Sir/Madam,

- (1) CONTINUING CONNECTED TRANSACTIONS;
(2) PROPOSED ELECTION OF SECOND SESSION OF THE BOARD;
(3) PROPOSED ELECTION OF SECOND SESSION OF
THE SUPERVISORY COMMITTEE;
AND
(4) NOTICE OF THE EGM**

INTRODUCTION

Reference is made to the announcement of the Company dated 6 December 2023 in relation to the 2024 Sales Framework Agreement, 2024 Master Products Procurement Agreement and 2024 Master Services Procurement Agreement. Reference is also made to the announcement of the Company dated 1 December 2023 in relation to the election of the second session of the Board and the election of the second session of the Supervisory Committee. The purpose of this circular is to provide the Shareholders with, among others, (i) further details of the 2024 Sales Framework

LETTER FROM THE BOARD

Agreement, 2024 Master Products Procurement Agreement and 2024 Master Services Procurement Agreement; (ii) the election of the second session of the Board and the election of the second session of the Supervisory Committee; (iii) a letter of recommendation from the Independent Board Committee in relation to the 2024 Sales Framework Agreement, 2024 Master Products Procurement Agreement and 2024 Master Services Procurement Agreement and the transactions contemplated thereunder (including the proposed annual caps); (iv) a letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders; and (v) a notice convening the EGM.

CONTINUING CONNECTED TRANSACTIONS

2024 Sales Framework Agreement

Background

Reference is made to the announcement and circular of the Company dated 6 December 2022 and 13 December 2022 respectively, in relation to, among others, the continuing connected transactions under the Sales Framework Agreement entered into between the Company and MicroPort. In order to quickly enter into the orthopedic surgical robot overseas market which is highly dominated by multinational corporations without encountering major market barriers and to outperform other surgical robot brands at a similar stage as SkyWalker as well as quickly establish and enhance SkyWalker reputation and recognition in overseas market, while continuously enhancing the Group's sales channels and business capabilities, the Group plans to have sales cooperation with the orthopedics business of MicroPort as one of its market exploration practices for the launch of SkyWalker at its early stage.

Since 2023, as the Group's first surgical robot product launched overseas, SkyWalker has brought sales revenue from overseas market to the Group for the first time. In July 2023, as a representative for domestic surgical robots company, the Group showcased Toumai and SkyWalker at the Society of Robotic Surgery (SRS) 2023 Annual Meeting, a globally renowned academic conference, to introduce to world-class experts and peers the industry layout, clinical application and 5G implementation achievement of the Group as well as to analyse and explain the latest progress of Toumai and SkyWalker in the field of minimally invasive surgical treatment. The Company has attracted numerous domestic and overseas peers for observation and test drives, and received extensive recognition and appreciation from domestic and overseas experts, demonstrating China's innovative ideas and technological strength in "Intelligent Manufacturing" of surgical robots.

The Company is actively undergoing resource consolidation and constructing global layout, with a view to utilize the extensive influence of the MicroPort Group in the global medical device field to synergize and cooperate for mutual benefits. With the successive approvals received by SkyWalker in major surgical robot markets around the world and the approval of DFVision in the EU, the Company is pleased to see its global layout starting to take shape, meanwhile, the Company has been proactively proceeding the overseas launch of Toumai. As at the Latest

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Practicable Date, Toumai has applied for the CE Mark certification from the EU. Toumai, SkyWalker and more flagship products of the Group will launch in more countries and regions in the future to serve doctors and patients worldwide.

The MicroPort Group is a leading medical device group focusing on innovating, manufacturing and marketing high-end medical devices globally. It operates in multiple international markets across multiple fields, including cardiovascular devices, orthopedics devices, cardiac rhythm management, endovascular and peripheral vascular devices, neurovascular devices, heart valve, surgical robot, surgical devices and other businesses. With a large global footprint of R&D and manufacturing facilities in Shanghai, Suzhou, Jiaxing, Shenzhen in China, Memphis in the United States, Clamart in France, Saluggia in Italy and Dominican Republic, as well as a strong focus on technological innovation with over 9,500 patents (including applications), products of the MicroPort Group have been introduced to over 20,000 hospitals in more than 100 countries and regions globally.

Having considered the expanding overseas layout of the Group, and the overwhelming responses from hospitals and surgeons for SkyWalker and Toumai in overseas market, as well as the comprehensive and extensive reaching of the MicroPort Group's business, and the long-established relationship between the MicroPort Group and the Group, the Board considered it is at the Company's interest to expand the scope of the sales collaboration between the Group and the MicroPort Group, and to introduce more flagship products to the global market to quickly establish and enhance the Company's reputation and recognition as a pioneer of Chinese surgical robot.

The Group has executed a series of marketing and commercialization activities to promote Toumai, SkyWalker and DFVision by its independent commercialization force primarily in the PRC. In 2022, the Core Product, Toumai, achieved its first unit of sales and became the first domestic laparoscopic surgical robots to be commercially installed, marking the first solid step forward in its commercialization journey. By the end of 30 June 2023, Toumai has utilized its leading advantage in domestic surgical robots area and continued to maintain good commercialization momentum and has accumulatively achieved 5 commercial installations and won bids in several top-tier hospitals in China. DFVision, the Company's flagship product, achieved continuous significant growth in terms of both revenue and sales volume since its first full year of sales in 2022. SkyWalker also shows a solid momentum in commercialization progress with its first unit of placement in the PRC in 2023.

The above mentioned milestones are contributed by the Group's concrete plans carried out by its experienced commercialization team to develop the PRC market. The Group has developed its independent commercialization teams and channels to provide hospitals with comprehensive services, such as training, surgery support and so on. The Group has been enhancing its direct marketing efforts, in particular in the PRC market and will continue its marketing force to promote all of its products. Members of the commercialization team were recruited by the Group independently. As at the Latest Practicable Date, the Group has a commercialization team consist of more than 200 employees national-wide covering the full spectrum of sales, training, clinical support, after-sale maintenance and adjustments. Over half of them have more than 10 years'

LETTER FROM THE BOARD

experience in surgical robot or medical devices industry, and in particular, Mr. Liu Yu (劉雨), the chief commercial officer of the Company has around 30 years of experience in marketing of pharmaceuticals and medical devices.

As of now, the Group has deployed accumulatively over 40 clinical application and training centers nationwide, including four self-owned training centers in Beijing, Shanghai, Guangzhou. The Group also plotted channel distribution in over ten provinces and cities, providing one-stop and comprehensive supporting services covering various contents such as professional education, technical services, digital learning platform, etc., and extensively empowering primary healthcare institutions across China to accelerate the progress of the popularization of intelligent robot-assisted surgical technology. As at the Latest Practicable Date, Toumai has achieved a breakthrough to have accumulatively completed over 1,500 human clinical surgeries, while the cumulative number of total knee replacement surgeries performed with SkyWalker has exceeded 800.

With the strong commercialization and marketing team, the Group has generated a majority of its revenue from the Independent Third Parties. As disclosed in its 2023 interim report, the Group has recorded a revenue of RMB47,603,000 for the six months ended 30 June 2023, representing 2.2 times of the revenue for the entire year of 2022, where 71% of the revenue is attributable to the Independent Third Parties for the six months ended 30 June 2023. Based on the currently available information to the Group, and to the Group's best estimation as at the Latest Practicable Date, the Company expects that a majority of the revenue of the Group will continue to be attributable to the Independent Third Party customers for each of the year ending 31 December 2024, 31 December 2025 and 31 December 2026. It is expected that the proportion of revenue of the Group contributable to the transactions contemplated under the 2024 Sales Framework Agreement out of the total revenue of the Group will be decreasing gradually over time when the Group has further established its customer base and dealership network.

Based on the information available to the Company, the Company considers that it does not have material reliance on MicroPort at current stage as well as in the foreseeable future.

The Board would like to draw the Shareholders' attention that even if the Group's reliance on MicroPort may be on an increasing trend due to unforeseeable circumstances, the Company does not consider such reliance will have any adverse impact to the business and operation of the Group or the Group will be able to mitigate such impact due to the following reasons:

- (i) the Group has a well-established business relationship with its controlling shareholder, MicroPort, a listed company in Hong Kong, and there are no circumstances suggesting that there will be any material adverse change to such relationship which will result in material impact on the Group's financial condition;
- (ii) the collaboration with MicroPort under the 2024 Sales Framework Agreement is of mutual benefits to both the Group and MicroPort Group as it will bring in revenue to the Group and MicroPort Group. Other than MicroPort Group, the Group has and will continue to have customers who are Independent Third Parties. MicroPort, as a listed company in Hong Kong, will continue to publish its financial results and other material

LETTER FROM THE BOARD

information in accordance with the Listing Rules to enable the Shareholders and potential investors to appraise the financial positions of MicroPort for assessing the Group's position in relation to, among others, the 2024 Sales Framework Agreement; and

- (iii) the ultimate customers of the Group are surgeons and hospitals widely spreading around the world. Thus, the Group, through its own commercialization and marketing team, will be able to distribute the Group's products to hospitals directly or engage another local agent or distributor for the distribution of the Group's products in a target market.

As the Group will sell other products in addition to SkyWalker which was originally contemplated under the Sales Framework Agreement, in order to expand the scope of the Sales Framework Agreement to cover other products and to revise and/or renew the annual caps contemplated thereunder, the Company entered into the 2024 Sales Framework Agreement with MicroPort on 6 December 2023. Upon the 2024 Sales Framework Agreement having become effective or 31 December 2023 (whichever is later), the Sales Framework Agreement shall be terminated.

Principal terms

Date:	6 December 2023
Parties:	MicroPort; and the Company
Scope:	The Group agreed to sell and the MicroPort Group agreed to (i) purchase the products (the “ Products ”) of the Group for commercialization and distribution worldwide and application including (a) all the surgical robot and medical equipment (including Toumai, SkyWalker, DFVision and other equipment to be launched by the Group from time to time); (b) all the equipment supporting accessories and consumables; and (c) other products developed and/or produced and processed by the Group; and (ii) procure the maintenance services provided by the Group for the Products.
Term:	The term of the 2024 Sales Framework Agreement commences upon the obtaining the Independent Shareholders' approval at the EGM or from 1 January 2024 (whichever is the later) to 31 December 2026 (both days inclusive).

LETTER FROM THE BOARD

Pricing and other terms: The parties to the 2024 Sales Framework Agreement have agreed as follows:

- (i) the parties shall enter into specific agreements which will set out the necessary terms and conditions for the relevant transactions contemplated under the 2024 Sales Framework Agreement in the ordinary course of business after arm's length negotiations on normal commercial terms; and
- (ii) such specific agreements shall conform with the principles and provisions set out in the 2024 Sales Framework Agreement.

The pricing policy has been more particularized in the paragraphs headed "Pricing Policy" in this section below.

Historical amounts: The annual caps for the transactions contemplated under the Sales Framework Agreement for the three years ending 31 December 2025 are RMB80 million, RMB150 million and RMB215 million, respectively. For the nine months ended 30 September 2023, the transaction amount under the Sales Framework Agreement amounted to RMB21.0 million, with a utilization rate of approximately 26%.

Annual caps: Pursuant to the 2024 Sales Framework Agreement, the proposed annual caps for the transactions contemplated thereunder for the three years ending 31 December 2026 are expected not to exceed the following:

	For the year ending 31 December		
	2024	2025	2026
	<i>(RMB in millions)</i>		
Annual caps	230	500	900

The proposed annual caps for the transactions contemplated under the 2024 Sales Framework Agreement were determined after considering the following factors:

- (i) the historical transaction amounts in relation to the procurement of the products under Sales Framework Agreement during the nine months ended 30 September 2023;

LETTER FROM THE BOARD

- (ii) the estimated number of Products to be sold pursuant to the 2024 Sales Framework Agreement, in particular, SkyWalker, Toumai and their respective accessories and consumables. Details are as follows:

SkyWalker

- (1) the estimated number of the installation of joint replacement surgical robot in the USA, for the three years ending 31 December 2026 provided by Frost & Sullivan, as the largest market for the joint replacement surgical robots, the USA market representing a market share of over half of the global market;
- (2) the estimated global installation of SkyWalker based on (A) the estimated global market share of SkyWalker (based on (a) the global market share of joint replacement business of the MicroPort Group and an assumption that such market share will remain stable for the three years ending 31 December 2026; and (b) the assumption that the market share of SkyWalker in the relevant target markets will be able to gradually expand leveraging the sales channels of the MicroPort Group); (B) the estimated number of the installation of joint replacement surgical robot in the global market for the three years ending 31 December 2026 based on the estimation mentioned in (1) above;
- (3) the estimated annual consumption of the supporting accessories and consumables per surgical robot for the joint replacement surgeries in the USA market calculated based on the market data provided by Frost & Sullivan, and the accumulated global installation of SkyWalker; and
- (4) the estimated price of SkyWalker based on the pricing policy as more particularized in the paragraphs headed “Pricing Policy” in this section below.

Toumai

- (1) the indicated number of installation of Toumai in the global market for the year ending 31 December 2024;

LETTER FROM THE BOARD

- (2) the estimated annual consumption of the supporting accessories and consumables per laparoscopic surgical robot in the USA market calculated based on the market data provided by Frost & Sullivan, and the global installation of Toumai for the year ending 31 December 2024 based on the estimation mentioned in (1) above;
 - (3) the estimated price of Toumai based on the pricing policy as more particularized in the paragraphs headed “Pricing Policy” in this section below;
 - (4) the surged of approximately 161% and 100% in the sales revenue of a leading company in the field of laparoscopic surgical robot for the second and third years immediately after the launch of its products in market; and
- (iii) an estimation of 10% buffer for DFVision, other products of the Group and the maintenance services fee for the Products for the three years ending 31 December 2026.

The relatively low utilization rate for the nine months ended 30 September 2023 was primarily due to (i) the inherent need for the adjustment and set up for preparations and strategic arrangements at the preliminary stage of the business cooperation; (ii) the fluctuating conditions of the COVID-19 pandemic in the early 2023 in the PRC, which have delayed the manufacture and delivery schedule of SkyWalker and further delayed its commercialization. The Company believes there will still be a steady stream of new sales orders for SkyWalker during the fourth quarter of 2023.

Pricing Policy

Pursuant to the 2024 Sales Framework Agreement, the MicroPort Group was engaged to commercialise, market and sell the Products in the relevant target markets. All the Products will be sold to the MicroPort Group directly under the 2024 Sales Framework Agreement. Apart from the Final Price (as defined below), the MicroPort Group will not receive any further commission pursuant to the 2024 Sales Framework Agreement. In order to ensure the transactions conducted under the 2024 Sales Framework Agreement are on normal commercial terms, the Company will take into account the market data obtained from Frost & Sullivan or any other industry expert of international repute in the relevant target markets to determine the pricing policy for the Products. As a general principle, the prices to be charged by the Group under the 2024 Sales Framework

LETTER FROM THE BOARD

Agreement for the sale of the Products and provision of the relevant maintenance services will be determined in accordance with the following pricing principles:

- (i) For surgical robot and medical equipment, the price to be charged by the Group will be determined after arms' length negotiation with reference to:
 - (a) the market price range of similar products sold to the end customers in the relevant target market based on the latest industry report issued by Frost & Sullivan or any other industry expert of international repute with specialization in the relevant sector engaged by the Group;
 - (b) the range of market commission rate for the dealers to sell similar products in the relevant target market based on the latest industry report issued by Frost & Sullivan or any other industry expert of international repute; and
 - (c) the prices of the same products in the relevant target market under similar conditions offered by the Group to other Independent Third Party dealers (if available) within six months of the subject transaction.

- (ii) For supporting accessories, consumables and other products, the price to be charged by the Group will be determined after arms' length negotiation with reference to:
 - (a) the market prices of similar products in the relevant target market sold by other companies to Independent Third Parties. If the market prices of similar products are not available to the Group, the market price range for similar products in the relevant target market based on the latest industry report issued by Frost & Sullivan or any other industry expert of international repute; and
 - (b) the prices of the same products under similar conditions in the relevant target market offered by the Group to other Independent Third Party dealers (if available) within six months of the subject transactions.

It is expected that the prices of the Products to be charged by the Group to the MicroPort Group shall not be more favorable to the Group than prices charged to Independent Third Party dealers for the same Products under similar conditions in the relevant target market. The Group will sell the Products to the MicroPort Group on a non-exclusive basis and will sell the Products to Independent Third Parties or engage other dealers.

- (iii) For the relevant maintenance services, the price to be charged by the Group will be determined on arm's length negotiation with reference to:
 - (a) the market prices of similar maintenance service of similar products in the relevant target market provided by other companies to Independent Third Parties during the ordinary course of business on normal commercial terms; and

LETTER FROM THE BOARD

- (b) the price of maintenance service payable by the MicroPort Group shall be no more favorable than those charged by the Group to the Independent Third Party (if available) for the similar maintenance service in the relevant target market within six months of the subject transactions.

The Directors consider that the above relevant procedures conducted by the Group in determining the Products prices and the maintenance services fee chargeable and terms under a specific agreement can ensure the transactions contemplated under the 2024 Sales Framework Agreement will be conducted on normal commercial terms and not prejudicial to the interest of the Company and Shareholders.

Reasons for and Benefits of Entering into the 2024 Sales Framework Agreement

The Company is a top-tier surgical robot company dedicated to designing, developing and commercializing surgical robots to assist surgeons in performing complex surgical procedures.

Please refer to the paragraphs headed “Background” in this section. The Group is of the view that, given the established and comprehensive global commercialization and distribution network of the MicroPort Group, the execution of the 2024 Sales Framework Agreement enables the followings: (i) the Group will be able to make full use of the advantages of MicroPort’s position in the industry to diversify international market access of the Group, and quickly establish and enhance the Products’ reputation and recognition in global market; (ii) the Group will be able to expedite the Group’s international market rollout, seize more global market opportunities with accelerating client base expansion, by leveraging on MicroPort’s well-established sales channels in global industry; and (iii) the Group is expected to be favored with the synergy from the corporation with MicroPort and substantially enhance the efficiency and effectiveness of the Products’ commercialization and distribution.

The Directors (including the independent non-executive Directors) are of the view that the terms of the 2024 Sales Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps thereof) are fair and reasonable, on normal commercial terms and will be conducted in the ordinary course of business of the Group and in the interests of the Company and its Shareholders as a whole.

2024 Master Products Procurement Agreement

Background

Reference is made to the Prospectus, in relation to, among others, the continuing connected transactions under the Master Products Procurement Agreement entered into between the Company and MicroPort. As the Master Products Procurement Agreement will expire on 31 December 2023, and the Group is expected to carry on the transactions contemplated thereunder upon its expiry, the Company entered into the 2024 Master Products Procurement Agreement with MicroPort on 6 December 2023.

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Principal terms

Date:	6 December 2023
Parties:	MicroPort; and the Company
Scope:	The Group agreed to procure from or procure through the MicroPort Group certain materials and products mainly for use in its research and development (“ R&D ”), production and operation.
Term:	The term of the 2024 Master Products Procurement Agreement commences upon the obtaining the Independent Shareholders’ approval at the EGM or from 1 January 2024 (whichever is the later) to 31 December 2026 (both days inclusive).
Pricing and other terms:	Given each of the products to be procured under the 2024 Master Products Procurement Agreement is readily available from third-party suppliers at a comparable price, the prices for the procurement of the products will be determined after arm’s length negotiations with reference to the prevailing market price of the materials and products of the similar specification, as well as the quality, volume, method of procurement, cost of procurement to MicroPort Group (in respect of products procured on the Group’s behalf), and the fees charged for historical transactions of similar materials and products.

The parties to the 2024 Master Products Procurement Agreement have agreed as follows:

- (i) the parties shall enter into specific agreements which will set out the necessary terms and conditions for the relevant transactions contemplated under the 2024 Master Products Procurement Agreement in the ordinary course of business after arm’s length negotiations on normal commercial terms; and
- (ii) such specific agreements shall conform with the principles and provisions set out in the 2024 Master Products Procurement Agreement.

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Historical amounts:

The annual caps for the transactions contemplated under the Master Products Procurement Agreement for the two years ended 31 December 2022 and the year ending 31 December 2023 are RMB10.8 million, RMB9.5 million and RMB8.1 million, respectively. For the two years ended 31 December 2022 and the nine months ended 30 September 2023, the transaction amount under the Master Products Procurement Agreement amounted to RMB8.6 million, RMB2.1 million and RMB1.03 million, respectively, with a utilization rate of approximately 80%, 22% and 13%, respectively.

Annual caps:

Pursuant to the 2024 Master Products Procurement Agreement, the proposed annual caps for the transactions contemplated thereunder for the three years ending 31 December 2026 are expected not to exceed the following:

	For the year ending 31 December		
	2024	2025	2026
	<i>(RMB in millions)</i>		
Annual caps	9.5	16.0	18.0

The proposed annual caps for the transactions contemplated under the 2024 Master Products Procurement Agreement were determined after considering the following factors:

- (i) the historical transaction amounts in relation to the procurement of the products during two years ended 31 December 2022 and the nine months ended 30 September 2023;
- (ii) the estimated demand for the products (in volume) for the three years ending 31 December 2026, based on the estimated robot assisted surgeries conducted by the Group's surgical robot products for clinical application and/or commercialization purposes. Demand of the products under the 2024 Master Products Procurement Agreement is primarily related to surgeries conducted by the Group's surgical robot products which is expected to be increasing with the further launch of the Group's surgical robot products;
- (iii) the estimated price of the products to be charged by the MicroPort Group, which is based on the historical price; and
- (iv) an estimation of 10% buffer in addition to the estimated demand of other products for the three years ending 31 December 2026.

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The relatively low utilization rate of the annual cap for the year ended 31 December 2022 and the nine months ended 30 September 2023, respectively, was primarily due to (i) the gradual shift to procure other materials and products from Independent Third Party manufacturers directly; and (ii) the delay in product's clinical trial and registration during the period of the pandemic and the delay in the overall registration and commercialization plan of the Core Product and other flagship products of the Group.

Reasons for and benefits of entering into the 2024 Master Products Procurement Agreement

The Group has been procuring products for R&D, production and operation from MicroPort Group before the Listing. The procurement of the products from MicroPort Group provides the Group with a cost-effective way for the stable supply of relevant products. The Directors consider that by entering into the 2024 Master Products Procurement Agreement with MicroPort, the product quality and supply capacity of MicroPort Group will be able to meet the Group's growing demand for the relevant products.

As the Group is expected to carry on the transactions contemplated thereunder upon its expiry, the Board (including the independent non-executive Directors) considers it beneficial to enter into the 2024 Master Products Procurement Agreement to facilitate the continuous procurement of the relevant products from MicroPort Group and considers that the entering into of the 2024 Master Products Procurement Agreement is in the Group's ordinary course of business, and the terms of the 2024 Master Products Procurement Agreement and the annual caps thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

2024 Master Services Procurement Agreement

Background

Reference is made to the Prospectus, in relation to, among others, the continuing connected transactions under the Master Services Procurement Agreement entered into between the Company and MicroPort. As the Master Services Procurement Agreement will expire on 31 December 2023, and the Group is expected to carry on the transactions contemplated thereunder upon its expiry, the Company entered into the 2024 Master Services Procurement Agreement with MicroPort on 6 December 2023.

Principal terms

Date:	6 December 2023
Parties:	MicroPort; and the Company

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Scope: The MicroPort Group agreed to provide and the Group agreed to procure certain services, including but not limited to cleaning and packaging services, sterilization services, product testing services, animal test services and administrative support services and marketing activity support and commercial promotion services.

Term: The term of the 2024 Master Services Procurement Agreement commences upon the obtaining the Independent Shareholders' approval at the EGM or from 1 January 2024 (whichever is the later) to 31 December 2026 (both days inclusive).

Pricing and other terms: The fees for the procurement of services will be determined after arm's length negotiations with reference to (i) the procurement volume of each type of service; (ii) the prevailing market rate of similar services (having taken into account the nature, complexity and scope of services, the method of delivery and the anticipated operational costs including but not limited to labor costs, administrative costs and costs of materials used for providing the services); and (iii) the fees charged for historical transactions of similar services.

The parties to the 2024 Master Services Procurement Agreement have agreed as follows:

- (i) the parties shall enter into specific agreements which will set out the necessary terms and conditions for the relevant transactions contemplated under the 2024 Master Services Procurement Agreement in the ordinary course of business after arm's length negotiations on normal commercial terms; and
- (ii) such specific agreements shall conform with the principles and provisions set out in the 2024 Master Services Procurement Agreement.

Historical amounts: The annual caps for the transactions contemplated under the Master Services Procurement Agreement for the two years ended 31 December 2022 and the year ending 31 December 2023 are RMB11.1 million, RMB27.2 million and RMB24.9 million, respectively. For the two years ended 31 December 2022 and the nine months ended 30 September 2023, the transaction amount under the Master Services Procurement Agreement amounted to RMB6.8 million, RMB12.4 million and RMB9.8 million, respectively, with a utilization rate of approximately 61%, 46% and 39%, respectively.

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Annual caps: Pursuant to the 2024 Master Services Procurement Agreement, the proposed annual caps for the transactions contemplated thereunder for the three years ending 31 December 2026 are expected not to exceed the following:

	For the year ending 31 December		
	2024	2025	2026
	<i>(RMB in millions)</i>		
Annual caps	40.0	51.0	47.0

The proposed annual caps for the transactions contemplated under the 2024 Master Services Procurement Agreement were determined after considering the following factors:

- (i) the historical transaction amounts in relation to the procurement of the services during two years ended 31 December 2022 and the nine months ended 30 September 2023;
- (ii) the estimated demand for the services for the three years ending 31 December 2026 which is primarily driven by the R&D and commercialization of the Group's products;
- (iii) the estimated service fee to be charged by the MicroPort Group, which is based on the historical service fee rate; and
- (iv) an estimation of 10% buffer in addition to the estimated demand of services for the three years ending 31 December 2026.

The relatively low utilization rate of the annual cap for the year ended 31 December 2022 and the nine months ended 30 September 2023, respectively, was primarily due to the delay in product's clinical trial and registration during duration of the pandemic and the delay in the overall registration and commercialization plan of the Core Product and other flagship products of the Group.

Reasons for and benefits of entering into the 2024 Master Services Procurement Agreement

The Group has been procuring the relevant services from MicroPort Group before the Listing. The procurement of the services from MicroPort Group provides the Group with a cost-effective way for the stable supply of relevant services. The Directors consider that by entering into the 2024

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Master Services Procurement Agreement with MicroPort, the quality of the services provided by MicroPort Group, as well as the high efficiency of cooperation, will be able to meet the Group's growing demand for the relevant services.

As the Group is expected to carry on the transactions contemplated thereunder upon its expiry, the Board (including the independent non-executive Directors) considers it beneficial to enter into the 2024 Master Services Procurement Agreement to facilitate the continuous procurement of the relevant services from MicroPort Group and considers that the entering into of the 2024 Master Services Procurement Agreement is in the Group's ordinary course of business, and the terms of the 2024 Master Services Procurement Agreement and the annual caps thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Internal Control Measures

The pricing policies for all the continuing connected transactions of the Group will be supervised and monitored by the relevant personnel and management of the Group in charge to ensure the relevant continuing connected transaction is conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its Shareholders as a whole. In particular,

- (i) in respect of the Products under the 2024 Sales Framework Agreement, as mentioned in the paragraphs headed "Pricing Policy" under the paragraphs under "2024 Sales Framework Agreement" in this circular, the Group will make reference to market price of similar products and market commission rate as dealers in the relevant target market for pricing the Products under the 2024 Sales Framework Agreement. The Group will involve Frost & Sullivan or any other industry expert of international repute to conduct market search to ascertain the market price range for the similar products sold to the end customers in the relevant target market and the range of market commission rate for the dealers selling similar products in such target market and issue an industry report for the purpose of determining the price to be charged by the Group to the MicroPort Group as well as to Independent Third Party dealers for the Products. Such industry report will be updated upon renewal of the 2024 Sales Framework Agreement or upon such shorter period as the parties deem necessary. The business team of the Group consists of experienced sale staffs focused in the surgical robot/medical device sector. They will conduct market search, based on their experience, to collect the prices for the similar products in the relevant target markets sold by other companies to the end customers (if available) and the market commission rate of dealers for selling the similar products in the relevant target markets (if available). Should the business team aware that the prices and/or the commission rate are not within the End-price Range (as defined below) and/or the Commission Range (as defined below), it shall immediately report the same to the board affair department. The board affair department will then consult with Frost &

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Sullivan or any other industry expert of international repute to ascertain if there is any material fluctuation of market prices and/or commission rate, and to prepare a latest industry report as appropriate.

Before signing any specific agreement for the sale of the Products, the board affairs department will make reference to market price range of similar products (the “**End-price Range**”) and the commission rate range to be charged by dealers (the “**Commission Range**”) in the relevant target markets contained in the latest industry report to work backwards to find out the price that the Group should charge to the MicroPort Group and the business team of the Group will then negotiate with the MicroPort Group to ascertain a final price (the “**Final Price**”) to be charged by the Group after considering the quantity of the order, the delivery schedule, the purpose for usage and the cost of transportation. Such determination basis will also apply to transactions with the Independent Third Parties. The business team will also obtain the transaction details of at least three (if available) comparable transactions conducted by the Group with Independent Third Party dealers (if any) within six months of the subject transaction for determining the terms of the Products to be sold to the MicroPort Group. The Final Price shall in any event no favorable than the prices offered by the Group to the Independent Third Party dealers for comparable transactions (if any). All the relevant documents, together with the specific agreement shall be reviewed and approved by the board affairs department and the finance department to ensure the terms of the Products to be sold to the MicroPort Group are on normal commercial terms and no more favorable than terms for the same Products offered to Independent Third Party dealers for comparable transactions under similar conditions (if any);

In respect of maintenance service under the 2024 Sales Framework Agreement, prior to the entering into of the individual service agreements, the business team will be responsible for comparing the potential maintenance service fee to be offered to the MicroPort Group with service fees for similar maintenance services charged by the Group to the Independent Third Parties (if any). If there is no such information, the business team will be responsible for the collection of market information from the information publicly disclosed by its peers, government agencies and/or hospitals, or from the database/industry report managed by third party agency companies regarding the prices of similar maintenance service of similar products in the relevant target market provided by other companies to Independent Third Parties, for further comparison purpose.

- (ii) in respect of the 2024 Master Products Procurement Agreement and 2024 Master Services Procurement Agreement, the business department of the Group shall consider at least two comparable deals/quotes with Independent Third Parties for the same period when determining whether the price for any product/service transaction is in line with the market price;

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- (iii) the general manager of the business department of the Group will conduct regular reviews to keep abreast of the prevailing fee level in the market and the market conditions for the purpose of considering if the price paid for a specific transaction is fair and reasonable and is in accordance with the pricing policy;
- (iv) the finance department and the board affairs department of the Group will supervise and monitor the individual agreements to be entered into between the Group and the MicroPort Group pursuant to the 2024 Sales Framework Agreement, 2024 Master Products Procurement Agreement and 2024 Master Services Procurement Agreement to ensure that their respective pricing policies are in compliance with the terms of the 2024 Sales Framework Agreement, 2024 Master Products Procurement Agreement and 2024 Master Services Procurement Agreement;
- (v) the management team will ensure that the actual transaction amounts do not exceed the relevant annual caps set out under the 2024 Sales Framework Agreement, 2024 Master Products Procurement Agreement and 2024 Master Services Procurement Agreement. The finance department of the Group will prepare and provide a designated management account on a monthly basis for the continuing connected transaction amounts under the 2024 Sales Framework Agreement, 2024 Master Products Procurement Agreement and 2024 Master Services Procurement Agreement. In the event that the transaction amounts of any continuing connected transaction expected to be incurred during the financial year will reach 80% of the relevant annual caps, the functional department shall report to the management and consider to take actions to ensure the compliance with the requirements under the Listing Rules, including obtaining the approval from Independent Shareholders, if necessary ; and
- (vi) if any amendment or adjustment is required to be made to the terms of the individual agreements (including but not limited to the products prices) under the 2024 Sales Framework Agreement, 2024 Master Products Procurement Agreement and 2024 Master Services Procurement Agreement, subject to such amendment or adjustment being in compliance with the 2024 Sales Framework Agreement, 2024 Master Products Procurement Agreement and 2024 Master Services Procurement Agreement and the Listing Rules, the business department of the Group will file an application with, among others, the board affairs department of the Company for approval.

The independent non-executive Directors will continue to review the management's annual review reports on the transactions contemplated under the relevant continuing connected transaction and the auditors of the Company will review the transactions contemplated under the 2024 Sales Framework Agreement, 2024 Master Products Procurement Agreement and 2024 Master Services Procurement Agreement annually to check and confirm, among others, whether the pricing policies have been adhered to, whether the transactions were conducted in accordance with the 2024 Sales Framework Agreement, 2024 Master Products Procurement Agreement and 2024 Master Services Procurement Agreement and whether the relevant proposed annual caps have been exceeded.

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Accordingly, the Directors consider that the internal control mechanism is effective to ensure that the transactions contemplated under the 2024 Sales Framework Agreement, 2024 Master Products Procurement Agreement and 2024 Master Services Procurement Agreement will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

Information on MicroPort and the Group

MicroPort

MicroPort is a leading medical technology company that develops, manufactures and sells high-end interventional medical devices, whose shares are listed on the main board of the Stock Exchange (stock code: 00853). As at the Latest Practicable Date, MicroPort is one of the controlling shareholders of the Company.

The Group

The Group is principally engaged in designing, developing and commercializing surgical robots to assist surgeons in performing complex surgical procedures.

Listing Rules Implications

As at the Latest Practicable Date, MicroPort is one of the controlling shareholders of the Company. Therefore, MicroPort is a connected person of the Company under the Listing Rules, and the transactions contemplated under the 2024 Sales Framework Agreement, 2024 Master Products Procurement Agreement and 2024 Master Services Procurement Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (other than the profits ratio) in respect of the highest amount of the annual caps under each of the 2024 Sales Framework Agreement, 2024 Master Products Procurement Agreement and 2024 Master Services Procurement Agreement exceed 5%, the transactions contemplated thereunder are subject to the reporting, annual review, announcement, circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Board Approval

Mr. Sun Hongbin, the non-executive Director and chairman of the Board, who also holds management positions in MicroPort, has abstained from voting on the relevant board resolutions of the Company. Apart from Mr. Sun Hongbin, none of the Directors has or is deemed to have a material interest in the 2024 Sales Framework Agreement, 2024 Master Products Procurement Agreement, 2024 Master Services Procurement Agreement and the transactions contemplated thereunder and is required to abstain from voting on the relevant Board resolutions approving the 2024 Sales Framework Agreement, 2024 Master Products Procurement Agreement and 2024 Master Services Procurement Agreement.

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PROPOSED ELECTION OF SECOND SESSION OF THE BOARD

Pursuant to the relevant laws and regulations and the Articles of Association, the term of office of the Directors shall be three years and upon expiry of such term, the Directors shall be eligible to offer themselves for re-election and re-appointment subject to the approval of Shareholders at a general meeting. The current session of the Board will be expired on 29 December 2023. As such, the Board has resolved to elect the second session of the Board at the EGM. The term of the second session of the Board will be three years commencing from the date of approval at the EGM.

The Board is pleased to announce that:

- Dr. He Chao has been nominated for re-election as an executive Director for the second session of the Board;
- each of Mr. Sun Hongbin and Mr. Chen Chen has been nominated for re-election, and Mr. Chen Xinxing has been nominated for election, as a non-executive Director for the second session of the Board; and
- each of Dr. Li Minghua, Mr. Yao Haisong and Mr. Mui Wing Hong has been nominated for re-election as an independent non-executive Director for the second session of the Board.

The Board has assessed and reviewed the written confirmation of independence of each of Dr. Li Minghua, Mr. Yao Haisong and Mr. Mui Wing Hong based on the independence criteria as set out in Rule 3.13 of the Listing Rules and considered them to be independent. The Board has also assessed and evaluated the experience of Dr. Li Minghua, Mr. Yao Haisong and Mr. Mui Wing Hong based on the nomination policy of the Company which was disclosed in the annual report of the Company and believes that the valuable knowledge and experience of them in the respective area of medicine, law and finance would generate significant contribution to the Company and the Shareholders as a whole and diversity of the Board.

The biographical details of each of the candidates (the “**Proposed Director Candidates**”) to the second session of the Board are as follows:

Executive Director

Dr. He Chao (何超), aged 38, was appointed as the Director on 18 October 2017 and re-designated as the executive Director on 10 June 2021. He is the president of the Company and is mainly responsible for overseeing the research and development and day-to-day management and strategic development of the Group. He is also a member of the Nomination Committee and the Strategy and Development Committee.

Dr. He Chao has over 15 years of experience in the research and development of surgical robots. He joined the Group as the general manager of the Company in May 2015 and has been serving as the president since December 2020, primarily responsible for the business operations of

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the Company. Dr. He Chao also holds various directorships and management positions in the Group companies, including but not limited to the executive director of Suzhou MicroPort OrthoBot Co., Ltd. (蘇州微創暢行機器人有限公司) (“**OrthoBot Suzhou**”) since July 2019, the representative of the Beijing branch of the Company since November 2020 and the representative of the Shanghai branch of OrthoBot Suzhou since July 2022.

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

Dr. He Chao serves as the Chinese representative in the technical committee for the preparation of international technical standards for surgical robots of International Electrotechnical Commission, a global organization which builds international standards and conformity assessment systems to ensure the safety, efficiency, reliability and interoperability of electrical, electronic and information technologies. He is also a member of the first expert panel of China’s medical robot technical standardization unit and the director of Shanghai Engineering Research Center of Minimally Invasive Surgical Robots (上海微創手術機器人工程技術研究中心) sponsored by the Science and Technology Commission of Shanghai Municipality (上海市科學技術委員會).

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

As at the Latest Practicable Date, Dr. He Chao was interested in 617,023,912 H Shares, representing approximately 64.37% of the total issued shares in the Company.

Subject to the approval of the Shareholders by way of an ordinary resolution at the EGM, the Company will enter into a service contract with Dr. He Chao. The initial length of service will commence from the date of the EGM and end when the term of the second session of the Board expires. Pursuant to the service contract and during his tenure as a senior management of the Company, Dr. He Chao will not receive any remuneration from the Group for his office as an executive Director and solely receives remuneration from the Group in his capacity as a senior management. The remuneration is determined by the Board on a combined basis of various factors, such as the duties of his position, actual performance and with reference to the external industry remuneration standards. For the year ended 31 December 2022, the remuneration of Dr. He Chao was RMB2.496 million (before tax) which was determined by the Board on the recommendation of the Remuneration and Appraisal Committee with reference to his qualifications, experience, duties and responsibilities, and the prevailing market conditions.

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Non-executive Directors

Mr. Sun Hongbin (孫洪斌), aged 48, was appointed as the Director on 3 April 2020 and re-designated as the non-executive Director on 10 June 2021. He is serving as the chairman of the Board and is primarily responsible for overseeing the management and operations of the Group. He is also the chairperson of the Strategy and Development Committee and a member of the Remuneration and Appraisal Committee.

Mr. Sun Hongbin has over 20 years of experience in the medical device industry. Mr. Sun Hongbin joined the MicroPort Group in September 2010 and has served in various positions in the MicroPort Group. Mr. Sun Hongbin is currently serving as the chief financial officer, a rotating chairperson of the Greater China Executive Committee and a member of the Intercontinental Cardiac Rhythm Management Committee of MicroPort. He has also been serving as the chief financial officer of Shanghai MicroPort, a subsidiary of MicroPort, since September 2010.

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

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

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

Subject to the approval of the Shareholders by way of an ordinary resolution at the EGM, the Company will enter into an appointment letter with Mr. Sun Hongbin. The initial length of service will commence from the date of the EGM and end when the term of the second session of the Board expires. Pursuant to the appointment letter, Mr. Sun Hongbin will not receive any remuneration from the Group for his office as a non-executive Director.

Mr. Chen Xinxing (陳新星), aged 38, was nominated by the Board as a candidate for the non-executive Director of the Company on 1 December 2023.

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

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

Subject to the approval of the Shareholders by way of an ordinary resolution at the EGM, the Company will enter into an appointment letter with Mr. Chen Xinxing. The initial length of service will commence from the date of the EGM and end when the term of the second session of the Board expires. Pursuant to the appointment letter, Mr. Chen Xinxing will not receive any remuneration from the Group for his office as a non-executive Director.

Mr. Chen Chen (陳琛), aged 40, was appointed as the Director on 17 September 2020 and was re-designated as the non-executive Director on 10 June 2021. He is primarily responsible for overseeing the management and operations of the Group.

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

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

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

Subject to the approval of the Shareholders by way of an ordinary resolution at the EGM, the Company will enter into an appointment letter with Mr. Chen Chen. The initial length of service will commence from the date of the EGM and end when the term of the second session of the Board expires. Pursuant to the appointment letter, Mr. Chen Chen will not receive any remuneration from the Group for his office as a non-executive Director.

Independent non-executive Directors

Dr. Li Minghua (李明華), aged 71, was appointed as an independent Director on 30 December 2020, and was re-designated as the independent non-executive Director on 10 June 2021. He is also the chairperson of the Remuneration and Appraisal Committee and a member of the Audit Committee and the Strategy and Development Committee.

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

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

Subject to the approval of the Shareholders by way of an ordinary resolution at the EGM, the Company will enter into an appointment letter with Dr. Li Minghua. The initial length of service will commence from the date of the EGM and end when the term of the second session of the Board expires. Pursuant to the appointment letter, Dr. Li Minghua is entitled to a director's fee of RMB120,000 per annum (before tax), which was determined by the Board on the recommendation of the Remuneration and Appraisal Committee with reference to his qualifications, experience, duties and responsibilities, and the prevailing market conditions.

LETTER FROM THE BOARD

Mr. Yao Haisong (姚海嵩), aged 49, was appointed as the independent Director on 30 December 2020, and was re-designated as the independent non-executive Director on 10 June 2021. He is also the chairperson of the Nomination Committee and a member of the Remuneration and Appraisal Committee.

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

Mr. Yao Haisong has over 15 years of working experience in law firms. Since July 2004, Mr. Yao has been serving as a practicing lawyer, and he later served as a partner of Shanghai Huzhong Law Firm (上海市滬中律師事務所), where he was primarily responsible for providing legal advice. From July 2011 to February 2015, he served as a practising lawyer and patent attorney of the Beijing Yingke (Shanghai) Law Firm (北京盈科(上海)律師事務所). Since February 2015, Mr. Yao Haisong has been serving as a practising lawyer and partner of Shanghai Tianhua Law Firm (上海市天華律師事務所), where he was primarily responsible for providing business related legal advice.

Mr. Yao Haisong graduated from Shanghai Second Medical University in the PRC with a bachelor's degree in clinical medicine in July 2000. He received a second bachelor's degree in jurisprudence from Shanghai University in the PRC in July 2002, and his master's degree in international business law from National University of Singapore in Singapore in June 2008. Mr. Yao Haisong is currently serving as a part-time researcher of Intelligent Medicine Institute, Fudan University (復旦大學智能醫學研究院), a member of China Research Hospital Association Clinical Data and Bio-bank a standing committee member (中國研究型醫院學會臨床數據與樣本資源庫專業委員會), a committee member of National Technical Committee on Bio-specimen of Standardization Administration of China (全國生物樣本標準化技術委員會) (SAC/TC559).

Subject to the approval of the Shareholders by way of an ordinary resolution at the EGM, the Company will enter into an appointment letter with Mr. Yao Haisong. The initial length of service will commence from the date of the EGM and end when the term of the second session of the Board expires. Pursuant to the appointment letter, Mr. Yao Haisong is entitled to a director's fee of RMB120,000 per annum (before tax), which was determined by the Board on the recommendation of the Remuneration and Appraisal Committee with reference to his qualifications, experience, duties and responsibilities, and the prevailing market conditions.

Mr. Mui Wing Hong (梅永康), aged 52, was appointed as the independent non-executive Director on 21 June 2022. He is also the chairperson of the Audit Committee and a member of the Nomination Committee.

Mr. Mui Wing Hong has more than 25 years' experience in managing various finance and accounting activities that included financial reporting, budgeting, internal control, fund raising and taxation of listed company.

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Mr. Mui Wing Hong is a fellow of The Hong Kong Institute of Certified Public Accountants, a member of the American Institute of Certified Public Accountants, and is a fellow of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (formerly known as the Institute of Chartered Secretaries and Administrators). Mr. Mui Wing Hong graduated from The Chinese University of Hong Kong with a bachelor's degree in business administration majoring in accounting in December 1994 and further completed a chief financial officer (CFO) program at China Europe International Business School (中歐國際工商學院) in November 2008 and Northwestern University (Kellogg School of Management) and The Hong Kong University of Science and Technology Executive MBA in December 2020.

From 1994 to 1997, Mr. Mui Wing Hong served as an audit senior at BDO Limited. From to 1997 to 2003, Mr. Mui Wing Hong served as an audit manager at the KPMG Hong Kong branch. From 2004 to 2007, Mr. Mui Wing Hong served as the group finance manager of the Global Beauty Group. From October 2007 to December 2020, Mr. Mui Wing Hong served as the general manager (group finance) of Shui On Land Limited (瑞安房地產有限公司) (stock code: 00272), a company listed on the Stock Exchange. From January 2021 to February 2022, Mr. Mui Wing Hong served as the deputy general manager (finance) of K. Wah International Holdings Limited (嘉華國際集團有限公司) (stock code: 00173), a company listed on the Stock Exchange. From April 2022 to July 2022, Mr. Mui Wing Hong served as the director of Max Advisory Limited. Since August 2022, he has been serving as the financial controller of South Asia Real Estate Group Co., Ltd. (南益地產集團有限公司).

Subject to the approval of the Shareholders by way of an ordinary resolution at the EGM, the Company will enter into an appointment letter with Mr. Mui Wing Hong. The initial length of service will commence from the date of the EGM and end when the term of the second session of the Board expires. Pursuant to the appointment letter, Mr. Mui Wing Hong is entitled to a director's fee of RMB120,000 per annum (before tax), which was determined by the Board on the recommendation of the Remuneration and Appraisal Committee with reference to his qualifications, experience, duties and responsibilities, and the prevailing market conditions.

Save as disclosed above, each of the Proposed Director Candidates has confirmed that as at the Latest Practicable Date, (i) he does not hold any other positions with the Company and/or any of its subsidiaries; (ii) he does not, nor did he in the past three years, hold any directorships in other public companies the securities of which are listed on any securities market in Hong Kong or overseas; (iii) he does not have any relationships with any Directors, Supervisors, senior management, substantial shareholders or controlling shareholders of the Company; and (iv) he does not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, each of the Proposed Director Candidates has confirmed that, there are no other matters relating to the proposed appointment that are required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules and there are no other matters relating to the proposed appointment that need to be brought to the attention of the Shareholders.

LETTER FROM THE BOARD

PROPOSED ELECTION OF SECOND SESSION OF THE SUPERVISORY COMMITTEE

Pursuant to the relevant laws and regulations and the Articles of Association, the term of office of the Supervisors shall be three years and upon expiry of such term, the shareholders representative Supervisors shall be eligible to offer themselves for re-election and re-appointment subject to the approval of Shareholders at a general meeting, while the employee representative Supervisors shall be eligible to offer themselves for re-election and re-appointment subject to the election at the employee representatives' meeting. The current session of the Supervisory Committee will expire on 29 December 2023. As such, the shareholders representative Supervisors of the second session of the Supervisory Committee will be elected at the EGM. Each of Dr. Zhang Jie and Ms. Zhang Lihong has been nominated for re-election as a Supervisor for the second session of the Supervisory Committee. The election of the employee representative Supervisor of the second session of the Supervisory Committee will be considered and approved at the employee representatives' meeting of the Company to be convened in due course and shall not be subject to the approval of the Shareholders. The term of the second session of the Supervisory Committee will be three years commencing from the date of approval at the EGM.

The biographical details of each of the candidates (the “**Proposed Supervisor Candidates**”) to the second session of the Supervisory Committee are as follows:

Dr. Zhang Jie (張劼), aged 44, was appointed as the Supervisor on 30 December 2020 and is serving as the chairman of the Supervisory Committee. He is primarily responsible for supervising and providing independent advice to the Board.

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

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

Subject to the approval of the Shareholders by way of an ordinary resolution at the EGM, the Company will enter into a service contract with Dr. Zhang Jie. The initial length of service will commence from the date of the EGM and end when the term of the second session of the Supervisory Committee expires. Dr. Zhang Jie will not receive any remuneration from the Group as a supervisor.

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Ms. Zhang Lihong (張麗紅), aged 46, was appointed as the Supervisor on 30 December 2020. She is primarily responsible for supervising and providing independent advice to the Board.

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

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

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

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

Subject to the approval of the Shareholders by way of an ordinary resolution at the EGM, the Company will enter into a service contract with Ms. Zhang Lihong. The initial length of service will commence from the date of the EGM and end when the term of the second session of the Supervisory Committee expires. Ms. Zhang Lihong will not receive any remuneration from the Group as a supervisor.

LETTER FROM THE BOARD

Save as disclosed above, each of the Proposed Supervisor Candidates has confirmed that as at the Latest Practicable Date, (i) he or she does not hold any other positions with the Company and/or any of its subsidiaries; (ii) he or she does not, nor did he in the past three years, hold any directorships in other public companies the securities of which are listed on any securities market in Hong Kong or overseas; (iii) he or she does not have any relationships with any Directors, Supervisors, senior management, substantial shareholders or controlling shareholders of the Company; and (iv) he or she does not have any interest in the shares of the Company within the meaning of Part XV of the SFO.

Save as disclosed above, each of the Proposed Supervisor Candidates has confirmed that, there are no other matters relating to the proposed appointment that are required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules and there are no other matters relating to the proposed appointment that need to be brought to the attention of the Shareholders.

THE EGM

The notice convening the EGM is set out on pages 71 to 74 of this circular. As at the Latest Practicable Date, MicroPort through its indirectly wholly-owned subsidiary, Shanghai Latent holds 483,767,176 Shares. Pursuant to a concert party agreement, Shanghai Latent and Shanghai Qingzhen are parties acting-in-concert. Thus, the 16,963,831 Shares held by Shanghai Qingzhen and the 483,767,176 Shares held by Shanghai Latent, representing approximately 52.24% of the total issued share capital of the Company, shall abstain from voting at the EGM on the resolutions in relation to the 2024 Sales Framework Agreement, 2024 Master Products Procurement Agreement and 2024 Master Services Procurement Agreement and the transactions contemplated thereunder (including the proposed annual caps). Save as disclosed above, none of the other Shareholders has a material interest in the resolutions as contained in the notice of the EGM and is required to abstain from voting on the relevant resolutions in the EGM.

For determining the eligibility of the holders of H Shares to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 22 December 2023 to Friday, 29 December 2023, both days inclusive, during which period no transfer of H Shares will be registered. In order to be eligible to attend and vote at the EGM, all transfer of H Shares documents, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 21 December 2023.

PROXY ARRANGEMENT

Proxy form for use at the EGM is enclosed with this circular. Such proxy form is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (www.medbotsurgical.cn). Whether or not you intend to attend the EGM, you are required to complete and sign the proxy form in accordance with the instructions printed thereon and return it to the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's

LETTER FROM THE BOARD

Road East, Wanchai, Hong Kong (for holders of H Shares) or the Company's registered office at Room 101, Area B, Building 1, 1601 Zhangdong Road, China (Shanghai) Pilot Free Trade Zone, Shanghai, PRC (for holders of Domestic Shares) not less than 24 hours before the time fixed for the holding of the EGM or any adjournment thereof (i.e. not later than 10:00 a.m. on Thursday, 28 December 2023). Completion and delivery of the proxy form shall not preclude you from attending and voting in person at the EGM if you so wish and in such event the proxy form shall be deemed to be revoked.

VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any resolution put to the vote of the Shareholders at a general meeting must be taken by poll except where the chairman of the EGM, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. An announcement on the poll results will be published by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

RECOMMENDATION

The Board believes that the proposals mentioned above are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favor of these resolutions to be proposed at the EGM as set out in the notice of the EGM.

Your attention is drawn to (i) the letter from the Independent Board Committee set out in this circular which contains the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the 2024 Sales Framework Agreement, 2024 Master Products Procurement Agreement and 2024 Master Services Procurement Agreement and the proposed annual caps for the continuing connected transaction contemplated thereunder; and (ii) the letter from Gram Capital set out in this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in relation to the 2024 Sales Framework Agreement, 2024 Master Products Procurement Agreement and 2024 Master Services Procurement Agreement and the proposed annual caps for the continuing connected transaction contemplated thereunder, as well as the principal factors and reasons taken into account by Gram Capital in arriving at its advice. Having taken into account the terms of the 2024 Sales Framework Agreement, 2024 Master Products Procurement Agreement and 2024 Master Services Procurement Agreement, the information provided in the "Letter from the Board" and the "Letter from Gram Capital", the Independent Board Committee considers that (i) the terms of the 2024 Sales Framework Agreement, 2024 Master Products Procurement Agreement and 2024 Master Services Procurement Agreement (including the proposed annual caps) are on normal commercial terms and are fair and reasonable; and (ii) the transactions contemplated under the 2024 Sales Framework Agreement, 2024 Master Products Procurement Agreement and 2024 Master Services Procurement Agreement (including the proposed annual caps) are conducted 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

LETTER FROM THE BOARD

Board Committee recommends the Independent Shareholders to vote in favor of the ordinary resolutions as set out in the notice of EGM and to be proposed at the EGM for approving the 2024 Sales Framework Agreement, 2024 Master Products Procurement Agreement and 2024 Master Services Procurement Agreement and the transactions contemplated thereunder and the proposed annual caps.

By order of the Board
Shanghai MicroPort MedBot (Group) Co., Ltd.
Mr. Sun Hongbin
Chairman



Shanghai MicroPort MedBot (Group) Co., Ltd.

上海微创医疗机器人(集团)股份有限公司

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

(Stock Code: 2252)

12 December 2023

To the Independent Shareholders

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular issued by the Company to the Shareholders dated 12 December 2023 (the “**Circular**”) which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

We have been appointed by the Board as the members of the Independent Board Committee to consider the 2024 Sales Framework Agreement, 2024 Master Products Procurement Agreement and 2024 Master Services Procurement Agreement and to advise you in respect of the 2024 Sales Framework Agreement, 2024 Master Products Procurement Agreement and 2024 Master Services Procurement Agreement and the transactions contemplated thereunder and the proposed annual caps under the 2024 Sales Framework Agreement, 2024 Master Products Procurement Agreement and 2024 Master Services Procurement Agreement, details of which are set out in the “Letter from the Board” on page 6 to 36 of the Circular. Gram Capital has been appointed as the Independent Financial Adviser in this regard.

We wish to draw your attention to the “Letter from the Board” and the “Letter from Gram Capital” as set out in the Circular. Having considered the principal factors and reasons considered by, and the advice of, Gram Capital as set out in their letter of advice, we are of the view that (a) the terms of the 2024 Sales Framework Agreement, 2024 Master Products Procurement Agreement and 2024 Master Services Procurement Agreement (including the proposed annual caps) are on normal commercial terms and are fair and reasonable; and (b) the transactions contemplated under the 2024 Sales Framework Agreement, 2024 Master Products Procurement Agreement and 2024 Master Services Procurement Agreement (including the proposed annual caps) are conducted 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, we recommend that the Independent Shareholders vote in favor of the ordinary resolutions for approving the 2024 Sales Framework Agreement, 2024 Master Products Procurement Agreement and 2024 Master Services Procurement Agreement and the

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

transactions contemplated thereunder and the proposed annual caps under the 2024 Sales Framework Agreement, 2024 Master Products Procurement Agreement and 2024 Master Services Procurement Agreement at the EGM.

Yours faithfully,

For and on behalf of the Independent Board Committee of
Shanghai MicroPort MedBot (Group) Co., Ltd.

Dr. Li Minghua
Independent
non-executive Director

Mr. Yao Haisong
Independent
non-executive Director

Mr. Mui Wing Hong
Independent
non-executive Director

LETTER FROM GRAM CAPITAL

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 Transactions for the purpose of inclusion in this circular.



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

12 December 2023

*To: The independent board committee and the independent shareholders
of Shanghai MicroPort MedBot (Group) Co., Ltd.*

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the renewal of transactions contemplated under (i) the 2024 Sales Framework Agreement (the “**Sales Transactions**”); (ii) the 2024 Master Products Procurement Agreement (the “**Products Transactions**”); and (iii) the 2024 Master Services Procurement Agreement (the “**Services Transactions**”, together with the Sales Transactions and the Products Transactions, the “**Transactions**”), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 12 December 2023 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 6 December 2023, the Company and MicroPort entered into the 2024 Sales Framework Agreement, pursuant to which the Group agreed to sell and the MicroPort Group agreed to (i) purchase the Products; and (ii) procure maintenance services provided by the Group for the Products, for a term of three years with effective from 1 January 2024 or upon the obtaining the Independent Shareholders’ approval at the EGM (whichever is the later). The Sales Framework Agreement shall be terminated upon the 2024 Sales Framework Agreement having become effective or 31 December 2023 (whichever is later).

On the even date, the Company and MicroPort entered into (i) 2024 Master Products Procurement Agreement; and (ii) 2024 Master Services Procurement Agreement, to renew the existing continuing connected transactions contemplated under (i) Master Products Procurement

LETTER FROM GRAM CAPITAL

Agreement; and (ii) Master Services Procurement Agreement respectively for a term of three years effective from 1 January 2024 or upon the obtaining the Independent Shareholders' approval at the EGM (whichever is the later).

According to the Board Letter, the Transactions constitute 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.

The Independent Board Committee comprising Dr. Li Minghua, Mr. Yao Haisong and Mr. Mui Wing Hong (all being the independent non-executive Director) has been established to advise the Independent Shareholders on (i) whether the terms of the Transactions are on normal commercial terms and are fair and reasonable; (ii) whether the Transactions are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolutions to approve the Transactions at the EGM. 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

During the past two years immediately preceding the Latest Practicable Date, Gram Capital was engaged as the independent financial adviser in relation to continuing connected transaction (details of which was set out in the Company's circular dated 13 December 2022). Save for the aforesaid engagement, there was no other service provided by Gram Capital to the Company relating to any transaction of the Company with executed agreement during the past two years immediately preceding the Latest Practicable Date.

Notwithstanding the aforesaid engagement, we were not aware of any relationships or interests between Gram Capital and the Company, or any other parties during the past two years immediately preceding the Latest Practicable Date that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser.

Having considered the above and that (i) none of the circumstances as set out under the Rule 13.84 of the Listing Rules existed as at the Latest Practicable Date; and (ii) the aforesaid past engagement was only an independent financial adviser engagement and will not affect our independence to act as the Independent Financial Adviser, we are of the view that we are independent to act as the Independent Financial Adviser.

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 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

LETTER FROM GRAM CAPITAL

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 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 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 Transactions. 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 Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the 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 this circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the 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, 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 Transactions. 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.

LETTER FROM GRAM CAPITAL

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

Information on the Group

With reference to the Board Letter, the Group is principally engaged in designing, developing and commercializing surgical robots to assist surgeons in performing complex surgical procedures.

Surgical robots are medical device products that integrate medical, mechanics, biomechanics, computer vision, digital analysis and other disciplines. With development of technology, surgical robots can provide doctors with precise support for surgical operations from the perspectives of sight and touch, and realize surgical operations beyond natural capabilities of human. Surgical robots assist surgeons in achieving precise control of surgical instruments, and have extensive applications and clinical needs in the fields of urology, thoracic, gynecology, general surgery and orthopedics, etc.

Information on MicroPort

With reference to the Board Letter, MicroPort is a leading medical technology company that develops, manufactures and sells high-end interventional medical devices, whose shares are listed on the main board of the Stock Exchange (Stock code: 853). As at the Latest Practicable Date, MicroPort is one of the controlling Shareholders.

Reasons for and benefits of the Transactions

Sales Transactions

With reference to the Board Letter, the Group is of the view that, given the established and comprehensive global commercialization and distribution network of the MicroPort Group, execution of the 2024 Sales Framework Agreement enables the followings: (i) the Group will be able to make full use of the advantages of MicroPort's position in the industry to diversify international market access of the Group, and quickly establish and enhance the Products' reputation and recognition in global market; (ii) the Group will be able to expedite its international market rollout, seize more global market opportunities with accelerating client base expansion, by leveraging on MicroPort's well-established sales channels in global industry; and (iii) the Group is expected to be favoured with synergy from corporation with MicroPort and substantially enhance efficiency and effectiveness of the Products' commercialization and distribution.

Pursuant to the 2024 Sales Framework Agreement and as confirmed by Directors, SkyWalker and Toumai are two major products under the 2024 Sales Framework Agreement.

With reference to the Company's interim report for the six months ended 30 June 2023 ("1H2023"), the Company is actively undergoing resource consolidation and constructing global layout, with a view to utilizing extensive influence of MicroPort Group in global medical device

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field to synergize and cooperate for mutual benefits. With successive approvals of SkyWalker in major surgical robot markets around the world and approval of DFVision in EU, the Group is pleased to see its global layout start to take shape. In 1H2023, as the Company's first surgical robot product to launch overseas, SkyWalker brought sales revenue from overseas market to the Group for the first time. In July 2023, as a representative for domestic surgical robots company, the Group showcased Toumai and SkyWalker at the Society of Robotic Surgery (SRS) 2023 Annual Meeting, a globally renowned academic conference, to introduce to world-class experts and peers the industry layout, clinical application and 5G implementation achievement of the Company as well as to analyse and explain the latest progress of Toumai and SkyWalker in the field of minimally invasive surgical treatment.

As advised by the Directors, the Group has established a well-trained and fully responsible consultant marketing team to provide hospitals with comprehensive services, such as training, surgery support, maintenance and device adjustment and testing. Currently, the aforesaid consultant marketing team mainly focuses on the PRC market. The Directors are of the view that (i) the MicroPort Group has extensive experience in clinical and commercialization in orthopedic industry in overseas market; and (ii) the Sales Transactions enable the Group to diversify its international market access, and quickly establish and enhance Products' reputation and recognition in global market. We also noted from MicroPort's interim report for 1H2023 that, as at 30 June 2023, the MicroPort Group (also through its equity-accounted investees) had over 9,500 patents (including those under application) around the world, and its products were being used in over 20,000 hospitals in more than 100 countries and regions around the world.

By entering into the 2024 Sales Framework Agreement, the Group shall sell and the MicroPort Group shall purchase the Group's products, in overseas. The Sales Transactions generate revenue for the Group.

Products Transactions and Services Transactions

As advised by the Directors, the Group has been procuring products for research and development ("R&D"), production, operation and relevant services from MicroPort Group before the Listing. Such procurement provides the Group with a cost-effective way for stable supply of relevant products and services. The Directors consider that by entering into the 2024 Master Products Procurement Agreement and the 2024 Master Services Procurement Agreement with MicroPort, MicroPort Group's product/service quality, supply capacity and high cooperation efficiency will be able to meet the Group's growing demand for relevant products and services.

With reference to MicroPort's annual report for the year ended 31 December 2022 ("FY2022") and interim report for 1H2023, MicroPort Group has large global footprint of R&D and manufacturing facilities in Shanghai, Suzhou, Jiaxing, Shenzhen in the PRC, Memphis in the USA, Clamart in France, Saluggia in Italy and Dominican Republic, a strong focus on technological innovation with over 9,500 patents (including those under application), and a global workforce of nearly 9,000.

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

Principal terms of the Transactions

A. 2024 Sales Framework Agreement

Major terms of the Sales Transactions are summarized below, details of which are set out under the section headed “2024 Sales Framework Agreement” of the Board Letter:

Date

6 December 2023

Parties

- (i) MicroPort; and
- (ii) the Company

Term

The term of the 2024 Sales Framework Agreement commences upon the obtaining the Independent Shareholders’ approval at the EGM or from 1 January 2024 (whichever is the later) to 31 December 2026 (both days inclusive).

Scope

The Group agreed to sell and the MicroPort Group agreed to (i) purchase the Products for commercialization and distribution worldwide and application including (a) all surgical robot and medical equipment (including Toumai, SkyWalker, DFVision and other equipment to be launched by the Group from time to time); (b) all equipment supporting accessories and consumables; and (c) other products developed and/or produced and processed by the Group; and (ii) procure maintenance services provided by the Group for the Products.

Pricing and other terms

The parties to the 2024 Sales Framework Agreement have agreed as follows:

- (i) the parties shall enter into specific agreements which will set out the necessary terms and conditions for the relevant transactions contemplated under the 2024 Sales Framework Agreement in the ordinary course of business after arm’s length negotiations on normal commercial terms; and
- (ii) such specific agreements shall conform with the principles and provisions set out in the 2024 Sales Framework Agreement.

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Pursuant to the 2024 Sales Framework Agreement, the MicroPort Group was engaged to commercialise, market and sell the Products in relevant target markets. All the Products will be sold to the MicroPort Group directly under the 2024 Sales Framework Agreement. Apart from the Final Price, the MicroPort Group will not receive any further commission pursuant to the 2024 Sales Framework Agreement. In order to ensure the transactions conducted under the 2024 Sales Framework Agreement are on normal commercial terms, the Company will take into account the market data obtained from Frost & Sullivan or any other industry expert of international repute in the relevant target markets to determine the pricing policy for the Products. As a general principle, prices to be charged by the Group under the 2024 Sales Framework Agreement for the sale of the Products and provision of the relevant maintenance services will be determined in accordance with the pricing principles as set out in the section headed “2024 Sales Framework Agreement” of the Board Letter.

It is expected that the prices of the Products to be charged by the Group to the MicroPort Group shall not be more favorable to the Group than prices charged to Independent Third Party dealers for the same Products under similar conditions in the relevant target market. The Group will sell the Products to the MicroPort Group on a non-exclusive basis and will sell the Products to Independent Third Parties or engage other dealers.

Based on our independent research on continuing connected transactions conducted by other companies which were listed on the Stock Exchange involving the sales of materials/products/services to their connected persons, we noted that the comparing sales prices to independent third parties for same/similar products/services was one of the commonly adopted pricing policies adopted in the continuing connected transactions. The pricing principles under the 2024 Sales Framework Agreement are in line with the commonly adopted pricing policies adopted for continuing connected transactions.

Proposed annual caps

The table below demonstrates (i) the historical amount of Sales Transactions for the nine months ended 30 September 2023 with existing annual cap; and (ii) proposed annual caps of the Sales Transactions for the three years ending 31 December 2026 (“**Proposed Sales Cap(s)**”):

	For the year ending 31 December 2023 (“FY2023”) RMB’million
Historical amount of Sales Transactions	21.0 (<i>Note</i>)
Existing annual cap (“ Existing Sales Cap ”)	80
Utilization rate (%)	Undetermined

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	For the year ending 31 December 2024 ("FY2024") RMB'million	For the year ending 31 December 2025 ("FY2025") RMB'million	For the year ending 31 December 2026 ("FY2026") RMB'million
Existing Sales Caps	150	215	N/A
Proposed Sales Caps	230	500	900

Note: The figure was for the nine months ended 30 September 2023.

The Proposed Sales Caps for the three years ending 31 December 2026 were determined based on the factors as set out in the sub-section headed "Annual caps" under the section headed "2024 Sales Framework Agreement" of the Board Letter.

To assess the fairness and reasonableness of the Proposed Sales Caps for the three years ending 31 December 2026, we conducted the following works and analyses:

- We obtained from the Company the Proposed Sales Caps calculation for the three years ending 31 December 2026 and noted that the Proposed Sales Caps for the three years ending 31 December 2026 were calculated by (i) the estimated sales amounts of the Products (i.e. (a) SkyWalker and supporting accessories and consumables; and (b) Toumai and supporting accessories and consumables) (the "**Total Estimated Sales Amount(s)**") for the three years ending 31 December 2026; and (ii) buffer of 10% on the Total Estimated Sales Amounts.
- When determining relevant estimated figures, the Company relied on, among other things, statistics relating to the industry in which the Group operates as prepared by Frost & Sullivan (the "**Statistics**").

For our due diligence purpose, we reviewed and enquired into (i) the terms of engagement of Frost & Sullivan; (ii) Frost & Sullivan's background information and its experience in relation to the preparation of statistics relating to the industry in which the Group operates; and (iii) the steps and due diligence measures taken by Frost & Sullivan for preparing the statistics.

From the mandate letter and other relevant information provided by Frost & Sullivan and based on our interview with Frost & Sullivan, we were satisfied with the terms of engagement of Frost & Sullivan as the scope of Frost & Sullivan pursuant to the engagement (i.e. the issuance of research report for surgical robots industry) could meet the requirement of the Company (i.e. collect market statistics for determining the annual caps). Based on public information, Frost & Sullivan was founded in 1961 with a team of experts based in 45 global offices. We also noted that Frost & Sullivan prepared various industry reports, which were made reference to by listing applicants on the Stock Exchange.

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As advised by Frost & Sullivan, during the past two years immediately preceding the Latest Practicable Date, Frost & Sullivan (including any of its members) was/is engaged as independent service provider to prepare and issue industry report to the Company and members of MicroPort. Save for the aforesaid engagements, there was no other service provided by Frost & Sullivan (including any of its members) to the Company or MicroPort during the past two years immediately preceding the Latest Practicable Date.

Notwithstanding the aforesaid engagements, as at the Latest Practicable Date, Frost & Sullivan were not aware of any relationships or interests between them and members of MicroPort (including the Company), or any other parties that could be reasonably regarded as hindrance to Frost & Sullivan's independence to act as industry consultant.

Besides, apart from the service fees and expenses payable to Frost & Sullivan in connection with the aforesaid engagements, there is no arrangement whereby Frost & Sullivan shall be entitled to receive any other fees or benefits from the Company or MicroPort.

As confirmed by Frost & Sullivan, due to the fact that (i) the aforesaid past engagements will not affect Frost & Sullivan's independence to act as service provider as the scope of Frost & Sullivan is to prepare relevant industry report; (ii) Frost & Sullivan acted as independent service provider and they maintained their independence from the Company, MicroPort and their respective core connected persons (as defined under the Listing Rules); and (iii) the service fees of the aforesaid past engagements paid by members of MicroPort (including the Company) to Frost & Sullivan accounted for an insignificant portion of its revenue for the relevant period, Frost & Sullivan consider that there is no relationship which affect its independence with the Company, MicroPort and their respective core connected persons (as defined under the Listing Rules).

Based on the above facts as stated and confirmed by Frost & Sullivan, we do not consider the independence of Frost & Sullivan will be affected by the aforesaid engagements.

As also advised by Frost & Sullivan, they have consulting experiences, including surgical robots companies. Having considered the background and experience of Frost & Sullivan. Therefore, we were also satisfied with Frost & Sullivan's experience for the preparation of the statistics relating to the industry in which the Group operates.

We also discussed with Frost & Sullivan and enquired into Frost & Sullivan on the methodologies adopted and the basis and assumptions adopted in arriving at the Statistics. We understood that Frost & Sullivan conducted primary and secondary research to derive the statistics, including the interview with top tier industry participants in respect of historical sales amounts and proposed business plans; and medical center of the USA market and industry experts from China in respect of historical market conditions. After collecting the data, Frost & Sullivan will cross-check the same type of data from different sources to ensure the reasonableness of such data. As confirmed by

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Frost & Sullivan, these methodology and information source are commonly used by other experts in the same field. In addition, Frost & Sullivan confirmed that they also prepare relevant statistics for other participants in surgical robots industries with same methodologies. As also confirmed by Frost & Sullivan, there was no formal or informal representations made by the Company or MicroPort to Frost & Sullivan for the purpose of preparing the Statistics. During our discussion with Frost & Sullivan, we have not identified any major factor which caused us to doubt the reasonableness of the Statistics.

Having also considered Frost & Sullivan's background and experience, we consider the Statistics prepared by Frost & Sullivan to be reliable. Accordingly, we consider that it is appropriate for the Company to determine relevant figures (for the purpose of proposed annual caps calculation) based on the Statistics.

- **Total Estimated Sales Amounts (i.e. approximately RMB210 million, RMB441 million and RMB816 million for the three years ending 31 December 2026 respectively):** According to the Proposed Sales Caps calculation, Total Estimated Sales Amounts are the sum of (i) estimated sales amounts of SkyWalker and its related supporting accessories and consumables (i.e. approximately RMB85 million, RMB116 million and RMB165 million for the three years ending 31 December 2026 respectively); and (ii) estimated sales amounts of Toumai and its related supporting accessories and consumables (i.e. approximately RMB125 million, RMB325 million and RMB651 million for the three years ending 31 December 2026 respectively).

(I) *SkyWalker and its related supporting accessories and consumables*

- **Estimated sales amounts of SkyWalker (i.e. approximately RMB59 million, RMB73 million and RMB98 million for the three years ending 31 December 2026 respectively):** According to the Proposed Sales Caps calculation, estimated sales amounts of SkyWalker were calculated based on (i) estimated number of SkyWalker global installation (excluding direct sale of SkyWalker by the Group to Independent Third Party dealers or end-users); and (ii) estimated selling price of SkyWalker to be offered by the Group to the MicroPort Group.
- In respect of the estimated number of SkyWalker global installation, the Directors made reference to (a) estimated number of accumulated global installation of joint replacement surgical robot for the three years ending 31 December 2026 (i.e. 3,844 units, 4,263 units and 4,579 units); and (b) estimated market share of SkyWalker.

According to Frost & Sullivan, as the largest market for the joint replacement surgical robots, USA market accounts for over half of the global market. Therefore, relevant figures of USA market were adopted for the estimation of figures for global market.

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The estimated number of USA accumulated joint replacement surgical robot installation are 2,651, 3,056 and 3,485 for the three years ending 31 December 2026 according to the Statistics. The estimated number of accumulated joint replacement surgical robot global installation was determined based on the proportion (i.e. 65% to 70% for the three years ending 31 December 2026 according to the Statistics) of number of USA accumulated joint replacement surgical robots installation to number of accumulated global joint replacement surgical robots installation as at 31 December 2022, excluding market(s) in which the Group plans to commercialize and distribute such products by its own coverage.

Pursuant to the 2024 Sales Framework Agreement, the Group agreed to sell and the MicroPort Group agreed to purchase the Products, for the purposes of the commercialization and distribution of the Products in targeted markets. The estimated global market share of SkyWalker was determined based on (a) the global market share of the MicroPort Group's orthopedics business as at 31 December 2022 and the assumption that such market share will remain stable for the three years ending 31 December 2026; and (b) the assumption that the market share of SkyWalker will be able to gradually expand by leveraging sales channels (including the strong clinical medical resources of the MicroPort Group). For our due diligence purpose, we obtained the global market share of the MicroPort Group's orthopedics business as at 31 December 2022 (being approximately 1.1%, calculated by MicroPort Group's joint replacement devices business for FY2022 over joint replacement sales for FY2022 contained in THE ORTHOPAEDIC INDUSTRY ANNUAL REPORT[®] published by ORTHOWORLD[®] Inc (founded in 1992, whose singular mission is to help orthopaedic companies and individuals improve their performance)) and noted that the maximum estimated global market share of SkyWalker was at the same level to the global market share of the MicroPort Group's joint replacement device business as at 31 December 2022.

Based on the above, we are of the view that the estimated numbers of accumulated SkyWalker global installation for the three years ending 31 December 2026 are justifiable. The estimated numbers of new SkyWalker global installation for the three years ending 31 December 2026 were then calculated from the accumulated numbers for the same period. Therefore, we are of the view that the estimated number of new SkyWalker global installation for the three years ending 31 December 2026 are justifiable.

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- In respect of the estimated selling price of SkyWalker offered by the Group to the MicroPort Group, the Directors made reference to (a) market prices of the similar products sold to end customers in relevant target markets (according to the Statistics, market price range of similar products sold to end customers in the relevant target market(s) does not exceed (approximately) US\$2.0 million per unit); and (b) market commission rate for dealers of selling similar products in relevant target markets.

We noted that the above bases for determination of estimated selling price of SkyWalker were in compliance with the pricing policy contemplated under the 2024 Sales Framework Agreement, according to the Statistics.

In respect of the surgical robot equipment (being similar products of SkyWalker), we noted that the estimated market price represented approximately the mid-point of market price range of similar products sold to end customers in relevant major target market(s) after taking into account market commission rate for dealers in 2022 to 2023 as indicated in the latest industry report issued by Frost & Sullivan. *(Note: For the avoidance of doubt, the above assumptions are used for the determination of the annual caps under the 2024 Sales Framework Agreement only based on the latest industry report issued by Frost & Sullivan, which are not an indication of the actual prices to be charged for the Products or the market demand of the Products. The actual prices of the Products will be determined based on the prevailing market conditions exist at the time of the sales, details of which are discussed in the section headed “Internal Control Measures” of the Board Letter.)*

In addition, we also noted that the market commission rate adopted for the purpose of calculation of the estimated selling price of SkyWalker fell within the range of market commission rate range as provided by Frost & Sullivan for 2022 to 2023.

Based on the above, we are of the view that the estimated selling price of SkyWalker for the three years ending 31 December 2026, which are determined in compliance with the pricing policy contemplated under the 2024 Sales Framework Agreement, are justifiable.

Based on the above factors, we are of the view that the estimated sales amounts of SkyWalker of approximately RMB59 million, RMB73 million and RMB98 million for the three years ending 31 December 2026 respectively, which were calculated by multiplying (i) estimated number of new SkyWalker global installation; by (ii) estimated selling price of SkyWalker offered by the Group to the MicroPort Group, are fair and reasonable.

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- **Estimated sales amounts of supporting accessories and consumables to SkyWalker (i.e. approximately RMB25 million, RMB43 million and RMB67 million for the three years ending 31 December 2026 respectively):** According to the Proposed Sales Caps calculation, the estimated sales amounts of supporting accessories and consumables to SkyWalker were calculated based on (i) the estimated sales number of supporting accessories and consumables to SkyWalker; and (ii) estimated selling price.
- In respect of the estimated sales number of supporting accessories and consumables to SkyWalker, the Directors made reference to (a) the estimated number of supporting accessories and consumables required for each SkyWalker per annum; and (b) estimated accumulated number of SkyWalker global installation.

The Directors assumed that one set of supporting accessories and consumables to SkyWalker will be consumed for each joint replacement surgery (by using SkyWalker) (note: we noted that the assumption is in line with the general consumption figures according to the Statistics). Therefore, the Directors also made reference to number of robot-assisted joint replacement surgery during the process for the estimated number of surgical robot equipment supporting accessories and consumables. The estimated number of joint replacement equipment supporting accessories and consumables required for each joint replacement surgery per annum was calculated by dividing the estimated number of robot-assisted joint replacement surgery in USA market (i.e. approximately 283,000, 326,000 and 377,000 for the three years ending 31 December 2026) by the accumulated installation of joint replacement surgical robot in USA market (i.e. 2,651, 3,056 and 3,485 for the three years ending 31 December 2026), based on the Statistics.

Based on the above and the estimated numbers of accumulated SkyWalker global installation for the three years ending 31 December 2026 as analysed above, we are of the view that the estimated sales number of surgical robot equipment supporting accessories and consumables for the three years ending 31 December 2026 are justifiable.

- In respect of the estimated selling price of surgical robot equipment supporting accessories and consumables, the Directors made reference to market prices of the surgical robot equipment supporting accessories and consumables in USA market. As the USA market of the joint replacement surgical robots is the largest market for the joint replacement surgical robots, we are of the view that it is acceptable to determine the estimated selling price of supporting accessories and consumable to SkyWalker

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with reference to such selling price in USA market for the purpose of determination of Proposed Sales Caps. Upon our request, we obtained market prices range of the surgical robot equipment supporting accessories and consumables in USA market for 2022 to 2023, according to the Statistics. We noted that the estimated selling price of the surgical robot equipment supporting accessories and consumables (which was adopted for the purpose of the Proposed Sales Caps calculation) represented approximately the midpoint of the range of market prices of the surgical robot equipment supporting accessories and consumables in USA market for 2022 to 2023. Therefore, we are of the view that the estimated selling price of supporting accessories and consumables to SkyWalker (which was adopted for the purpose of the Proposed Sales Caps calculation) for the three years ending 31 December 2026 are justifiable.

Based on the above factors, we are of the view that the estimated sales amounts of supporting accessories and consumables to SkyWalker of approximately RMB25 million, RMB43 million and RMB67 million for the three years ending 31 December 2026 respectively, which were calculated by multiplying (i) estimated sales number; by (ii) estimated selling price, of supporting accessories and consumables to SkyWalker are fair and reasonable.

(II) *Toumai and its related supporting accessories and consumables*

FY2024

- **Estimated sales amount of Toumai for FY2024 (i.e. RMB77 million):** According to the Proposed Sales Caps calculation, the estimated sales amount of Toumai was calculated based on (i) estimated number of Toumai global installation (excluding direct sales of Toumai by the Group to Independent Third Party dealers or end-users); and (ii) estimated selling price of Toumai to be offered by the Group to the MicroPort Group.
- In respect of the estimated number of Toumai global installation for FY2024, the Directors made reference to the indicated number of Toumai to be purchased by the MicroPort Group.

For our due diligence purpose, we obtained documents showing the MicroPort Group's overseas clients/customers' indication on number of Toumai to be purchased in FY2024 and noted that such indicated number of Toumai represented the total estimated number of Toumai global installation for FY2024. Therefore, we consider the estimated number of global installation of Toumai for FY2024 to be justifiable.

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- To assess the fairness of the estimated selling price of Toumai, we obtained (a) market prices of similar products sold to end customers in relevant target market in 2022 to 2023; and (b) market commission rate for dealers of selling similar products in the relevant target market in 2022 to 2023, according to the Statistics. We noted that the estimated selling price of Toumai was close to the mid-point of market prices of similar products sold to end customers in relevant target market after taking into account market commission rate for dealers in FY2022 (according to the Statistics, market price range of similar products sold to end customers in the relevant target market(s) does not exceed (approximately) US\$2.5 million per unit).

Based on the above, we are of the view that the estimated selling price of Toumai for FY2024 is justifiable.

Based on the above factors, we are of the view that the estimated sales amount of Toumai of approximately RMB77 million for FY2024, which was calculated by multiplying (i) estimated number of new Toumai global installation; by (ii) estimated selling price of Toumai offered by the Group to the MicroPort Group, is fair and reasonable.

- **Estimated sales amounts of supporting accessories and consumables to Toumai (i.e. approximately RMB48 million) for FY2024:** According to the Proposed Sales Caps calculation, the estimated sales amounts of supporting accessories and consumables to Toumai were calculated based on (i) estimated number of supporting accessories and consumables to Toumai; and (ii) estimated selling price of supporting accessories and consumables to Toumai.
- In respect of the estimated number of supporting accessories and consumables to Toumai, the Directors made reference to (a) the estimated number of robot-assisted laparoscopic surgery that each equipment is able to handle per annum (306 cases for FY2024 based on the Statistics); and (b) the accumulated number of Toumai global installation.
- In respect of the estimated selling price of supporting accessories and consumables to Toumai, the Directors made reference to the average annual consumption (per surgery) of supporting accessories and consumables to laparoscopic surgical equipment, calculating by the USA market size of supporting accessories and consumables to laparoscopic surgical equipment (i.e. approximately RMB19,735 million) and number of laparoscopic surgical robot-assisted surgery in the USA market for FY2024 (i.e. approximately 1.4 million) (both of which were based on the Statistics).

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Based on the above factors, we are of the view that the estimated sales amounts of supporting accessories and consumables to Toumai of approximately RMB48 million for FY2024 is fair and reasonable.

FY2025 & FY2026

The estimated sales amounts of Toumai and its related supporting accessories and consumables (i) for FY2025 represented an increase of approximately 161% as compared to that for FY2024; and (ii) for FY2026 represented an increase of approximately 100% as compared to that for FY2025.

As advised by the Directors, they determined the aforesaid increases by making reference to sales revenue of a leading company (being a company listed on National Association of Securities Dealers Automatic Quotation System (Nasdaq)) in the field of laparoscopic surgical robot (according to public information, the company produces, and markets a robotic system for assisting minimally invasive surgery. It also provides the instrumentation, disposable accessories, and warranty services for the system.) for the second and third years immediately after the launch of its product in market (Note: Sales revenue was approximately US\$10.192 million for the first year, approximately US\$26.624 million for the second year; US\$51.673 million for the third year. The comparable product and its related instruments and accessories and service had accounted for all of the leading company's sales for the first and second year to which we made reference; and the increase in revenue of the leading company was mainly due to an increase of 75% in the number of comparable product sold in the third year as compared to that in the second year, according to previous annual reports of the leading company). As advised by the Directors, the product sold by the leading company is comparable to Toumai as both the product and Toumai are laparoscopic surgical robots with overlapping indications.

Based on the information provided by the Company and according to the annual reports of the aforesaid company, the aforesaid increases in estimated sales amounts of Toumai were in line with the increases in sales revenue of such leading company in the field of laparoscopic surgical robot for the second and third years immediately after the launch of its product in market according to its annual reports. As advised by the Directors, the applications of Toumai included the applications of the comparable product when it first launched in the market. Therefore, we consider the increases in sales revenue of such leading company in the field of laparoscopic surgical robot for the second and third years immediately after the launch of its product in market is a fair and representative reference.

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Furthermore, as disclosed in the interim report of 2023 of the Company, Toumai achieved 4 commercial installations in 1H2023, after its first commercialised installation in FY2022, representing a significant increase of three times.

Based on the above, we are of the view that the increases in estimated sales amounts of Toumai and its related supporting accessories and consumables for FY2025 and FY2026 are justifiable. Accordingly, we are of the view that the estimated sales amounts of supporting accessories and consumables to Toumai for FY2025 and FY2026 are fair and reasonable.

- **Buffer:** We noted from a buffer of 10% was adopted under the Proposed Sales Caps calculation. Having considered that (i) unexpected circumstances may take place during the three years ending 31 December 2026; (ii) the possible sale of the other Products pursuant to 2024 Sales Framework Agreement, e.g. the DFVision and other equipment to be launched by the Group from time to time and maintenance services fee for the Products; 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 not uncommon among companies listed on the Stock Exchange, we consider that the buffer to be acceptable.

In light of the above factors (after rounding), we consider that the Proposed Sales Caps for the three years ending 31 December 2026 are fair and reasonable.

Shareholders should note that as the Proposed Sales Caps for the three years ending 31 December 2026 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 2026, and they do not represent forecasts of revenue/income to be generated from the Sales Transactions. Consequently, we express no opinion as to how closely the actual revenue/income to be generated from the Sales Transactions will correspond with the Proposed Sales Caps.

Having considered the above, including the principal terms of the Sales Transactions and the Proposed Sales Caps for the three years ending 31 December 2026, we are of the view that the terms of the Sales Transactions are fair and reasonable.

B. 2024 Master Products Procurement Agreement

Major terms of the Products Transactions are summarized, details of which are set out under the section headed "2024 Master Products Procurement Agreement" of the Board Letter:

Date

6 December 2023

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Parties

- (i) MicroPort; and
- (ii) the Company.

Term

The term of the 2024 Master Products Procurement Agreement commences upon the obtaining the Independent Shareholders' approval at the EGM or from 1 January 2024 (whichever is the later) to 31 December 2026 (both days inclusive).

Scope

The Group agreed to procure from or procure through the MicroPort Group certain materials and products mainly for use in its R&D, production and operation.

Pricing and other terms

Given each of the products to be procured under the 2024 Master Products Procurement Agreement is readily available from third-party suppliers at a comparable price, the prices for the procurement of the products will be determined after arm's length negotiations with reference to the prevailing market price of the materials and products of the similar specification, as well as the quality, volume, method of procurement, cost of procurement to MicroPort Group (in respect of products procured on the Group's behalf), and the fees charged for historical transactions of similar materials and products.

The parties to the 2024 Master Products Procurement Agreement have agreed as follows:

- (i) the parties shall enter into specific agreements which will set out the necessary terms and conditions for the relevant transactions contemplated under the 2024 Master Products Procurement Agreement in the ordinary course of business after arm's length negotiations on normal commercial terms; and
- (ii) such specific agreements shall conform with the principles and provisions set out in the 2024 Master Products Procurement Agreement.

Based on our independent research on continuing connected transactions conducted by other companies which were listed on the Stock Exchange involving the purchase of materials/products/services from their connected persons, we noted that the comparing purchase prices from independent third parties for same/similar products/services was one of the commonly adopted pricing policies adopted in the continuing connected transactions. The pricing principles under the 2024 Master Products Procurement Agreement are in line with the commonly adopted pricing policies adopted for continuing connected transactions.

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Proposed annual caps

The table below demonstrates (i) the historical amounts of Products Transactions for the two years ended 31 December 2022 and nine months ended 30 September 2023 with the existing annual caps; and (ii) proposed annual caps for the three years ending 31 December 2026 (the “**Proposed Products Cap(s)**”):

	For the year ended 31 December 2021	For the year ended 31 December 2022	For the year ending 31 December 2023
	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>
Historical amounts of Products Transactions	8.6	2.1	1.03 <i>(Note)</i>
Existing annual caps	10.8	9.5	8.1
Utilization rates (%)	79.6	22.1	Undetermined
	For the year ending 31 December 2024	For the year ending 31 December 2025	For the year ending 31 December 2026
	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>
Proposed Products Caps	9.5	16.0	18.0

Note: the figure was for the nine months ended 30 September 2023.

The Proposed Products Caps for the three years ending 31 December 2026 were determined based on the factors as set out in the sub-section headed “Annual caps” under section headed “2024 Master Products Procurement Agreement” of the Board Letter.

To assess the fairness and reasonableness of the Proposed Products Caps for the three years ending 31 December 2026, we conducted the following works and analyses:

Upon our request, the Company provided us the Proposed Products Caps calculation based on (i) the estimated purchase amounts of three different products (i.e. total knee system (the “**Product A**”), total hip system (the “**Product B**” and unicondylar knee system (the “**Product C**”)) for the three years ending 31 December 2026; and (ii) buffer of 10%.

Based on our discussion with the Directors, Product A and Product B will be applied on the Group’s joint arthroplast surgical robot for two different types of surgeries for clinical validation and/or commercialization purposes for the three years ending 31 December 2026; and Product C will be applied on the Group’s surgical robot for another type of surgery, for R&D, and registrational clinical trial for FY2024 and for clinical validation and/or commercialization purposes for FY2025 and FY2026. All Product A, Product B and Product C are medical implants for orthopedic surgeries.

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Purchase volume of Product A (600 units) and Product B (600 units) for FY2024 was estimated based on (i) annualising number of one surgery (i.e. 600 cases per annum) that the Group's joint arthroplast surgical robot assisted based on the clinical validation surgeries accomplished by SkyWalker in the orthopedics, joint surgery and sports medicine departments for the nine months ended 31 October 2023 with average monthly surgeries of approximately 48 cases (note: number of such surgery in January 2023 was not considered as the aforesaid number was an outlier to the number of such surgery from January 2023 to October 2023); and (ii) number of surgery types. The Directors further adopted increases of 120 cases surgery per annum on estimated purchase volume of Product A&B for FY2025 (i.e. 720 cases per annum) and FY2026 (i.e. 840 cases per annum) as compared to those for previous years. We noted that the Group recorded average increases in number of clinical validation surgeries accomplished by SkyWalker of 12 cases per month from 1 January 2020 to October 2023. Therefore, we consider the aforesaid estimated increases in FY2025 and FY2026 to be justifiable.

Purchase volume of Product C for FY2024 was estimated with reference to number of surgery which the Group's surgical robot will be able to assist for FY2024, for R&D and clinical registration purposes. Such number was in line with the number of clinical trial cases required to be completed for the application for registrational clinical trial for the Group's joint surgical robot. The Directors assume that such surgical robot will be launched by the end of 2024. Purchase volume of Product C for FY2025 and FY2026 (which were the same for the aforesaid two years) was estimated based on annualizing number of one surgery that the Group's surgical robot assisted for FY2024 as analysed above, for clinical validation and/or commercialization purposes upon the obtaining of NMPA approval of such surgical robot.

Based on the above, we are of the view that estimated purchase volume of Product A, Product B and Product C for the three years ending 31 December 2026 are fair and reasonable.

The Directors advised us that they estimated purchase prices of (i) Product A and Product B with reference to the prices offered by the MicroPort Group for similar products to Product A and Product B in centralized-procurement in 2021; and (ii) Product C with reference to the maximum settlement price standard (最高支付標準) of as announced by 天津市醫療保障局 (The Tianjin Municipal Medical Security Bureau*) in 2022, both of (i) and (ii) are the latest available public information to the Company. Upon our further request and based on the information provided by the Company, we noted that (i) estimated purchase prices for Product A and Product B were close to the prices offered by the MicroPort Group for similar products to Product A and Product B in centralized-procurement; and (ii) estimated purchase price for Product C was lower than the prices offered by the maximum settlement price standard. Therefore, we are of the view that the estimated purchase prices of Product A, Product B and Product C are justifiable.

Based on the above, we are of the view that the estimated purchase amounts of three different products (i.e. Product A, Product B and Product C) for the three years ending 31 December 2026 are fair and reasonable.

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As mentioned above, a buffer of 10% was adopted under the Proposed Products Caps calculation. Having considered (i) that unexpected circumstances may take place during the three years ending 31 December 2026; and (ii) 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 not uncommon among companies listed on the Stock Exchange, we consider the buffer to be acceptable.

In light of the above factors, we consider that the Proposed Products Caps for the three years ending 31 December 2026 are fair and reasonable.

Shareholders should note that as the Proposed Products Caps for the three years ending 31 December 2026 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 2026, and they do not represent forecasts of costs to be incurred from the Products Transactions. Consequently, we express no opinion as to how closely the actual costs to be incurred from the Products Transactions will correspond with the Proposed Products Caps.

Having considered the above, including the principal terms of the Products Transactions and the Proposed Products Caps for the three years ending 31 December 2026, we are of the view that the terms of the Products Transactions are fair and reasonable.

C. 2024 Master Services Procurement Agreement

Major terms of the Services Transactions are summarized below, details of which are set out under the section headed "2024 Master Services Procurement Agreement" of the Board Letter:

Date

6 December 2023

Parties

- (i) MicroPort; and
- (ii) the Company.

Term

The term of the 2024 Master Services Procurement Agreement commences upon the obtaining the Independent Shareholders' approval at the EGM or from 1 January 2024 (whichever is the later) to 31 December 2026 (both days inclusive).

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Scope

The MicroPort Group agreed to provide and the Group agreed to procure certain services, including but not limited to cleaning and packaging services, sterilization services, product testing services, animal test services and administrative support services and marketing activity support and commercial promotion services.

Pricing and other terms

The fees for the procurement of services will be determined after arm's length negotiations with reference to (i) the procurement volume of each type of service; (ii) the prevailing market rate of similar services (having taken into account the nature, complexity and scope of services, the method of delivery and the anticipated operational costs including but not limited to labor costs, administrative costs and costs of materials used for providing the services); and (iii) the fees charged for historical transactions of similar services.

The parties to the 2024 Master Services Procurement Agreement have agreed as follows:

- (i) the parties shall enter into specific agreements which will set out the necessary terms and conditions for the relevant transactions contemplated under the 2024 Master Services Procurement Agreement in the ordinary course of business after arm's length negotiations on normal commercial terms; and
- (ii) such specific agreements shall conform with the principles and provisions set out in the 2024 Master Services Procurement Agreement.

Based on our independent research on continuing connected transactions conducted by other companies which were listed on the Stock Exchange involving the purchase of materials/products/services from their connected persons, we noted that the comparing purchase prices from independent third parties for same/similar products/services was one of the commonly adopted pricing policies adopted in the continuing connected transactions. The pricing principles under the 2024 Master Services Procurement Agreement are in line with the commonly adopted pricing policies adopted for continuing connected transactions.

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Proposed annual caps

The table below demonstrates (i) the historical amounts of Services Transactions for the two years ended 31 December 2022 and nine months ended 30 September 2023 with the existing annual caps; and (ii) proposed annual caps for the three years ending 31 December 2026 (the “**Proposed Services Cap(s)**”):

	For the year ended 31 December 2021	For the year ended 31 December 2022	For the year ending 31 December 2023
	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>
Historical amounts of Services Transactions	6.8	12.4	9.8 <i>(Note)</i>
Existing annual caps	11.1	27.2	24.9
Utilization rates (%)	61.3	45.6	Undetermined
	For the year ending 31 December 2024	For the year ending 31 December 2025	For the year ending 31 December 2026
	<i>RMB'million</i>	<i>RMB'million</i>	<i>RMB'million</i>
Proposed Services Caps	40.0	51.0	47.0

Note: The figure was for the nine months ended 30 September 2023.

The Proposed Services Caps for the three years ending 31 December 2026 were determined based on the factors as set out in the sub-section headed “Annual caps” under section headed “2024 Master Services Procurement Agreement” of the Board Letter.

To assess the fairness and reasonableness of the Proposed Services Caps for the three years ending 31 December 2026, we conducted the following works and analyses:

Upon our request, the Company provided us the Services Caps calculation which is based on (i) the Group’s estimated demand of different services for the three years ending 31 December 2026; and (ii) buffer of 10%.

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In respect of the estimated demand of different services, we understood that the estimated demand of two different services (i.e. experimental testing related service (“**Service A**”) and cleaning, packaging and sterilization service (“**Service B**”)) accounted for over 90% of the estimated demand of different services for the three years ending 31 December 2026, with details below:

- **Service A (being an experimental testing such as product testing services, animal surgeries and testing services, etc.. The aforesaid tests are to ensure the quality, safety, and efficacy of the products, consumables and accessories are in compliance with relevant regulatory requirements):** The Group’s demand of Service A for FY2024 was estimated with reference to (i) demand of Service A from all suppliers for 1H2023; and (ii) estimated proportion of the Group’s demand of Service A from the MicroPort Group to that from all suppliers.

Based on the historical figures for the two years ended 31 December 2022 and 1H2023, we noted that the Group’s estimated demand of Service A from all suppliers for FY2023 represented (i) the annualised demand of Service A from all suppliers for 1H2023 (i.e. approximately RMB10.7 million for 1H2023 (unaudited)); and (ii) an increase of approximately 31% as compared to historical amount of FY2022. The Company adopted a 30% increase on the Group’s estimated demand of Service A from all suppliers for FY2024 as compared to that for FY2023. Accordingly, we are of the view that the estimated demand of Service A from all suppliers for FY2024 to be justifiable.

Furthermore, we noted that the implied proportion of estimated demand of Service A from the MicroPort Group to estimated demand of Service A from all suppliers was close to the proportion for FY2022 and 1H2023. Accordingly, we consider the estimated demand of Service A from the MicroPort Group for FY2024 is fair and reasonable.

As the estimated demand of Service A from the MicroPort Group for FY2025 and FY2026 represented an increase of 30% as compared to those for FY2024 and FY2025 respectively, which is close to the implied increase of approximately 31% for the estimated demand of Service A from all suppliers for FY2023 as compared to historical amount for FY2022, we are of the view that the estimated demand of Service A from the MicroPort Group for FY2025 and FY2026 are fair and reasonable.

- **Service B (being cleaning, packaging and sterilization services for the production of the Groups production of products, consumables and accessories):** The Group’s demand of Service B for FY2024 was estimated with reference to (i) quantity of services that the Group requires; and (ii) estimated services fees for each type of services.

As Service B is for packaging and sterilization of the Products, the estimated quantity of services that the Group requires is based on number of the Products (SkyWalker and Toumai were considered for Proposed Services Cap’s purpose only) that require Service

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B. Such number was further determined with reference to the estimated number of supporting accessories and consumables to the Products for PRC market and overseas market.

As mentioned above, the Directors assumed that one set of supporting accessories and consumables to SkyWalker will be consumed for each joint replacement surgery (by using SkyWalker). Based on our further discussion with the Directors, by using Toumai, surgeons may use different surgical instruments such as scissors, forceps, scalpels to conduct robot-assisted laparoscopic surgeries, these instruments are customized to be used with Toumai, and are designed to expire after their recommended useful lives. For the purpose of calculating the volume of supporting accessories and consumables of Toumai, it is assumed an average four instruments of supporting accessories and consumables to Toumai will be consumed for each 10 surgeries (by using Toumai), which is in line with the general consumption figures according to the Statistics.

For the estimated number of supporting accessories and consumables to the Products for both PRC and overseas market, the Directors made reference to (i) the estimated number of robot-assisted laparoscopic surgery and robot-assisted joint replacement surgery that each relevant equipment is able to handle per annum; and the accumulated number of Toumai and SkyWalker installation in PRC market and overseas market. The aforesaid figures were based on the Statistics. Consumption quantity of such supporting accessories and consumables for each surgery was further considered.

As advised by the Directors, the Group has completed the constructions of its own processing facilities in 2023, which is able to conduct cleaning, packaging and sterilization services for the Group's manufacture of products, consumables and accessories (i.e. Service B). The Directors expected that the Group will gradually conduct the aforesaid by such facilities upon the scaled production of the Group's products. As such, we concur with the Directors that it is reasonable to set a gradual decrease amounts for estimated amounts of Service B for FY2025 and FY2026.

Based on the above, we are of the view that the quantities of services which the Group is required for the three years ending 31 December 2026 are fair and reasonable.

In respect of the estimated selling prices for each types of services under the Service B, we obtained historical cost of each types of services under Service B offered. We noted that the estimated services fees for each types of services is close to (with difference of less than 5%) historical cost of each types of services under Service B.

Based on the above, we are of the view that the estimated demand of different services for the three years ending 31 December 2026 are fair and reasonable.

As mentioned above, a buffer of 10% was adopted under the Proposed Services Caps Calculation. Having considered (i) that unexpected circumstances may take place during the three years ending 31 December 2026; and (ii) we noted from other Hong Kong listed companies'

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circulars regarding continuing connected transactions that the incorporation of buffer of 10% in proposed annual caps are not uncommon among companies listed on the Stock Exchange, we consider that the buffer to be acceptable.

In light of the above factors, we consider that the Proposed Services Caps for the three years ending 31 December 2026 are fair and reasonable.

Shareholders should note that as the Proposed Services Caps for the three years ending 31 December 2026 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 2026, and they do not represent forecasts of costs to be incurred from the Services Transactions. Consequently, we express no opinion as to how closely the actual costs to be incurred from the Services Transactions will correspond with the Proposed Services Caps for the three years ending 31 December 2026.

Having considered the above, including the principal terms of the Services Transactions and the Proposed Services Caps for the three years ending 31 December 2026, we are of the view that the terms of the Services Transactions are fair and reasonable.

Internal control measures

With reference to the Board Letter, the pricing policies for all continuing connected transactions of the Group will be supervised and monitored by relevant personnel and management of the Group in charge to ensure relevant continuing connected transaction is conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its Shareholders as a whole.

Details of the Group's internal control measures are set out in the section headed "Internal Control Measures" of the Board Letter (the "**IC Measures**"). Having considered the following factors, including

- in respect of the Sales Transactions, (i) there will be an independent industry consultant engaged by the Company to conduct market search to ascertain the market prices range for the similar products sold to end customers in relevant target markets and range of market commission rate for the dealers selling similar products in such target market and issue an industry report; (ii) the industry report will be updated upon renewal of the 2024 Sales Framework Agreement or upon such shorter period as the parties deem necessary; (iii) there will be review and approval procedures before signing any specific agreement for the sales of the Products; and (iv) there will be various departments involving in the IC Measures, we are of the view that effective implementation of the IC Measures would help to ensure fair pricing of the Sales Transactions.
- in respect of the Products Transactions and Services Transactions, as there will be quotations collection procedures under the IC Measures, we are of the view that the effective implementation of the IC Measures would help to ensure fair pricing of the Products Transactions and Services Transactions.

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To assess the effectiveness of the implementation of the IC Measures, we performed the following works:

- We discussed with the Group's senior management and staff of (i) board affairs department; (ii) finance department; and (iii) business team, all of which will be involved in the IC Measures for fair pricing and annual cap monitoring, to check whether they were aware of and would comply with the IC Measures. The relevant staffs acknowledged their awareness of the IC Measures and would comply with relevant procedures when conducting the Transactions.
- We obtained the IC Measures document from the Company. After reviewing the IC Measures document, we acknowledged that it contained all IC Measures as disclosed in the Board Letter.
- We obtained supporting document from the Company, showing that the board affairs department of the Company provided the IC Measures document to all relevant departments and required such departments to strictly follow the IC Measures as contained in the document.
- As per our further request, the Company provided us all invoices of sale of SkyWalker with invoice dates in 2023 and market search issued by Frost & Sullivan in December 2022 for market prices range and market commission rate range. We noted that the selling price as shown in the invoices fell within the range of implied selling price (i.e. market prices of similar products excluding commission).

Based on the above, we do not doubt the effectiveness of the implementation of the IC Measures.

Furthermore, we obtained from the Company approximately 40 copies purchase records/quotations in total entered into between (i) the Group and members of MicroPort Group; and (ii) the Group and independent third parties from October 2021 (the date of existing framework agreements in respect of the existing Products Transactions and Services Transactions) to 6 December 2023, in respect of the existing Products Transactions and Services Transactions.

We consider that the numbers of purchase records as mentioned above are sufficient for us to form our view on the effectiveness of implementation of the internal control mechanism because the purchase records covered information for the abovementioned period. We also consider the sample records are fair and representative. According to the aforesaid information, the prices offered by MicroPort Group for similar products/services were no less favourable to the Group than those available from independent third parties.

Listing Rules implication

The Directors 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 Transactions must be restricted by the proposed annual caps; (ii) the terms of the Transactions (together with the

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proposed annual 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 Transactions (together with the corresponding the proposed annual 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 Transactions (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the listed issuer's group if the transactions involve the provision of goods or services by the listed issuer's group; (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iv) have exceeded the proposed annual caps.

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

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 Transactions 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 Transactions (including the proposed annual caps) are on normal commercial terms and are fair and reasonable; and (ii) the Transactions are conducted 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, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Transactions (including the proposed annual caps) and we recommend the Independent Shareholders to vote in favour of the resolutions 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.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS

Directors', Supervisors' and Chief Executive's Interests

As at the Latest Practicable Date, the interests and short positions of the Directors, Supervisors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code are set out below:

(I) *Interests and Short Position of the Directors, Supervisors and Chief Executive of the Company in the Shares and Underlying Shares of the Company and its Associated Corporations*

Interests in the Company

Name	Class of Shares	No. of Shares	Notes	Capacity	Nature of interest	Approximate Percentage of interest in the relevant class of Shares
Dr. He Chao	H Shares	617,023,912	1,2,3	Interest in a controlled corporation	Long position	64.81%
Mr. Yuan Shuai	H Shares	552,118,874	2,3,4	Interest in a controlled corporation	Long position	58.00%

Notes:

- (1) Dr. He Chao was the general partner of Shanghai Qingmin. Shanghai Qingmin held 96,013,252 Shares as at the Latest Practicable Date. By virtue of the SFO, Dr. He Chao was deemed to be interested in the Shares held by Shanghai Qingmin.

- (2) Dr. He Chao held approximately 43.12% interest in Shanghai Qinghe as its limited partner. Mr. Yuan Shuai was the general partner of Shanghai Qinghe. Shanghai Qinghe held 20,279,653 Shares as at the Latest Practicable Date. By virtue of the SFO, each of Dr. He Chao and Mr. Yuan Shuai was deemed to be interested in the Shares held by Shanghai Qinghe.
- (3) Dr. He Chao held approximately 54.05% interest in Shanghai Qingzhen as its limited partner. Mr. Yuan Shuai was the general partner of Shanghai Qingzhen. Shanghai Latent and Shanghai Qingzhen are parties acting-in-concert pursuant to a concert party agreement. Shanghai Qingzhen held 16,963,831 Shares as at the Latest Practicable Date. Shanghai Latent held 483,767,176 Shares as at the Latest Practicable Date. By virtue of the SFO, each of Dr. He Chao and Mr. Yuan Shuai was deemed to be interested in the Shares held by Shanghai Qingzhen.
- (4) Mr. Yuan Shuai was the general partner of Shanghai Songqing. Shanghai Songqing held approximately 35.82% interest in Shanghai Qingxing, which held 31,108,214 Shares. By virtue of the SFO, Mr. Yuan Shuai was deemed to be interested in the Shares held by Shanghai Qingxing.

Interest in associated corporations of the Company

Name	Name of associated corporation	No. of Shares	Notes	Capacity	Nature of interest	Approximate percentage of interest in the associated corporation
Dr. He Chao	MicroPort	160,757	1	Beneficial owner	Long position	0.01%
Mr. Sun Hongbin	MicroPort	9,432,321	2	Beneficial owner	Long position	0.51%
	CardioFlow	1,043,935	3	Beneficial owner	Long position	0.04%
Dr. Zhang Jie	MicroPort	492,395	4	Beneficial owner	Long position	0.03%
	CardioFlow	200,000	5	Beneficial owner	Long position	0.01%
	MicroPort Vision Power	14,000,000	6	Interest in a controlled corporation	Long position	13.08%
Ms. Zhang Lihong	MicroPort	695,540	7	Beneficial owner	Long position	0.04%
	CardioFlow	262,262	8	Beneficial owner	Long position	0.01%

Notes:

- (1) Dr. He Chao was interested in 160,757 underlying shares of MicroPort by virtue of the options granted to him under a share option scheme of MicroPort.
- (2) Mr. Sun Hongbin was interested in (i) 7,840,968 shares; and (ii) 1,591,353 underlying shares of MicroPort.
- (3) Mr. Sun Hongbin was interested in (i) 593,935 shares; and (ii) 450,000 underlying shares of CardioFlow.
- (4) Dr. Zhang Jie was interested in (i) 113,738 shares; and (ii) 378,657 underlying shares of MicroPort.
- (5) Dr. Zhang Jie was interested in 200,000 underlying shares of CardioFlow.
- (6) Dr. Zhang Jie was the general partner of Shanghai Maitian and Shanghai Lantian. Shanghai Maitian and Shanghai Lantian held in aggregate 13.08% interest in MicroPort Vision Power, an indirect non-wholly owned subsidiary of MicroPort. By virtue of the SFO, Dr. Zhang Jie was deemed to be interested in the interest which Shanghai Maitian and Shanghai Lantian held.

- (7) Ms. Zhang Lihong was interested in (i) 132,332 shares; and (ii) 563,208 underlying shares of MicroPort.
- (8) Ms. Zhang Lihong was interested in (i) 62,262 shares; and (ii) 200,000 underlying shares of CardioFlow.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, Supervisors and chief executive of the Company had interests or short positions in the shares, underlying shares and debentures of the Company's associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed, none of the Directors is a director or employee of a company which has an interest in the Shares and underlying Shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. COMPETING BUSINESS

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors nor their respective close associates had any direct or indirect interests in any business that constitutes or may constitute a competing business of the Company.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, no Director had entered into any service contract or letter of appointment with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

5. DIRECTORS' INTEREST IN ASSETS/CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date:

- (a) none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2022 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed of by, or leased to any member of the Group, or are proposed to be acquired, disposed of by, or leased to any member of the Group;
- (b) none of the Directors was materially interested, directly or indirectly, in any contract or arrangement subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group; and

- (c) save for Mr. Sun Hongbin, none of the other Directors is also an employee or director of any substantial shareholder of the Company.

6. QUALIFICATION OF EXPERTS AND CONSENT

The qualification of the experts who have given opinions or advices in this circular is as follow:

Name	Qualification
Gram Capital Limited	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
Frost & Sullivan	Industry consultant

As at the Latest Practicable Date, each of the experts mentioned above (i) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter or opinion and the references to its names included herein in the form and context in which it is respectively included; (ii) has no direct or indirect shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of the Group; and (iii) has no direct or indirect interests in any assets which have been, since 31 December 2022 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors have confirmed that there is no material adverse change in the financial or trading position of the Company since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up.

8. DOCUMENTS ON DISPLAY

A copy of each of the following documents will be available on display online on the Stock Exchange's website and on the Company's website from the date of this circular up to and including the date of the EGM:

- (a) the written consents of Gram Capital and Frost & Sullivan, which were referred to in the section headed "Qualification of Experts and Consent" in this appendix;
- (b) the 2024 Sales Framework Agreement;
- (c) the 2024 Master Products Procurement Agreement; and
- (d) the 2024 Master Services Procurement Agreement.

NOTICE OF THE EGM

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.



Shanghai MicroPort MedBot (Group) Co., Ltd.

上海微创医疗机器人(集团)股份有限公司

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

(Stock Code: 2252)

NOTICE OF THE EXTRAORDINARY GENERAL MEETING TO BE HELD ON FRIDAY, 29 DECEMBER 2023

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the “EGM”) of Shanghai MicroPort MedBot (Group) Co., Ltd. (the “Company”) will be convened and held at 1601 Zhangdong Road, China (Shanghai) Pilot Free Trade Zone, Shanghai, PRC on Friday, 29 December 2023 at 10:00 a.m. for the following purpose:

ORDINARY RESOLUTIONS

1. **“THAT**

- (a) the 2024 sales framework agreement entered into between the Company and MicroPort Scientific Corporation dated 6 December 2023 in relation to the sale and purchase of, among others, certain surgical robot equipment and supporting accessories and consumables for surgical robot equipment (the “**2024 Sales Framework Agreement**”), a copy of which is tabled at the meeting and marked “A” and initialed by the chairman of the meeting for identification purpose, the terms thereof and the continuing connected transaction contemplated thereunder be and are hereby approved, ratified and confirmed;
- (b) the proposed annual caps set out in the 2024 Sales Framework Agreement be and is hereby approved; and
- (c) any one director of the Company be and is hereby authorized for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him to be incidental to, ancillary to or in connection with the matters contemplated in the 2024 Sales Framework Agreement.”

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2. **“THAT**

- (a) the 2024 master products procurement agreement entered into between the Company and MicroPort Scientific Corporation dated 6 December 2023 in relation to the procurement of certain materials and products mainly for use in research and development, production and operation (the **“2024 Master Products Procurement Agreement”**), a copy of which is tabled at the meeting and marked “B” and initialed by the chairman of the meeting for identification purpose, the terms thereof and the continuing connected transaction contemplated thereunder be and are hereby approved, ratified and confirmed;
- (b) the proposed annual caps set out in the 2024 Master Products Procurement Agreement be and is hereby approved; and
- (c) any one director of the Company be and is hereby authorized for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him to be incidental to, ancillary to or in connection with the matters contemplated in the 2024 Master Products Procurement Agreement.”

3. **“THAT**

- (a) the 2024 master services procurement agreement entered into between the Company and MicroPort Scientific Corporation dated 6 December 2023 in relation to the procurement of certain services, including but not limited to cleaning and packaging services, sterilization services, product testing services, animal test services, administrative support services and marketing activity support and commercial promotion services (the **“2024 Master Services Procurement Agreement”**), a copy of which is tabled at the meeting and marked “C” and initialed by the chairman of the meeting for identification purpose, the terms thereof and the continuing connected transaction contemplated thereunder be and are hereby approved, ratified and confirmed;
- (b) the proposed annual caps set out in the 2024 Master Services Procurement Agreement be and is hereby approved; and
- (c) any one director of the Company be and is hereby authorized for and on behalf of the Company to execute all such other documents, instruments and agreements and to do all such acts or things deemed by him to be incidental to, ancillary to or in connection with the matters contemplated in the 2024 Master Services Procurement Agreement.”

4. To consider and approve the appointment of Dr. He Chao as an executive director of the Company and to authorize the board of directors of the Company (the **“Board”**) to fix his remuneration.

NOTICE OF THE EGM

5. To consider and approve the appointment of Mr. Sun Hongbin as a non-executive director of the Company and to authorize the Board to fix his remuneration.
6. To consider and approve the appointment of Mr. Chen Xinxing as a non-executive director of the Company and to authorize the Board to fix his remuneration.
7. To consider and approve the appointment of Mr. Chen Chen as a non-executive Director of the Company and to authorize the Board to fix his remuneration.
8. To consider and approve the appointment of Dr. Li Minghua as an independent non-executive Director of the Company and to authorize the Board to fix his remuneration.
9. To consider and approve the appointment of Mr. Yao Haisong as an independent non-executive Director of the Company and to authorize the Board to fix his remuneration.
10. To consider and approve the appointment of Mr. Mui Wing Hong as an independent non-executive Director of the Company and to authorize the Board to fix his remuneration.
11. To consider and approve the appointment of Dr. Zhang Jie as a supervisor of the Company and to authorize the supervisory committee of the Company (the “**Supervisory Committee**”) to fix his remuneration.
12. To consider and approve the appointment of Ms. Zhang Lihong as a supervisor of the Company and to authorize the Supervisory Committee to fix her remuneration.

By order of the Board
Shanghai MicroPort MedBot (Group) Co., Ltd.
Mr. Sun Hongbin
Chairman

Shanghai, China, 12 December 2023

Notes:

1. For the purpose of determining the identity of the holders of H Shares entitled to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 22 December 2023 to Friday, 29 December 2023, both dates inclusive, during which period no transfer of H Shares will be effected. All transfers accompanied by the relevant certificates must be lodged with the Company’s share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 21 December 2023.
2. A shareholder entitled to attend and vote at the above EGM is entitled to appoint one or, if he/she/it is the holder of two or more shares, more proxies to attend and vote instead of him. A proxy need not be a shareholder of the Company.

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3. In the case of joint holders of any share, any one of such persons may vote at the EGM, either personally or by proxy, in respect of such share as if he/she/it were solely entitled thereto. However, if more than one of such joint holders be present at the EGM personally or by proxy, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined as that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
4. In order to be valid, the proxy form must be in writing under the hand of the appointor or of his attorney duly authorized in writing, or if the appointor is a corporation, either under seal, or under the hand of an officer or attorney or other person duly authorized, and must be deposited with the Hong Kong share registrar and transfer office of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H shares) or the Company's registered office in the PRC at Room 101, Area B, Building 1, 1601 Zhangdong Road, China (Shanghai) Pilot Free Trade Zone, Shanghai, PRC (for holders of domestic shares) (together with the power of attorney or other authority, if any, under which it is signed or a certified copy thereof) not less than 24 hours before the time fixed for holding of the EGM (i.e. not later than 10:00 a.m. on Thursday, 28 December 2023). The completion and delivery of the proxy form shall not preclude the shareholders from attending and voting in person at the EGM (or any adjourned meeting thereof) if they so wish and in such event, the proxy form shall be deemed to be revoked.
5. All resolutions at the EGM will be taken by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Rules Governing the Listing of the Securities on the Stock Exchange of Hong Kong Limited. The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company.
6. Shareholders attending the EGM in person or by proxy shall bear their own travelling and accommodation expenses, and shall produce their identity documents.
7. References to dates and time in this notice are to Hong Kong dates and time. The English text of this notice shall prevail over the Chinese text for the purpose of interpretation.

As at the date of this circular, the executive director of the Company is Dr. He Chao, the non-executive directors of the Company are Mr. Sun Hongbin, Mr. Sun Xin and Mr. Chen Chen, and the independent non-executive directors of the Company are Dr. Li Minghua, Mr. Yao Haisong and Mr. Mui Wing Hong.