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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

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

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**MicroPort CardioFlow Medtech Corporation**

**微创心通医疗科技有限公司**

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

**(Stock Code: 2160)**

**DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO  
THE ACQUISITION OF THE ENTIRE EQUITY INTEREST OF  
THE TARGET COMPANY  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

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



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A letter from the Board containing information on, among other things, the Acquisition is set out on pages 6 to 18 of this circular. A letter from the Independent Board Committee to the Independent Shareholders in respect of the Acquisition is set out on pages 19 to 20 of this circular. A letter of advice from Gram Capital Limited, the Independent Financial Adviser, in respect of the Acquisition to the Independent Board Committee and the Independent Shareholders is set out on pages 21 to 34 of this circular.

The EGM of MicroPort CardioFlow Medtech Corporation will be held on Friday, September 20, 2024 at 10:00 a.m. at No. 501 Niudun Road, Zhangjiang Hi-Tech Park, Pudong New District, Shanghai, China. For details, please refer to the notice of the EGM dated August 30, 2024.

August 30, 2024

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## DEFINITIONS

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

“Acquisition”	the acquisition of the entire equity interest in the Target Company as contemplated under the Equity Transfer Agreement
“associate(s)”	has the meaning as defined in the Listing Rules
“Board”	the board of directors of the Company
“Business Day(s)”	a day other than a statutory holiday or a rest day in the PRC
“China” or “PRC”	the People’s Republic of China, but for the purpose of this circular and unless otherwise indicated, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Class III medical device(s)”	the medical device(s) recognized by the China National Medical Products Administration with high risk level, the safety and effectiveness of which can be ensured through strict control and administration with special measures
“Closing”	as defined in the section headed “Letter from the Board — the Acquisition”
“Company” or “our Company”	MicroPort CardioFlow Medtech Corporation (微创心通医疗科技有限公司), a company with limited liability incorporated under the laws of the Cayman Islands on January 10, 2019
“connected person”	has the meaning as defined in the Listing Rules
“Director(s)”	the director(s) of the Company, including all executive, non-executive and independent non-executive directors

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## DEFINITIONS

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“Equity Transfer Agreement”	the equity transfer agreement dated August 22, 2024, pursuant to which MP CardioFlow, as the Purchaser, has conditionally agreed to acquire, and Shanghai MicroPort Medical, as the Vendor, has conditionally to sell, the entire equity interest in the Target Company
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company to be held on Friday, September 20, 2024 at 10:00 a.m. at No. 501 Niudun Road, Zhangjiang Hi-Tech Park, Pudong New District, Shanghai, China or any adjournment thereof. For details, please refer to the notice of the EGM dated August 30, 2024
“Global Offering”	the Hong Kong Public Offering and the International Offering as defined in the Prospectus
“Group”, “we”, “us”, or “our”	the Company and all of its subsidiaries or, where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries, the present subsidiaries of the Company and the businesses operated by such subsidiaries or their predecessors (as the case may be)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, consisting of the independent non-executive Directors, Ms. Sun Zhixiang and Dr. Ding Jiandong who are not the directors of MicroPort®, established for the purpose of advising the Independent Shareholders in relation to the Acquisition
“Independent Financial Adviser” or “Gram Capital Limited”	Gram Capital Limited, a corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the Equity Transfer Agreement and the transactions contemplated thereunder

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## DEFINITIONS

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“Independent Shareholders”	Shareholders of the Company, excluding MicroPort <sup>®</sup> and Shanghai MicroPort
“Independent Third Party(ies)”	persons who are not the connected person(s) of the Group
“LAA”	left atrial appendage
“Latest Practicable Date”	August 27, 2024, being the latest practicable date prior to this circular for the purpose of ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange, as amended or supplemented from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange. For the avoidance of doubt, the Main Board excludes the GEM
“Material Adverse Change”	refers to any event, change or circumstance that, individually or collectively, constitutes a material adverse effect on (i) the assets, business, results of operations or financial condition of the Target Company; or (ii) the ability of the Vendor to perform its obligations in accordance with the Equity Transfer Agreement
“MicroPort <sup>®</sup> ”	MicroPort Scientific Corporation (微創醫療科學有限公司), an exempted company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange (stock code: 00853)
“MicroPort <sup>®</sup> Group”	MicroPort <sup>®</sup> and its subsidiaries
“MP CardioAdvent”	Shanghai MicroPort CardioAdvent Co., Ltd, (上海佐心醫療科技有限公司), a limited liability company established in the PRC on September 10, 2019

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## DEFINITIONS

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“MP CardioFlow” or “Purchaser”	Shanghai MicroPort CardioFlow Medtech Co., Ltd. (上海微創心通醫療科技有限公司), a limited liability company established in the PRC on May 21, 2015 and a wholly-owned subsidiary of the Company
“Prospectus”	the prospectus issued by the Company on January 26, 2021
“R&D”	research and development
“Retained MicroPort <sup>®</sup> Group”	MicroPort <sup>®</sup> and its subsidiaries, excluding the Group
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Shanghai MicroPort”	Shanghai MicroPort Limited, a company incorporated in the BVI with limited liability on January 8, 2019, a wholly-owned subsidiary of MicroPort <sup>®</sup> and one of the controlling shareholders of the Company
“Shanghai MicroPort Medical” or “Vendor”	Shanghai MicroPort Medical (Group) Co., Ltd. (上海微創醫療器械(集團)有限公司), a limited liability company established in the PRC on May 15, 1998 and a wholly-owned subsidiary of MicroPort <sup>®</sup>
“Share(s)”	ordinary share(s) in the share capital of the Company of US\$0.000005 each
“Shareholder(s)”	holder(s) of the Share(s) from time to time
“sq.m.”	square meter(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning as ascribed to it under the Listing Rules

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## DEFINITIONS

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“Target Company”	Shanghai Xinyong Medical Technology Co., Ltd. (上海心永醫療科技有限公司), a limited liability company established in the PRC on June 21, 2024, whose establishment is solely for the purpose of being used as a vehicle to acquire and hold the Target Property from Shanghai MicroPort Medical
“Target Property”	the state-owned land use rights of a parcel of land with an area of 13,320 sq.m. located at 501 Niudun Road, Zhangjiang Science City, Pudong New Area, Shanghai, the PRC (中國上海市浦東新區張江科學城牛頓路501號) as well as three buildings with a gross floor area of 8,781.03 sq.m. constructed on this parcel of land (Real Estate Title Certificate No.: Hu Fang Di Pu Zi (2013) No. 010498 (滬房地浦字(2013)第010498號)) and 73 car spaces
“Valuer”	Colliers Appraisal and Advisory Services Co., Ltd., an independent valuer engaged for the Acquisition
“VAT”	the PRC value-added tax
“%”	per cent

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LETTER FROM THE BOARD

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**MicroPort CardioFlow Medtech Corporation**

**微创心通医疗科技有限公司**

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

**(Stock Code: 2160)**

***Executive Directors:***

Mr. Jeffrey R Lindstrom

Mr. Zhao Liang

Ms. Yan Luying

***Non-Executive Directors:***

Mr. Chen Guoming (*Chairman of the Board*)

Mr. Zhang Junjie

Ms. Wu Xia

***Independent non-executive Directors:***

Mr. Jonathan H. Chou

Ms. Sun Zhixiang

Dr. Ding Jiandong

***Registered office:***

Tricor Services (Cayman Islands) Limited

Third Floor, Century Yard

Cricket Square, P.O. Box 902

Grand Cayman, KY1-1103

Cayman Islands

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

No. 1661 Zhangdong Road

Zhangjiang Hi-Tech Park

Pudong New District

Shanghai, PRC

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

Room 1901, 19/F, Lee Garden One

33 Hysan Avenue, Causeway Bay

Hong Kong

August 30, 2024

*To the Shareholders*

Dear Sir/Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO  
THE ACQUISITION OF THE ENTIRE EQUITY INTEREST OF  
THE TARGET COMPANY  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**



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## LETTER FROM THE BOARD

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### INTRODUCTION

Reference is made to the announcement of the Company dated August 22, 2024 in relation to the Acquisition. On August 22, 2024, MP CardioFlow, as the Purchaser and Shanghai MicroPort Medical, as the Vendor entered into the Equity Transfer Agreement, pursuant to which MP CardioFlow has conditionally agreed to acquire, and the Shanghai MicroPort Medical has conditionally to sell, the entire equity interest in the Target Company.

The purpose of this circular is to provide you with (i) this letter from the Board containing further information on the Acquisition; (ii) a letter of recommendation of the Independent Board Committee to the Independent Shareholders regarding the Acquisition; (iii) a letter from the Independent Financial Adviser containing its advice in connection with the aforesaid; (iv) a valuation report for the Target Property; (v) other information as required to be disclosed under the Listing Rules; and (vi) the notice convening the EGM.

### THE ACQUISITION

The Board is pleased to announce that on August 22, 2024, MP CardioFlow, as the Purchaser and Shanghai MicroPort Medical, as the Vendor entered into the Equity Transfer Agreement, pursuant to which MP CardioFlow has conditionally agreed to acquire, and Shanghai MicroPort Medical has conditionally to sell, the entire equity interest in the Target Company.

The principal terms and conditions of the Equity Transfer Agreement are set out as follows:

#### **Date**

August 22, 2024

#### **Parties**

- (i) MP CardioFlow, the Purchaser
- (ii) Shanghai MicroPort Medical, the Vendor

#### **Subject Matter**

Pursuant to the Equity Transfer Agreement, MP CardioFlow has conditionally agreed to acquire, and Shanghai MicroPort Medical has conditionally to sell, the entire equity interest in the Target Company.

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## LETTER FROM THE BOARD

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### Consideration and Payment Terms

The total consideration (the “**Consideration**”) of the Acquisition shall be equivalent to the net asset value (the “**Net Asset Value**”) of the Target Company as of the satisfaction of the conditions under the Equity Transfer Agreement (as defined below) or another date agreed upon in writing by both parties. In determining the Net Asset Value, the value of the Target Property shall be RMB360.0 million, representing the market value of the Target Property as of May 31, 2024 (the “**Property Value**”) as stated in the valuation report prepared by the Valuer. This value shall not be adjusted under any circumstances.

Due to the deductible tax assets recognized by the Target Company during the acquisition of the Target Property, which represents the input VAT credit usable to offset the output VAT and is equivalent to 5% of the Property Value (i.e RMB18.0 million)<sup>Note 1</sup> and the initial registered capital contribution of RMB10,000 made to the Target Company by the Vendor, the Net Asset Value of the Target Company may deviate from the value of the Target Property to certain extent. Notwithstanding the above, the parties have agreed that the Consideration shall not exceed RMB380.0 million under any circumstances, taking into account the potential variation in the Net Asset Value due to the estimated deductive tax assets and the initial registered capital contribution mentioned above.

The Consideration shall be paid by cash to an account designated by the Vendor pursuant to the following schedule and be satisfied by the internal resources of the Group without the Group’s net proceeds from the Global Offering and bank loans, if needed:

- (i) No less than 40% of the Consideration payable to the Vendor within fifteen (15) Business Days upon satisfaction of the conditions precedent under the Equity Transfer Agreement and the financial report setting out the Net Asset Value is confirmed by both parties (the “**Closing Payment**”); and
- (ii) The remaining portion of the Consideration payable to the Vendor within three (3) months upon the completion of the relevant registration with and filling to the market supervision and administration bureau and the obtaining of the updated business license of the Target Company.

*Note 1:* Pursuant to the applicable tax regulations in the PRC: (i) general taxpayers transferring real estate which is self-constructed before April 30, 2016, are subject to a 5% VAT on the total transfer price received; and (ii) after May 1, 2016, general taxpayers acquiring real estate which also accounts for as fixed assets under the accounting system, can claim the input VAT credit which can be used to offset the output VAT arising from future business income. Therefore, Shanghai MicroPort Medical shall pay a 5% VAT on the transfer the ownership of Target Property to the Target Company and will issue a VAT invoice to the Target Company pursuant to the Equity Transfer Agreement. Target Company can then deduct this VAT in the future.

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## LETTER FROM THE BOARD

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### **Basis of Consideration**

The Consideration was reached after arms' length negotiation among parties after taking into consideration of a number of factors, including but not limited to the valuation performed by the independent Valuer, engaged for the Acquisition, to determine the fair value of the Target Property, and the reasons for and benefits of entering into the Equity Transfer Agreement as set out in the sections headed "Information about Target Company and Target Property" and "Reasons for and Benefits to the Acquisition" in this circular and Appendix II hereto.

As stated in the paragraph headed "Expert and Consent" in this circular, the Valuer is an independent certified PRC valuer with staff possessing the relevant qualifications and experience required to perform the valuation of Target Property and the person in-charge of the valuation has sufficient experience in conducting valuation services to a wide range of clients in different industries. For details, please see Appendix II in this circular.

The valuation of the Target Property was provided based on the market value by adopting the market approach which provides an indication of value by comparing the Target Property with identical or similar assets for which price information is available. As confirmed by the Valuer, market approach was chosen because it is standard practice to use it when there is ample sales data for comparable assets. In the case of the Target Property, the income approach, which relies on the generation of rental income, was deemed unsuitable as the Target Property is utilized by its owner and does not produce any rental revenue. Furthermore, due to lack of industrial land transaction in Zhangjiang, where the Target Property is located, the cost approach was found to be impractical for valuing the Target Property.

As advised by the Valuer, the valuation of the Target Property was prepared fully in compliance with the applicable requirements and standards, including Royal Institution of Chartered Surveyors (RICS) Global Valuation Standards (2020) published by the RICS which incorporates with the International Valuation Standards of the International Valuation Standards Council, and the requirements set out in Chapter 5 and Practice Note 12 of the Listing Rules. The market value of the Target Property is RMB360.0 million as of May 31, 2024 under the market approach. For details of the valuation basis and valuation assumptions adopted by the Valuer in preparing the valuation report, please see Appendix II in this circular.

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## LETTER FROM THE BOARD

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### Conditions Precedent

The closing of the Acquisition is conditional upon the satisfaction of the conditions set out in the Equity Transfer Agreement. The conditions precedent are set out below:

- (i) Each of MP CardioFlow and Shanghai MicroPort Medical has obtained all necessary approvals and authorizations to (a) execute and perform the Equity Transfer Agreement and the other transaction documents, and (b) complete the transaction contemplated thereunder, and the Equity Transfer Agreement and the other transaction documents have been executed mutually;
- (ii) There is no material breach of any representations and warranties made by Shanghai MicroPort Medical in the Equity Transfer Agreement;
- (iii) No Material Adverse Change has occurred;
- (iv) Shanghai MicroPort Medical has transferred the ownership of the Target Property (including the land use right of the Target Land (as defined below)) to the Target Company and the registered owner of the Target Property has been changed to the Target Company. The Target Property is not subject to any encumbrance; and
- (v) Shanghai MicroPort Medical has fulfilled and complied with applicable covenants, obligations and conditions contained in the Equity Transfer Agreement and the other transaction documents on or prior to the Closing (as defined below).

In accordance with the Equity Transfer Agreement, none of the above conditions precedent can be waived. As of the Latest Practicable Date, none of the conditions precedent mentioned above have been fulfilled.

### Closing

Subject to the terms and conditions of the Equity Transfer Agreement, the closing of the Acquisition shall take place after the satisfaction of the conditions under the Equity Transfer Agreement and upon the date on which MP CardioFlow has made the Closing Payment to Shanghai MicroPort Medical in accordance with the Equity Transfer Agreement (the “**Closing**”).

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## LETTER FROM THE BOARD

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### **Indemnity for Non-Compliance**

Pursuant to the Equity Transfer Agreement, the Vendor undertakes that if, the development, construction, decoration, renovation, reconstruction, and expansion of the Target Property (including the Target Land) violates applicable laws and regulations before the Closing, and causes losses (including any loss caused by a limited number of defective buildings in the Target Property, as detailed in Appendix II to this circular, if any) to the Purchaser after the Closing, the Vendor shall make commercially reasonable efforts to assist the Purchaser in jointly addressing the relevant issues and compensate the Purchaser for all direct losses incurred as a result.

### **Termination**

The Equity Transfer Agreement could be terminated and the transactions contemplated thereunder could be abandoned, upon the occurrence of any of the followings:

- (i) If, following the execution date of the Equity Transfer Agreement and prior to the date of the Closing, any of the following occurs and is not rectified within the time period (if any) specified as below, it shall constitute a material breach by Shanghai MicroPort Medical, in which case MP CardioFlow shall have the right to terminate the Equity Transfer Agreement and the related transaction documents by written notice to Shanghai MicroPort Medical:
  - a. The occurrence of any event or circumstance that has caused a Material Adverse Change and has not been waived by MP CardioFlow, and if such event or circumstance is capable of being rectified but is not rectified within ten days, or if such event or circumstance is incapable of being rectified by its nature;
  - b. Any representation or warranty of Shanghai MicroPort Medical is untrue, inaccurate, incomplete or misleading in any material respect, and such breach is not rectified within fifteen (15) Business Days upon MP CardioFlow's written notice, or is incapable of being rectified by its nature;
  - c. Shanghai MicroPort Medical fails to perform or breaches any agreement, covenant or obligation contained in the Equity Transfer Agreement or the other transaction documents in any material respect, and such failure or breach is not rectified within fifteen (15) Business Days upon MP CardioFlow's written notice, or is incapable of being rectified by its nature; or
  - d. Shanghai MicroPort Medical or the Target Company are dissolved by resolution or declared bankrupt by court;

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## LETTER FROM THE BOARD

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- (ii) If, following the execution date of the Equity Transfer Agreement and prior to the date of the Closing, any of the following occurs and is not rectified within the time period (if any) specified below, it shall constitute a material breach by the MP CardioFlow, in which case the Shanghai MicroPort Medical shall have the right to terminate the Equity Transfer Agreement and the related transaction documents by written notice to MP CardioFlow:
- a. MP CardioFlow fails to pay any amount payable to Shanghai MicroPort Medical under the Equity Transfer Agreement, and such failure is not rectified within ten (10) Business Days upon Shanghai MicroPort Medical's written request;
  - b. Any representation or warranty of MP CardioFlow is untrue, inaccurate, incomplete or misleading in any material respect, and such breach is not rectified within fifteen (15) Business Days upon Shanghai MicroPort Medical's written notice, or is incapable of being rectified by its nature;
  - c. MP CardioFlow fails to perform or breaches any agreement, covenant or obligation contained in the Equity Transfer Agreement or the other transaction documents in any material respect, and such failure or breach is not rectified within fifteen (15) Business Days upon Shanghai MicroPort Medical's written notice, or is incapable of being rectified by its nature; or
  - d. MP CardioFlow is dissolved by resolution or declared bankrupt by court; or
- (iii) By unanimous written consent between the parties

Except as provided above, neither Shanghai MicroPort Medical nor MP CardioFlow shall unilaterally terminate the Equity Transfer Agreement and the related transaction documents. Either party undertakes to promptly disclose to the other in writing any matters of which it is aware or become aware that may trigger the termination provisions under the Equity Transfer Agreement.

### **INFORMATION ABOUT THE TARGET COMPANY AND THE TARGET PROPERTY**

The Target Company, a limited liability company established in the PRC on June 21, 2024, is a wholly-owned subsidiary of Shanghai MicroPort Medical. It was established solely to serve as a vehicle for acquiring and holding the Target Property from Shanghai MicroPort Medical. Since its establishment, the Target Company had not engaged in any substantial operating activities.

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## LETTER FROM THE BOARD

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The Target Property is the state-owned land use right of a parcel of land for high-tech use with an area of 13,320 sq.m. located at 501 Niudun Road, Zhangjiang Science City, Pudong New Area, Shanghai, the PRC (中國上海市浦東新區張江科學城牛頓路501號) (“**Target Land**”) as well as the three buildings with a gross floor area of 8,781.03 sq.m. constructed on the Target Land (Real Estate Title Certificate No.: Hu Fang Di Pu Zi (2013) No. 010498 (滬房地浦字(2013)第010498號)) (the “**Target Buildings**”). The Target Property is also equipped with 73 aboveground car spaces (the “**Car Spaces**”). The original acquisition cost of the Target Land is RMB4,955,040 and the original acquisition cost of each of the Target Buildings and the Car Spaces is nil as the Target Buildings and the Car Spaces were developed by Shanghai MicroPort Medical itself. The Target Property was an industrial base designed and equipped for workshop and lab for medical device R&D and production, office and warehouse uses. The current book value of the Target Company is RMB10,000. After the transfer of the ownership of the Target Property to the Target Company, the book value of the Target Company is estimated to be RMB378.1 million.

Pursuant to the unaudited management account of the Vendor, the revenue attributable to the Target Property, which is mainly rental income, for the two years ended December 31, 2022 and 2023 was nil and approximately RMB1.69 million, respectively. All lease arrangements concerning the Target Property were terminated by the end of 2023.

After the Acquisition, the Target Property will be used as the global headquarters of the Group for the R&D, production and office purposes in relation to the Group’s expanding businesses as well as the R&D and production base for the LAA medical devices, addressing the expected near-term shortage of R&D and production space for the Group’s certain business lines, in particular to promptly meet the demand for expansion of production capacity of the LAA medical devices.

The Target Property does include a limited number of defective buildings, as detailed in Appendix II to this circular. However, after due and careful evaluation taking into account, among others, the following considerations, the Directors believe that the defective buildings in the Target Property will not adversely affect the fairness and reasonableness of the Acquisition:

- (i) The defective buildings, which are separate from and not integral to the Target Building, represent only a small fraction of the entire Target Property. They are designated solely for staff lounge, staff canteen, office and storage purposes after the Acquisition, not for R&D or manufacturing of the medical devices of the Group, which are the primary intended uses of the Target Property as set out above. Should these buildings become unusable or require removal, there will be no material adverse effect on the Company’s operations;

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## LETTER FROM THE BOARD

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- (ii) The Vendor has not received any administrative penalties or rectification notices from relevant authorities regarding the aforementioned defective buildings, as confirmed by the Vendor and verified by the law firm through public channels as of the issuance date of this legal opinion referred to in Appendix II to this circular;
- (iii) The Valuer has ascribed no commercial value to the defective buildings in the valuation of the Target Property; and
- (iv) As stated in the section headed “Indemnity for Non-Compliance” above, the Vendor, under the terms of the Equity Transfer Agreement, undertakes that if, due to development, construction, decoration, renovation, reconstruction, and expansion of the Target Property (including the Target Land) that violate applicable laws and regulations before the Closing, and cause losses to the Purchaser after the Closing, the Vendor shall make commercially reasonable efforts to assist the Purchaser in jointly addressing the relevant issues and compensate the Purchaser for all direct losses incurred as a result.

### INFORMATION ABOUT THE PARTIES INVOLVED IN THE ACQUISITION

MP CardioFlow is a limited liability company established in the PRC. MP CardioFlow is the principal operating subsidiary of the Group through which the Group conducted its business primarily. The Company is a medical device company focusing on the R&D and commercialization of innovative transcatheter solutions for structural heart diseases dedicated to providing universal access to state-of-the-art total solutions to physicians and patients for the treatment of structural heart diseases. The Group is a medical device group primarily focusing on the R&D, manufacturing and sale of medical devices treating structural heart diseases.

Shanghai MicroPort Medical is a limited liability company established in the PRC, which is a wholly-owned subsidiary of MicroPort<sup>®</sup> and primarily focused on manufacture, distribution and R&D of medical devices. MicroPort<sup>®</sup> Group is a leading medical device group focusing on innovating, manufacturing and marketing high-end medical devices globally in a broad range of business segments including cardiovascular, orthopedics, cardiac rhythm management, endovascular, neurovascular, heart valve, surgical robot and other business.

### REASONS FOR AND BENEFITS OF THE ACQUISITION

Prior to the Acquisition, the Company has exclusively relied on leased properties for its R&D, production, and office operations. While this reliance on leased properties sufficed historically, the Company’s business, particularly the LAA medical device business, which were acquired through the acquisition of a 51% equity interest in MP CardioAdvent early this year, is



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## LETTER FROM THE BOARD

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experiencing rapid expansion. The current facilities are becoming increasingly inadequate to meet the growing market demands, particularly for the emerging LAA medical devices market. The Company anticipates that these demands will soon surpass the capacity constraints of the current premises.

To address the escalating needs of the LAA business and facilitate the Company's global expansion, securing a new base for R&D, production and office operations has become urgent. The Company believes that acquiring the Target Property is the most advantageous approach at this time, compared to alternatives such as leasing or constructing new facilities from scratch.

Historically, leasing has provided certain short-term economic and operational flexibilities. Nonetheless, in view of the Company's accelerated growth trajectory and the expanding market demand, it has become strategically beneficial to acquire the entire equity interest in the Target Company. The Acquisition is anticipated to secure substantial long-term benefits by eliminating the uncertainties commonly associated with leasing. It will also provide the Company with high-quality real estate assets, thereby enhancing the stability and reliability of our production and operational facilities. This strategic move will allow the Company to focus more intently on its core business operations without the ongoing concerns associated with potential relocations or renegotiations of leases. Moreover, the Acquisition is expected to yield significant financial benefits by reducing future rental expenses. The funds thus conserved can be redirected towards further investments in R&D, enhancing production capabilities, and expanding market reach efforts that are crucial for bolstering the Company's competitive edge in the industry.

The Company manufactures Class III medical devices, including LAA medical devices, which are subject to stringent regulatory requirements regarding production facilities. The Target Property is uniquely designed and currently equipped for Class III medical device R&D and production, making it exceptionally well-suited to meet the Company's specific operational needs. It boasts a substantial area and possesses a well-developed infrastructure, which are essential for supporting the Company's plans for capacity expansion and to accommodate the anticipated business growth.

Opting to acquire the Target Company directly offers a more time-efficient, resource-conserving, and operationally advantageous alternative compared to the extensive processes involved in planning, constructing, and outfitting new facilities from scratch. The pre-existing suitability of the Target Property for our specialized operations allows for immediate integration and rapid commencement of enhanced productivity, which is paramount for maintaining a competitive advantage in the rapidly evolving medical device sector. Moreover, consolidating the R&D, production, and operation of LAA medical devices at the Target Property in a timely manner will also significantly enhance the production efficiency and operational efficiency of the Company's LAA business.

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## LETTER FROM THE BOARD

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This strategic Acquisition aligns with the Company's long-term objectives of operational stability and market leadership. Through the Acquisition, with production capacities improved, the Company can focus more on market expansion and R&D innovation for LAA medical devices, strengthening its position in the LAA market. The Board believes that this Acquisition will not only ensure the necessary expansion of our production capacities and meet the immediate needs for LAA medical devices but will also enhance shareholder value through improved operational efficiencies and reduced long-term operational costs.

Based on the above, the Directors (including the independent non-executive Directors but excluding Mr. Chen Guoming, Ms. Wu Xia and Mr. Jonathan H. Chou, who are also Directors appointed by MicroPort® or hold director's positions in the Retained MicroPort® Group) are of the view that the terms of the Equity Transfer Agreement are on normal commercial terms or better and the entering into of the Equity Transfer Agreement and the transaction contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### LISTING RULES IMPLICATIONS

As of the Latest Practicable Date, through its wholly-owned subsidiary Shanghai MicroPort, MicroPort® was indirectly interested in approximately 46.13% of the total issued share capital of the Group. As Shanghai MicroPort Medical is a wholly-owned subsidiary of MicroPort®, it is a connected person of the Company.

As the highest applicable percentage ratio as defined under the Listing Rules in respect of the Acquisition exceeds 5% but less than 25%, the Acquisition constitutes a disclosable and connected transaction of the Company and is therefore subject to the reporting, announcement, Independent Shareholders' approval and circular requirements under Chapters 14 and 14A of the Listing Rules.

### EXTRAORDINARY GENERAL MEETING

The EGM of MicroPort CardioFlow Medtech Corporation will be held on Friday, September 20, 2024 at 10:00 a.m. at No. 501 Niudun Road, Zhangjiang Hi-Tech Park, Pudong New District, Shanghai, China.

A notice of the EGM is set out on pages 49 to 50 of this circular (the "EGM Notice"). The EGM will be convened and held for the Shareholders to consider and, if thought fit, to approve the resolutions contained in the EGM Notice. A form of proxy for the EGM is enclosed with this circular.

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## LETTER FROM THE BOARD

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A proxy form for the EGM is enclosed herewith. Whether or not you are able to attend the EGM, please complete and sign the enclosed form of proxy 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, Wan Chai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. before 10:00 a.m. on Wednesday, September 18, 2024) or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM if they so wish and in such event, the proxy form shall be deemed to be revoked.

MicroPort® (holding 1,112,855,680 Shares or approximately 46.13% of the Shares in the Company as of the Latest Practicable Date) who is involved in, or interested in Equity Transfer Agreement will abstain from voting the relevant resolutions at the EGM pursuant to Rule 14A.36 of the Listing Rules.

In order to qualify for the right to attend and vote at the EGM, all relevant share certificates and properly completed transfer forms must be lodged for registration 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 before 4:30pm on Friday, September 13, 2024.

In compliance with the Listing Rules, all the resolutions to be proposed at the EGM will be voted on by way of poll at the EGM.

### **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Company has established an Independent Board Committee comprising the independent non-executive Directors who are not the directors of MicroPort® to advise the Independent Shareholders in connection with the Acquisition. Gram Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

Your attention is drawn to (i) the letter from the Independent Board Committee to the Independent Shareholders as set out on pages 19 to 20 of this circular; (ii) the letter from Gram Capital Limited to the Independent Board Committee and the Independent Shareholders as set out on pages 21 to 34 of this circular; and (iii) the additional information as set out on pages 35 to 48 of this circular.

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## LETTER FROM THE BOARD

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### RECOMMENDATION

The Directors (including the members of the Independent Board Committee having considered the advice from the Independent Financial Adviser, but excluding Mr. Chen Guoming, Ms. Wu Xia and Mr. Jonathan H. Chou, who are also Directors appointed by MicroPort® or hold director's positions in the Retained MicroPort® Group and are deemed to have interest in the Acquisition and thus had abstained from voting on the Acquisition) consider that the terms of the Equity Transfer Agreement are fair and reasonable, and the transactions contemplated thereunder are on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole.

The Independent Board Committee, having taken into account the recommendations from Gram Capital Limited, considers that the terms of the Equity Transfer Agreement are fair and reasonable, and the transaction contemplated thereunder is on normal commercial terms or better (although not in the ordinary and usual course of business of the Company) and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favor of the resolutions to be proposed at the EGM to approve the Acquisition.

**Completion of the Acquisition is conditional upon, among other things, the fulfilment of the conditions set out in the Equity Transfer Agreement. There is no assurance that completion will take place or as to when it may take place. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company.**

Yours faithfully,

By order of the Board

**MicroPort CardioFlow Medtech Corporation**

**Chen Guoming**

*Chairman*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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



### **MicroPort CardioFlow Medtech Corporation**

**微创心通医疗科技有限公司**

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

**(Stock Code: 2160)**

August 30, 2024

*To the Independent Shareholders*

Dear Sir/Madam,

**DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO  
THE ACQUISITION OF THE ENTIRE EQUITY INTEREST OF  
THE TARGET COMPANY  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

We have been authorized by the Board to form the Independent Board Committee to consider and advise the Independent Shareholders as to whether, in its opinion, the terms of the Equity Transfer Agreement are fair and reasonable, and the transaction contemplated thereunder is on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole. Gram Capital Limited, the Independent Financial Adviser, has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Equity Transfer Agreement and the transaction contemplated thereunder.

We wish to draw your attention to the letter from the Board set out on pages 6 to 18 of the Circular and the letter from the Independent Financial Adviser set out on pages 21 to 34 of the Circular, both of which provide details of the Equity Transfer Agreement and the transaction contemplated thereunder.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having considered, among other matters, the Equity Transfer Agreement and the transaction contemplated thereunder, the advice of the Independent Financial Adviser, and the relevant information contained in the letter from the Board including the reasons for and benefits of the Acquisition and the basis of the Consideration, we are of the opinion that the terms of the Equity Transfer Agreement are fair and reasonable, and the transaction contemplated thereunder is on normal commercial terms or better (although not in the ordinary and usual course of business of the Company) and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favor of the relevant resolutions to be proposed at the EGM in relation to the Equity Transfer Agreement and the transaction contemplated thereunder.

Yours faithfully,

The Independent Board Committee

**MicroPort CardioFlow Medtech Corporation**

**Ms. Sun Zhixiang**

**Dr. Ding Jiandong**

*Independent Non-executive Directors*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*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 Acquisition for the purpose of inclusion in the Circular.*



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

30 August 2024

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

Dear Sir/Madam,

### **DISCLOSEABLE AND CONNECTED TRANSACTION**

#### **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 Acquisition, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 30 August 2024 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 22 August 2024, MP CardioFlow (as the Purchaser) and Shanghai MicroPort Medical (as the Vendor) entered into the Equity Transfer Agreement, pursuant to which MP CardioFlow has conditionally agreed to acquire, and Shanghai MicroPort Medical has conditionally to sell, the entire equity interest in the Target Company at the Consideration equivalent to the Net Asset Value of the Target Company as of the satisfaction of the conditions under the Equity Transfer Agreement or another date agreed upon in writing by both parties. The parties have agreed that the Consideration shall not exceed RMB380 million under any circumstances.

With reference to the Board Letter, the Acquisition constitutes a discloseable and connected transaction of the Company and is subject to the reporting, announcement and independent shareholders’ approval requirements under Chapters 14 and 14A of the Listing Rules.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Independent Board Committee comprising Ms. Sun Zhixiang and Dr. Ding Jiandong (both being independent non-executive Directors who are not the directors of MicroPort®) has been established to advise the Independent Shareholders on (i) whether the terms of the Acquisition are on normal commercial terms and are fair and reasonable; (ii) whether the Acquisition is 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 Acquisition 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 the continuing connected transactions as set out in the Company's circular dated 12 December 2023. 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.

### 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 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



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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concerning the Acquisition. 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.

We have not made any independent evaluation or appraisal of the assets and liabilities of the Target Company, and we have not been furnished with any such evaluation or appraisal, save as and except for the valuation report for the Target Property prepared by the Valuer (the “**Valuation Report**”), as set out in Appendix II to the Circular. Since we are not experts in the valuation of assets or business, we have relied solely upon the Valuation Report for the market value of Target Property as at 31 May 2024 (i.e. the Property Value).

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 the 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, the Vendor, the Target Company or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Acquisition. 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.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### PRINCIPAL FACTORS AND REASONS CONSIDERED

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

#### Background of and reasons for the Acquisition

##### *Information on the Group*

With reference to the Board Letter, the Company is a medical device company focusing on the R&D and commercialization of innovative transcatheter solutions for structural heart diseases dedicated to providing universal access to state-of-the-art total solutions to physicians and patients for the treatment of structural heart diseases. The Group is a medical device group primarily focusing on the R&D, manufacturing and sale of medical devices treating structural heart diseases.

Set out below are the audited consolidated financial information of the Group for the two years ended 31 December 2023 as extracted from the Company's annual report for the year ended 31 December 2023 (the "2023 Annual Report"):

	For the year ended 31 December 2023 <i>RMB'000</i>	For the year ended 31 December 2022 <i>RMB'000</i>	Year-on-year change %
Revenue	336,215	251,026	33.94
Gross profit	229,931	162,130	41.82
Loss attributable to the equity shareholders of the Company	(471,534)	(454,395)	3.77

The Group's revenue increased from approximately RMB251.0 million for the year ended 31 December 2022 ("FY2022") to approximately RMB336.2 million for the year ended 31 December 2023 ("FY2023"), representing an increase of approximately 33.94%. With reference to the 2023 Annual Report, such increase was primarily attributable to increased sales from the Group's transcatheter aortic heart valve implantation ("TAVI") products in the PRC owing to rapid increase in number of procedures brought by increased hospital penetration of the Group's TAVI products in the PRC. Along with increase in the Group's revenue for FY2023 and the Group's effective cost reduction and expenditure control measures, the Group's gross profit for FY2023 increased by approximately 41.82% as compared to that for FY2022.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Notwithstanding the aforesaid increase in the Group's revenue and gross profit, the loss attributable to the equity shareholders of the Company for FY2023 increased by approximately 3.77% as compared to that for FY2022. With reference to the 2023 Annual Report, such increase was primarily attributable to (i) increase in distribution costs due to increased staff costs and marketing activities expenses; and (ii) recognition of impairment loss on investment in an associate for FY2023, as partially offset by absence of impairment losses on intangible assets.

With reference to the Company's announcement dated 24 July 2024, based on a preliminary review of the unaudited management accounts of the Group for the six months ended 30 June 2024 and an assessment of the latest information currently available to the Board, the Group is expected to record a net loss of approximately RMB50 million to RMB65 million for the six months ended 30 June 2024, representing a decrease of approximately 63% to 72% as compared to that for corresponding period in 2023. Such decrease in net loss is mainly attributable to:

- (i) an increase in revenue of approximately 22% to 28% as compared to the corresponding period in 2023 driven by the effect of continued advancement of the Group's TAVI products in terms of global commercialization and the progress of commercialization of AnchorMan<sup>®</sup> LAA occluder system and its guidance system in the PRC;
- (ii) economies of scale brought along by the growth of sales of the Group's products, and the Group's continuous supply chain improvement, both driving a reduction in production costs and an increase in gross profit margins of over four percentage points as compared to the corresponding period last year; and
- (iii) the Group's endeavors in coordinating internal and external resources, leveraging intensive effect, and enhancing operational efficiency, driving the business to achieve healthy and sustainable growth.

### *Information on the Vendor*

With reference to the Board Letter, Shanghai MicroPort Medical is a limited liability company established in the PRC, which is a wholly-owned subsidiary of MicroPort<sup>®</sup> and primarily focused on manufacture, distribution and R&D of medical devices. MicroPort<sup>®</sup> Group is a leading medical device group focusing on innovating, manufacturing and marketing high-end medical devices globally in a broad range of business segments including cardiovascular, orthopedics, cardiac rhythm management, endovascular, neurovascular, heart valve, surgical robot and other business.

As Shanghai MicroPort Medical is a wholly-owned subsidiary of MicroPort<sup>®</sup> (a controlling Shareholder), Shanghai MicroPort Medical is a connected person of the Company.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Information on the Target Company and the Target Property*

With reference to the Board Letter, the Target Company, a limited liability company established in the PRC on 21 June 2024, is a wholly-owned subsidiary of Shanghai MicroPort Medical. It was established solely to serve as a vehicle for acquiring and holding the Target Property from Shanghai MicroPort Medical. Since its establishment, the Target Company had not engaged in any substantial operating activities.

With reference to the Board Letter, the Target Property is the state-owned land use right of a parcel of land for high-tech use with an area of 13,320 sq.m. located at 501 Niudun Road, Zhangjiang Science City, Pudong New Area, Shanghai, the PRC (中國上海市浦東新區張江科學城牛頓路501號) (i.e. the Target Land) and three buildings with a gross floor area of 8,781.03 sq.m. constructed on the Target Land (Real Estate Title Certificate No.: Hu Fang Di Pu Zi (2013) No. 010498 (滬房地浦字(2013)第010498號)) (i.e. the Target Buildings). The Target Property is also equipped with 73 aboveground car spaces (i.e. the Car Spaces). The Target Property was an industrial base designed and equipped for workshop and lab for medical device R&D and production, office and warehouse uses.

As at the Latest Practicable Date, the book value of the Target Company is RMB10,000, being the initial registered capital of the Target Company by the Vendor.

### **Reasons for and benefits of the Acquisition**

With reference to the Board Letter, prior to the Acquisition, the Company has exclusively relied on leased properties for its R&D, production, and office operations. While this reliance on leased properties sufficed historically, the Company's business, particularly the LAA medical device business, which were acquired through acquisition of 51% equity interest in MP CardioAdvent (as detailed in the Company's announcement dated 1 January 2024), is experiencing rapid expansion. The current facilities are becoming increasingly inadequate to meet the growing market demands, particularly for the emerging LAA medical devices market. To address the escalating needs of the LAA business and facilitate the Company's global expansion, securing a new base for R&D, production, and office operations has become urgent. The Acquisition is anticipated to secure substantial long-term benefits by eliminating the uncertainties commonly associated with leasing. It will also provide the Company with high-quality real estate assets, thereby enhancing the stability and reliability of its production and operational facilities. The Acquisition will allow the Company to focus more intently on its core business operations without the ongoing concerns associated with potential relocations or renegotiations of leases. Moreover, the Acquisition is expected to yield significant financial benefits by reducing future rental expenses.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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With reference to the Board Letter, the Company manufactures Class III medical devices, including LAA medical devices, which are subject to stringent regulatory requirements regarding production facilities. The Target Property is uniquely designed and currently equipped for Class III medical device R&D and production, making it exceptionally well-suited to meet the Company's specific operational needs. It boasts a substantial area and possesses a well-developed infrastructure, which are essential for supporting the Company's plans for capacity expansion and to accommodate the anticipated business growth. Opting to acquire the Target Company directly offers a more time-efficient, resource-conserving, and operationally advantageous alternative compared to the extensive processes involved in planning, constructing, and outfitting new facilities from scratch. The pre-existing suitability of the Target Property for the Group's specialized operations allows for immediate integration and rapid commencement of enhanced productivity, which is paramount for maintaining a competitive advantage in the rapidly evolving medical device sector. Moreover, consolidating the R&D, production, and operation of LAA medical devices at the Target Property in a timely manner will also significantly enhance the production efficiency and operational efficiency of the Company's LAA business.

Based on our enquiry, we understood from the Directors that the Group completed the acquisition of 51% equity interests in MP CardioAdvent in 2024, resulting in commencement of the Group's LAA business. The Group's LAA business had planned production capacity of approximately 6,000 units of LAA medical devices in its existing facilities. The Group expects the PRC's LAA market shall experience rapid growth during 2024 to 2029 due to the increasing aging population in the PRC, thereby resulting in expected increase in number of target patients of the Group's LAA medical devices, and therefore the current planned production capacity would not be sufficient to meet the increasing market demand. Through the Acquisition, the Group shall be able to expand its current LAA business facilities, thereby increasing its production capacity and strengthening the Group's position in the LAA market. The Board believes that this Acquisition will not only ensure the necessary expansion of the Group's production capacities and meet the immediate needs for LAA medical devices but will also enhance shareholder value through improved operational efficiencies and reduced long-term operational costs.

As detailed in the section headed "Information on the Group" above, the Group is expected to record a year-on-year decrease in net loss for the six months ended 30 June 2024, mainly attributable to, among other things, an increase in the Group's revenue driven by the effect of continued advancement of the Group's TAVI products in terms of global commercialization and the progress of commercialization of AnchorMan<sup>®</sup> LAA occluder system and its guidance system in the PRC.

Having considered (i) the benefits of the Acquisition as mentioned above; (ii) the suitability of the Target Property for the Group's business; (iii) the cost-saving achieved by the Group through the Acquisition; and (iv) the increased production capacity of the Group's LAA business

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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as a result of the Acquisition to meet the increasing market demand, we are of the view that although the Acquisition is not conducted in the ordinary and usual course of business of the Group, it is in the interests of the Company and Shareholders as a whole.

### **Principal terms of the Acquisition**

Set out below are the principal terms of the Acquisition pursuant to the Equity Transfer Agreement:

#### ***Date***

22 August 2024

#### ***Parties***

- (i) MP CardioFlow, the Purchaser
- (ii) Shanghai MicroPort Medical, the Vendor

#### ***Subject matter***

Pursuant to the Equity Transfer Agreement, MP CardioFlow has conditionally agreed to acquire, and Shanghai MicroPort Medical has conditionally to sell, the entire equity interest in the Target Company.

The Closing is conditional upon the conditions precedent as set out under the section headed “Conditions precedent” of the Board Letter (the “**Conditions Precedent**”) being satisfied, including “Shanghai MicroPort Medical has transferred the ownership of the Target Property to the Target Company (the “**Property Transfer**”) and the registered owner of the Target Property has been changed to the Target Company. The Target Property is not subject to any encumbrance”.

#### ***Consideration***

The Consideration shall be equivalent to the Net Asset Value of the Target Company as of the satisfaction of the conditions under the Equity Transfer Agreement or another date agreed upon in writing by both parties (the “**Target Company Closing NAV**”). In determining the Target Company Closing NAV, the value of the Target Property shall be RMB360.0 million, representing the market value of the Target Property as of 31 May 2024 (i.e. the Property Value) as stated in the Valuation Report. This value shall not be adjusted under any circumstances. The parties have also agreed that the Consideration shall not exceed RMB380 million under any circumstances.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As advised by the Directors, having taking into account (i) the initial registered capital contribution of RMB10,000 made to the Target Company by the Vendor (the “**Registered Capital**”); (ii) the Property Value of RMB360.0 million; and (iii) the deductible tax assets to be recognized by the Target Company arising from the Property Transfer, which represents the input VAT credit usable to offset the output VAT and is equivalent to 5% of the Property Value (i.e RMB18.0 million) (the “**Tax Assets**”), the Target Company Closing NAV is expected to be approximately RMB378.01 million.

### *The Registered Capital*

Based on the certificate of capital contribution, the Registered Capital was fully-paid on 22 August 2024. Accordingly, the Target Company Closing NAV is expected to include the Registered Capital.

### *The Property Value*

As aforementioned, one of the Conditions Precedent is “Shanghai MicroPort Medical has transferred the ownership of the Target Property to the Target Company and the registered owner of the Target Property has been changed to the Target Company. The Target Property is not subject to any encumbrance”. As advised by the Directors, the Property Transfer is expected to be conducted by way of asset injection (at nil consideration). Accordingly, the Target Company Closing NAV is expected to include the Property Value.

For our due diligence purpose, we obtained the Valuation Report and noted that the Property Value was RMB360.0 million as at 31 May 2024.

We also (i) reviewed and enquired into the terms of engagement of the Valuer with the Purchaser; (ii) interviewed the Valuer as to their qualification in relation to the preparation of the Valuation Report and their track records in valuation of properties; and (iii) reviewed the steps and due diligence measures taken by the Valuer for conducting the valuation.

From the mandate letter and other relevant information provided by the Valuer and based on our interview with them, we noted that the Valuer offers a full range of specialised services to meet their clients’ needs and their experience covers property valuation of residential, offices, retail, industrial, hospitality, leisure and entertainment on vacant land, construction in-progress or completed projects used for investment or owner-occupied purpose across the PRC. We also noted that the Valuer had provided valuation services in relation to the valuation of properties located in the PRC to listed companies in Hong Kong.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As advised by the Valuer, during the past two years immediately preceding the Latest Practicable Date, the Valuer (including any of its associated entities) were engaged by members of MicroPort<sup>®</sup> Group (including the Company) for the purpose of providing valuation services. Save for the aforesaid engagements, there was no other service provided by the Valuer (including any of its associated entities) to members of MicroPort<sup>®</sup> Group (including the Company) during the past two years immediately preceding the Latest Practicable Date. Notwithstanding the aforesaid engagements, the Valuer was not aware of any relationships or interests between them and members of MicroPort<sup>®</sup> Group (including 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 their independence to act as the Valuer.

On the basis of the foregoing, we were satisfied with (i) the terms of engagement and scope of work of the Valuer as the Valuer was engaged by the Purchaser for the purpose of issuing a valuation report on the value of the Target Property as at a specific valuation based date for the inclusion in the Circular and there were no limitations on the scope of work of the Valuer which would adversely impact on the degree of assurance given by the Valuer; (ii) the Valuer's qualification, competence and experience for the preparation of the Valuation Report; and (iii) the independence of the Valuer to the Group, the Vendor and the Target Company. We were also not aware of any formal or informal representations made by the Purchaser or the Vendor to the Valuer that are not in accordance to our knowledge in respect of the Acquisition.

In preparing the Valuation Report, the Valuer concluded the Property Value using market approach. With reference to the Valuation Report and as confirmed by the Valuer, the Valuer considered each of the fundamental valuation approaches. Upon our further enquiry with the Valuer, we understood that:

- (i) Under cost approach, the market value of a property is determined with reference to the costs of acquiring or reconstructing the property under its current condition. As there are lack of industrial land transactions in the district where the Target Property is located at, cost approach is not applicable for assessing the Property Value.
- (ii) Under income approach, the market value of a property is determined with reference to rental income to be generated through the ownership. As the Target Property is intended for internal use by the Group and it would not generate any rental income, income approach is not applicable for assessing the Property Value.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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(iii) Under market approach, the market value of a property is determined with reference to transactions of similar properties located in the same areas. As there are ample transactions of similar properties in the same area with sufficient transaction information for the Valuer to assess the market value of the Target Property, market approach is applicable for assessing the Property Value.

Given that the Valuer had considered the applicability of each of the three commonly adopted valuation approaches before adopting market approach; and having considered the aforesaid reasons for not adopting cost approach and income approach, we concur with the Valuer on the adoption of market approach for the purpose of assessing the Property Value. As the other fundamental valuation approaches were not applicable for assessing the Property Value, we did not cross-check the Property Value using other valuation methodologies.

Under market approach, the Valuer had (i) adopted the certified gross floor area of the Target Property of 8,781.03 sq.m. in formulating the market value of the Target Property (i.e. excluding the ancillary buildings with total area of 1,295 sq.m. on the Target Land which have not completed the necessary construction approval process and are without title certificates (the “**Defective Buildings**”)); (ii) identified transactions of properties located in the same district with similar conditions as those of the Target Property (the “**Comparable Properties**”) and obtained their unit price (i.e. the price for each sq.m.); (iii) assess the comparability of the Comparable Properties based on factors such as accessibility, size, age and maintenance status of building, and time of transactions; and (iv) calculated the market value of the Target Property based on factors (i), (ii) and (iii) as aforementioned.

We understood from the Valuer that the Comparable Properties were selected based on, amongst others, (i) the timing of the relevant transactions (being approximately two years prior to the valuation date (i.e. 31 May 2024)); (ii) the location of the Comparable Properties (all located in Pudong New Area, Shanghai, where the Target Property locates); and (iii) the designated usage of the Comparable Properties (industrial use). We consider the aforesaid criteria are suitable to identify market comparables of the Target Property and thus the Comparable Properties are fair and representative samples for the purpose of assessing the Property Value. We also noted adjustment factors adopted in respect of the Comparable Properties such as accessibility, size, age/maintenance. We consider that it is appropriate to adopt adjustment factors to address the differences among the Comparable Properties and the Targe Property.

We also noted from the Valuation Report that the Valuer had ascribed no commercial value to the Defective Buildings due to the absence of the relevant title certificates.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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During our discussion with the Valuer, we did not identify any major factor which caused us to doubt the fairness and reasonableness of the methodology, principal bases, assumptions and parameters adopted for the Valuation Report.

Having also considered our due diligence work on the Valuation Report as mentioned above, we consider that the principal bases, assumptions and parameters adopted in the Valuation Report are reasonable.

### *The Tax Assets*

We noted that the Purchaser obtained a memorandum dated 27 August 2024 in relation to the tax implication to the Target Company as a result of the Acquisition (the “**Tax Memo**”) from a tax consultant (the “**Tax Consultant**”) for internal due diligence purpose.

With reference to the Tax Memo: (i) the Property Transfer would be subject to VAT of approximately RMB18 million payable by the Vendor; and (ii) such VAT could be claimed as input VAT credits and be available for the Target Company to offset against output VAT arising from its future business income under relevant VAT regulations. We noted the basis of the aforesaid conclusions from the Tax Memo and noticed that the referred PRC tax regulations are those published by the State Taxation Administration of the PRC.

Accordingly, we consider the Tax Assets to be justifiable.

Having considered:

- (i) that the Consideration shall be equivalent to the Target Company Closing NAV; and
- (ii) the three components to be included in the Target Company Closing NAV as set out above, namely, the Registered Capital, the Property Value and the Tax Assets, and the sum of their amounts equals to RMB378.01 million,

we are of the view that the Consideration and its maximum limit of RMB380 million is fair and reasonable.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### *Payment*

The Consideration shall be paid by cash to an account designated by the Vendor pursuant to the following schedule and be satisfied by the internal resources of the Group without the Group's net proceeds from the Global Offering and bank loans, if needed:

- (i) No less than 40% of the Consideration payable to the Vendor within fifteen (15) Business Days upon satisfaction of the conditions precedent under the Equity Transfer Agreement and the financial report setting out the Target Company Closing NAV is confirmed by both parties (i.e. the Closing Payment); and
- (ii) The remaining portion of the Consideration payable to the Vendor within three (3) months upon the completion of the relevant registration with and filing to the market supervision and administration bureau and the obtaining of the updated business license of the Target Company.

### *Closing*

Subject to the terms and conditions of the Equity Transfer Agreement, the Closing shall take place after the satisfaction of the conditions under the Equity Transfer Agreement and upon the date on which MP CardioFlow has made the Closing Payment to Shanghai MicroPort Medical in accordance with the Equity Transfer Agreement.

### *Indemnity for non-compliance*

Pursuant to the Equity Transfer Agreement, the Vendor undertakes that if, due to development, construction, decoration, renovation, reconstruction, and expansion of the Target Property (including the Target Land) that violate applicable laws and regulations before the Closing, and cause losses to the Purchaser after the Closing (including the loss caused by the Defective Buildings, if any), the Vendor shall make commercially reasonable efforts to assist the Purchaser in jointly addressing the relevant issues and compensate the Purchaser for all direct losses incurred as a result.

As aforementioned, there are Defective Buildings on the Target Land. The indemnity clause above can safeguard MP CardioFlow in this respect.

Having considered the principal terms of the Acquisition as set out above, we are of the view that the terms of the Acquisition are on normal commercial terms and are fair and reasonable.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### Possible financial effects of the Acquisition

As confirmed by the Directors, following the Closing, the Target Company will become a wholly-owned subsidiary of the Company and its financial results will be consolidated into the financial statements of the Group. With reference to the 2023 Annual Report, the Group's audited consolidated net asset value was approximately RMB2,334.9 million as at 31 December 2023. The Acquisition would have no material effect on the net asset value of the Group.

It should be noted that the aforementioned analyses are for illustrative purposes only and do not purport to represent how the financial position of the Group will be upon Closing.

### RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Acquisition are on normal commercial terms and are fair and reasonable; and (ii) although the Acquisition is not conducted in the ordinary and usual course of business of the Group, the Acquisition is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the Acquisition 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.

**RESPONSIBILITY STATEMENT**

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

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

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

*Long Positions in the Shares and underlying Shares of the Company*

<b>Name of Director/Chief Executive</b>	<b>Capacity/Nature of interest</b>	<b>Number of Shares/underlying Shares held</b>	<b>Approximately percentage of shareholding interest</b>
Mr. Chen Guoming	Beneficial owner	8,905,892	0.37%
Mr. Jeffrey R Lindstrom	Beneficial owner	6,000,000	0.25%
Mr. Zhao Liang	Beneficial owner	10,458,260	0.43%
Ms. Yan Luying	Beneficial owner	6,807,700	0.28%
Dr. Ding Jiandong	Beneficial owner	479,683	0.02%

<b>Name of Director/Chief Executive</b>	<b>Capacity/Nature of interest</b>	<b>Number of Shares/underlying Shares held</b>	<b>Approximately percentage of shareholding interest</b>
Mr. Jonathan H. Chou	Beneficial owner	449,683	0.02%
Ms. Sun Zhixiang	Beneficial owner	449,683	0.02%

*Notes:*

- (1) All the above Shares or underlying Shares are held in long position.
- (2) The calculation is based on the total number of 2,412,592,939 Shares in issue as at the Latest Practicable Date.

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

**(2) Substantial Shareholders***Substantial shareholders' interests and short positions in the Shares and underlying Shares*

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

<b>Name of Substantial Shareholder</b>	<b>Nature of interest</b>	<b>Number of shares held</b>	<b>Approximate percentage of shareholding interest</b>
Shanghai MicroPort <sup>(1)</sup>	Beneficial Interest	1,112,855,680	46.13%
CICC Kangrui <sup>(2)</sup>	Beneficial Interest	181,592,220	7.67%

*Notes:*

- (1) Shanghai MicroPort was wholly-owned by MicroPort®. Therefore, MicroPort® was deemed to be interested in the Shares that Shanghai MicroPort was interested in under the SFO.
- (2) CICC Kangzhi (Ningbo) Equity Investment Management Co., Ltd. (中金康智(寧波)股權投資管理有限公司), “CICC Kangzhi”) was the general partner of CICC Kangrui. As confirmed by CICC Kangrui, CICC Kangzhi was controlled by CICC Capital Management Co., Ltd. (中金資本運營有限公司), which is a wholly-owned subsidiary of China International Capital Corporation Limited (中國國際金融股份有限公司). Therefore, each of CICC Kangzhi, CICC Capital Management Co., Ltd. (中金資本運營有限公司) and China International Capital Corporation Limited (中國國際金融股份有限公司) was deemed to be interested in the Shares that CICC Kangrui was interested in under the SFO.
- (3) All the above Shares are held in long position.
- (4) The calculation is based on the total number of 2,412,592,939 Shares in issue as at the Latest Practicable Date.

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

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

**EXPERT AND CONSENT**

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

<b>Name</b>	<b>Qualifications</b>
Gram Capital Limited	a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity
Colliers Appraisal and Advisory Services Co., Ltd.	an independent valuer qualified in the PRC

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name in the form and context in which it is included in this circular.

As of the Latest Practicable Date, none of the experts above was beneficially interested in the equity interest of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate other persons to subscribe for any shares, convertible securities, warrants, options or derivatives which carry voting rights in any member of the Group.

As of the Latest Practicable Date, none of the experts above had any direct or indirect interest in any assets which have been, since December 31, 2023, being the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group.

#### **MATERIAL ADVERSE CHANGE**

As of the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading positions of the Company since December 31, 2023, being the date to which the latest published audited financial statement of the Company have been made up.

#### **SERVICE CONTRACTS**

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

#### **LITIGATION**

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

#### **DIRECTORS' INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS**

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

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



**DIRECTORS' INTERESTS IN COMPETING BUSINESS**

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

**GENERAL**

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

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

**DOCUMENTS AVAILABLE ON DISPLAY**

Copies of the following documents will be published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://www.cardioflowmedtech.com>) for a period of 14 days from the date of this circular (both days inclusive):

- (1) the letter from the Independent Board Committee, the text of which is set out in this circular;
- (2) the letter from Gram Capital Limited, the text of which is set out in this circular;
- (3) the written consent of the experts as referred to in this Appendix;
- (4) the Equity Transfer Agreement;
- (5) the valuation report of the Target Property prepared by Colliers Appraisal and Advisory Services Co., Ltd., the text of which is set out in this circular; and
- (6) this circular.

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## APPENDIX II VALUATION REPORT FOR THE TARGET PROPERTY

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*The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this circular received from Colliers Appraisal & Advisory Services Co., Ltd., an independent valuer, in connection with its valuation as at 31 May 2024 of the property interest of the target company held by the Company.*



Our Ref: 24-13715

Colliers Appraisal & Advisory Services Co., Ltd.  
Suite 507, Block A, Gemdale Plaza,  
No. 91 Jianguo Road,  
Chaoyang District, Beijing

22 August 2024

The Board of Directors  
微创心通医疗科技有限公司

Dear Sir or Madam,

**Re: Valuation of MicroPort Niudun Road Property located at No. 501 Niudun Road, Pudong New Area, Shanghai, the People's Republic of China (the "Property")**

### INSTRUCTIONS

We refer to the instructions from Shanghai MicroPort CardioFlow Medtech Co., Ltd. (上海微创心通医疗科技有限公司), a wholly-owned subsidiary of MicroPort CardioFlow Medtech Corporation (微创心通医疗科技有限公司) (the "**Company**") for us to assess the Market Value of the Property, we confirm that we have carried out inspections, made relevant enquires and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the Market Value of the Property as at 31 May 2024 (the "**Valuation Date**"), for the purpose of incorporating in the public document.

### BASIS OF VALUATION

Our valuation is provided on the basis of Market Value, which we would define as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Market Value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

This estimate specifically excludes an estimated price inflated or deflated by special considerations or concessions granted by anyone associated with the sale, or any element of special value.

### **VALUATION STANDARDS**

In valuing the property interests, we have fully complied with the latest edition of the Royal Institution of Chartered Surveyors (RICS) Global Valuation Professional Standards, incorporating the International Valuation Standards of the International Valuation Standards Council (IVSC), and the requirements met out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

### **QUALIFICATIONS OF THE VALUER**

This valuation has been prepared by Kin Ming Woo (James Woo) (RICS Registration No.: 0837243). James Woo is a Fellow member of the Royal Institution of Chartered Surveyors. James is an Executive Director of Valuation and Advisory Services, China at Colliers. He is suitably qualified to carry out the valuation and has over 25 years' experience in the valuation of properties of this magnitude and nature in China.

James is acting as an independent valuer as defined in the latest "RICS Global Valuation Standards" published by the RICS, which incorporates with the IVS.

Neither the valuer nor Colliers Appraisal & Advisory Services Co., Ltd. are aware of any pecuniary interest or conflict that could reasonably be regarded as being capable of affecting the ability to give an unbiased and objective, opinion of the value of the Property.

### **VALUATION APPROACHES**

In determining the market value of the Property, we have valued the Property by using the Market Approach.

**Market Approach** provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available. By analyzing such sales, which qualify as 'arms-length' transactions, between willing buyers and sellers, adjustments are made for

size, location, time, amenities and other relevant factors when comparing such sales prices to assess the value of the subject asset. This approach is commonly used to value assets where reliable sales evidence of assets of a similar nature is available.

### **SOURCES OF INFORMATION**

Although we have made independent enquires as much as possible, we have relied to a very considerable extent on the information provided by Shanghai MicroPort Medical (Group) Co., Ltd. (上海微創醫療器械（集團）有限公司) and the Company's legal advisor in respect of the titles of the Property in the PRC. We also have accepted such information given to us as being true and correct for valuation purposes. This has included such matters as ownership title, site and floor areas, floor plan, easements, tenure, the identification of the Property and all other relevant matters.

We have also been advised by the Company that no material factors or information have been omitted or withheld from the information supplied and consider that we have been provided with sufficient information to reach an informed view. We believe that the assumptions used in preparing our valuation are reasonable and have had no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuation.

### **TITLE DOCUMENTS**

We have been provided with copies or extracts of some title documents relating to the Property and have made relevant enquiries where possible. Due to the nature of the land registration system in the PRC, we have not examined the original documents to verify the existing titles to the Property or any material encumbrances that might be attached to the Property or any lease amendments. We have made assumptions that the full and proper ownership title of the Property has been obtained and all payable land premium or land-use rights fees have been fully settled.

We have relied on the advice given by the Company's legal adviser, Jia Yuan Law Offices (嘉源律師事務所), based on their legal opinion dated August 2024 regarding the titles of the Property in the PRC. We do not accept liability for any interpretation that we have placed on such information, which is more properly placed within the sphere of the legal adviser.

All legal documents disclosed in this letter and the valuation particulars are for reference only. No responsibility is assumed for any legal matters concerning the legal titles to the Property set out in this letter and the valuation particulars.

**ASSUMPTIONS AND CAVEATS**

Our valuations have been made on the assumption that the owner can sell the Property on the open market without the benefit of deferred terms contracts, leasebacks, joint ventures, management agreements or any similar arrangements that would serve to affect the value of the Property.

No allowance has been made in our valuations for any charges, mortgages or amounts owing either on the Property or for any expense or taxation that may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoing of an onerous nature that could affect its value.

We have conducted the valuation assuming that:

- the information as set out in the section headed “Sources of Information” above about the titles of the Property provided by Shanghai MicroPort Medical (Group) Co., Ltd. and the Company’s legal advisor, Jia Yuan Law Offices (嘉源律師事務所) is true and correct;
- the property interests are free from contamination and environmental problems or hazards;
- the full and proper ownership title of the Property has been obtained, and all payable land premium or land-use rights fees have been fully settled;
- the property interests can be freely transferred, mortgaged, sublet or otherwise disposed of in the market;
- we have assumed the Property is in a good state of repair, management and maintenance and fit for the use to which it is put, and will continue to be managed and maintained to this standard in the future;
- we have assumed the Property will continue to be occupied and maintained in good order; and
- for any use(s) of the Property upon which this valuation report is based, any and all required licences, permits, certificates, and authorisations have been obtained, and are capable of renewal without difficulty.

**SITE MEASUREMENT**

We have not carried out on-site measurements to verify the correctness of the site areas in respect of the Property but have assumed that the areas shown on the documents and plans provided to us are true and correct in all respects. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

**SITE INSPECTION**

We have inspected the Property exterior and, where possible, the interior of the Property by our Gladys Liu (Manager), member of CREA on 2 July 2024. In the course of our inspections, we did not note any serious defects. However, we have not carried out a structural survey nor have we inspected woodwork or other parts of the structures which are covered, unexposed or inaccessible and we are therefore unable to report that any such parts of the Property are free from defect. No tests were carried out on any of the services.

Please be advised we have not carried out investigations to determine the suitability of the ground conditions and the services etc. for any future development. Our valuations have been prepared on the assumption that these aspects are satisfactory.

**CURRENCY**

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our valuation particulars are attached hereto.

Yours faithfully,  
For and on behalf of

**Colliers Appraisal & Advisory Services Co., Ltd.**

**Kin Ming Woo James**

*FRICS AICFC*

*Executive Director*

*Valuation and Advisory Services I China*

*Note:* Mr. James Woo is a Registered and independent Valuer with over 25 years' experience in real estate industry and assets valuation sector. His experience on valuation covers Mainland China. Mr. Woo is a Fellow member of the Royal Institution of Chartered Surveyors.

## VALUATION PARTICULARS

Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 May 2024															
<p>MicroPort Niudun Road Property (上海微創醫療器械(集團)有限公司牛頓路物業), located at No. 501 Niudun Road, Zhangjiang Science City, Pudong New Area, Shanghai, PRC</p>	<p>The Property, known as MicroPort Niudun Road Property, is located north of Zuchongzhi Road (祖沖之路) and east of Niudun Road (牛頓路) in Pudong New Area. It is about 400 metres (m) to Metro Line 2 Zhangjiang High-Technology Park Station (張江高科站) and 900 m to Jinke Road Station (金科路站). The locality is a mature business park area and served by public facilities and convenient public transportation network.</p> <p>The Property comprises three buildings, including a single-storey guardroom, a single-storey staff canteen, and a 3-storey main building for workshop, lab, office and warehouse uses. The Property has a certified gross floor area (GFA) of 8,781.03 sq m with a total site area of 13,320.00 sq m. As advised, the guardroom and restaurant were completed in 2003, and the main building was completed in 2007. The Property is also equipped with 73 aboveground car spaces.</p> <p>Detailed Certified GFA of the Property is listed below:</p> <table border="1" style="margin-left: 20px;"> <thead> <tr> <th style="text-align: left;">Portions</th> <th style="text-align: left;">Level</th> <th style="text-align: right;">GFA (sq m)</th> </tr> </thead> <tbody> <tr> <td>Building No.1</td> <td style="text-align: center;">1</td> <td style="text-align: right;">25.82</td> </tr> <tr> <td>Building No.2</td> <td style="text-align: center;">1-3</td> <td style="text-align: right;">8,538.26</td> </tr> <tr> <td>Building No.3</td> <td style="text-align: center;">1</td> <td style="text-align: right;">216.95</td> </tr> <tr> <td><b>Total</b></td> <td></td> <td style="text-align: right;"><b>8,781.03</b></td> </tr> </tbody> </table> <p>Pursuant to the Real Estate Ownership Certificate provided, the land-use rights of the Property have been granted for a term expiring on 6 July 2050 for high technology uses.</p>	Portions	Level	GFA (sq m)	Building No.1	1	25.82	Building No.2	1-3	8,538.26	Building No.3	1	216.95	<b>Total</b>		<b>8,781.03</b>	<p>At the date of our inspection, there were ancillary buildings with area of approximately 1,295 sq m using as storage, staff canteen, staff lounge and laboratory facilities are not included on the area of the Real Estate Ownership Certificate. The remaining area of the Property was for self-use and in normal operation.</p>	<p>RMB360,000,000</p>
Portions	Level	GFA (sq m)																
Building No.1	1	25.82																
Building No.2	1-3	8,538.26																
Building No.3	1	216.95																
<b>Total</b>		<b>8,781.03</b>																

## Notes:

- Pursuant to the Business License issued by the Market Supervision Administration of Shanghai, MicroPort Scientific Corporation (微創醫療科學有限公司), through its wholly-owned subsidiary MicroPort Sinica Co., Ltd. (微創投資控股有限公司) was indirectly interested in approximately 85.6% of the total issued share capital of Shanghai MicroPort Medical (Group) Co., Ltd. (上海微創醫療器械(集團)有限公司).

Enterprise Name:	Shanghai MicroPort Medical (Group) Co., Ltd.
Social Credit Code	91310000607389788T
Type	Limited Liability Company (foreign joint cooperation)
Legal Representative	Jiang Lei
Registered Capital	USD350,000,000
Date of Establishment	15 May 1998
Operating Period	From 15 May 1998 to 14 May 2038
Address	No. 1601 Zhangdong Road, (Shanghai) Pilot Free Trade Zone
Scope of Business	Class II medical device manufacturing; Class III medical device manufacturing; Class III medical device operation. (Projects that require approval by law, which can be carried out after approval by the relevant department, and the specific approved projects are subject to the approval documents or permits issued by the relevant department.)

General projects: Class I medical device manufacturing; Class I medical device operation; Class II medical device operation; sale of self-produced products and provision of after-sales service; transfer of self-developed technology and provision of related technological services, technical consultation; business information consultation (excluding financial information); technology development, technology transfer, technical consultation, technical services in the medical technology field (excluding human stem cells, gene diagnosis, and treatment technology development and application); trade agency; meeting and exhibition services. (Excluding projects that require approval by law, you can carry out other business activities independently with a business license in accordance with the law.)

- 2) Pursuant to the Real Estate Ownership Certificate Hu Fang Di Pu Zi (2013) Di 010498 Hao, the land-use rights of a parcel of land located at Qiu 6, Jiefang 10, Zhangjiang High Technology Park, Pudong New Area with a site area of 13,320.00 sq m and the corresponding building ownership with a total gross floor area of 8,781.03 sq m are vested in Shanghai MicroPort Medical for high technology purpose for a term commencing on 7 July 2000. The original acquisition cost of the Land is RMB4,955,040. The details are listed below:

<b>Location</b>	<b>Building No.</b>	<b>Use of Building</b>	<b>Site Area</b> (sq m)	<b>GFA</b> (sq m)
No. 501 Niudun Road	Building 1 to 3	Workshop	13,320.00	8,781.03
<b>Total</b>			<b>13,320.00</b>	<b>8,781.03</b>

- 3) The general description and market information of the Property are summarized below:

<b>Location</b>	The Property is located north of Zuchongzhi Road and east of Niudun Road in Zhangjiang Science City, Pudong New Area, Shanghai.
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**Transportation**

It is a 7-minute walk from Zhangjiang High Technology Park station on metro line 2 and approximately 1.5 kilometres (km) away from Luoshan Elevated Road (羅山高架路) and Longdong Avenue (龍東大道). Changtai Plaza (長泰廣場) is around 5-minute drive from the Property. Shanghai Railway Station (上海站) and Shanghai Pudong International Airport (上海浦東國際機場) is located approximately 14 km and 20 km from the Property respectively. Also, taxi and bus are readily available in the locality.

**Nature of Surrounding Area**

The Property is located in Zhangjiang High-tech Park, which is a municipal industrial park. The leading industries in Zhangjiang High-tech Park are pharmaceutical and biotech manufacturers, software, information technology and semiconducting electronic products etc. The area comprises majority of the high-quality business parks, such as Nexxus (前社生命科學園), Jinke Centre (金科中心), ZTE (中興通訊), Pudong Software Park (浦東軟件園), Zhangjiang Riverfront Harbor (張江集電港), Zhangjiang Hi-tech Park Phase 4 Incubator (張江高科技園區四期孵化樓), Lenovo Innovation Park (聯想創新科技園) etc.

- 4) We have been provided with a legal opinion on the Property prepared by the Company's PRC legal advisor, Jia Yuan Law Offices (嘉源律師事務所), which contains, inter alia, the following information:
- i. Shanghai MicroPort Medical has obtained the real estate ownership certificate related to the land of the Property. Shanghai MicroPort Medical has legally owned the relevant land use rights and property ownership of the Property with a total area of 8,781.03 sq m, and its rights are protected by PRC law;
  - ii. Buildings with total area of 1,295 sq m ("**Defective Buildings**") which have not completed the necessary construction approval processes and are without title certificates, Shanghai MicroPort Medical has not received any administrative penalties or rectification notices from relevant authorities regarding the aforementioned defective buildings, as confirmed by the company and verified by the law firm through public channels as of the issuance date of this legal opinion;
  - iii. The Property has been mortgaged to Ping An Bank (平安銀行) for a loan for a term from 14 May 2024 to 14 July 2027, and transferal of the Property is restricted;
  - iv. The Property is not subject to any restriction, bank mortgage and encumbrances or any third-party interests except the aforementioned mortgage and transfer restriction; and
  - v. Shanghai MicroPort Medical has legally owned the relevant land use rights and ownership rights for the Property. During the term of the above-mentioned land use rights, Shanghai MicroPort Medical shall have the right to occupy and use the Property (excluding the Defective Buildings in accordance with the PRC law), and also have the right to dispose the Property by transferring, leasing, mortgaging or other legal means.

## APPENDIX II VALUATION REPORT FOR THE TARGET PROPERTY

- 5) In assessing the market value of the Property, we have made reference to the unit price of similar properties transaction. Comparable properties are located in the same district with similar conditions, location, etc. Comparable properties that had been selected include unit price ranges from RMB37,000 to RMB45,200 per sq m. In the course of our valuation, we have considered the relevant adjustment factors such as the accessibility, size, age/maintenance, etc. to determine the unit price of the Property.

Items	Comparable 1	Comparable 2	Comparable 3
Name (ENG)	ZJ 368	Jinchuang Building	BJT Park
Name (CHN)	張江368產業園	金創大廈	百佳通產業園
Location	Pudong New Area	Pudong New Area	Pudong New Area
Detail Address	No. 368 Zhangjiang Road	No.4560 Jinke Road	No.3 Lane 388 Shengrong Road
Total GFA (sq m)	20,700	88,600	110,000
Completion Year	2021 (renovated)	2013	2018
Unit Price (RMB/sq m)	45,200	42,500	37,000

- 6) Defective Buildings with a total area of approximately 1,295 sq m were erected on the Property without Real Estate Ownership Certificate obtained. We have ascribed no commercial value to the Defective Buildings due to the absence of the Real Estate Ownership Certificate, hence they are not entitled to be transferred and mortgage in the market. The details of Defective Building are listed below:

Floor	Current Usage	Structure	Floor Area (sq m)
1F	Staff Canteen, Staff Lounge and Storage	Steel	695
2F	Storage	Reinforced Concrete	50
3F	Laboratory	Reinforced Concrete	550
<b>Total</b>			<b>1,295</b>

- 7) The status of the title and grant of major approvals and licences in accordance with the information provided by the Owner are as follows:

Real Estate Ownership Certificate	Yes
Business License	Yes

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NOTICE OF EXTRAORDINARY GENERAL MEETING

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**MicroPort CardioFlow Medtech Corporation**

**微创心通医疗科技有限公司**

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

**(Stock Code: 2160)**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the extraordinary general meeting of the Company (the “EGM”) to be held on Friday, September 20, 2024 at 10:00 a.m. at No. 501 Niudun Road, Zhangjiang Hi-Tech Park, Pudong New District, Shanghai, China, for the following purposes. Unless otherwise defined, capitalized terms used in this notice shall have the same meanings as those in the circular of the Company dated August 30, 2024.

**ORDINARY RESOLUTION**

1. the Equity Transfer Agreement dated August 22, 2024 entered into between MP CardioFlow and Shanghai MicroPort Medical, and the transaction contemplated thereunder be and are hereby approved, ratified and confirmed; and
2. each of the Directors be and is hereby authorized to do all such acts and things and sign, agree, ratify or execute all such documents and take all such steps as the Director in his/her discretion may consider necessary, appropriate, desirable or expedient to implement, give effect to or in connection with the Equity Transfer Agreement and the transaction contemplated thereunder.

Yours faithfully,

By order of the Board

**MicroPort CardioFlow Medtech Corporation**

**Chen Guoming**

*Chairman*

Hong Kong, August 30, 2024

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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*Notes:*

- (i) For the purpose of determining the identity of the shareholders of the Company entitled to attend and vote at the EGM, the register of members of the Company will be closed from Monday, September 16, 2024 to Friday, September 20, 2024, both dates inclusive, during which period no transfer of 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 pm on Friday, September 13, 2024.
- (ii) A shareholder entitled to attend and vote at the above EGM is entitled to appoint one or, if he 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.
- (iii) 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 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.
- (iv) In order to be valid, the form of proxy 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 Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (together with the power of attorney or other authority, if any, under which it is signed or a certified copy thereof) not less than 48 hours before the time fixed for holding of the EGM (i.e. not later than 10:00 a.m., Wednesday, September 18, 2024). The completion and delivery of the form of proxy 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 form of proxy shall be deemed to be revoked.
- (v) 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 Listing Rules. The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
- (vi) Shareholders attending the EGM in person or by proxy shall bear their own travelling and accommodation expenses, and shall produce their identity documents.
- (vii) References to dates and time in this notice are to Hong Kong dates and time.
- (viii) The English text of this notice shall prevail over the Chinese text for the purpose of interpretation.

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