THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, 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 and the accompanying form of proxy to the purchaser or transferee or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of MicroPort CardioFlow Medtech Corporation.

MicroPort 心通医疗

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)

(1) VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION INVOLVING ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE IN RELATION TO THE ACQUISITION OF THE TARGET GROUP; AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING

Exclusive Financial Adviser to the Target Group

citi

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

Gram Capital Limited 嘉林資本有限公司

A letter from the Board containing information on, among other things, the Transaction is set out on pages 9 to 36 of this circular. A letter from the Independent Board Committee to the Independent Shareholders in respect of the Transaction is set out on pages 37 to 38 of this circular. A letter of advice from Gram Capital Limited, the Independent Financial Adviser, in respect of the Transaction to the Independent Board Committee and the Independent Shareholders is set out on pages 39 to 79 of this circular.

A notice convening the EGM to be held at No. 501 Niudun Road, Zhangjiang Hi-Tech Park, Pudong New District, Shanghai, China on Monday, December 15, 2025, at 10:00 a.m. is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Such form of proxy is also published on the websites of the Stock Exchange (**www.hkexnews.hk**) and the Company (**http://www.cardioflowmedtech.com**).

Whether or not you intend 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 Saturday, December 13, 2025) 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.

References to dates and time in this circular are to Hong Kong dates and time. Where the context so permits or requires in this circular, words importing the singular number include the plural and *vice versa* and words importing the masculine gender include the feminine and neuter genders and *vice versa*.

November 24, 2025

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

"2022 Annual Report"	has the meaning ascribed to it under the section headed "*1. FINANCIAL INFORMATION OF THE GROUP"* in Appendix I to this circular
"2023 Annual Report"	has the meaning ascribed to it under the section headed "*1. FINANCIAL INFORMATION OF THE GROUP"* in Appendix I to this circular
"2024 Annual Report"	has the meaning ascribed to it under the section headed "*1. FINANCIAL INFORMATION OF THE GROUP"* in Appendix I to this circular
"2025 Interim Report"	has the meaning ascribed to it under the section headed "*1. FINANCIAL INFORMATION OF THE GROUP"* in Appendix I to this circular
"Board"	the board of Directors
"BVI Co"	MicroPort CardioFlow CRM Company Limited, a business company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
"Cayman Companies Act"	the Cayman Islands Companies Act (as revised) of the Cayman Islands
"Cayman Registrar"	the Registrar of Companies in the Cayman Islands
"Citi"	Citigroup Global Markets Asia Limited, the exclusive financial adviser to the Target Group in respect of the Transaction
"Closing"	closing of the Transaction in accordance with the terms and conditions of the Merger Agreement
"Closing Date"	the date of Closing

"Company"	MicroPort CardioFlow Medtech Corporation (微创心通医疗科技有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 2160)
"Conditions"	conditions precedent to the Closing of the Merger as set out in the section headed "*2. TRANSACTION — Conditions to Closing*" in the part headed *"Letter from the Board"* in this circular
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction"	has the meaning ascribed to it under the Listing Rules
"controlling shareholder"	has the meaning ascribed to it under the Listing Rules
"CRM"	cardiac rhythm management
"Director(s)"	the director(s) of the Company
"Effective Time"	the time on which the Merger becomes effective
"EGM"	the extraordinary general meeting of the Company to be convened and held for the Independent Shareholders to consider and, if thought fit, to approve by way of poll, the Merger Agreement and the Transaction (including the grant of the Specific Mandate for the allotment and issue of the New Shares)
"Employee Shareholding Platforms"	has the meaning ascribed to it under the section headed "*3. INFORMATION OF THE TARGET GROUP — (c) Information of the Shareholders of the Target Company*" in the part headed "*Letter from the Board"* in this circular
"First Announcement"	the announcement of the Company dated July 16, 2025 in relation to a non-binding proposal made by MicroPort® to the Company relating to the proposed strategic restructuring of the CRM business of MicroPort®

"Group"	the Company and its subsidiaries
"Hillhouse"	has the meaning ascribed to it under the section headed "*3. INFORMATION OF THE TARGET GROUP — (c) Information of the Shareholders of the Target Company*" in the part headed "*Letter from the Board*" in this circular
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Board Committee"	the independent board committee, consisting of the independent non-executive Directors, Ms. Sun Zhixiang and Dr. Hu Bingshan, who are not directors of MicroPort®, established for the purpose of advising the Independent Shareholders in relation to the Transaction
"Independent Financial Adviser" or "Gram Capital"	Gram Capital Limited, a corporation licensed under the Securities and Futures Ordinance to carry out Type 6 (advising on corporate finance) regulated activity, the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the Transaction
"Independent Shareholders"	shareholders other than connected person(s) which is/are interested in the Transaction
"Independent Third Party"	person or company who/which, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, is not a connected person of the Company
"Issue Price"	HK$1.35 per Share at which the New Shares will be allotted and issued
"Junior CBs"	a convertible bond in initial principal amount of US$45 million issued by the Target Company, all of which is held by MicroPort International

"Latest Practicable Date"	November 21, 2025, 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
"Longstop Date"	11:59 p.m., Hong Kong time, on June 30, 2026 (as may be extended by the mutual written consent of the Company and the Target Company from time to time)
"Merger"	the merger between the Target Company and the Merger Sub under section 233 of the Cayman Companies Act and as contemplated in the Merger Agreement
"Merger Agreement"	the merger agreement dated September 29, 2025 entered into by the Company, the Merger Sub and the Target Company in respect of the Transaction
"Merger Sub"	MicroPort CardioFlow CRM Limited, an exempted company incorporated in the Cayman Islands with limited liability and an indirect wholly-owned subsidiary of the Company
"MicroPort®" or "MPSC"	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) and the controlling shareholder of the Company as at the Latest Practicable Date
"MicroPort® Group"	MicroPort® and its subsidiaries, and for the purpose of this circular only, excluding the Group
"MicroPort International"	MicroPort International Corp. Limited, a company incorporated under the laws of Hong Kong with limited liability and an indirect wholly-owned subsidiary of MicroPort® as at the Latest Practicable Date

"Negotiated Value of the Target Company"	the pre-transaction equity value of the Target Company of US$680 million
"New Share(s)"	the Share(s) to be allotted and issued to the existing shareholder(s) of the Target Company pursuant to the Merger
"PRC"	the People's Republic of China excluding, for the purpose of this circular, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Pre-Closing Capital Restructuring"	the conversion of the Senior CBs outstanding and the principal amount of the Junior CB outstanding into Target Series C Preferred Shares and the transfer of Target Ordinary Shares by MicroPort International to certain shareholders of the Target Company as equity compensation arrangement in accordance with the terms and subject to the conditions in the Merger Agreement
"Pro-forma Information"	has the meaning ascribed to it under the section headed *"6. FINANCIAL EFFECTS OF THE TRANSACTION"* in the part headed *"Letter from the Board"* in this circular
"Prospectus"	the Company's prospectus dated January 26, 2021
"R&D"	research and development
"Remaining Shareholders"	has the meaning ascribed to it under the section headed "*3. INFORMATION OF THE TARGET GROUP — (c) Information of the Shareholders of the Target Company*" in the part headed "*Letter from the Board"* in this circular
"RMB"	Renminbi, the lawful currency of the PRC
"Second Announcement"	the announcement of the Company dated September 29, 2025 in relation to, among other things, the Transaction
"Senior CBs"	a convertible bond in initial principal amount of US$130 million issued by the Target Company

"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary shares of US$0.000005 each in the share capital of the Company
"Shareholders"	shareholders of the Company
"Specific Mandate"	the specific mandate to be sought from the Independent Shareholders at the EGM to grant to the Board the authority for the allotment and issuance of the New Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	MicroPort Cardiac Rhythm Management Limited (微創心律管理有限公司), a company incorporated under the laws of the Cayman Islands with limited liability and a non-wholly-owned subsidiary of MicroPort®
"Target ESOP"	has the meaning ascribed to it under the section headed "*3. INFORMATION OF THE TARGET GROUP — (c) Information of the Shareholders of the Target Company*" in the part headed "*Letter from the Board*" in this circular
"Target Group"	the Target Company and its subsidiaries, and "Target Group Company" means any one of them
"Target Ordinary Shares"	the ordinary shares with a par value of US$0.00008 per share in the capital of the Target Company
"Target Preferred Shares"	the preferred shares in the capital of the Target Company, comprising the Target Series A Preferred Shares, the Target Series B Preferred Shares and the Target Series C Preferred Shares

"Target Series A Preferred Shares"	the Series A preferred shares of the Target Company with a par value of US$0.00008 per share, with the rights and privileges set forth in the existing memorandum and articles of association of the Target Company
"Target Series B Preferred Shares"	the Series B preferred shares of the Target Company with a par value of US$0.00008 per share, with the rights and privileges set forth in the existing memorandum and articles of association of the Target Company
"Target Series C Preferred Shares"	the Series C preferred shares of the Target Company with a par value of US$0.00008 per share, with the rights and privileges set forth in the existing memorandum and articles of association of the Target Company
"TAVI"	has the meaning ascribed to it under the section headed "*7. REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE TRANSACTION*" in the part headed *"Letter from the Board"* in this circular
"TMV"	has the meaning ascribed to it under the section headed "*7. REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE TRANSACTION*" in the part headed *"Letter from the Board"* in this circular
"TTV"	has the meaning ascribed to it under the section headed "*7. REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE TRANSACTION*" in the part headed *"Letter from the Board"* in this circular
"Transaction"	the transactions as contemplated under the Merger Agreement, including the Merger
"US$"	United States dollar, the lawful currency of the United States of America
"Valuation Date"	August 31, 2025

"Valuer"	Jones Lang LaSalle Corporate Appraisal and Advisory Limited
"%"	per cent.

In this circular, amounts in US$ are translated into HK$ on the basis of US$1.00 = HK$7.84955 and amounts in RMB are translated into HK$ on the basis of RMB1.00 = HK$1.09767. The foregoing exchange rates are for illustration purposes only and should not be taken as a representation that US$ could actually be converted into HK$ at such rate or HK$ could actually be converted into RMB at such rate or at all.

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. Zhang Ruinian
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. Hu Bingshan

Registered Office:
Vistra (Cayman) Limited
P.O. Box 31119 Grand Pavilion
Hibiscus Way, 802 West Bay Road
Grand Cayman, KY1-1205
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

Head office and principal place of business in Hong Kong:
Room 1901, 19/F, Lee Garden One
33 Hysan Avenue, Causeway Bay
Hong Kong

November 24, 2025

To the Shareholders

Dear Sir/Madam,

(1) VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION INVOLVING ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE IN RELATION TO THE ACQUISITION OF THE TARGET GROUP; AND (2) NOTICE OF EXTRAORDINARY GENERAL MEETING

1. INTRODUCTION

References are made to the First Announcement and the Second Announcement in relation to, among other things, the Transaction.

The purpose of this circular is to provide you with, among other things, (i) further details of the terms of the Merger Agreement and the Transaction; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders on the Merger and the Transaction; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Merger and the Transaction; (iv) the accountants' report on the Target Group; (v) the financial information of the Group; (vi) the unaudited pro forma financial information of the Enlarged Group following the Merger; (vii) a valuation report of the Target Group; (viii) the other information of the Target Group; and (ix) a notice of the EGM.

2. THE TRANSACTION

On September 29, 2025, the Company, the Merger Sub (being an indirect wholly-owned subsidiary of the Company) and the Target Company entered into the Merger Agreement in relation to the Transaction. The principal terms of the Merger Agreement are as follows.

Date

September 29, 2025

Parties

(a) The Company

(b) The Merger Sub (being an indirect wholly-owned subsidiary of the Company)

(c) The Target Company

Merger

Pursuant to the terms and conditions of the Merger Agreement and in accordance with the Cayman Companies Act, the Company will acquire the Target Company by way of merger whereby, at the Effective Time, the Merger Sub and the Target Company shall merge and continue as one company, following which the separate corporate existence of Merger Sub shall cease, with the Target Company becoming the surviving corporation in the Merger and subsisting under its existing name as a direct, wholly-owned subsidiary of BVI Co, which in turn remains a direct, wholly-owned subsidiary of the Company, and in consideration therefor, the Company will allot and issue New Shares to the shareholders of the Target Company. Following completion of the Merger, members of the Target Group will become indirect subsidiaries of the Company and the financial results of the Target Group will be consolidated in the financial results of the Group.

At and after the Effective Time, in accordance with the Cayman Companies Act:

(a) all the rights, the property of every description (including choses in action, and the business, undertaking, goodwill, benefits, immunities and privileges) of each of the Merger Sub and the Target Company shall be transferred to and vest in the Target Company;

(b) subject to any specific arrangements entered into by the relevant parties, the Target Company shall be liable for and subject, in the same manner as the Merger Sub, to all mortgages, charges or security interests, and all contracts, obligations, claims, debts, and liabilities of the Merger Sub, if any;

(c) all proceedings pending by or against each of the Merger Sub and the Target Company may be continued by or against the Target Company;

(d) any claim, conviction, ruling, order or judgement, due or to become due, in favor of or against each of the Merger Sub and the Target Company shall apply to the Target Company;

(e) the shares and rights of the members in each of the Merger Sub and the Target Company shall be converted into the shares and rights provided for in the plan of merger in relation to the Merger to be made in accordance with the Cayman Companies Act, as set out under the section headed "*Effect on the Securities*" below; and

(f) the Merger Sub shall be struck off by the Cayman Registrar.

Effect on the Securities

(a) Implementation of the Pre-Closing Capital Restructuring

Subject to the provisions of the Merger Agreement, no later than the Effective Time and prior to the cancellation of the Target Ordinary Shares and the Target Preferred Shares and issue of the New Shares as contemplated in paragraph (b) below, the Target Company will implement the Pre-Closing Capital Restructuring.

(b) Conversion of each Target Ordinary Share and each Target Preferred Share to New Shares

Subject to the provisions and conditions in the Merger Agreement, following the implementation of the Pre-Closing Capital Restructuring, at the Effective Time, by virtue of the Merger, and without any further action on the part of any shareholder of the Target Company and

the Merger Sub immediately prior to the Effective Time, (a) each Target Ordinary Share and each Target Preferred Share that is issued and outstanding immediately prior to the Effective Time, shall be automatically cancelled and converted into, and shall thereafter represent the right of each holder of the Target Ordinary Shares and each holder of the Target Preferred Shares to receive, as consideration for cancellation of such Target Ordinary Share and Target Preferred Share, the applicable number of New Shares; and (b) in consideration of each Target Ordinary Share and each Target Preferred Share so cancelled and converted, the Company shall allot and issue to each holder of the Target Ordinary Shares and each holder of Target Preferred Shares as recorded in the register of members of the Target Company immediately prior to the Effective Time the applicable number of New Shares equal to the percentage shareholding of such shareholder in the Target Company (on a fully diluted basis) multiplied by the following ratio:

N/P

Where:

N is the Negotiated Value of the Target Company, which is US$680 million (equivalent to approximately HK$5,338 million); and

P is the Issue Price, being HK$1.35.

All of the Target Ordinary Shares and the Target Preferred Shares converted into the right to receive the consideration as described above shall no longer be outstanding and shall cease to exist, and each holder of the Target Ordinary Shares and the Target Preferred Shares shall thereafter cease to have any rights with respect to such securities, except the right to receive the applicable consideration as described above.

(c) Merger

Subject to the provisions and conditions in the Merger Agreement, at the Effective Time, by virtue of the Merger, each ordinary share of Merger Sub shall be automatically converted into one ordinary share of the Target Company and such share shall constitute the only outstanding share capital of the Target Company as of immediately following the Effective Time and accordingly, the BVI Co shall become, pursuant to the Merger and the cancellation of the Target Ordinary Shares and the Target Preferred Shares, the holder of the entire issued share capital of the Target Company.

Conditions to Closing

(a) Conditions to be Satisfied by Each Party

The consummation of the Transaction is subject to the satisfaction, or written waiver by the Target Company and the Company jointly, of the following conditions:

(i) Requisite Regulatory Approvals

All consents required to be obtained from or made with any governmental authority in order to consummate the Transaction shall have been obtained or made, including the lodgment of the Merger documents with the Cayman Registrar and issuance of the notice of merger by the Cayman Registrar in respect of the Merger, each in accordance with the Cayman Companies Act.

(ii) Listing Approval by the Stock Exchange

Written approval shall have been granted by the listing committee of the Stock Exchange for the listing of, and the permission to deal in, the New Shares to be allotted and issued by the Company as contemplated under the Merger Agreement on the Main Board of the Stock Exchange.

(iii) Rule 18A.10 Approval by the Stock Exchange

Written approval shall have been granted by the Stock Exchange in respect of the Transaction pursuant to Rule 18A.10 of the Listing Rules.

(iv) Approval by the Shareholders

The approval of the Transaction by the Shareholders shall have been obtained in accordance with the terms of the Merger Agreement, the Listing Rules, the memorandum and articles of association of the Company and the Cayman Companies Act.

(v) No Prohibitive Law or Order

No governmental authority shall have enacted, issued, promulgated, enforced or entered any Law (whether temporary, preliminary or permanent) or order that is then in effect and which has the effect of making the transactions or agreements contemplated by the Merger Agreement illegal or which otherwise prevents or prohibits consummation of the Transaction.

(vi) Anti-trust filing

All anti-trust filings and approvals required to be obtained from or made with any governmental authority in order to consummate the Transaction shall have been obtained or made, each in accordance with the applicable laws.

(vii) Foreign Direct Investment Approval

The French Ministry of Economy (Direction Générale du Trésor) shall have confirmed or indicated that the Transaction is either outside the scope of, or complies with, the relevant foreign investment control regimes, or, if required, the necessary filing with the French Ministry of Economy (Direction Générale du Trésor) shall have been made in accordance with the requirements of the French Ministry of Economy (Direction Générale du Trésor) or applicable laws.

As at the Latest Practicable Date, the Company had obtained confirmation from the Stock Exchange that the Transaction will not result in a fundamental change in the principal business activities of the Company under Rule 18A.10 of the Listing Rules. Therefore, Condition (a)(iii) above had been satisfied as at the Latest Practicable Date.

The Company and the Target Company have been advised by legal counsel on matters related to French foreign investment law that as the ultimate controlling shareholder of the relevant French subsidiaries of the Target Company remains as MPSC after completion of the Transaction, a confirmation or indication from the French Ministry of Economy (Direction Générale du Trésor) or a filing with the French Ministry of Economy (Direction Générale du Trésor) as set out in the Condition (a)(vii) above would not be required. Accordingly, the Company and the Target Company will waive Condition (a)(vii) above. Other than Condition (a)(vii) above, no Conditions set out in the paragraph headed "*(a) Conditions to be Satisfied by Each Party*" above will be waived.

Save for the foregoing, none of the Conditions set out in the paragraph headed "*(a) Conditions to be Satisfied by Each Party*" had been satisfied or waived as at the Latest Practicable Date.

(b) Conditions to be Satisfied by the Target Company

In addition to the conditions specified in the section headed "*Conditions to Closing — (a) Conditions to be Satisfied by Each Party*" above, the consummation of the Transaction is subject to the satisfaction, or written waiver by the Company, of the following conditions:

(i) Representations and Warranties

Each of the warranties of the Target Company shall be true and correct and not misleading, as of the date of the Merger Agreement and as at immediately prior to Closing (except to the extent such representations and warranties expressly relate to an earlier date, which in such case, shall be true and correct on and as of such earlier date), except where the failure of such representations and warranties to be true and correct and not misleading would not have a material adverse effect on the Target Group Companies (taken as a whole).

(ii) Agreements and Covenants

The Target Company shall have performed in all material respects all of such party's obligations and complied in all material respects with all of its agreements and covenants under the Merger Agreement to be performed or complied with by it on or prior to the Closing Date.

(iii) No Material Adverse Effect

No material adverse effect shall have occurred with respect to the members of the Target Group Companies (taken as a whole) since the date of the Merger Agreement and be continuing and uncured.

(iv) Approval by the shareholders and directors of the Target Company

The approval by the shareholders and directors of the Target Company shall have been obtained in accordance with the terms of the Merger Agreement, the memorandum and articles of association of the Target Company and the Cayman Companies Act.

(v) Closing certificates

The Company and the Merger Sub shall have received the certificates and documents required to be delivered by the Target Company at or prior to Closing pursuant to the terms of the Merger Agreement.

(vi) Pre-Closing Capital Restructuring

The Pre-Closing Capital Restructuring shall have been completed.

As at the Latest Practicable Date, the approval by the shareholders and directors of the Target Company had been obtained in accordance with the terms of the Merger Agreement, the memorandum and articles of association of the Target Company and the Cayman Companies Act. Therefore, Condition (b)(iv) above had been satisfied as at the Latest Practicable Date. Save for the foregoing, none of the Conditions set out in the paragraph headed "*(b) Conditions to be Satisfied by the Target Company*" had been satisfied or waived as at the Latest Practicable Date.

(c) Conditions to be Satisfied by the Company

In addition to the conditions specified in in the section headed "*Conditions to Closing — (a) Conditions to be Satisfied by Each Party*" above, the consummation of the Transaction is subject to the satisfaction, or written waiver by the Target Company, of the following conditions:

(i) Representations and Warranties

Each of the warranties of the Company shall be true and correct and not misleading, as of the date of the Merger Agreement and as at immediately prior to Closing (except to the extent such representations and warranties expressly relate to an earlier date, which in such case, shall be true and correct on and as of such earlier date), except where the failure of such representations and warranties to be true and correct and not misleading would not have a material adverse effect on the Company and its subsidiaries (taken as a whole).

(ii) Agreements and Covenants

The Company shall have performed in all material respects all of the Company's obligations and complied in all material respects with all of the Company's agreements and covenants under the Merger Agreement to be performed or complied with by it on or prior to the Closing Date.

(iii) No Material Adverse Effect

No material adverse effect shall have occurred with respect to the Company since the date of the Merger Agreement and be continuing and uncured.

(iv) Closing certificates

The Target Company shall have received the certificates and documents required to be delivered by the Company at or prior to Closing pursuant to the terms of the Merger Agreement.

None of the Conditions set out in the paragraph headed "*(c) Conditions to be Satisfied by the Company*" had been satisfied or waived as at the Latest Practicable Date.

Neither the Company nor the Target Company may rely on the failure to satisfy any condition set forth above if such failure was caused by the failure of such party or its affiliates to comply with or perform any of its covenants or obligations set forth in the Merger Agreement.

The Conditions set out in the paragraph headed "*(a) Conditions to be Satisfied by Each Party*" above can only be waived by the joint written consent of the Target Company and the Company. The Conditions set out in the paragraph headed "*(b) Conditions to be Satisfied by the Target Company*" above may be waived by the Company unilaterally, and the Conditions set out in the paragraph headed "*(c) Conditions to be Satisfied by the Company*" above may be waived by the Target Company unilaterally.

Closing

Closing will occur on a date after all Conditions set out in the section headed "*Conditions to Closing*" above are satisfied or waived pursuant to the terms of the Merger Agreement. Upon Closing, members of the Target Group will become indirect subsidiaries of the Company. The financial results of the Target Group will be consolidated in the financial results of the Group.

Termination

The Merger Agreement may be terminated at any time prior to Closing (a) by mutual written consent of the Company and the Target Company; (b) by written notice by the Company or the Target Company if any of the Conditions set out in the section headed "*Conditions to Closing — (a) Conditions to be Satisfied by Each Party*" above has not been satisfied or waived (where applicable) by the Target Company and the Company jointly by the Longstop Date; (c) by written notice by the Company if any of the Conditions set out in the section headed "*Conditions to Closing — (b) Conditions to be Satisfied by the Target Company*" above has not been satisfied or waived (where applicable) by the Company by the Longstop Date; or (d) by written notice by the Target Company if any of the Conditions set out in the section headed "*Conditions to Closing — (c) Conditions to be Satisfied by the Company*" above has not been satisfied or waived (where applicable) by the Target Company by the Longstop Date.

Basis of the Negotiated Value of the Target Company

The Valuer was appointed to provide an independent opinion of the market value of 100% of the equity interest in the Target Company in accordance with International Valuation Standards as at the Valuation Date. Based on the results of the Valuer's investigations and analyses, the market value of 100% equity interest in the Target Company as at the Valuation Date is reasonably stated at the amount of US$700 million. The valuation report of the Target Group is set out in Appendix V to this circular.

In assessing the fairness and reasonableness of the valuation of the Target Company, the Board (which, for the purposes of this section headed "*Basis of the Negotiated Value of the Target Company*" and the section headed "*New Shares*" below, includes members of the Independent Board Committee after having considered the advice of the Independent Financial Adviser, but excludes (i) Mr. Chen Guoming, a non-executive Director, (ii) Ms. Wu Xia, a non-executive Director, (iii) Mr. Jonathan H. Chou, an independent non-executive Director, who are also Directors appointed by MicroPort® or hold directorships in the MicroPort® Group, (iv) Mr. Zhang Junjie, a non-executive Director who also indirectly holds shares of the Target Company and (v) Mr. Zhao Liang, an executive Director interested in 21,716 shares of the Target Company through the Target ESOP) has reviewed the valuation report of the Target Group and discussed with the Valuer regarding the methodology, major assumptions, market multiple and comparable companies used in arriving at the valuation. The Board has reviewed the rationale for the valuation methods chosen by the Valuer, and considers the guideline public company method under the market approach as adopted by the Valuer in this valuation (which reflects the market value of the Target Company based on the financial information of the Target Group and is with objectivity) as appropriate. The Board has noted that the valuation report was prepared by the Valuer in accordance with the current International Valuation Standards, that the key assumptions used in the valuation report are commonly used in valuation of similar subjects, and that the key parameters used in the valuation report have been determined based on methods commonly used in valuation of similar subjects. The Board has also conducted assessment on the qualifications and independence of the Valuer, which is a professional third-party expert independent of the Company and the Target Company and with qualifications and experiences in conducting similar valuations. Based on the above and also taking into account (i) the use of the EV/Sales Multiple (which is less affected by differences in accounting treatment and is commonly used to value early-stage or lossmaking companies), (ii) the exhaustive list of comparable companies selected by the Valuer with benchmarking to the principal businesses, revenue structure and product portfolio of the Target Company (including the selection of Medtronic plc and LifeTech Scientific Corporation despite their cardiovascular segment's revenue accounting for 37% and 42% of their respective total revenue), and (iii) the adjustments made to the base multiples (including the adoption of the 1% specific risk premium given that the 1% was approximate the same as the mid-point of the adjustment to size premium adopted by the Valuer to capture the size difference between the

comparable companies and the Target Group and the adjustment to the country risk premium adopted by the Valuer with reference to the Country Default Spreads and Risk Premiums study issued and last updated by Aswath Damodaran in January 2025) to reflect differences in the nature between the comparable companies and the Target Company, the lack of marketability of the Target Company and the control premium, the Board considers the valuation to be fair and reasonable and an appropriate reference for the purpose of determining the Negotiated Value of the Target Company.

The Board also considers the Negotiated Value of the Target Company of US$680 million to be fair and reasonable, as it was determined after arm's length negotiations between the Company and the Target Company with reference to the valuation conducted by the Valuer.

New Shares

The New Shares, being 3,953,847,407 Shares in aggregate, represent:

(a) approximately 164% of the issued share capital of the Company as at the Latest Practicable Date; and

(b) approximately 62% of the issued share capital of the Company as enlarged by the allotment and issue of the New Shares (assuming that there will be no change in the issued share capital of the Company other than the allotment and issuance of the New Shares from the Latest Practicable Date up to and until the Closing Date).

The New Shares will be allotted and issued under the Specific Mandate to be sought at the EGM. The New Shares, when allotted and issued, shall rank *pari passu* in all respects among themselves and with the Shares in issue.

Details of the shareholding structure of the Company upon completion of the above allotment and issue of the New Shares are set out in the section headed "*4. EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY*" below.

An application will be made by the Company to the Stock Exchange for the approval for the listing of, and permission to deal in, the New Shares.

It is noted that the allotment and issue of the New Shares by the Company in connection with the Transaction will, upon Closing, have a dilution impact on the percentage shareholding of the existing Shareholders by approximately 62% (as enlarged by the allotment and issue of the New Shares (assuming that there will be no change in the issued share capital of the Company other than the allotment and issue of the New Shares)).

Despite the dilution impact of the Shareholders, the Board considers the benefits and advantages elaborated in the section headed "*7. REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE TRANSACTION*" below have outweighed such dilution impact, and it is fair and reasonable and in the interest of the Company and the Shareholders as a whole to fund the payment of the Negotiated Value of the Target Company by the issue of New Shares.

The Issue Price does not represent any discount to the closing price of the Shares before the Transaction was first announced or to the unaudited net assets per Share of the Group as at June 30, 2025. As noted below, the Issue Price represents a premium of approximately 21.6% over the closing price per Share as quoted on the Stock Exchange as at the date of the First Announcement when the Transaction was first announced and a premium of approximately 33.7% over the unaudited net asset value of the Group per Share as at June 30, 2025.

Furthermore, by satisfying the consideration for the Transaction entirely with the allotment and issue of the New Shares, the immediate burden to the Company's financial resources can be reduced since the allotment and issue of the New Shares would not result in any cash to be paid by the Group for the Transaction, thereby alleviating the immediate material cash outflow pressure on the Group, safeguarding its imminent financial position.

As set out in the 2025 Interim Report, the unaudited cash and cash equivalents, time deposits and pledged deposits of the Group totally amounted to approximately RMB1,320.3 million as at June 30, 2025 (equivalent to approximately US$184.4 million based on the prevailing exchange rate as at 30 June 2025 of US$1 to RMB7.1586), out of which approximately RMB772.8 million (equivalent to approximately US$108.0 million based on the prevailing exchange rate as at 30 June 2025 of US$1 to RMB7.1586) were net proceeds from the initial global offering of the Company on the Stock Exchange earmarked for funding (i) the ongoing R&D activities, clinical trial, product registration and the ongoing sales and marketing activities of VitaFlow Liberty® and other products of the Group in China and/or overseas; (ii) the expansion of the Group's product portfolio through collaboration with global enabler; and (iii) the expansion of the Group's production and manufacturing capacity. A significant part of the remaining RMB547.5 million (equivalent to approximately US$76.5 million based on the prevailing exchange rate as at 30 June 2025 of US$1 to RMB7.1586) is reserved as the working capital of the Group to satisfy the funding needs incurred during the Group's operation activities, and only cash and cash equivalents in the aggregate amount of RMB332.0 million (equivalent to approximately US$46.4 million based on the prevailing exchange rate as at 30 June 2025 of US$1 to RMB7.1586) are immediately available and can be utilized to fund the Transaction should the consideration for the Transaction is to be settled by cash.

However, as the Negotiated Value of the Target Company of US$680 million (equivalent to approximately RMB4,863 million) far exceeds such US$46.4 million cash and cash equivalents of the Group, unless the Group raises new financing, the Group would not have enough cash to fund the Transaction. The alternative settlement method of the consideration for the Transaction (i.e. by cash) will inevitably place needless pressure of cash outflow on the Group, and the Board does not consider raising funds through new equity and/or debt financing to be desirable due to its impact on the certainty of this Transaction, potential delay in the timeline for consummating the Merger and the associated transaction costs. Such option has therefore not been adopted, after consideration by the Board.

Issue Price

The Issue Price of HK$1.35 per Share at which the New Shares will be allotted and issued represents:

(a) a premium of approximately 23.85% over the closing price of HK$1.09 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(b) a premium of approximately 2.27% over the closing price of HK$1.32 per Share as quoted on the Stock Exchange on the date of the Merger Agreement;

(c) a premium of approximately 4.65% over the average closing price of approximately HK$1.29 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including the date of the Merger Agreement;

(d) a premium of approximately 21.6% over the closing price of HK$1.11 per Share as quoted on the Stock Exchange as at July 16, 2025 (the date of the First Announcement);

(e) a premium of approximately 37.2% over the average closing price of approximately HK$0.98 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including the date of the First Announcement; and

(f) a premium of approximately 33.7% over the unaudited net asset value per Share of approximately RMB0.92 (equivalent to approximately HK$1.01) as at June 30, 2025 based on the 2,412,592,839 Shares in issue as at June 30, 2025.

The Issue Price was determined after arm's length negotiation between the Company and the Target Company with reference to the historical price performance of the Shares and the prevailing market conditions. HK$1.35 per Share represents a significant premium to the historical trading prices of the Shares and is positioned at the 72th percentile of the trading range of the Shares

(being from HK$0.65 to HK$1.62) for the 52-week period preceding the date of the Second Announcement. The Issue Price represents a premium of approximately 21.6% over the closing price of HK$1.11 per Share as quoted on the Stock Exchange as at the date of the First Announcement, and a premium of approximately 64.6% over the average closing price of the Shares for the year up to and including the date of the First Announcement of HK$0.82 per Share. During the 52 weeks prior to the date of the Second Announcement, the Shares were traded at a discount to the Issue Price for 87% of the total trading days, with the instances where the trading price exceeded the Issue Price occurring exclusively after the publication of the First Announcement in relation to a non-binding proposal made by MicroPort® to the Company relating to the Transaction. None of the closing Share prices closed above HK$1.35 per Share during the year before the date of the First Announcement. Moreover, the average closing price of the Shares for the period from (and excluding) the date of the First Announcement up to and including July 29, 2025, the date on which the Issue Price was preliminarily agreed after negotiation, was HK$1.27 per Share, which was still lower than HK$1.35 per Share. Taking into account the price performance of the Shares in the past year before the date of the First Announcement and after the publication of the First Announcement and the prevailing market conditions including the fact that Hang Seng Healthcare Index raised by 8.7% while the Company's share price raised by 13.4% from (and excluding) the date of the First Announcement up to and including July 29, 2025, outperforming Hang Seng Healthcare Index significantly, the Issue Price was fixed at HK$1.35 per Share, which represents the closing price of the Shares on July 29, 2025.

The Board has reviewed the basis for the determination of the Issue Price. The Board noted that the Issue Price is at a premium to the historically prevailing Share price as mentioned above. Although the Issue Price is slightly below the recent trading prices of the Shares closer to the date of the Second Announcement, the Board believes that this recent improvement in Share price performance was primarily driven by the publication of the First Announcement. Therefore, the Directors (including members of the Independent Board Committee after having considered the advice of the Independent Financial Adviser, but excluding (i) Mr. Chen Guoming, a non-executive Director, (ii) Ms. Wu Xia, a non-executive Director, (iii) Mr. Jonathan H. Chou, an independent non-executive Director, who are also Directors appointed by MicroPort® or hold directorships in the MicroPort® Group, (iv) Mr. Zhang Junjie, a non-executive Director who also indirectly holds shares of the Target Company and (v) Mr. Zhao Liang, an executive Director interested in 21,716 shares of the Target Company through the Target ESOP) consider the Issue Price to be fair and reasonable.

3. INFORMATION OF THE TARGET GROUP

(a) Principal business activities of the Target Group

The Target Company is a company incorporated under the laws of the Cayman Islands with limited liability.

The Target Group is principally engaged in the CRM business focusing on solutions for the management of cardiac rhythm disorders. It offers devices that monitor patient cardiac information in order to (1) identify abnormal heart conditions such as bradycardia and tachy-arrhythmia; and (2) apply electrical pulses and shocks to prevent or treat such abnormal conditions or provide cardiac resynchronization therapy. The CRM business of the Target Group is committed to creating the world's leading CRM solutions, and principally engaged in developing, manufacturing and marketing products for the diagnosis, treatment, and management of heart rhythm disorders and heart failure, with products covering pacemakers, defibrillators, cardiac resynchronization therapy devices and supporting lead products, as well as a portfolio of monitoring products used in combination.

(b) Financial information of the Target Group

Set out below is certain audited consolidated financial information of the Target Group for the two years ended December 31, 2023 and 2024 and the six months ended June 30, 2025:

	For the six months ended June 30,	**For the year ended December 31,**	
	2025	**2024**	**2023**
	US$'000	*US$'000*	*US$'000*
	(Audited)	(Audited)	(Audited)
Net loss before taxation	(40,781)	(105,138)	(115,331)
Net loss after taxation	(41,620)	(109,030)	(119,166)

As at June 30, 2025, the audited consolidated total assets of the Target Group amounted to approximately US$369 million and the audited consolidated net liability of the Target Group amounted to approximately US$365 million.

As at June 30, 2025, the Target Company had two convertible bonds in issue, being the Senior CBs and the Junior CBs respectively. The carrying amount of the Senior CBs and the Junior CBs as at 30 June 2025 were US$158,953,000 and US$49,663,000 respectively. As at the Latest

Practicable Date, the principal amount of the Senior CBs is US$130,000,000, consisting (i) US$1,731,818 held by MicroPort International and (ii) US$128,268,182 held by holders other than MicroPort International. The principal amount and the accrued interests of item (ii) above have been redeemed in September 2025 primarily through refinancing via a bank loan granted to the Target Company (the "**Refinancing**"). After such refinancing, the finance expenses borne by the Target Company would be significantly reduced, and the remaining Senior CBs in principal amount of US$1,731,818 (together with interest accrued as of October 14, 2025 in the amount of US$536,657) and the Junior CBs in principal amount of US$45,000,000, both being held by MicroPort International, will be converted into Target Series C Preferred Shares of the Target Company as part of the Pre-Closing Capital Restructuring.

Assuming that both the Refinancing and the Pre-Closing Capital Restructuring were completed as at June 30, 2025, (i) the consolidated total assets of the Target Group as at June 30, 2025 would have amounted to approximately the same amount of US$369 million, (ii) the consolidated net assets of the Target Group as at June 30, 2025 would have amounted to approximately US$49 million, and (iii) the loss for the six months ended June 30, 2025 of the Target Group would have amounted to approximately US$51 million.

(c) Information of the Shareholders of the Target Company

Major Shareholders

As at the Latest Practicable Date and before taking into account the impact of the Pre-Closing Capital Restructuring, assuming that all the Target Preferred Shares are converted to Target Ordinary Shares, the Target Company was owned as to 50.13% by MicroPort International, as to 16.82% by Sino Rhythm Limited and as to 12.56% by SPR-VI Holdings Limited. Immediately following completion of the Pre-Closing Capital Restructuring, assuming that all the Target Preferred Shares are converted to Target Ordinary Shares and there is no other change in the shareholding of the shareholders of the Target Company, the Target Company will be owned as to 43.42% by MicroPort International, as to 15.39% by Sino Rhythm Limited and as to 13.62% by SPR-VI Holdings Limited.

Set out below is the information on the major shareholders of the Target Company:

(i) MicroPort International

MicroPort International is a company incorporated in Hong Kong with limited liability. MicroPort International is principally engaged in investment holding. As at the Latest Practicable Date, MicroPort International was an indirect wholly-owned subsidiary of MicroPort®.

MicroPort® is incorporated in the Cayman Islands and the shares of which are listed on the main board of the Stock Exchange. MicroPort®, together with its subsidiaries, 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 devices, orthopedics devices, CRM, endovascular and peripheral vascular devices, neurovascular devices, structural heart disease business, surgical robot, surgical devices and other business. As at the Latest Practicable Date, MicroPort® was the controlling shareholder of the Company interested in approximately 46.12% of the shares of the Company.

Each of MicroPort International and MicroPort® is a connected person of the Company under Chapter 14A of the Listing Rules.

The original investment cost in the Target Company by MicroPort International was approximately US$273.7 million (equivalent to approximately HK$2,148 million).

(ii) Sino Rhythm Limited

Sino Rhythm Limited is a company incorporated in the BVI with limited liability and is an investment holding company. It is jointly owned by Yunfeng Fund III, L.P., a private equity fund focused on, among others, healthcare, internet, technology, media and entertainment, financial services, logistics and consumer sectors and its associated funds. Yunfeng Fund III, L.P. is a limited partnership with more than fifty passive investors, none of which owns more than 30% economic interest in Yunfeng Fund III, L.P. The general partner of Yunfeng Fund III, L.P. is Yunfeng Investment III, Ltd., whose ultimate beneficial owner is Mr. Yu Feng.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of Sino Rhythm Limited and its ultimate beneficial owner is an Independent Third Party.

(iii) SPR-VI Holdings Limited

SPR-VI Holdings Limited is an exempted company incorporated in the Cayman Islands. Hillhouse Investment Management, Ltd. ("**Hillhouse**") acts as the sole management company of Hillhouse Fund IV, L.P., which owns SPR-VI Holdings Limited. Founded in 2005, Hillhouse is a global private equity firm of investment professionals and operating executives who are focused on building and investing in high quality business franchises that achieve sustainable growth. Independent proprietary research and industry expertise, in conjunction with world-class operating and management capabilities, are key to Hillhouse's investment approach. Hillhouse partners with exceptional entrepreneurs and management teams to create value, often with a focus on innovation and growth. Hillhouse invests in the fields of healthcare, business services, broad consumption and

industrials. Hillhouse maintains a wide investor base comprising over 100 investors across multiple jurisdictions. Hillhouse Fund IV, L.P. is a limited partnership with more than one hundred passive investors, none of which owns more than 30% economic interest in Hillhouse Fund IV, L.P. The general partner of Hillhouse Fund IV, L.P. is Hillhouse Fund IV GP, Ltd..

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of SPR-VI Holdings Limited and its ultimate beneficial owner is an Independent Third Party.

Remaining Shareholders

As at the Latest Practicable Date and before taking into account the impact of the Pre-Closing Capital Restructuring, assuming that all the Target Preferred Shares are converted to Target Ordinary Shares, the Target Company was owned as to 20.49% in aggregate by the remaining shareholders of the Target Company (being shareholders of the Target Company other than MicroPort International, Sino Rhythm Limited and SPV-VI Holdings Limited) (the "**Remaining Shareholders**"). Immediately following completion of the Pre-Closing Capital Restructuring, assuming that all the Target Preferred Shares are converted to Target Ordinary Shares and there is no other change in the shareholding of the shareholders of the Target Company, the Target Company will be owned as to 27.57% in aggregate by the Remaining Shareholders.

As at the Latest Practicable Date, (i) other than the trustee of the Target Group's employee share incentive scheme (the "**Target ESOP**"), each of the Remaining Shareholders held less than 3% of the issued shares of the Target Company, and each of the grantees of the Target ESOP (one of which is Mr. Zhao Liang, a Director of the Company) was interested in less than 1% of the issued shares of the Target Company; (ii) two Remaining Shareholders were employee shareholding platforms (the "**Employee Shareholding Platforms**") with over 180 employees (including Mr. Zhao Liang, a Director of the Company) in aggregate, and each such employee held less than 1% of the issued shares of the Target Company; and (iii) other than Worldstar Global Holdings Limited, one of the Remaining Shareholders which held 80,000 Shares, representing approximately 0.003% of the issued share capital of the Company as at the Latest Practicable Date, none of the Remaining Shareholders held any Shares. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, save as disclosed above regarding Mr. Zhao Liang, each of the Target ESOP, the Employee Shareholding Platforms and their respective ultimate beneficial owners is an Independent Third Party.

As at the Latest Practicable Date, Worldstar Global Holdings Limited was a company incorporated in the British Virgin Islands, which focuses on equity investment opportunities in emerging industries such as medicine, new energy and food technology and the total issued share

capital of which was held by Mr. Lui Yiu Wah Alexander. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of Worldstar Global Holdings Limited and its ultimate beneficial owner is an Independent Third Party.

As at the Latest Practicable Date, Mr. Zhao Liang, a Director of the Company, was interested in 21,716 shares of the Target Company (representing 0.01% of the issued share capital of the Target Company) through the Target ESOP, of which 18,944 shares of the Target Company have been vested, and 2,772 shares of the Target Company are yet to be vested. In addition, Mr. Zhao Liang was indirectly interested in approximately 0.91% of one of the two abovementioned employee shareholding platforms of the Target Company.

As at the Latest Practicable Date, Team Gallery Limited and HJ Mountaineer Limited, both being Remaining Shareholders, were controlled by their sole management shareholder, HJ Capital Partners. HJ Capital Partners was, in turn, 80% owned by Helix Capital JUNJIE Limited, a company wholly owned by Mr. Zhang Junjie, a non-executive Director. As at the Latest Practicable Date, Team Gallery Limited held 912,325 shares of the Target Company, representing approximately 0.56% of the issued share capital of the Target Company, and HJ Mountaineer Limited held 312,797 shares of the Target Company, representing approximately 0.19% of the issued share capital of the Target Company. Therefore, as at the Latest Practicable Date, Mr. Zhang Junjie was indirectly interested in an aggregate of 1,225,122 shares of the Target Company, representing approximately 0.75% of the issued share capital of the Target Company, and each of Team Gallery Limited and HJ Mountaineer Limited is a connected person of the Company.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, save as disclosed above, regarding Mr. Zhao Liang, Team Gallery Limited and HJ Mountaineer Limited, each of the Remaining Shareholders is an Independent Third Party.

4. EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming that there will be no change in the issued share capital of the Company other than the allotment and issuance of the New Shares from the Latest Practicable Date up to and until the Closing Date, the shareholding structures of the Company (i) as at the Latest Practicable Date; and (ii) immediately after the Closing are set out below for illustrative purposes:

Shareholder	As at the Latest Practicable Date		Immediately after the Closing	
	Number of Shares	*Approximate %*	*Number of Shares*	*Approximate %*
MicroPort®*(Note 1)*	1,112,855,680	46.12	2,829,741,451	44.45
Mr. Chen Guoming*(Note 2)*	742,954	0.03	742,954	0.01
Mr. Zhang Ruinian*(Note 2)*	90,000	0.004	90,000	0.001
Mr. Zhao Liang*(Note 2)*	1,713,543	0.07	1,713,543	0.03
Ms. Yan Luying*(Note 2)*	1,619,052	0.07	1,619,052	0.03
Other shareholders of the Target Company: (Note 3)				
Sino Rhythm Limited	—	—	608,473,669	9.56
SPR-VI Holdings Limited	—	—	538,501,815	8.46
Team Gallery Limited*(Note 4)*	—	—	49,655,672	0.78
HJ Mountaineer Limited*(Note 4)*	—	—	17,024,794	0.27
Worldstar Global Holdings Limited	80,000	0.003	35,548,352	0.56
Other public shareholders	1,295,605,546	53.70	2,283,442,880	35.87
Total	**2,412,706,775**	**100.00**	**6,366,554,182**	**100.00**

Notes:

1. As at the Latest Practicable Date, Shanghai MicroPort Limited, a wholly owned subsidiary of MicroPort®, held 1,112,855,680 Shares. Upon completion of the Transaction, MicroPort International will be allotted and issued 1,716,885,771 Shares.

2. Each of Mr. Zhang Ruinian, Mr. Chen Guoming, Ms. Yan Luying and Mr. Zhao Liang is a Director of the Company. Mr. Zhao Liang is also interested in 21,716 shares of the Target Company (comprising 18,944 vested shares of the Target Company and 2,772 shares of the Target Company that are yet to be vested) through the Target ESOP, which would translate to 482,338 New Shares to be held through the Target ESOP upon the Merger becoming effective.

3. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, as at the Latest Practicable Date, save as disclosed in the section headed "*3. INFORMATION OF THE TARGET GROUP — (c) Information of the Shareholders of the Target Company*" in this circular and in note 4 below, each of the shareholders of the Target Company and its ultimate beneficial owners was an Independent Third Party.

4. As at the Latest Practicable Date, Team Gallery Limited and HJ Mountaineer Limited, both being shareholders of the Target Company, were controlled by their sole management shareholder, HJ Capital Partners. HJ Capital Partners was, in turn, 80% owned by Helix Capital JUNJIE Limited, a company wholly owned by Mr. Zhang Junjie, a non-executive Director. As at the Latest Practicable Date, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, none of the remaining 20% shareholders of HJ Capital Partners held any Shares and each of them is an Independent Third Party.

5. The aggregate of the percentage figures in the table above may not add up to the relevant sub-total or total percentage figures shown due to rounding of the percentage figures.

The Transaction will not result in a change of control of the Company.

5. INFORMATION OF THE COMPANY

The Company is a medical device company focusing on the R&D and commercialization of innovative transcatheter and surgical 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.

6. FINANCIAL EFFECTS OF THE TRANSACTION

Upon the Closing, the Merger Sub and the Target Company shall merge and continue as one company, with the Target Company becoming the surviving corporation in the Merger and subsisting under its existing name as an indirect and wholly-owned subsidiary of the Company, and members of the Target Group will become indirect subsidiaries of the Company. Accordingly, the financial results, assets and liabilities of the Target Group will be consolidated into the consolidated financial statements of the Company. The unaudited pro forma financial information of the Enlarged Group as a result of the Closing (the "**Pro-forma Information**") is included in Appendix IV to this circular.

Assets and liabilities

For preparation of the unaudited pro forma consolidated statement of financial position of the Enlarged Group as set out in Appendix IV to this circular, assuming that the completion of the Merger took place on 30 June 2025. As at 30 June 2025, the unaudited pro forma total assets of the Enlarged Group would be RMB5,256,250,000 (representing an increase of RMB2,588,742,000 when compared with the audited consolidated total assets of the Group of RMB2,667,508,000 as at 30 June 2025) and total liabilities of the Enlarged Group would be RMB2,669,235,000 (representing an increase of RMB2,218,688,000 when compared with the audited consolidated total liabilities of the Group of RMB450,547,000 as at 30 June 2025).

Earnings

For preparation of the unaudited pro forma consolidated statement of profit or loss of the Enlarged Group as set out in Appendix IV to this circular, assuming that the completion of the Merger took place on 1 January 2024, the unaudited pro forma loss for the year of the Enlarged Group attributable to equity shareholders of the Company for the year ended 31 December 2024 would be RMB596,729,000 (representing an increase of RMB547,283,000 when compared with the consolidated loss for the year attributable to equity shareholders of the Company of RMB49,446,000 for the year ended 31 December 2024).

The above analysis is for illustrative purpose only and does not purport to represent how the financial performance and position of the Enlarged Group would actually be after Closing. Please refer to Appendix IV to this circular for more details of the Pro-forma Information.

7. REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE TRANSACTION

As set out in the Prospectus, the Group intends to continue its focus on increasing penetration into the hospitals that are expected to perform the most transcatheter aortic heart valve implantation ("**TAVI**") procedures in China, rapidly advance the R&D of its TAVI pipeline products, and propel the development of other pipeline products to expand its product portfolio, including transcatheter mitral valve ("**TMV**") pipeline products, transcatheter tricuspid valve ("**TTV**") pipeline products and next-generation procedural accessories and surgical accessories designated to strengthen its position in the transcatheter medical device market.

As set out in the Company's annual report for the financial year ended December 31, 2024 published on April 29, 2025, the Company intends to search for products and technologies with great clinical potential and explore opportunities for cooperation in order to expand product portfolios through acquisitions, with the strategic goal to diversify revenue streams. The Company's annual report for the financial year ended December 31, 2024 published on April 29, 2025 also provides that global expansion remains a core strategy for the Group, and the Group intends to further penetrate the European and emerging economies.

Subsequent to receipt of the non-binding proposal made by MicroPort® to the Company relating to the proposed strategic restructuring of the CRM business of MicroPort®, details of which are set out in the First Announcement and the announcement of MicroPort® dated July 16, 2025, the Company has been considering and assessing the Transaction.

The Directors are of the view that the Transaction is in line with the Company's business strategy related to business and revenue streams diversification. In particular:

(a) The Transaction can facilitate the establishment of a heart disease product platform on which diversified products and product pipelines will be offered ranging from pacemakers, defibrillators, cardiac resynchronization therapy devices from the Target Group's CRM business to the Group's existing products. As set out in the Prospectus, the Group has been focusing on advancing its product portfolio and strengthening its position in the transcatheter medical device market. Through the establishment of such a diversified product platform, the Group will emerge as a distinctive and scarce player in the sector, offering a comprehensive portfolio encompassing both structural heart disease and CRM solutions. This will enhance the Group's ability to address varying market demands across different regions, supporting deeper penetration in both

developed and emerging markets. By offering a broader range of products, the Group can expand its presence in hospitals globally, strengthen relationships with existing customers, and attract new ones. The ability to offer complementary solutions across multiple therapeutic areas will also allow the Group to better cater to the evolving needs of physicians and patients, improving adoption rates and increasing market acceptance of its products. Additionally, the integration of the Target Group's established market access capabilities and regulatory expertise with the Group's existing resources will facilitate the introduction of products into new regions and accelerate the time-to-market for pipeline products. The integration of structural heart and CRM solutions will further position the Group as a comprehensive provider in the cardiovascular sector, enhancing its influence and competitiveness in the global market.

(b) Since 2024, the products of each of the Group's business and the Target Group's business are being marketed globally through direct sales and/or distributors, with ongoing cooperations between each business in certain regions, in addition to leveraging on the respective marketing and sales channels of each business. Through the Transaction, such global market resources can be further shared and aligned, creating synergistic effects, expanding the breadth and depth of the existing cooperation and facilitating the establishment of the Group's stronger foothold and market influence in the global markets and bringing the Group's products to more hospitals and patients.

(c) Despite two distinct heart problems, structural heart diseases and cardiac rhythm conditions can be interconnected and correlated, and the increase in low and intermediate risk patients has indicated a demand for a comprehensive offering covering full-life cycle management. Thus, through knowledge sharing and technology transfer enabled by the Transaction, the Group can further enhance its R&D, upgrading features of existing products, or expanding into new disease areas not previously explored through new product development, to better address the market demand. As set out in the Prospectus, the Group has been focusing on advancing its product portfolio and strengthening its position in the transcatheter medical device market. The Transaction will enable the Enlarged Group to integrate the Group's strengths in advanced transcatheter delivery systems, complex cardiac structural implants, high-performance metal, polymer and bio-derived materials, and hemodynamics with the Target Group's expertise in miniature active implants, efficient and long-life motor and power management, and physiological sensing algorithms based on device data. Leveraging these combined capabilities, the Enlarged Group plans to expand into the heart failure domain, focusing on the development of implantable heart failure monitoring devices, implantable intelligent heart failure circulatory regulation devices, and percutaneous

ventricular assist devices (pVAD). This strategic initiative is expected to elevate the Enlarged Group's technological leadership in the cardiovascular sector, reinforcing its ability to deliver pioneering solutions to address evolving global healthcare needs.

(d) With the Transaction, the respective supply chain resources can be shared, and with a much sizable scale in combination, the Group would gain greater bargaining power facing the suppliers, especially those capable of supplying to both the Group and the Target Group. In addition, for the overseas expansion, the Group could have easier access to local production facilities and local supplier resources if needed, to mitigate geo-political risk and avoid supply chain interruption.

(e) The Transaction will also grant the Group access to the Target Group's full-suite local operation teams as well as established facilities, efficiently bridging the gap for its overseas operation. With existing local warehouses, as well as operation team to facilitate regulatory communication, clinical trials running, quality control, customer follow-ups, complaints handling, etc., the Group could realize overseas expansion with lesser investment, achieving more operational efficiencies.

(f) Through the complementary synergies achieved by the Transaction, the business scale and growth potential of the business of the Target Group and the business of the Group as consolidated will be expanded, leading to enhancement in the revenue, profitability and cashflow of such consolidated business. The capital utilisation efficiency and capital raising capability can also be enhanced through unified financial management.

(g) The promulgation of a heart disease product platform with diversified products and product pipelines to both the international and China markets can enhance the international capital market's recognition of the underlying value and growth potential of the consolidated business.

Based on the above, the Directors are of the view that the Transaction is in line with the strategic development of the Group's business which will help the Group to build up a heart disease product platform with global presence offering diversified products and product pipelines and to achieve complementary synergies. Such synergies created by the Transaction will amplify and diversify the existing business of the Group, specifically enhancing the Group's products and pipelines in structural heart disease and CRM solutions, along with R&D capabilities, manufacturing capabilities, distribution channels, and market expansion.

Having considered the above factors, the Directors (including members of the Independent Board Committee having considered the advice of the Independent Financial Adviser, but excluding (i) Mr. Chen Guoming, a non-executive Director, (ii) Ms. Wu Xia, a non-executive

Director, (iii) Mr. Jonathan H. Chou, an independent non-executive Director, who are also Directors appointed by MicroPort® or hold directorships in the MicroPort® Group, (iv) Mr. Zhang Junjie, a non-executive Director who also indirectly holds shares of the Target Company and (v) Mr. Zhao Liang, an executive Director interested in 21,716 shares of the Target Company through the Target ESOP) are of the view that the terms of the Merger Agreement (including the Negotiated Value of the Target Company, the Issue Price and the method of settlement) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

8. APPROVAL OF THE BOARD

Mr. Chen Guoming, a non-executive Director, Ms. Wu Xia, a non-executive Director, and Mr. Jonathan H. Chou, an independent non-executive Director, are Directors appointed by MicroPort® or currently hold directorships in the MicroPort® Group. In addition, as at the Latest Practicable Date, Mr. Zhang Junjie, a non-executive Director, ultimately controlled two shareholders of the Target Company, namely Team Gallery Limited and HJ Mountaineer Limited; and Mr. Zhao Liang, an executive Director, is interested in 21,716 shares of the Target Company through the Target ESOP. Therefore, the aforementioned Directors are deemed to have interest in the Transaction and thus have abstained from voting on the Board resolution approving the Transaction. Save for the aforesaid, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no Director has a material interest in the Transaction. Other Directors have voted on the Board resolution approving the Transaction, and consider that the terms of the Transaction are on normal commercial terms, fair and reasonable, and the Transaction is in the interests of the Company and the Shareholders as a whole.

9. IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the Transaction exceed 100%, the Transaction constitutes a very substantial acquisition of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and Shareholders' approval requirements.

As at the Latest Practicable Date, MicroPort®, through its wholly-owned subsidiary, Shanghai MicroPort Limited, was the controlling shareholder of the Company and interested in approximately 46.12% of the issued share capital of the Company; and through its wholly-owned subsidiary, MicroPort International, was interested in approximately 50.13% of the issued share capital of the Target Company. As at the Latest Practicable Date, Team Gallery Limited and HJ Mountaineer Limited, both being shareholders of the Target Company, were controlled by their sole management shareholder, HJ Capital Partners. HJ Capital Partners was, in turn, 80% owned by Helix Capital JUNJIE Limited, a company wholly owned by Mr. Zhang Junjie, a non-executive Director. As at the Latest Practicable Date, to the best of the knowledge, information and belief of

the Directors having made all reasonable enquiries, none of the remaining 20% shareholders of HJ Capital Partners held any Shares and each of them was an Independent Third Party. Each of MicroPort International, Team Gallery Limited, HJ Mountaineer Limited and the Target Company is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Transaction also constitutes a connected transaction of the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The New Shares will be allotted and issued under the Specific Mandate in accordance with the Listing Rules.

10. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors who are not the directors of MicroPort® (i.e. Ms. Sun Zhixiang and Dr. Hu Bingshan) has been formed to consider, and make recommendations to Independent Shareholders regarding, amongst other things, whether the terms of the Merger Agreement and the Transaction contemplated thereunder are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole. None of the members of the Independent Board Committee has any interest or involvement in the Transaction contemplated under the Merger Agreement.

Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on whether the terms of the Merger Agreement and the Transaction contemplated thereunder are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

11. THE EGM

The EGM of MicroPort CardioFlow Medtech Corporation will be held on Monday, December 15, 2025 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 EGM-1 to EGM-2 of this circular. The EGM will be convened and held for the Shareholders to consider and, if thought fit, to approve the resolution contained in the notice of the EGM.

A proxy form for the EGM is enclosed herewith. Whether or not you intend 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 Saturday, December 13, 2025) 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.

Shanghai MicroPort Limited, being the controlling shareholder of the Company as at the Latest Practicable Date who is involved in and interested in the Transaction, will be required to abstain from voting on the relevant resolutions at the EGM pursuant to Rule 14A.36 of the Listing Rules. Each of (i) Worldstar Global Holdings Limited, being one of the Remaining Shareholders which held 80,000 Shares (representing approximately 0.003% of the issued share capital of the Company as at the Latest Practicable Date), and (ii) Mr. Zhao Liang, being interested in 21,716 shares of the Target Company through the Target ESOP and an executive Director who held 1,713,543 Shares (representing approximately 0.07% of the issued share capital of the Company as at the Latest Practicable Date), will also be required to abstain from voting on the relevant resolutions at the EGM pursuant to Rule 2.15 of the Listing Rules. Save for the aforementioned and to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, as at the Latest Practicable Date, no other Shareholder had a material interest in the Transaction and none of the other Shareholders is required to abstain from voting on the resolutions at the EGM.

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 4:30 p.m. on Wednesday, December 10, 2025. The record date for the purpose of determining the entitlement of the Shareholders to attend and vote at the EGM is on Monday, December 15, 2025.

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.

12. RECOMMENDATION

The Directors (including members of the Independent Board Committee having considered the advice of the Independent Financial Adviser, but excluding (i) Mr. Chen Guoming, a non-executive Director, (ii) Ms. Wu Xia, a non-executive Director, (iii) Mr. Jonathan H. Chou, an independent non-executive Director, who are also Directors appointed by MicroPort® or hold directorships in the MicroPort® Group, (iv) Mr. Zhang Junjie, a non-executive Director who also indirectly holds shares of the Target Company and (v) Mr. Zhao Liang, an executive Director interested in 21,716 shares of the Target Company through the Target ESOP) are of the opinion

that while the Transaction is not in the ordinary and usual course of business of the Group, the terms of the Merger Agreement and the Transaction contemplated thereunder are on normal commercial terms and are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Your attention is also drawn to (i) the letter from the Independent Board Committee set out on pages 37 to 38 of this circular, containing its recommendation to the Independent Shareholders in respect of the Merger Agreement and the Transaction contemplated thereunder, and as to voting therefor; and (ii) and the letter from the Independent Financial Adviser set out on pages 39 to 79 of this circular, containing its advice to the Independent Shareholders in respect of the Merger Agreement and the Transaction contemplated thereunder, and as to voting therefor.

13. ADDITIONAL INFORMATION

Your attention is also drawn to the appendices to this circular.

As the Closing is conditional upon fulfilment or waiver (where applicable) of the Conditions to the Merger, the Transaction may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

Yours faithfully,
On behalf of the Board
MicroPort CardioFlow Medtech Corporation
Chen Guoming
Chairman

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 心通医疗

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)

November 24, 2025

To the Independent Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION INVOLVING ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE IN RELATION TO THE ACQUISITION OF THE TARGET GROUP

We refer to the circular of the Company dated November 24, 2025 (the "**Circular**") of which this letter forms part. Unless the context requires otherwise, terms and expressions defined in the Circular shall have the same meanings in this letter.

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 Merger 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 Merger Agreement and the Transaction contemplated thereunder.

We wish to draw your attention to (i) the letter from the Board set out on pages 9 to 36 of the Circular; (ii) the letter from the Independent Financial Adviser set out on pages 39 to 79 of the Circular, both of which provide details of the Merger Agreement and the Transaction contemplated thereunder; and (iii) the valuation report of the Target Group set out in Appendix V to this Circular.

Having considered, among other matters, the Merger Agreement and the Transaction contemplated thereunder, the advice of the Independent Financial Adviser, the relevant information contained in the letter from the Board including the reasons for and benefits of the Transaction and the basis of the consideration, and the valuation report of the Target Group, we are of the opinion that the terms of the Merger 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 resolution to be proposed at the EGM in relation to the Merger Agreement and the Transaction contemplated thereunder.

Yours faithfully,
The Independent Board Committee
MicroPort CardioFlow Medtech Corporation
Ms. Sun Zhixiang Dr. Hu Bingshan
Independent Non-executive Directors

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

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

24 November 2025

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

Dear Sir/ Madam,

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF THE TARGET GROUP INVOLVING THE ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE

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 Transaction (including the issue of the New Shares under the Specific Mandate), details of which are set out in the letter from the Board (the "**Board Letter**") contained in the circular dated 24 November 2025 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 29 September 2025, the Company, the Merger Sub (being an indirect wholly-owned subsidiary of the Company) and the Target Company entered into the Merger Agreement, pursuant to which the Company will acquire the Target Company by way of merger whereby, at the Effective Time, the Merger Sub and the Target Company shall merge and continue as one company, with the Target Company surviving the Merger as an indirect wholly-owned subsidiary of the Company at the Negotiated Value of the Target Company of US$680 million, and in consideration therefor, the Company will allot and issue New Shares to the shareholders of the Target Company under the Specific Mandate.

With reference to the Board Letter, the Transaction constitutes a very substantial acquisition and connected transaction of the Company and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapters 14 and 14A of the Listing Rules.

The Independent Board Committee comprising Ms. Sun Zhixiang and Dr. Hu Bingshan (both being independent non-executive Directors who are not the directors of MicroPort®) has been formed to advise the Independent Shareholders on (i) whether the terms of the Transaction are on normal commercial terms and are fair and reasonable; (ii) whether the Transaction is in the interests of the Company and the Shareholders as a whole and is conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the Transaction 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 (i) the continuing connected transactions as set out in the Company's circular dated 12 December 2023; (ii) the discloseable and connected transaction as set out in the Company's circular dated 30 August 2024 (the "**Property Acquisition**"); and (iii) the discloseable and connected transaction as set out in the Company's circular dated 5 June 2025. Save for the aforesaid engagements, 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 engagements, 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.

Besides, apart from the normal professional fee and expenses payable to us in connection with this engagement as the Independent Financial Adviser, there is no arrangement whereby we shall be entitled to receive any other fees or benefits from the Company.

Having considered the above and that (i) none of the circumstances as set out under the Rule 13.84 of the Listing Rules existed as at the Latest Practicable Date; and (ii) the aforesaid past engagements were only independent financial adviser engagements and will not affect our

independence to act as the Independent Financial Adviser taking into account the level of fees received from the Company and its subsidiaries and/or associates, we are of the view that we are independent to act as the Independent Financial Adviser.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Transaction (including the issue of the New Shares under the Specific Mandate). 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 on the market value of 100% equity interest in the Target Company prepared by JLL (the "**Valuation Report**"), as set out in Appendix V 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 100% equity interest in the Target Company as at 31 August 2025 (the "**Valuation**").

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 Merger Sub, 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 Transaction. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

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

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

Background of and reasons for the Transaction

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 and surgical 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.

Set out below are the consolidated financial information of the Group for the two years ended 31 December 2024 and the six months ended 30 June 2025 (together with comparative figures) as extracted from the Company's annual report for the year ended 31 December 2024 (the "**2024 Annual Report**") and the Company's interim report for the six months ended 30 June 2025 (the "**2025 Interim Report**"):

	For the six months ended 30 June 2025 ("1H2025") *RMB'000* (unaudited)	**For the six months ended 30 June 2024 ("1H2024")** *RMB'000* (unaudited)	**Change from 1H2024 to 1H2025** *%*	**For the year ended 31 December 2024 ("FY2024")** *RMB'000* (audited)	**For the year ended 31 December 2023 ("FY2023")** *RMB'000* (audited)	**Change from FY2023 to FY2024** *%*
Revenue	229,103	223,138	2.67	361,565	336,215	7.54
— the PRC	201,844	215,008	(6.12)	337,980	324,894	4.03
— Overseas	27,259	8,130	235.29	23,585	11,321	108.33
Gross profit	160,922	158,224	1.71	251,210	229,931	9.25
Profit/(loss) from operations	3,817	(28,480)	N/A	(62,620)	(313,651)	(80.04)
Loss attributable to the equity shareholders of the Company	(2,163)	(56,461)	(96.17)	(49,446)	(471,534)	(89.51)

	As at 30 June 2025 *RMB'000* (unaudited)	**As at 31 December 2024** *RMB'000* (audited)	**As at 31 December 2023** *RMB'000* (audited)
Total assets	2,667,508	2,675,762	2,577,108
— Property, plant and equipment	479,330	505,964	196,973
— Intangible assets	177,639	192,282	143,881
— Interests in associates	252,041	165,762	143,089
— Inventories	108,753	135,381	122,871
— Trade and other receivables	274,734	179,966	144,785
— Cash and bank balances *(Note)*	1,320,281	1,359,136	1,773,680
— Other assets	54,730	137,271	51,829
Total liabilities	450,547	454,073	242,245
— Trade and other payables	144,559	358,569	152,864
— Interest-bearing borrowings	255,027	41,500	Nil
— Other liabilities	50,961	54,004	89,381
Net current assets	1,458,234	1,240,592	1,847,753
Net assets	2,216,961	2,221,689	2,334,863
Net assets attributable to the Shareholders	2,182,511	2,187,212	2,334,863

Note: Cash and bank balances include time deposits, pledged deposits and cash and cash equivalents.

Comparison of financial performance between FY2023 and FY2024

The Group's revenue increased from approximately RMB336.2 million for FY2023 to approximately RMB361.6 million for FY2024, representing an increase of approximately 7.54%. With reference to the 2024 Annual Report, such increase was primarily attributable to (i) the rapid growth in the Group's revenue from TAVI products, which mainly contributed by the continued advancement of the VitaFlow Liberty® and the Alwide® Plus in terms of global commercialization during the FY2024; and (ii) the incremental revenue contributed by the commercialisation of AnchorMan® LAAA System and AnchorMan® LAAC System independently developed by MP CardioAdvent. As a result of the Group's effective costs reduction, expenditures control measures and the economies of scale achieved by the Group in line with its business growth, the Group's gross profit for FY2024 increased by approximately 9.25% as compared to that for FY2023.

The Group's loss from operations decreased significantly, from approximately RMB313.7 million for FY2023 to approximately RMB62.6 million for FY2024. With reference to the 2024 Annual Report, such decrease was mainly due to (i) the increase in revenue and gross profit as aforementioned; (ii) the decrease in R&D costs primarily attributable to the adjustments in the priority and resource investment of projects based on the prevailing market outlook; (iii) the decrease in distribution costs primarily attributable to the Group's effort to strengthen the synergies and interconnections of sales channels while expanding the Group's sales, and the improved operational efficiency; (iii) the recognition of fair value gain on financial instruments for (being the convertible instruments issued by 4C Medical Technologies, Inc. ("**4C Medical**"), an associate of the Company) FY2024 as opposed to the fair value loss on financial instruments for FY2023. Along with the aforesaid decrease in the Group's loss from operations and the reversal of impairment loss on investment in an associate recognised during FY2024, mainly due to the increase in the recoverable amount of such investment as 4C Medical had resolved its liquidity issue that it previously had during FY2023, the Group's loss attributable to the equity shareholders of the Company also decreased significantly.

Comparison of financial performance between 1H2024 and 1H2025

The Group's revenue was approximately RMB229.1 million for 1H2025, representing a slight increase of approximately 2.67% as compared to that for 1H2024. With reference to the 2025 Interim Report, such increase was primarily attributable to (i) the significant increase in the Group's overseas revenue contributed by the advancement of the VitaFlow Liberty® transcatheter aortic valve and retrievable delivery system in term of global commercialisation during 1H2025; and (ii) the steady advance of commercialisation of AnchorMan® LAAC System and the AnchorMan® LAAA System both in the PRC and overseas. Along with the increase in the Group's revenue, the Group's gross profit increased correspondingly for 1H2025.

The Group had recorded profit from operations for 1H2025 as opposed to loss from operations for 1H2024. With reference to the 2025 Interim Report, the turnaround from loss from operations to profit from operations was mainly due to (i) the increase in revenue and gross profit as aforementioned; (ii) the decrease in R&D costs primarily attributable to the adjustments in the priority and resource investment of projects based on the prevailing market outlook; and (iii) the decrease in selling and distribution costs primarily attributable to the Group's effort to strengthen the synergies and interconnections of sales channels while expanding the Group's sales, and the improved operational efficiency. Along with the one-off gain on deemed disposal of interests in 4C Medical recognised during 1H2025 following the completion of its series D financing, the Group's loss for 1H2025 attributable to equity Shareholders decreased significantly by 96.17% as compared to that for 1H2024.

Financial position

The Group's property, plant and equipment increased significantly from approximately RMB197.0 million as at 31 December 2023 to approximately RMB506.0 million as at 31 December 2024, primarily due to the acquisition of entire equity interest of Shanghai Xinyong Medical Technology Co., Ltd. (上海心永醫療科技有限公司), which owns a 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) and three buildings with a gross floor area of 8,781.03 sq.m. constructed on the aforesaid land with consideration of approximately RMB380 million, and slightly decreased to approximately RMB479.3 million as at 30 June 2025.

The Group's intangible assets increased from approximately RMB143.9 million as at 31 December 2023 to approximately RMB192.3 million as at 31 December 2024, and decreased to approximately RMB177.6 million as at 30 June 2025. The Group's intangible assets primarily consisted of capitalised development costs.

The Group's interests in associates increased from approximately RMB143.1 million as at 31 December 2023 to approximately RMB165.8 million as at 31 December 2024, and further increased to approximately RMB252.0 million as at 30 June 2025. With reference to the 2024 Annual Report and the 2025 Interim Report, the increases in the Group's interests in associates was mainly due to (i) the reversal of impairment loss on investment in 4C Medical recognised during FY2024; (ii) the preferred shares of 4C Medical newly converted from convertible instruments during 1H2025; and (iii) the gain of deemed disposal of the equity interest of 4C Medical during 1H2025 primarily attributable to the decrease in the Group's effective interest in 4C Medical following the completion of its series D financing.

The Group's inventories increased from approximately RMB122.9 million as at 31 December 2023 to approximately RMB135.4 million as at 31 December 2024, and decreased to approximately RMB108.8 million as at 30 June 2025.

The Group's trade and other receivables increased from approximately RMB144.8 million as at 31 December 2023 to approximately RMB180.0 million as at 31 December 2024, and further increased to approximately RMB274.7 million as at 30 June 2025. With reference to the 2024 Annual Report and the 2025 Interim Report and as advised by the Directors, the increase in the Group's trade and other receivables as at 31 December 2024 was mainly due to the increase in revenue for the corresponding period, while the increase in the Group's trade and other receivables as at 30 June 2025 was mainly due to different credit terms for domestic sales (i.e. normally around 90 days) and overseas sales (i.e. normally 120 to 180 days) and the further increase in the Group's sales for 1H2025 as compared to that for the second half of 2024, resulting in increase in trade receivables turnover days.

The Group's cash and bank balances decreased from approximately RMB1,773.7 million as at 31 December 2023 to approximately RMB1,359.1 million as at 31 December 2024, and further decreased to approximately RMB1,320.3 million as at 30 June 2025, primarily due to the continuous expansion of the Group's business scale. The Group's cash and bank balances as at 30 June 2025 included unutilised proceeds of approximately HK$847.4 million (equivalent to approximately RMB772.0 million) from the offering of the Shares for subscription as described in the Prospectus.

The Group's trade and other payables increased significantly from approximately RMB152.9 million as at 31 December 2023 to approximately RMB358.6 million as at 31 December 2024, primarily due to the recognition of the consideration payable for the Property Acquisition, and decreased to approximately RMB144.6 million as at 30 June 2025, primarily due to the payment of the Property Acquisition.

The Group's interest-bearing borrowings increased from approximately RMB41.5 million as at 31 December 2024 to approximately RMB255.0 million as at 30 June 2025. As advised by the Directors, such increase was primarily due to the borrowings obtained for the Property Acquisition with principal amounts of approximately RMB226 million, maturing in 2028 and bearing interest of 3% per annum. With reference to the 2025 Interim Report, the Group's gearing ratio increased from approximately 3.5% as at 31 December 2024 to approximately 12.6% as at 30 June 2025.

As at 30 June 2025, the Group's net current assets, net assets and net assets attributable to the Shareholders were approximately RMB1,458.2 million, RMB2,217.0 million and RMB2,182.5 million, respectively.

Business outlook

As noted from the 2025 Interim Report, the Group's TAVI products made significant progress in global commercialisation during 1H2025, based on their excellent clinical results and high recognition from physicians and patients in real-world application. In China, new access to more than 30 additional hospitals brought the Company's business coverage to over 670 hospitals, and maintained stable growth in leading hospitals, achieving 2,146 implantations during 1H2025. In the overseas market, VitaFlow Liberty® obtained CE Mark, becoming the first "China Intelligent Manufacturing" TAVI system to enter the European market, and accelerating our international commercialization into high gear.

As at 30 June 2025, the Group's TAVI products have entered more than 140 overseas hospitals across over 20 countries and regions, including Argentina, Colombia, Thailand, Russia, Italy, Spain, Chile, Switzerland and Brazil, achieving almost 250 implantations during 1H2025.

As at 17 September 2025 (being the latest practicable date prior to the printing of the 2025 Interim Report), the Group had successfully commercialised seven products, four of which have obtained CE Mark, including VitaFlow Liberty®, AnchorMan® LAAC System and LAAA System, and Alwide® Plus. The Group had commercialised its TAVI products in 23 countries, including China, Argentina, Colombia, Thailand, Russia, Chili and Switzerland through nearly 680 domestic hospitals and 140 overseas hospitals. The independent physicians of the Group's TAVI products are over 500 in China and over 50 overseas.

Information on the Target Group

With reference to the Board Letter, the Target Company is a company incorporated under the laws of the Cayman Islands with limited liability. The Target Group is principally engaged in the CRM business focusing on solutions for the management of cardiac rhythm disorders. It offers devices that monitor patient cardiac information in order to (1) identify abnormal heart conditions such as bradycardia and tachy-arrhythmia; and (2) apply electrical pulses and shocks to prevent or treat such abnormal conditions or provide cardiac resynchronization therapy. The CRM business of the Target Group is committed to creating the world's leading CRM solutions, and principally engaged in developing, manufacturing and marketing products for the diagnosis, treatment, and management of heart rhythm disorders and heart failure, with products covering pacemakers, defibrillators, cardiac resynchronization therapy devices and supporting lead products, as well as a portfolio of monitoring products used in combination.

As at the Latest Practicable Date, the Target Company had 162,915,179 shares in issue, comprising 83,000,000 Target Ordinary Shares and 79,915,179 Target Preferred Shares. As at the Latest Practicable Date, before taking into account the impact of the Pre-Closing Capital

Restructuring, assuming that all of the Target Preferred Shares are converted to the Target Ordinary Shares, the Target Company was owned as to 50.13% by MicroPort International, 16.82% by Sino Rhythm Limited, 12.56% by SVR-VI Holdings Limited and 20.49% by the Remaining Shareholders. Immediately following the completion of the Pre-Closing Capital Restructuring, assuming that all the Target Preferred Shares are converted to the Target Ordinary Shares and there is no other change in the shareholding of the shareholders of the Target Company, the Target Company will be owned as to 43.42% by MicroPort International, 15.39% by Sino Rhythm Limited, 13.62% by SPR-VI Holdings Limited and 27.57% by the Remaining Shareholders. Details of the shareholders of the Target Company are set out under the section headed "Information of the Shareholders of the Target Company" of the Board Letter.

Set out below are the consolidated financial information of the Target Group for the three years ended 31 December 2024 and for 1H2025 (together with comparative figures), as extracted from the accountants' report as contained in Appendix II to the Circular (the "**Accountants' Report**"):

	For the year ended 31 December 2022	**For the year ended 31 December 2023**	**For the year ended 31 December 2024**	**For the six months ended 30 June 2024**	**For the six months ended 30 June 2025**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
	(audited)	(audited)	(audited)	(unaudited)	(audited)
Revenue	205,179	207,041	220,613	113,361	114,103
— Europe, Middle East and Africa	*172,191*	*172,969*	*181,586*	*93,478*	*94,349*
— the PRC	*13,139*	*16,175*	*24,269*	*11,939*	*12,097*
— Asia (other than the PRC)	*12,308*	*10,793*	*8,718*	*4,180*	*5,121*
— North America	*1,543*	*1,002*	*853*	*447*	*342*
— Others	*5,998*	*6,102*	*5,187*	*3,317*	*2,194*
Gross profit	115,511	107,283	125,656	63,320	57,440
Loss for the year/period	(106,929)	(119,166)	(109,030)	(45,006)	(41,620)

	As at 31 December 2022	As at 31 December 2023	As at 31 December 2024	As at 30 June 2025
	US$'000	*US$'000*	*US$'000*	*US$'000*
	(audited)	(audited)	(audited)	(audited)
Total assets	471,875	394,981	362,398	369,282
— Property, plant and equipment	49,135	47,806	40,258	40,377
— Intangible assets	22,232	19,099	16,104	16,783
— Goodwill	103,327	105,829	102,248	109,490
— Inventories	68,211	84,213	78,788	80,515
— Trade and other receivables	60,664	63,859	58,459	77,059
— Cash and cash equivalents	142,168	49,012	46,046	21,878
— Other assets	26,138	25,163	20,495	23,180
Total liabilities	575,248	608,728	689,283	734,434
— Trade and other payables	79,165	79,587	69,368	70,465
— Interest-bearing borrowings	Nil	Nil	696	1,380
— Convertible bonds *(Note 1)*	135,579	134,096	194,000	208,616
— Financial instruments with preferred rights *(Note 2)*	286,680	320,808	359,111	379,858
— Other liabilities	73,824	74,237	66,108	74,115
Net current assets/(liabilities)	39,424	(28,806)	(451,284)	(493,567)
Net liabilities	(103,373)	(213,747)	(326,885)	(365,152)

Notes:

1. Convertible bonds represent the Junior CBs and the Senior CBs.

2. Financial instruments with preferred rights represent the Target Preferred Shares.

The Target Group's revenue was primarily derived from the sales of medical devices, accounted for over 90% of its total revenue; and over 80% of the Target Group's revenue were derived from Europe, Middle East and Africa. The Target Group's revenue increased from approximately US$205 million for the year ended 31 December 2022 ("**FY2022**") to approximately US$207 million for FY2023, and further increased to approximately US$221 million for FY2024. With reference to Appendix III to the Circular, the aforesaid increase in the Target Group's revenue during the three years ended 31 December 2024 was mainly due to the fast growth in the Target Group's PRC and Europe, Middle East and Africa business.

The Target Group's gross profit decreased from approximately US$116 million for FY2022 to US$107 million for FY2023, and increased to approximately US$126 million for FY2024; and the Target Group's gross profit margins were approximately 56.30%, 51.82% and 56.96% for FY2022, FY2023 and FY2024, respectively. Although the Target Group recorded gross profit for each of FY2022, FY2023 and FY2024, the Target Group recorded net loss of approximately US$107 million, US$119 million and 109 million for FY2022, FY2023 and FY2024, respectively. With reference to the Accountants' Report and as advised by the Directors:

- the increase in net loss for FY2023 as compared to that for FY2022 was mainly due to (1) the decrease in gross profit as aforementioned; (2) the increase in fair value loss on convertible bonds; (3) the increase in selling and marketing expenses as a result of the strengthening of Euro (which most of the Target Group's expenses were incurred under) against US$ (being the presentation currency of the Target Group's financial statements) during FY2023; and (4) the increase in finance costs was primarily a result of the increase in interest on the Target Preferred Shares, partially offset by (i) the increase in other net income as a result of increase in interest on time deposits; and (ii) the decrease in R&D costs mainly attributable to the improved operational efficiency and the decrease in service fees due to different stages and investments in R&D projects.

- the decrease in net loss for FY2024 as compared to that for FY2023 was mainly due to (1) the increase in gross profit as aforementioned; (2) the decrease in R&D costs, selling and marketing expenses, administrative expenses and other operating costs primarily due to lower remuneration as a result of reduced headcount and, in particular for R&D costs, more targeted investment in new technology, partially offset by (i) the turnaround from other net income for FY2023 to other net loss for FY2024 mainly due to the significant net foreign exchange loss recognised during FY2024; (ii) the increase in fair value loss on convertible bonds; and (iii) the increase in finance costs, primarily a result of the increase in interest on the Target Preferred Shares.

The Target Group's revenue was approximately US$114 million for 1H2025, representing an increase of approximately 0.65% as compared to that for 1H2024; while the Target Group's gross profit was approximately US$57 million for 1H2025, representing a decrease of approximately 9.29% as compared to that for 1H2024. With reference to Appendix III to the Circular, the aforesaid increase in the Target Group's revenue for 1H2025 was mainly due to the fast growth of its defibrillator business in Italy.

As a result of the turnaround from other net loss for 1H2024 to other net income for 1H2025, primarily due to the significant net foreign exchange gain recognised during 1H2025, partially offset by the decrease in gross profit as aforementioned and the increase in fair value loss on convertible bonds, the Target Group's loss for 1H2025 decreased by approximately 7.52% as compared to that for 1H2024.

As at 30 June 2025, the Target Group's total assets were approximately US$369 million. The Target Group's assets primarily consisted of goodwill, inventories and trade and other receivables, the aggregate of which accounted for over 70% of the Target Group's total assets as at 30 June 2025.

As at 30 June 2025, the Target Group's total liabilities were approximately US$734 million. The Target Group's liabilities primarily consisted of the Junior CBs, the Senior CBs and the Target Preferred Shares, the aggregate of which accounted for approximately 80% of the Target Group's total liabilities as at 30 June 2025.

As at 30 June 2025, the Target Group's net current liabilities and net liabilities were approximately US$494 million and US$365 million respectively. The Target Group's net current liability and net liability positions were primarily caused by the Junior CBs, the Senior CBs and the Target Preferred Shares with aggregate carrying value of approximately US$588 million as at 30 June 2025 (all of which were classified as current liabilities of the Target Group).

Detailed analysis on the Target Group's financial information is set out in Appendix III to the Circular.

With reference to the Board Letter:

- As at the Latest Practicable Date, the Senior CBs held by holders other than MicroPort International in principal amount of approximately US$128 million together with accrued interests, had been redeemed in September 2025 primarily through refinancing via a bank loan granted to the Target Company (i.e. the Refinancing). After such refinancing, the finance expenses borne by the Target Company would be significantly

reduced, and the remaining Senior CBs and the principal amount of the Junior CBs, both being held by MicroPort International, will be converted into shares of the Target Company as part of the Pre-Closing Capital Restructuring.

- Assuming that both the Refinancing and the Pre-Closing Capital Restructuring were completed as at 30 June 2025, the Target Group's consolidated total assets would have been approximately US$369 million and the Target Group's consolidated net assets as at 30 June 2025 would have been approximately US$49 million.

Reasons for and benefits of the Transaction

With reference to the Board Letter, the Group intends to continue its focus on increasing penetration into the hospitals that are expected to perform the most TAVI procedures in China, rapidly advance the R&D of its TAVI pipeline products, and propel the development of other pipeline products to expand its product portfolio, including TMV pipeline products, TTV pipeline products and next-generation procedural accessories and surgical accessories designated to strengthen its position in the transcatheter medical device market. The Company also intends to search for products and technologies with great clinical potential and explore opportunities for cooperation in order to expand its product portfolio through acquisitions, with a strategic goal to diversify revenue stream. It is stated in the 2024 Annual Report that global expansion remains a core strategy for the Group and the Group intends to further penetrate the European and emerging economies.

As noted from the First Announcement and the announcement of MicroPort® dated 16 July 2025, the Transaction represents a strategic restructuring of the MicroPort® Group to consolidate its CRM business (conducted through the Target Group) with the business of the Group, so as to drive deep integration and efficient collaboration of internal resources, enhance corporate competitiveness and consolidate different business segments and product portfolio.

The Directors are of the view that the Transaction is in line with the Company's business strategy related to business and revenue stream diversification, primarily due to the following reasons as extracted in the Board Letter:

(a) The Transaction can facilitate the establishment of a heart disease product platform on which diversified products and product pipelines will be offered ranging from pacemakers, defibrillators, cardiac resynchronization therapy devices from the Target Group's CRM business to the Group's existing products. Through the establishment of such a diversified product platform, the Group will emerge as a distinctive and scarce player in the sector, offering a comprehensive portfolio encompassing both structural heart disease and CRM solutions. This will enhance the Group's ability to address

varying market demands across different regions, supporting deeper penetration in both developed and emerging markets. By offering a broader range of products, the Group can expand its presence in hospitals globally, strengthen relationships with existing customers, and attract new ones. The ability to offer complementary solutions across multiple therapeutic areas will also allow the Group to better cater to the evolving needs of physicians and patients, improving adoption rates and increasing market acceptance of its products. Additionally, the integration of the Target Group's established market access capabilities and regulatory expertise with the Group's existing resources will facilitate the introduction of products into new regions and accelerate the time-to-market for pipeline products. The integration of structural heart and CRM solutions will further position the Group as a comprehensive provider in the cardiovascular sector, enhancing its influence and competitiveness in the global market.

(b) Since 2024, the products of each of the Group's business and the Target Group's business are being marketed globally through direct sales and/or distributors, with ongoing cooperations between each business in certain regions, in addition to leveraging on the respective marketing and sales channels of each business. Through the Transaction, such global market resources can be further shared and aligned, creating synergistic effects, expanding the breadth and depth of the existing cooperation and facilitating the establishment of the Group's stronger foothold and market influence in the global markets and bringing the Group's products to more hospitals and patients.

(c) Despite two distinct heart problems, structural heart diseases and cardiac rhythm conditions can be interconnected and correlated, and the increase in low and intermediate risk patients has indicated a demand for a comprehensive offering covering full-life cycle management. Thus, through knowledge sharing and technology transfer enabled by the Transaction, the Group can further enhance its R&D, upgrading features of existing products, or expanding into new disease areas not previously explored through new product development, to better address the market demand. As set out in the Prospectus, the Group has been focusing on advancing its product portfolio and strengthening its position in the transcatheter medical device market. The Transaction will enable the Enlarged Group to integrate the Group's strengths in advanced transcatheter delivery systems, complex cardiac structural implants, high-performance metal, polymer and bio-derived materials, and hemodynamics with the Target Group's expertise in miniature active implants, efficient and long-life motor and power management, and physiological sensing algorithms based on device data. Leveraging these combined capabilities, the Enlarged Group plans to expand into the heart failure domain, focusing on the development of implantable heart failure monitoring devices, implantable intelligent heart failure circulatory regulation devices, and percutaneous

ventricular assist devices (pVAD). This strategic initiative is expected to elevate the Enlarged Group's technological leadership in the cardiovascular sector, reinforcing its ability to deliver pioneering solutions to address evolving global healthcare needs.

(d) With the Transaction, the respective supply chain resources can be shared, and with a much sizable scale in combination, the Group would gain greater bargaining power facing the suppliers, especially those capable of supplying to both the Group and the Target Group. In addition, for the overseas expansion, the Group could have easier access to local production facilities and local supplier resources if needed, to mitigate geo-political risk and avoid supply chain interruption.

(e) The Transaction will also grant the Group access to the Target Group's full-suite local operation teams as well as established facilities, efficiently bridging the gap for its overseas operation. With existing local warehouses, as well as operation team to facilitate regulatory communication, clinical trials running, quality control, customer follow-ups, complaints handling, etc., the Group could realize overseas expansion with lesser investment, achieving more operational efficiencies.

(f) Through the complementary synergies achieved by the Transaction, the business scale and growth potential of the business of the Target Group and the business of the Group as consolidated will be expanded, leading to enhancement in the revenue, profitability and cashflow of such consolidated business. The capital utilisation efficiency and capital raising capability can also be enhanced through unified financial management.

(g) The promulgation of a heart disease product platform with diversified products and product pipelines to both the international and China markets can enhance the international capital market's recognition of the underlying value and growth potential of the consolidated business.

As noted from the Prospectus, the Group had primarily been focusing on the development of its TAVI pipeline products, TMV pipeline products and TTV pipeline products since the Company's listing. The Group had expanded its product offerings in the field of LAA medical devices through the acquisition of 51% and 49% of the equity interest of MP CardioAdvent in 2024 and 2025 respectively. The Transaction would enable the Group to further expand its product offerings of CRM solutions, enhance its position in the cardiovascular disease industry. Furthermore, as detailed under the section headed "Information on the Target Group" above, majority of the Target Group's revenue was derived from Europe, Middle East and Africa. We also understood from the Directors that the Target Group has over 200 overseas sales personnel with distribution network covering around 1,800 hospitals worldwide. By integrating the Target Group, the Enlarged Group is expected to benefit from the integration of R&D and market development

capabilities of the two businesses, particularly the vast distribution network built by the Target Group, enabling the Group's existing products to tap into the European and emerging markets through collaboration of resources and synergies and economies of scale achieved by the consolidation of the Target Group.

Based on the fact sheet (latest update on 31 July 2025) published by World Health Organization ("**WHO**") (the "**WHO Fact Sheet**"), cardiovascular diseases are the leading cause of death globally and it is estimated that 19.8 million people died from cardiovascular diseases in 2022, representing approximately 32% of all global deaths. According to the WHO Fact Sheet:

- Approximately 80% of the world's deaths from cardiovascular diseases occur in low- and middle-income countries as people living in low- and middle-income countries often do not have the benefit of primary healthcare programmes for early detection and treatment for cardiovascular diseases.

- Out of the 18 million premature deaths (under the age of 70) due to noncommunicable diseases in 2021, at least 37% were caused by cardiovascular diseases.

- The probability of dying young (aged between 30 to 69 years old) from cardiovascular disease is nearly five times as high in eastern Europe and central Asia compared to western Europe.

- WHO works to drive and support the implementation of effective actions for the prevention, management and control of cardiovascular diseases and their associated risk factors, especially in low- and middle-income countries, including (i) develop evidence-based guidelines and tools for the prevention and management of cardiovascular diseases; (ii) develops norms and standards for cardiovascular risk assessment, hypertension (medical term for high blood pressure) diagnosis and cardiovascular diseases care; (iii) raise awareness on the growing global burden of cardiovascular diseases; and (iv) conduct global surveillance on cardiovascular diseases and their key risk factors.

As also noted from an article published by WHO on 15 May 2024, cardiovascular diseases are the predominant cause of disability and premature death in the European region, causing over 43.5% of all deaths annually.

We also noted from the research report "Cardiovascular Devices market (2025 – 2033) published by Grand View Research (an India and United States based market research and consulting company founded in 2014 with over 500 analysts headquartered in San Francisco, the United States) (the "**GVR Report**") that the global cardiovascular devices market size was

estimated at US$53.7 billion in 2024 and is projected to reach US$106.7 billion by 2033, representing a compound annual growth rate of 7.8% from 2025 to 2033. The main driver for the estimated increase in market size of cardiovascular devices market include rapid technical development, increase in affordable and effective devices and rising demand for minimally invasive procedures. According to the GVR Report, North America is the largest revenue contributor of the cardiovascular devices market, contributing approximately 47.7% of the revenue in 2024, driven by the rising incidence of atrial fibrillation and cardiovascular disease, supportive government initiatives and technological advancements; while Europe and the Asia Pacific regions are the second and third largest contributors, respectively. North America, Europe and Asia Pacific region in aggregate accounted for over 80% of the cardiovascular devices market in 2024.

Although the North America, Europe and the Asia Pacific region accounted for the three largest cardiovascular devices markets, accounting for over 80% of the cardiovascular devices market in 2024 as stated in the GVR Report, the WHO Fact Sheet had stated that approximately 80% of the world's deaths from cardiovascular diseases occur in low- and middle-income countries, indicating the growth potential of cardiovascular devices market in low- and middle-income countries.

Based on the aforesaid, we consider the prospect of the cardiovascular devices market is generally positive. As the Target Group primarily derived its revenue from the sales of cardiovascular devices in Europe, Middle East and Africa, which covered both developed and low- and middle-income countries, the Target Group's business covered both the development countries (which accounted for over 80 of the cardiovascular devices market in 2024) and the low- and middle-income countries which has significant growth potential.

Although the Transaction may result in the increase in the Enlarged Group's loss for FY2024 as detailed under the section headed "Possible financial effects of the Transaction" below, given (i) that the Transaction would further diversify the Group's revenue stream and expand the Group's product offerings to CRM solutions; (ii) the prospects of the cardiovascular devices market; (iii) the pro forma net loss of the Enlarged Group was only formulated based on the historical financial information of the Target Group and does not indicate the future profitability of the Enlarged Group; and (iv) the Target Group's net loss was primarily a result of the fair value loss on the Junior CBs and Senior CBs, and the interest on the Target Preferred Shares (recorded under finance costs), both of which shall no longer persist following the implementation of the Pre-Closing Capital Restructuring, we are of the view the entering into of the Transaction is justifiable.

Having also considered the benefits of the Transaction as mentioned above, we are of the view that although the Transactions 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 Transaction

Set out below are the principal terms of the Transaction pursuant to the Merger Agreement:

Date

29 September 2025

Parties

(i) the Company

(ii) the Merger Sub (being an indirect wholly-owned subsidiary of the Company)

(iii) the Target Company

Merger

Pursuant to the terms and conditions of the Merger Agreement and in accordance with the Cayman Companies Act, the Company will acquire the Target Company by way of merger whereby, at the Effective Time, the Merger Sub and the Target Company shall merge and continue as one company, following which the separate corporate existence of Merger Sub shall cease, with the Target Company becoming the surviving corporation in the Merger and subsisting under its existing name as a direct, wholly-owned subsidiary of BVI Co, which in turn remains a direct, wholly-owned subsidiary of the Company, and in consideration therefor, the Company will allot and issue New Shares to the shareholders of the Target Company. Following completion of the Merger, members of the Target Group will become indirect subsidiaries of the Company and the financial results of the Target Group will be consolidated in the financial results of the Group.

At and after the Effective Time, in accordance with the Cayman Companies Act:

(a) all the rights, the property of every description (including choses in action, and the business, undertaking, goodwill, benefits, immunities and privileges) of each of the Merger Sub and the Target Company shall be transferred to and vest in the Target Company;

(b) subject to any specific arrangements entered into by the relevant parties, the Target Company shall be liable for and subject, in the same manner as the Merger Sub, to all mortgages, charges or security interests, and all contracts, obligations, claims, debts, and liabilities of the Merger Sub, if any;

(c) all proceedings pending by or against each of the Merger Sub and the Target Company may be continued by or against the Target Company;

(d) any claim, conviction, ruling, order or judgement, due or to become due, in favor of or against each of the Merger Sub and the Target Company shall apply to the Target Company;

(e) the shares and rights of the members in each of the Merger Sub and the Target Company shall be converted into the shares and rights provided for in the plan of merger in relation to the Merger to be made in accordance with the Cayman Companies Act, as set out under the section headed "Effect on the Securities" below; and

(f) the Merger Sub shall be struck off by the Cayman Registrar.

Effect on the Securities

Implementation of the Pre-Closing Capital Restructuring

Subject to the provisions of the Merger Agreement, no later than the Effective Time and prior to the cancellation of the Target Ordinary Shares and the Target Preferred Shares and issue of the New Shares as contemplated in the sub-section headed "Conversion of each Target Ordinary Share and each Target Preferred Share to New Shares" below, the Target Company will implement the Pre-Closing Capital Restructuring.

Conversion of each Target Ordinary Share and each Target Preferred Share to New Shares

Subject to the provisions and conditions in the Merger Agreement, following the implementation of the Pre-Closing Capital Restructuring, at the Effective Time, by virtue of the Merger, and without any further action on the part of any shareholder of the Target Company and the Merger Sub immediately prior to the Effective Time, (a) each Target Ordinary Share and each Target Preferred Share that is issued and outstanding immediately prior to the Effective Time, shall be automatically cancelled and converted into, and shall thereafter represent the right of each holder of the Target Ordinary Shares and each holder of the Target Preferred Shares to receive, as consideration for cancellation of such Target Ordinary Share and Target Preferred Share, the applicable number of New Shares; and (b) in consideration of each Target Ordinary Share and each

Target Preferred Share so cancelled and converted, the Company shall allot and issue to each holder of the Target Ordinary Shares and each holder of Target Preferred Shares as recorded in the register of members of the Target Company immediately prior to the Effective Time the applicable number of New Shares equal to the percentage shareholding of such shareholder in the Target Company (on a fully diluted basis) multiplied by the following ratio:

N/P

Where:

N is the Negotiated Value of the Target Company, which is US$680 million (equivalent to approximately HK$5,338 million); and

P is the Issue Price, being HK$1.35.

All of the Target Ordinary Shares and the Target Preferred Shares converted into the right to receive the consideration as described above shall no longer be outstanding and shall cease to exist, and each holder of the Target Ordinary Shares and the Target Preferred Shares shall thereafter cease to have any rights with respect to such securities, except the right to receive the applicable consideration as described above.

Merger

Subject to the provisions and conditions in the Merger Agreement, at the Effective Time, by virtue of the Merger, each ordinary share of Merger Sub shall be automatically converted into one ordinary share of the Target Company and such share shall constitute the only outstanding share capital of the Target Company as of immediately following the Effective Time and accordingly, the BVI Co shall become, pursuant to the Merger and the cancellation of the Target Ordinary Shares and the Target Preferred Shares, the holder of the entire issued share capital of the Target Company.

Negotiated Value of the Target Company and basis

The Negotiated Value of the Target Company is US$680 million, which was determined after arm's length negotiations between the Company and the Target Company with reference to the Valuation of the Target Group as at 31 August 2025 (i.e. the Valuation Date) conducted by the Valuer.

For our due diligence purpose, we obtained the Valuation Report and noted that the market value of 100% equity interest in the Target Company was approximately US$700 million as at the Valuation Date.

We (i) reviewed and enquired into the terms of engagement of the Valuer with the Company; (ii) interviewed the Valuer as to their qualification in relation to the preparation of the Valuation Report and their track records in valuation of enterprises; 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 are satisfied with the terms of engagement and scope of work of the Valuer as well as their qualification, competence and experience for the preparation of the Valuation Report. The Valuer also confirmed that they are independent to the Group and the Target Group.

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

(i) Market approach considers the prices recently paid for similar assets, with adjustments made to market prices to reflect condition and utility of the appraised assets relative to the market comparable. Although there are insufficient market transactions of assets similar to the Target Group as at the Valuation Date, the Valuer is able to identify sufficient companies comparable to the Target Group. As such, market approach is applicable for assessing the Valuation.

(ii) Cost approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation or obsolescence to reflect its current conditions and it is applicable for assets without a known secondary market. However, as it does not capture the economic benefits contributed by the Target Group, in particular, those to be brought by the CRM solutions of the Target group, cost approach is not applicable for the Valuation.

(iii) Income approach considers the value of the appraised assets based on the conversion of expected economic benefits of ownership during the forecast period as it is based on the principle that an informed buyer would pay no more for the project than an amount equal to the present worth of its anticipated future benefits from the same or substantially similar projects with similar risk profile. As income approach requires detailed operational information and long-term financial projection and such information with substantial objective supporting data is not available, income approach is not applicable for the Valuation.

As majority of the Target Group's assets are inventories, trade and other receivables, goodwill of the Target Group's cash-generating units (as detailed under the section headed "Information on the Target Group" above), we consider the Target Group is not asset-intensive and the use of cost approach, which value each individual assets and liabilities of the Target Group, would not be able to capture the economic benefits contributed by the Target Group and we concur with the Valuer that cost approach would not be appropriate for the Valuation.

As income approach would require detailed operational information and financial projection of the Target Group, which may subject to management bias on the future performance of the Target Group. Since objective supporting data is not available to support the Valuer to conduct the Valuation using income approach, we also concur with the Valuer that income approach would not be appropriate for the Valuation.

As the applicability of each of the three commonly adopted valuation approaches were considered before adopting market approach; and having considered our analysis on the inapplicability of cost approach and income approach as detailed above, we concur with the Valuer on the adoption of market approach for the Valuation. As the other fundamental valuation approaches were not applicable for the Valuation, we did not cross-check the Valuation using other valuation methodologies.

Under market approach, as there were lack of sufficient recent market transaction prior to the Valuation Date, the Valuer had not adopted the guideline transactions method and thus adopted guideline public company method and selected the comparable companies based on the following criteria (the "**Selection Criteria**"):

(i) that are publicly listed and searchable on Bloomberg;

(ii) that are classified as medical device manufacturers by Bloomberg;

(iii) with revenue from cardiovascular segments accounting for more than one-third of their total revenue;

(iv) with product portfolio that are used for diagnosing, treating and managing heart rhythm disorders and heart failure; and

(v) with sufficient data, including their EV/Sales Multiple as at the Valuation Date.

For our due diligence purpose, we also attempted to search for transaction in relation to the acquisition of controlling interests in companies that engaged in similar business as the Target Group (being the R&D, manufacturing and sale of products for diagnosing, treating and managing

heart rhythm disorders and heart failure) that were announced by companies publicly listed and searchable on Wind Financial Terminal during the period from 1 September 2022 to 31 August 2025, being 3 years prior to the Valuation Date. However, we were unable to identify any transaction with transaction targets that are comparable to the Target Group, and thus we consider the guideline transactions method under market approach is not applicable.

Based on the Selection Criteria, the Valuer identified five comparable companies (the "**Comparable Companies**") and as confirmed by the Valuer, these comparable companies are exhaustive. Given that the Selection Criteria would allow the Valuer to identify sufficient companies that operate within the same industry as the Target Group with sufficient information for the purpose of conducting the Valuation, we consider the Selection Criteria adopted by the Valuer to be fair and reasonable and thus we did not attempt to conduct independent research with our own selection criteria to identify companies comparable to the Target Group. We noted from the Valuation Report that two out of five of the Comparable Companies had less than 50% revenue contribution from cardiovascular segments, namely Medtronic plc (stock ticker: MDT.US) and Lifetech Scientific Corp. (stock code: 1302.HK). Despite the lower revenue contribution from cardiovascular segments from the two Comparable Companies, as the two Comparable Companies had lower EV/Sales Multiples as compared to the other three Comparable Companies, we consider the inclusion of the two Comparable Companies would not result in the over-valuation of the Target Company.

Given that the Selection Criteria are fair and representative, we attempted to search for companies using the Selection Criteria on Wind Financial Terminal and, other than the Comparable Companies identified by the Valuer, we were unable to identify any other companies that met the Selection Criteria. As such, we consider the Comparable Companies are exhaustive based on the Selection Criteria.

For our due diligence purpose, we searched for information regarding the Comparable Companies. We noted that (i) the Comparable Companies are listed on major stock exchange (such as the New York Stock Exchange, the Stock Exchange and the Shanghai Stock Exchange STAR Market); (ii) the trading of the shares of the Comparable Companies had not been halted or suspended for the two years prior to and including the Valuation Date; and (iii) the Comparable Companies are engaged in the development, manufacturing and sale of CRM devices. As such, we consider the Comparable Companies identified by the Valuer are fair and representative.

The Valuer had assessed the applicability of several commonly used trading multiples, including the P/E Multiple, P/B Multiple, P/S Multiple, EV/EBIT Multiple, EV/EBITDA Multiple and EV/Sales Multiple, before concluding the use of EV/Sales Multiple as the benchmark multiple for the purpose of the Valuation. We noted from the Valuation Report that:

- The price multiples (i.e. P/E Multiple, P/B Multiple, P/S Multiple) overlook the costs structure of a company. As the Target Group had outstanding shareholder payables as at the Valuation Date, the capital structure of the Target Group differs from those of the Comparable Companies and thus the price multiples were not adopted in the Valuation.

- The EV multiples (i.e. EV/EBIT Multiple, EV/EBITDA Multiple and EV/Sales Multiple) are less affected by differences in capital structure of companies as compared to P/E Multiple, P/B Multiple and P/S Multiple, and allow direct comparison of companies regardless of their capital structure. However, as the Target Group recorded loss before interest and taxes and loss before interest, tax, depreciation and amortisation, both EV/EBIT Multiple and EV/EBITDA Multiple are not applicable for the Valuation.

- EV/Sales Multiple, being similar to the P/S Multiple, is commonly used to value early-stage or loss-making companies and also has the benefits of being less affected by difference in capital structure. Thus, EV/Sales Multiple was adopted in the Valuation.

Based on our independent research on the characteristics of price multiples and EV multiples, we noted that price multiples are ratios of a stock's market price to a measure of fundamental value per share; while EV multiples relate the total market value of all sources of capital to a measure of fundamental value for the entire company. We consider the Valuer's rationale on the adoption of EV multiples as opposed to the price multiples are in line with our findings on the characteristics of price multiples and EV multiples. Furthermore, we noted that the EV/EBIT Multiple, EV/EBIDTA Multiple and EV/Sales Multiple are the commonly adopted EV multiples by other valuation experts. As such, we consider that the Valuer had assessed the applicability of each of the commonly adopted price multiples and EV multiples.

As the characteristics and applicability of each of the commonly used trading multiples were considered before adopting the EV/Sales Multiple; and given the aforesaid reasons for not adopting the price multiples, and the inapplicability of the EV/EBIT Multiple and the EV/EBITDA Multiple, we concur with the Valuer on the use of EV/Sales Multiple for the Valuation.

Having arrived at the base EV/Sales Multiple of the Comparable Companies, the Valuer had adjusted by (i) applied adjustment factors such as size premium, country risk premium and specific risk premium to take into account difference in size, risks associated with their country of operation and factors specific of each Comparable Company to the Target Company; (ii) applied their respective weight factors (as market capitalisation over enterprise value) to capture their capitalisation rate in terms of their enterprise value; and (iii) applied their respective scale factors (as sales to net operating profit after tax) to account for the financial performance of their principal operation. Given that the size, country of operation and the operational and/or financial

conditions to each of the Comparable Companies are different from those of the Target Company, we consider the application of the size premium, country risk premium and specific risk premium to cater for such difference are reasonable.

We noted from the Valuation that size premium was applied by the Valuer with reference to the market capitalisation of the Comparable Companies and the relevant size premium according to the Cost of Capital Navigator 2025 published by Kroll, LLC, which categorised the premium in share price of the companies studied by Kroll, LLC into ten deciles of the market capitalisation range (i.e., the size premium of the Comparable Companies shall be applied according to the decile of market capitalisation range which they respectively falls into); while country risk premium was applied by the Valuer with reference to the latest study of "Country Default Spreads and Risk Premiums" published by Prof. Aswath Damodaran. For our due diligence purpose, we independently searched for the credentials of both Kroll, LLC and Prof. Aswath Damodaran and noted that:

- Kroll, LLC is a leading independent risk and financial advisory solutions firm established in 1932 that serves in 140 markets across nearly every industry and sector according to its website.

- Prof. Aswath Damodaran is a professor of finance at the Stern School of Business of New York University specialised in corporate finance and valuation. His papers have been published in the "Journal of Financial and Quantitative Analysis", the "Journal of Finance", the "Journal of Financial Economics" and the "Review of Financial Studies.

Based on our independent work performed to assess the credential of both Kroll, LLC and Prof. Aswath Damodaran, we consider it is reasonable to apply size premium and country risk premium using data published by both Kroll, LLC and Prof. Aswath Damodaran.

The Valuer had also applied specific risk premium to reflect the difference in profitability of the Comparable Companies and the Target Group. Given that the Comparable Companies are all profit-making for their latest financial year while the Target Group was loss-making for FY2024 as detailed under the section headed "Information on the Target Group" above, we consider the application of the specific risk premium is reasonable. Furthermore, the Valuer adopted 1% as the aforesaid specific risk premium. Given that (i) the 1% was approximate the same as the mid-point of the range of risk premium which the Valuer made reference to; and (ii) the Negotiation Value represented a discount of approximately 24% as compared to the valuation should there be no specific risk premium, indicating that the Negotiation Value was not over-valued, we are of the view that the 1% of specific risk premium is reasonable.

Having derived the adjusted EV/Sales Multiple of each of the Comparable Companies, the Valuer applied the median of which to the Target Group's trailing twelve months revenue to arrive at the enterprise value of the Target Company, which was then converted to equity value by adding the Target Group's cash and deducting the Target Group's interest-bearing borrowings, lease liabilities and non-operating payables.

Having arrived at the equity value of the Target Company, the Valuer applied control premium and discount on lack of marketability to reflect (i) the premium which buyers typically pay for the ability to direct operational, managerial and financial decision of the acquisition target; and (ii) the discount of privately-held companies with no established market of readily-available buyers and sellers. Given that the Transaction represents obtaining the controlling interests of the Target Company, being a privately-held company with no established market for the Target Ordinary Shares or the Target Preferred Shares, we consider the application of control premium and discount on lack of marketability, which matched the characteristics of the Transaction, are reasonable. We noted from the Valuation Report that the control premium was applied with reference to the second quarter of 2025 Control Premium Study Report published by FactSet Mergerstat, LLC (the "**FactSet Study**"); and the discount on lack of marketability was applied with reference to the 2024 edition of the Stout Restricted Stock Study Companion Guide issued by Stout Risius Ross, LLC (the "**Stout Study**").

For our due diligence purpose, we obtained the FactSet Study and the Stout Study from the Valuer. We noted that (i) the FactSet Study examine the premium of transaction price of 96 international transactions of all industry and the control premium of 31.5% adopted by the Valuer represents the median control premium as set out in the FactSet Study; and (ii) the Stout Study examined the discount of transaction price of 779 transaction of privately-held shares and the discount on lack of marketability of 15.6% adopted by the Valuer represents the median discount as set out in the Stout Study.

For our due diligence, we independently searched of the credential of FactSet Mergerstat, LLC and Stout Risius Ross, LLC and noted that:

- FactSet Mergerstat, LLC provides a digital platform with enterprise solutions that deliver financial data, analytics and open technology. Its digital platform serves over 9,000 firms with over 237,000 users globally and its clients include wealth managers, asset owners, asset managers, banks, corporations, hedge funds, insurers, private equity and venture capitalists.

- Stout Risius Ross, LLC is a global advisory firm specialising in corporate finance, accounting and transaction advisory, valuation, financial disputes, claims and investigations. Stout Risius Ross, LLC serves a range of clients, from public corporations to privately held companies in numerous industries.

Based on our independent work performed to assess the credential of both FactSet Mergerstat, LLC and Stout Risius Ross, LLC, we consider it is reasonable to apply control premium and discount on lack of marketability using data published by both FactSet Mergerstat, LLC and Stout Risius Ross, LLC.

We noted from the Valuation Report that the major assumptions made to the Valuation include (1) the use of the trailing twelve months ended 30 June 2025 as the financial period of the Target Group for the purpose of the Valuation; (2) no material change in the existing political, legal, technological, fiscal or economic conditions which may adversely affect the business of the Target Group; (3) the operational and contractual terms stipulated in the relevant contracts and agreements will be honoured; (4) information on the Target Group provided to the Valuer are reliable and legitimate; (5) financial and operational information of the Target Group are assumed to be accurate; and (6) there are no hidden or unexpected conditions associated with the Target Group that might adversely affect the Valuation of the Target Company. We consider the major assumptions made by the Valuer to the Valuation are those commonly used in valuations of equity interests in companies.

Based on our due diligence on the methodology and each of the parameters and assumptions used in the Valuation, in particular (1) the basis for using market approach, the guideline company method and the EV/Sales Multiple; (2) the Selection Criteria adopted to identify the Comparable Companies; (3) the use of size premium, country risk premium, specific risk premium, control premium and discount on lack of marketability; and (4) the reliability of the source of data used by the Valuer; and (5) the major assumptions made to the Valuation are commonly used for the valuation of equity interests in companies, and during our discussion with the Valuer, we did not identify any factor which caused us to doubt the fairness and reasonableness of the methodology, principal bases, assumptions and parameters adopted in the Valuation.

Having considered that the Negotiation Value of the Target Company of US$680 million represents a discount of approximately 2.86% to the appraised equity value of 100% market interest of the Target Company of US$700 million as set out in the Valuation, we are of the view that the Negotiation Value of the Target Company is fair and reasonable.

New Shares

The New Shares, being 3,953,847,407 Shares in aggregate, represent:

(a) approximately 164% of the issued share capital of the Company as at the Latest Practicable Date; and

(b) approximately 62% of the issued share capital of the Company as enlarged by the allotment and issue of the New Shares (assuming that there will be no change in the issued share capital of the Company other than the allotment and issuance of the New Shares from the Latest Practicable Date up to and until the Closing Date).

Details of the possible dilution effects on the existing public Shareholders as a result of the issue of the New Shares are set out under the section headed "Possible dilution effects on the existing public Shareholders" below.

As detailed under the section headed "Information on the Group" above, the Group's cash and bank balances were approximately RMB1,302.3 million, which included unutilised proceeds of approximately HK$847.4 million (equivalent to approximately RMB772.0 million) from the offering of the Shares for subscription as described in the Prospectus and the usage of which are restricted to certain specific purposes as detailed in the 2025 Interim Report. The Group's cash resources are insufficient to fund the Transaction. Having considered (i) the reasons for and the benefits of the Transaction as detailed above; (ii) the prospect of the cardiovascular devices market; (iii) the Issue Price represented the First Announcement Date Premium and the NAV Premium (as defined below); and (iv) the settlement of the consideration for the Transaction entirely by way of issue of the New Shares would not impose immediate burden to the Company's financial resources and would not result in any cash outflow, which would safeguard the Group's financial position, we are of the view that the settlement of the consideration for the Transaction by way of issue of New Shares are on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Issue Price

The Issue Price of HK$1.35 per Share represents:

(i) a premium of approximately 23.85% over the closing price of HK$1.09 per Share as quote on the Stock Exchange as at the Latest Practicable Date;

(ii) a premium of approximately 2.27% over the closing price of HK$1.32 per Share as quoted on the Stock Exchange on the date of the Merger Agreement;

(iii) a premium of approximately 4.49% over the average closing price of approximately HK$1.29 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including the date of the Merger Agreement;

(iv) a discount of approximately 5.11% to the average closing price of approximately HK$1.42 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the date of the Merger Agreement;

(v) a premium of approximately 13.14% over the average closing price of approximately HK$1.19 per Share as quoted on the Stock Exchange for the last 90 consecutive trading days up to and including the date of the Merger Agreement;

(vi) a premium of approximately 21.62% over the closing price of HK$1.11 per Share as quoted on the Stock Exchange as at 16 July 2025 (being the date of the First Announcement) (the "**First Announcement Date Premium**");

(vii) a premium of approximately 37.20% over the average closing price of approximately HK$0.98 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including the date of the First Announcement;

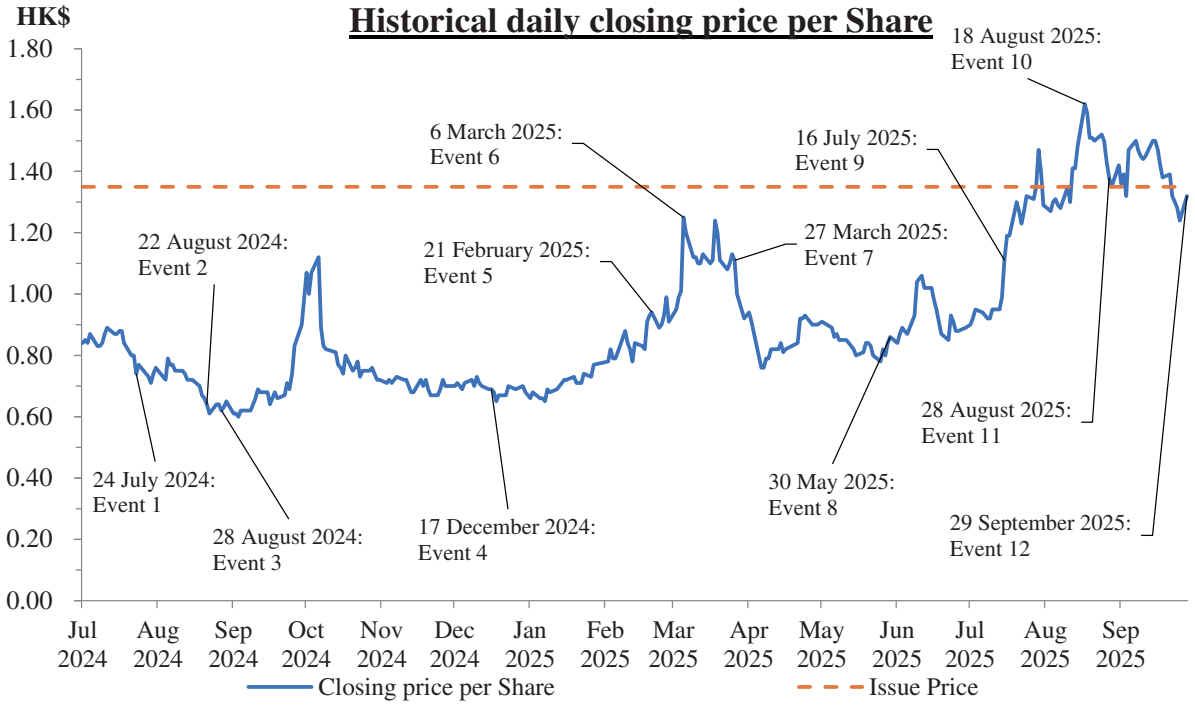
(viii) a premium of approximately 43.16% over the average closing price of approximately HK$0.94 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the date of the First Announcement;

(ix) a premium of approximately 44.35% over the average closing price of approximately HK$0.94 per Share as quoted on the Stock Exchange for the last 90 consecutive trading days up to and including the date of the First Announcement; and

(x) a premium of approximately 33.56% over the unaudited net asset value per Share of approximately RMB0.92 (equivalent to approximately HK$1.01) as at 30 June 2025 based on the 2,412,592,839 Shares in issue as at 30 June 2025 (the "**NAV Premium**").

Historical closing price movement

To assess the fairness and reasonableness of the Issue Price, we reviewed the daily closing price of the Shares as quoted on the Stock Exchange from 1 July 2024, being approximately one year prior to the date of the First Announcement, up to and including the date of the Merger Agreement (the "**Review Period**"), which is commonly adopted for analysis and the duration of which (in terms of number of trading days) is sufficient for us to perform a thorough analysis on the historical closing price of the Shares. The comparison of the daily closing price of the Shares and the Issue Price is illustrated as follows:



Source: the Stock Exchange's website

Events:

1. *Inside information announcement in relation to the significant reduction in net loss for 1H2024*
2. *Announce in relation to the Property Acquisition*
3. *Interim result announcement for 1H2024*
4. *Voluntary announcement in relation to the approval for registration of VitaFlow Liberty Flex by the National Medical Products Administration of the PRC*
5. *Voluntary announcement in relation to the CE mark approval of Anchorman® LAAC system and its access system*
6. *Inside information announcement in relation to the significant reduction in net loss for FY2024*
7. *Annual results announcement for FY2024*

8. *Discloseable and connected transaction in relation to the acquisition of the remaining 49% equity interest in Shanghai MicroPort CardioAdvent Co., Ltd.*

9. *First Announcement*

10. *Voluntary announcement in relation to the CE mark approval of Alwide Plus Balloon Catheter*

11. *Interim results announcement for 1H2025*

12. *Second Announcement*

During the Review Period, the lowest and highest closing price of Shares were HK$0.60 per Share recorded on 4 September 2024 and HK$1.62 per Share recorded on 18 August 2025. The Issue Price of HK$1.35 is within the aforesaid closing prices range and represents (i) a discount of approximately 16.67% to the highest closing price of the Shares during the Review Period; (ii) a premium of approximately 125.00% over the lowest closing price of the Shares during the Review Period; and (iii) a premium of approximately 47.71% over the average closing price of the Shares of approximately HK$0.91 per Share during the Review Period.

From the start of the Review Period, the closing price of Shares formed a general decreasing trend and reached the lowest closing price of HK$0.60 on 4 September 2024. From late-September 2024 to early-October 2024, the closing price of Shares surged and reached the short-term highest of HK$1.12 per Share on 7 October 2024 before it decreased sharply to HK$0.89 per Share on 8 October 2024. We did not identify any major factor that caused the aforesaid fluctuation in the closing prices of Share. From 9 October 2024 to 18 February 2025, the closing price of Shares fluctuated between the range of HK$0.65 per Share and HK$0.88 per Share.

On 21 February 2025, the Company published a voluntary announcement in relation to the Group's AnchorMan® LAAC System and AnchorMan® LAAA System receiving the CE Mark, being a certification mark approval, indicating their conformity with health, safety and environmental protection standards for products sold within the European Economic Area. Shortly after the publication of such voluntary announcement, the closing price of Shares formed a short-term increasing trend and reached the short-term highest of HK$1.29 per Share on 19 March 2025.

Following the publication of the Company's annual results announcement for FY2024 on 27 March 2025, the closing price of Shares decreased sharply to HK$0.76 per Share on 7 April 2025 and 8 April 2025. From 9 April 2025 to 16 April 2025 (being the date of the First Announcement), the closing price of Shares fluctuated between the range of HK$0.78 per Share and HK$1.11 per Share.

Following the publication of the First Announcement, the closing price of Shares formed an increasing trend and reached the highest closing price during the Review Period of HK$1.62 per Share on 18 August 2025. Thereafter, the closing price of Shares fluctuated between the range of HK$1.24 per Share and HK$1.59 per Share before reaching reached HK$1.32 per Share on 29 September 2025 (being the date of the Merger Agreement).

The Issue Price is above the daily closing prices of the Shares for 277 out of 309 trading days during the Review Period. In particular, it is above the daily closing prices of Shares for all the trading days prior to the publication of the First Announcement.

Comparison with other consideration issue transaction

As part of our analysis, we also identified connected transactions in relation to the acquisition of unlisted target by listed companies involving the issuance of ordinary shares (excluding the issuance shares that are subject to regulatory requirements in determining the relevant issue price (which we consider to not be comparable to the Transaction on the basis that the determination of the Issue Price is not constraint by any regulatory requirements)) under specific mandate as consideration that were announced by companies listed on the Stock Exchange during the Review Period and were not terminated up to the date of the Merger Agreement (the "**Comparable Acquisition(s)**"). We consider the transactions identified would reflect the recent market practice in determining the issue price for consideration shares up to the date of the Merger Agreement. We found 8 Comparable Acquisitions which met the said criteria and they are exhaustive, fair and representative. Despite the businesses, operations and prospects of the Group are not the same as the subject companies of the Comparable Acquisitions, the Comparable Acquisitions can demonstrate the recent market practices of issuance of new shares as consideration by companies listed on the Stock Exchange.

Company name (Stock code)	Date of announcement	Premium/ (discount) of the issue price over/to the closing price per share on the date of the relevant acquisition agreement (the "Agreement Date Premium/ Discount")	Premium/ (discount) of the issue price over/to the average closing price per share for the last five trading days up to and including the date of the relevant acquisition agreement (the "5 Days Premium/ Discount")	Premium/ (discount) of the issue price over/to the average closing price per share for the last 30 trading days up to and including the date of the relevant acquisition agreement (the "30 Days Premium/ Discount")	Premium/ (discount) of the issue price over/to the average closing price per share for the last 90 trading days up to and including the date of the relevant acquisition agreement (the "90 Days Premium/ Discount")	Premium/ (discount) of the issue price over/to the then prevailing net asset per share attributable to the shareholders of the company prior to date of the relevant acquisition agreement (the "NAV Premium/ Discount")	Size of the consideration shares to be issued in proportion to the number of existing shares of the respective company in issue as at the date of the relevant acquisition agreement	Dilution effect to the then existing public shareholders of the respective company
		%	%	%	%	%	%	*Percentage points*
Wanguo Gold Group Limited (3939)	9 August 2024	7.98	12.03	8.99	3.65	335.76	10.90	2.80
Sinohope Technology Holdings Limited (1611)	16 August 2024	14.14	13.90	12.18	(8.91)	220.41	25.52	6.91
GCL New Energy Holdings Limited (451)	9 January 2025	(2.17)	(4.05)	(0.66)	8.33	(70.33)	10.95	7.87
China Ruyi Holdings Limited (136)	13 January 2025	(2.72)	(0.49)	2.93	13.64	158.63	0.26	0.17
Virtual Mind Holding Company Limited (1520)	14 July 2025	(33.33)	(37.50)	(34.43)	(26.19)	142.28	4.73	3.80
USPACE Technology Group Limited (1725)	21 July 2025	(19.23)	(19.85)	(16.00)	(14.81)	65.46	5.16	3.94
Enviro Energy International Holdings Limited (1102)	28 July 2025	(3.85)	(4.21)	(6.43)	(8.54)	464.82	94.48	19.36
Sunshine Oilsands Ltd. (2012)	19 August 2025	33.58	48.67	73.34 *(Note)*	75.07 *(Note)*	0.79	10.12	6.40

Company name (Stock code)	Date of announcement	Premium/ (discount) of the issue price over/to the closing price per share on the date of the relevant acquisition agreement (the "Agreement Date Premium/ Discount")	Premium/ (discount) of the issue price over/to the average closing price per share for the last five trading days up to and including the date of the relevant acquisition agreement (the "5 Days Premium/ Discount")	Premium/ (discount) of the issue price over/to the average closing price per share for the last 30 trading days up to and including the date of the relevant acquisition agreement (the "30 Days Premium/ Discount")	Premium/ (discount) of the issue price over/to the average closing price per share for the last 90 trading days up to and including the date of the relevant acquisition agreement (the "90 Days Premium/ Discount")	Premium/ (discount) of the issue price over/to the then prevailing net asset per share attributable to the shareholders of the company prior to date of the relevant acquisition agreement (the "NAV Premium/ Discount")	Size of the consideration shares to be issued in proportion to the number of existing shares of the respective company in issue as at the date of the relevant acquisition agreement	Dilution effect to the then existing public shareholders of the respective company
		%	%	%	%	%	%	*Percentage points*
Maximum (excluding outlier):		33.58	48.67	12.18	13.64	464.82	94.48	19.36
Minimum (excluding outlier):		(33.33)	(37.50)	(34.43)	(26.19)	(70.33)	0.26	0.17
Average (excluding outlier):		(0.70)	1.06	(4.77)	(4.69)	164.73	20.26	6.41
Median:		(2.45)	(2.27)	1.14	(2.44)	150.45	10.51	5.17
The Company	29 September 2025	2.27	4.49	(5.11)	13.14	35.96	163.88	17.83

Note: The premiums as represented by the issue price of Sunshine Oilsands Ltd. (stock code: 2012) were exceptionally high as they are more than two standard deviations away from the mean (after rounding) and were considered as outliers based on the mean and standard deviation outlier detection method.

As depicted in the above table:

(i) the Agreement Date Premium/Discount of the Comparable Acquisitions ranged from discount of approximately 33.33% to premium of approximately 33.58%, with average of approximately 0.70% in discount and median of approximately 2.45% in discount;

(ii) the 5 Days Premium/Discount of the Comparable Acquisitions ranged from discount of approximately 37.50% to premium of approximately 48.67%, with average of approximately 1.06% in premium and median of approximately 2.27% in discount;

(iii) the 30 Days Premium/Discount of the Comparable Acquisitions (excluding outlier) ranged from discount of approximately 34.43% to premium of approximately 12.18%, with average of approximately 4.77% in discount and median of approximately 1.14% in premium;

(iv) the 90 Days Premium/Discount of the Comparable Acquisitions (excluding outlier) ranged from discount of approximately 26.19% to premium of approximately 13.64%, with average of approximately 4.69% in discount and median of approximately 2.44% in discount; and

(v) the NAV Premium/Discount of the Comparable Acquisitions ranged from discount of approximately 70.33% to premium of 464.82%, with average of approximately 164.73% in premium and median of approximately 150.45% in premium.

The Issue Price, which represented (i) premium of approximately 2.27% over the closing price of Shares as at the date of the Merger Agreement; (ii) premium of approximately 4.49% over the average closing price of Shares for the last five trading days up to and including the date of the Merger Agreement; (iii) discount of approximately 5.11% to the average closing price of Shares for the last 30 trading days up to and including the date of the Merger Agreement; (iv) premium of approximately 22.00% to the average closing price of Shares for the last 90 trading days up to and including the date of the Merger Agreement; and (v) premium of approximately 33.56% over the unaudited net asset value per Share of approximately RMB0.92 (equivalent to approximately HK$1.01) as at 30 June 2025, are all within the respective market range of the Comparable Acquisitions.

Given the broad range of the Agreement Date Premium/Discount and the 5 Days Premium/Discount the of the Comparable Acquisitions, we consider it would be more meaningful to compare the premium represented by the Issue Price to the median of the Comparable Acquisitions, as median is resistant to extremities and skewed distributions within a set of data. The Issue Price represented premium over the closing price of Shares as at the date of the Merger

Agreement and for the last five trading days up to and including the date of the Merger Agreement as opposed to the median discounts of approximately 2.45% and 2.27% of the Comparable Acquisitions respectively.

Despite the broad range of the NAV Premium/Discount of the Comparable Acquisitions, we consider the comparison of the NAV Premium represented by the Issue Price and the NAV Premium/Discount of the Comparable Acquisitions is not meaningful given that the Group operates in different industry and its businesses, operations and composition of assets and liabilities are not the same as the subject companies of the Comparable Acquisitions, thus such information was set out solely for Shareholders' information purpose.

Having considered:

(i) the premium/(discount) as represented by the Issue Price are all within the respective market range of the Comparable Acquisitions; and

(ii) the comparison of the premium represented by the Issue Price to the median the Agreement Date Premium/Discount and the 5 Days Premium/Discount of the Comparable Acquisitions is more meaningful and the Issue Price represented premium over the closing price of Shares as at the date of the Merger Agreement and for the last five trading days up to and including the date of the Merger Agreement as opposed to the median discounts of the Comparable Acquisitions,

we are of the view that the Issue Price is not undervalued as it is within the market premiums/discounts range of the Comparable Acquisitions, which supports the fairness and reasonableness of the pricing from the perspective of the Comparable Acquisitions. Therefore, we consider that the Issue Price is fair and reasonable from such perspective.

Our conclusion on the Issue Price

Having considered (i) the comparison of the Issue Price with closing prices of the Shares during the Review Period; (ii) that the Issue Price is above the daily closing prices of the Shares for 277 out of 309 trading days during the Review Period, in particular, is above the daily closing prices of Shares for all the trading days prior to the publication of the First Announcement; and (iii) the comparison of the Issue Price with the premiums and discounts as represented by the issue prices of the Comparable Acquisitions, we are of the view that the Issue Price is fair and reasonable.

Closing

Closing will occur on a date after all Conditions set out under the section headed "Conditions to Closing" of the Board Letter are satisfied or waived pursuant to the terms of the Merger Agreement.

Our conclusion on the terms of the Transaction

Having considered the principal terms of the Transaction as set out above, in particular

(i) the Transaction, which shall be conducted by way of issue of the New Shares to the existing shareholders of the Target Company, to be on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole given:

  (a) the reasons for and the benefits of the Transaction as detailed above;

  (b) the prospect of the cardiovascular devices market;

  (c) the Issue Price represented the First Announcement Date Premium and the NAV Premium; and

  (d) the settlement of the consideration for the Transaction entirely by way of issue of the New Shares would not impose immediate burden to the Company's financial resources and would not result in any cash outflow, which would safeguard the Group's financial position;

(ii) the Negotiated Value of the Target Company is fair and reasonable based on our independent work performed on the Valuation;

(iii) the Issue Price is fair and reasonable based on our analysis on the Issue Price,

we are of the view that the terms of the Transaction are on normal commercial terms and are fair and reasonable.

Possible financial effects of the Transaction

With reference to the Board Letter, upon the Closing, the Merger Sub and the Target Company shall merge and continue as one company, with the Target Company becoming the surviving corporation in the Merger and subsisting under its existing name as an indirect and

wholly-owned subsidiary of the Company, and members of the Target Group will become indirect subsidiaries of the Company. Accordingly, the financial results, assets and liabilities of the Target Group will be consolidated into the consolidated financial statements of the Company.

The Pro-forma Information of the Enlarged Group is included in Appendix IV to the Circular.

As extracted from the 2025 Interim Report, the unaudited consolidated total assets and total liabilities of the Group were approximately RMB2,668 million and RMB451 million as at 30 June 2025 respectively. According to the Pro-forma Information, the unaudited total assets and total liabilities of the Enlarged Group would be approximately RMB5,256 million and RMB2,669 million respectively as if the Closing took place on 30 June 2025.

As extracted from the 2024 Annual Report, the audited consolidated revenue, gross profit and loss for the year of the Group were approximately RMB362 million, RMB251 million and RMB53 million for FY2024 respectively. According to the Pro-forma Information, the unaudited revenue, gross profit and loss for the year of the Enlarged Group would be approximately RMB1,925 million, RMB1,144 million and RMB601 million respectively as if the Closing took place on 1 January 2024.

Based on our discussion with the Directors, we understand that such significant increase in the pro forma loss for the year of the Group was mainly caused by, among other things, the loss from operations, finance costs and the fair value loss on convertible bonds of the Target Group. In light of the above and having considered that (i) the Transaction is in line with the Company's business strategy related to business and revenue stream diversification; (ii) the prospects of the cardiovascular devices market is generally positive; (iii) the Transaction would enable the Group to further expand its product offerings of CRM solutions, enhance its position in the cardiovascular disease industry and enable the Group's existing products to tap into the European and emerging market through collaboration of resources and synergies and economies of scale achieved by the consolidation of the Target Group; and (iv) the Junior CBs and the Senior CBs will cease to exist upon completion of the Pre-Closing Capital Restructure, which may reduce the finance cost of the Target Group and the Target Group would no longer incur fair value change on the Junior CBs and the Senior CBs. As such, we are of the view that the increase in pro forma loss for the year of the Group is justifiable.

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.

Possible dilution effects on the existing public Shareholders

According to the shareholding table as set out under the section headed "4. Effects on the Shareholding Structure of the Company" of the Board Letter, shareholding interests held by the existing public Shareholders would be diluted by approximately 17.83 percentage points as a result of the Transaction on the assumption that no other change in the share capital of the Company since the Latest Practicable Date.

Despite the substantial dilution on the existing public Shareholders, in view of:

(i) the establishment of a heart disease product platform that offer diversified products and product pipelines (including solutions for structural heart diseases and cardiac rhythm disorders) which would achieve revenue stream diversification and enhance the Group's global market development capability as detailed under the section headed "Reasons for and benefits of the Transaction" above;

(ii) the synergy and economies of scale that could be achieved through the Merger as detailed under the section headed "Reasons for and benefits of the Transaction" above;

(iii) the prospect of the cardiovascular devices market is generally positive as detailed under the section headed "Reasons for and benefits of the Transaction" above;

(iv) the terms of the Transaction (including the Negotiated Value of the Target Company and the Issue Price) are fair and reasonable based on our independent work performed;

(v) the consideration issue would not place any strain on the Group's cash flow for the settlement of consideration; and

(vi) the dilution effect on the existing public Shareholders is acceptable given that the Group had insufficient cash resources to settle the consideration for the Transaction,

we are of the view that the level of dilution to the shareholding interests of the existing public Shareholders is acceptable.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Transaction are on normal commercial terms and are fair and reasonable; and (ii) although the Transaction is not conducted in the ordinary and usual course of business of the Group, the Transaction 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 Transaction 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 30 years of experience in investment banking industry.

1. FINANCIAL INFORMATION OF THE GROUP

Details of the audited financial information of the Group for each of the three years ended December 31, 2022, 2023 and 2024 and the unaudited financial information of the Group for the six months ended June 30, 2025 were disclosed in the following documents which have been published on the website of the Company (**http://www.cardioflowmedtech.com**) and the website of the Stock Exchange (**www.hkexnews.hk**):

(i) Annual report of the Company for the year ended December 31, 2022 (the "**2022 Annual Report**") (pages 123 to 204)
https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0425/2023042500825.pdf

(ii) Annual report of the Company for the year ended December 31, 2023 (the "**2023 Annual Report**") (pages 157 to 236)
https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0426/2024042600998.pdf

(iii) Annual report of the Company for the year ended December 31, 2024 (the "**2024 Annual Report**") (pages 167 to 252)
https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0429/2025042900615.pdf

(iv) Interim report of the Company for the six months ended June 30, 2025 (the "**2025 Interim Report**") (pages 57 to 80)
https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0929/2025092900738.pdf

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 September 2025, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Enlarged Group had the following indebtedness:

	As at 30 September 2025		
	The Group	The Target Group	The Enlarged Group
	RMB'000	*RMB'000*	*RMB'000*
Current			
Interest-bearing borrowings — secured *(note i)*	59,061	117,850	176,911
Interest-bearing borrowings — unsecured *(note ii)*	16,973	625	17,598
Lease liabilities	14,691	27,750	42,441
Convertible bonds	—	390,525	390,525
Financial instruments with preferred rights	—	2,775,621	2,775,621
	90,725	3,312,371	3,403,096
Non-current			
Interest-bearing borrowings — secured *(note i)*	240,756	1,050,174	1,290,930
Interest-bearing borrowings — unsecured *(note ii)*	19,000	9,250	28,250
Lease liabilities	3,027	136,876	139,903
	262,783	1,196,300	1,459,083
	353,508	4,508,671	4,862,179

Note (i): As at 30 September 2025, interest-bearing borrowing of the Group with a total principal amount of RMB209,568,000 was unguaranteed but secured by a pledge of equity interest of a subsidiary of the Group and was also secured by lands and buildings owned by this subsidiary, RMB45,312,000 of which was classified as current and RMB164,256,000 of which was classified as non-current.

As at 30 September 2025, interest-bearing borrowing of the Group with a total principal amount of RMB90,000,000 was secured by a pledge of equity interest of a subsidiary of the Group and was guaranteed by this subsidiary, RMB13,500,000 of which was classified as current and RMB76,500,000 of which was classified as non-current.

As at 30 September 2025, interest-bearing borrowing of the Target Group with a total principal amount of US$164,219,000 (equivalent to RMB1,166,860,000) was secured by a pledge of the equity interest in a fellow subsidiary of the Target Group and was guaranteed by MicroPort®, US$16,422,000 (equivalent to RMB116,686,000) of which was classified as current and US$147,797,000 (equivalent to RMB 1,050,174,000) of which was classified as non-current.

Note (ii): As at 30 September 2025, interest-bearing borrowing of the Group with a total principal amount of RMB4,000,000 was guaranteed by a subsidiary of the Group which is all classified as current.

Except for the borrowings mentioned above, others unsecured interest-bearing borrowings are all unguaranteed.

Save for the aforesaid and apart from intra-group liability and normal trade payables in the ordinary course of business, the Enlarged Group did not have any outstanding debt securities issued and outstanding, and authorised or otherwise created but unissued, term loans, bank overdrafts and loans, other loans or other similar indebtedness, liabilities under acceptance or acceptable credits, debentures, mortgages, charges, hire purchases commitments, guarantee or other contingent liabilities, at the close of business on 30 September 2025.

To the best knowledge of the Directors, having made all reasonable enquiries, there has not been any material change in the Enlarged Group's indebtedness position and contingent liabilities since 30 September 2025 and up to the Latest Practicable Date.

3. WORKING CAPITAL

The Company confirms that, after due and careful consideration, in the absence of unforeseeable circumstances and after taking into account (i) the anticipated cash flows to be generated from the Enlarged Group's operations as well as the effect of Merger (including the estimated net cash to be used in the operating activities of Enlarged Group), and (ii) the Enlarged Group's internal resources (including the existing financial resources available to the Group), the working capital available to the Enlarged Group is sufficient for the present requirements of the Enlarged Group for at least the next 12 months from the date of this circular.

4. FINANCIAL AND TRADING PROSPECT OF THE ENLARGED GROUP

Since 30 June 2025, the Group has continued to demonstrate strong growth momentum in both market expansion and R&D promotion. Globally, VitaFlow Liberty® has been adopted by over 800 hospitals and treated nearly 17,000 patients, reflecting the Group's growing influence in the cardiovascular medical device sector. Notably, VitaFlow Liberty® has cumulatively covered more than 20 countries, entered over 150 hospitals overseas, and treated nearly 1,000 patients outside of China. It has also achieved its first batch of commercial clinical applications in Kazakhstan, Turkey, Hungary, Brazil, and India, and obtained approval in Mexico, further

expanding the Group's global footprint. In Europe, the Alwide® Plus balloon catheter received CE Mark approval, representing a significant milestone in the Group's regulatory and market development efforts in the region. Additionally, Anchorman® successfully performed its first clinical applications in Hong Kong and Germany and obtained approval in Argentina, demonstrating the Group's ability to penetrate diverse international markets. These achievements highlight the Group's capability to expand its global presence, enhance market penetration, and lay a solid foundation for unlocking further synergies with the Target Group.

Looking ahead, the Group remains optimistic about its financial and trading prospects for the current financial year, underpinned by its strong market position and ongoing global expansion. Domestically, the Group has maintained its leadership in the TAVI market, supported by excellent clinical outcomes, a resilient client base, and extensive brand recognition. Internationally, the Group has achieved rapid market penetration, driving substantial growth in overseas revenue. Key products, including VitaFlow Liberty®, Alwide® Plus, and the AnchorMan® LAAC System, have reached significant milestones such as regulatory approvals, commercial launches, and broad clinical recognition. Innovation continues to serve as the cornerstone of the Group's strategy, with progress in next-generation products like VitaFlow Liberty® Pro, AnchorMan® Pro, and TMVR products, which are expected to diversify the Group's portfolio and revenue streams further. Simultaneously, operational efficiency improvements have resulted in a significant reduction in losses, strengthening the Group's financial foundation. While remaining attentive to external challenges such as market competition and potential policy changes, the Group is confident that its innovation-driven approach, effective commercialization strategies, and global expansion efforts will support sustainable growth and create long-term value for its stakeholders.

Following completion of the Transaction, the Group will actively implement targeted strategies to unlock the synergistic effects of combining the Group and the Target Group. The Company will focus on aligning and integrating the global market resources and sales channels of both businesses to enhance market penetration and strengthen regional influence. The integration will also optimize the product portfolio, creating a comprehensive heart disease platform that combines structural heart disease solutions and CRM products to address a broader range of clinical needs. By leveraging collaborative innovation and combining R&D capabilities, the Enlarged Group will accelerate the development of next-generation products and technologies. Concurrently, the Group will streamline supply chain management to achieve cost efficiencies and improve profitability. The Company will also deepen collaborations with global healthcare institutions and key opinion leaders to promote clinical adoption and expand market access. These initiatives are expected to position the Enlarged Group to achieve diversified growth and strengthen its competitive position in the global cardiovascular medical device industry.

The Transaction will not impact the Group's existing business operations. Following completion of the Transaction, the Company intends to continue to develop the Group's existing business, which will remain significant to the Group and will be developed together with the business of the Target Group. As at the Latest Practicable Date, the Company had obtained confirmation from the Stock Exchange that the Transaction will not result in a fundamental change in the principal business activities of the Company under Rule 18A.10 of the Listing Rules. The Company believes that the Transaction aligns with the strategy of the Group to diversify its business and revenue streams as stated in the 2024 Annual Report, with an aim to broaden the income stream and maximize returns for the Shareholders through the complementary synergies achieved by the consolidation of the businesses of the Group and the Target Group. For details of the benefits of the Transaction to the Group and the financial effects of the Transaction, please refer to the sections headed *"7. REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE TRANSACTION"* and *"6. FINANCIAL EFFECTS OF THE TRANSACTION"* in the part headed *"Letter from the Board"* in this circular.

Looking ahead, the Group remains committed to its vision to build a people-centric medical group ranking as a global leader of evolving and emerging medical technologies, and the acquisition of the Target Group is an important step in advancing the Group's strategic objectives. Since the launch of its first pacemaker in 1964, the Target Company has been a pioneer dedicated to the design, development and commercialization of innovative products and solutions to better treat and manage arrhythmias and heart failure with products sold in 53 countries and regions worldwide as at the Latest Practicable Date, and the Target Group will continue to pivot towards becoming a commercially focused company specializing in active implantable medical devices for CRM. There is inherent alignment between the businesses of the Group and the Target Group as demonstrated by the overlap in distribution channels and business relationships with hospitals and similar target patient groups at the same hospital department. The Enlarged Group is expected to benefit from (i) leveraging on the respective marketing and sales channels of each business; (ii) the deepened cooperations between each business in different regions to strengthen market influence in the global markets; and (iii) expansion in product portfolios and technologies with great clinical potential; and (iv) penetrating the European and emerging economies and meanwhile strengthening the Group's presence in China TAVI and LAAC markets.

In summary, the Company believes that the Enlarged Group, leveraging and combining the established business platforms and market resources of the two businesses and the integration of the R&D and market development capabilities of the Group and the Target Group, is well-placed to achieve diversified growth, improved profitability, and enhanced returns for Shareholders in the years ahead.

5. MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

Set out below are the management discussion and analysis on the Group for the three years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 2025, as extracted from the 2022 Annual Report, the 2023 Annual Report, the 2024 Annual Report and the 2025 Interim Report respectively. The extracted information below were prepared prior to the date of this circular and represents the opinions and beliefs made by the then Directors at such time when the relevant reports were issued.

(a) For the year ended December 31, 2022

Unless otherwise defined herein, capitalized terms used in this section shall have the same meanings as those defined in the 2022 Annual Report.

BUSINESS REVIEW

Overview

We are a medical device company focusing on the R&D and commercialization of innovative transcatheter and surgical solutions for structural heart diseases. Our mission is to provide trustworthy and universal access to state-of-the-art total solutions to treat structural heart diseases through continuous innovation. Deeply rooted in the vast, rapid-growing and substantially underpenetrated structural heart diseases medical device market, we develop a comprehensive product pipeline for treatment of structural heart diseases and proactively explore external cooperation, with an aim to speed up in enhancing our global visibility and reputation in the field of structural heart diseases. Our vision is to build a people-centric medical group ranking as a global leader of evolving and emerging medical technologies.

In 2022, under the unremitting efforts of global practitioners in the field of structural heart diseases, TAVI was further popularized among both physicians and patients, with rising number of qualified physicians and hospitals, improving proficiency of physicians, and enhanced patients' awareness of related diseases and treatment, resulting in the sustained and rapid growth in the volume of TAVI procedures and the industry scale at large. Going forward, with the accelerated population aging, growing health awareness of people, increasing promotion of innovative treatments, expanding reimbursement coverage of government medical insurance and enhanced affordability of patients, the demand for treatment of structural heart diseases is expected to further unleash.

During the Reporting Period, despite the adverse impact of the COVID-19 pandemic, the Group still achieved steady growth in revenue, mainly benefiting from the continued hospital penetration of VitaFlow Liberty™ that contributed to our market share increase, deepened coverage of qualified centers and physicians, and routine patient screening and referral. During the Reporting Period, our product registration and business expansion in multiple emerging markets overseas advanced steadily — as of the date of the 2022 Annual Report, our products have entered the markets in Argentina, Colombia, Brazil and Thailand, and have been used in nearly 100 commercial cases. The excellent ease-of-use, accuracy, PVL prevention and hemodynamic performance of VitaFlow Liberty™ has been widely praised by overseas physicians. The CE Mark registration of the system has also made good progress during the Reporting Period and is currently under review. With the advancement of overseas clinical application and registration of the Group's products and leveraging on the global visibility of the "MicroPort®" brand and the existing sales network of the MicroPort® Group, we will continue to expand our overseas business to lay a solid foundation for global business development.

While accelerating the pace of commercialization, we have also made key achievements in our R&D pipeline. During the Reporting Period, our third-generation TAVI product made key technology breakthroughs and successfully developed a highly innovative steerable retrievable delivery system that suits challenging anatomy and underpins improved patient outcomes, which is approaching design freeze. As of the date of the 2022 Annual Report, the TMVR system independently developed by the Group completed its first-in-man application and 6-month follow-up with positive outcomes, marking the world's first dry-tissue TMVR system with clinical application. In addition, during the Reporting Period, the TMVR product AltaValve™ and TMVr product Amend™ we developed in collaboration with our international partners made continued progress in their early feasibility studies overseas and are preparing for compassionate use in China. With the continuous growth of our team and our further R&D in the field of structural heart diseases, we will continue to carry out the strategic R&D roadmap to provide trustworthy and universal access to state-of-the-art total solutions to treat structural heart diseases in an orderly and efficient manner to provide continuous momentums for the Group's rapid and healthy development.

Our Pipeline

Our in-house developed product portfolio consists of two commercialized TAVI products — VitaFlow® (including Alwide® as supporting supply), VitaFlow Liberty™ (including Angelguide® as supporting supply) and one commercialized procedural accessory Alwide® Plus, and various TAVI products, TMV products, TTV products, surgical valve products and procedural accessories at different development stages. In addition to our in-house developed product portfolio, we also collaborated with our international partners, namely 4C Medical and Valcare, with respect to certain TMV and TTV products, for which we own the exclusive commercial rights in China.

Research and Development

R&D is crucial to our growth. We have been practicing our mission "to provide trustworthy and universal access to state-of-the-art total solutions to treat structural heart diseases" by deep rooting ourselves in the field of structural heart disease with higher standards and better practices and committing ourselves to innovatively developing worldleading heart valve technologies, to create a technological innovation system integrating production, education and research, bring high-quality products and services to the global market, and provide the most powerful driving force for the Company's sustainable development.

We have a core R&D team with key technology expertise in areas including, among others, biological material, structure design and processing technique. The team, currently comprising of over 120 staff, focuses on the R&D of new technologies and materials that have the potential to be applied to our product portfolio. We have established several cross-functional project teams encompassing project management, R&D, process, procurement, quality, registration, clinical trial and medical technology, to work toward the whole process of developing new products through professional work of each function and cooperation of all parties. We also have an international scientific advisory board, consisting of global leading scientists and physicians in the cardiovascular field, namely Dr. Nicolo Piazza, Dr. Thomas Modine and Dr. Darren Mylotte, who share their abundant experiences and insights on the latest technology breakthroughs and the latest trends in the treatment of valvular heart diseases worldwide.

Intellectual Properties

Intellectual properties are important intangible assets of the Group and a key factor to maintain and enhance our core competitiveness. Thus, we attach great importance to intellectual properties protection such as patent application, trademark registration, business secret control, etc., while devoting ourselves to technological innovation.

During the Reporting Period, we added 38 patents and 66 pending patent applications in China. Meanwhile, we added two patents approved in Europe, which are also valid in Germany, Spain and Italy.

As of the end of the Reporting Period, we owned 136 patents in China, including 25 invention patents, 104 utility models and seven industry designs. As of the same date, we also had 143 pending patent applications in China, including 135 invention patents, seven utility models and one industry design. To facilitate our strategy to enter overseas markets, we also owned 84 patents in Japan, Switzerland, Portugal, the United Kingdom, Italy, Germany, France, Spain, America, South Korea, Australia and Brazil, among others, and 70 trademarks worldwide as of the end of the Reporting Period.

Supply Chain

During the Reporting Period, our new production plant with a total GFA of approximately 13,000 sq.m. in Shanghai has commenced operation, which is able to provide an annual production capacity of 25,000 sets of products, laying a solid supply foundation for the continuous improvement of our sales and supporting the Group's rapid development in the future. Our production facilities and equipment follow U.S., European and Chinese GMP regulations and adhere to strict production quality control standards. The commissioning of the new production plant will also accelerate the pace of our automated production and the execution of our smart manufacturing strategy. In addition, during the Reporting Period, we further accelerated the local sourcing of raw materials, increased the domestic proportion of raw materials and significantly optimized product costs.

Through close communication and collaboration with suppliers and diversified supplier development initiatives, we have been able to reduce our purchase price while maintaining a stable supply of raw materials. At the same time, by focusing on building an excellent supply chain operation system, we have established an advanced quality control system, and continuously strengthened our lean manufacturing system building by improving our capabilities from the four dimensions of quality, personnel, customers and costs, thereby achieving cost reduction and consumption control, which has played a positive role in substantially improving the gross profit margin of our products.

Commercialization

As of the end of the Reporting Period, we had commercialized VitaFlow® and VitaFlow Liberty™ in China, Argentina and Colombia. We focused on the cultivation of qualified TAVI hospitals and independent practitioners and took it as a key link in the implementation of our market strategy. As of the end of the Reporting Period, there were nearly 440 hospitals in total in China that have performed TAVI procedures with VitaFlow® and VitaFlow Liberty™, and we had leading share in over 260 such hospitals. At the same time, our products have been used in approximately 40 overseas centers with seven Independent Physicians.

We have established a dedicated in-house team (the "**Total Solutions Team**") with professional medical background to promote our medical solutions. The Total Solutions Team aims to promote the Group's innovative transcatheter and surgical solutions for structural heart diseases. Leveraging on the resources and advantages of MicroPort® Group in the field of cardiac and cardiovascular disease treatment, which brings the synergies in the aspects of market access, operation support, first-line promotion, market expansion, medical education and international business, amongst others, into full play, we are committed to providing structural heart diseases patients and physicians with comprehensive medical solutions including disease diagnosis and

evaluation, procedure and product education, treatment counsel, training on procedures and use of devices, recommendation on procedural accessories, assistance before and during the procedure and postoperative follow-up. As of the end of the Reporting Period, our Total Solutions Team had more than 180 full-time employees.

We carry out logistics, dispatch, warehousing and other works through platform providers, and then sell our products to hospitals through distributors and ultimately use them to treat our patients. We select distributors with extensive experience and resources in selling medical devices across China for cooperation, who will be provided with professional training and assessed strictly to build all-round capabilities in market development, solution promotion, device sales and perioperative support, making them a powerful complement to our Total Solutions Team.

We also have a medical training team which is comprised entirely of licensed physicians, the size of which is constantly expanding. Through organizing seminars and training courses in hospitals qualified to perform TAVI procedures in China to popularize the differentiated characteristics of the Group's TAVI products, the team helps cultivate Independent Physicians and improve their related procedural skills. We invite experienced TAVI practitioners, especially leading physicians in this area to participate in the training process, aiming to help popularize the procedure and accelerate the growth of the Chinese market.

During the Reporting Period, we continued to enhance the screening and referral of lower-tier city patients, and promoted the popularization and penetration of innovative transcatheter treatment solutions in the field of structural heart disease through medical education and marketing activities, which effectively broke the geographical restrictions and tapped into the vast blank market of primary medical care. We also strengthened synergies with MicroPort® Group in multiple areas, made full use of its extensive channel network and clinical resources in the "Total Cardio (大心臟)" field to rapidly penetrate into medical centers, and enhanced the Group's visibility and reputation at home and abroad through extensive marketing activities and academic brand building. Besides, we jointly developed comprehensive supporting solutions with MicroPort® Group throughout the course of patients' disease, including medical planning consulting services, preoperative and postoperative health management consulting services, green channel services for medical treatment and affordability solutions, which accelerated our penetration in high-quality market and helped more TAVI patients complete their diagnosis and treatment conveniently.

In order to strengthen the marketing of our products and our brand building, we actively participated in medical conferences and industry exhibitions in the global cardiac and cardiovascular field, and continued to enhance the Group's global visibility and reputation. During the Reporting Period, we continued to jointly organize the second "VitaFlow® Classics Competition" with the Youth Club of Asia Pacific Structural Heart Diseases, which has become the

most influential young-and-middle-aged physician competition in the TAVI field and continued to help us cultivate Independent Physicians that form a good foundation for the rapid penetration of the TAVI procedure. In terms of overseas marketing activities, we participated in well-known international academic conferences such as PCR London Valves, TCT Conference, CSI Frankfurt Conference and SBHCI 2022, shared the latest clinical data of our TAVI products, as well as related device features and procedure skills via introduction of international senior experts in the field of interventional therapy for valvular heart disease, held discussions on typical cases and conducted live case broadcasting, which further increased the influence of the "CardioFlow" brand in the international academic community.

Employees and Remuneration

As of December 31, 2022, the Group had a total of 558 full time employees (2021: 451), of which 21% were R&D staff and 33% were marketing and sales staff. We enter into employment contracts with employees in accordance with applicable laws and regulations, and provide them with competitive remuneration package, including wage, allowance, bonus, benefits and long-term incentives.

The Company has adopted the Share Option Scheme and the Share Award Scheme to provide incentives for the eligible participants.

Future Development

We intend to capitalize our strengths to pursue a business strategy in the following aspects:

Continue to strengthen our presence in China TAVI market

The China TAVI market is significantly under-penetrated. We intend to further increase the sales of our TAVI products in China through the following measures:

- **Expand and deepen hospital penetration**. We believe that with the positive clinical trial results of VitaFlow® and VitaFlow Liberty™ and positive feedback from physicians and patients in real-world applications, we have an advantage in the qualified TAVI hospitals in China and expect continued growth in implantation volume. We will also recruit more sales and marketing personnel with experience in and knowledge of structural heart diseases and expand our distributor network to increase our share in covered hospitals and further expand to other hospitals that have either existing TAVI capabilities or the potential to perform TAVI procedures to further increase our hospital penetration.

- **Enhance patient identification and referral**. We believe that with the deepening of the clinical application of TAVI products, the improvement of practitioners' familiarity with devices and their procedure skills, and the expansion of the accessibility of TAVI treatment, there is still mass unmet diagnosis and treatment needs of patients in China (especially in low-tier cities). We will continue to carry out routine patient screening, diagnosis and referral, and carry out the whole-process health management of patients from the very beginning, so as to help more TAVI patients receive timely and reliable treatment.

- **Strengthen academic promotion**. In addition to maintaining our KOLs and physician network in the medical specialty of cardiology, we also expanded our physician network in cardiac surgery, who we believe potentially also have strong demand on our products. We maintain frequent communications with several leading medical associations and conferences in these medical specialty fields, such as the Asia Valvular Heart Disease Conference, to design customized training programs for cardiac surgeons. We believe our KOLs and physician coverage in the medical specialty of cardiac surgery will enable us to gain advantages to promote our products in the cardiac surgery department.

- **Advance the development of next-generation products**. We believe that there is still room for the improvement of TAVI products in co-axiality, durability and other aspects to increase the coverage of disease groups and improve the long-term efficacy of the procedure. To this end, we will rapidly advance the development of the third generation self-expanding TAVI product, the novo generation TAVI product and the balloon expandable TAVI product, in order to provide full solutions to all suitable patients, especially young patients and patients with lower surgical risks.

- **Conduct long-term postoperative follow-ups and market surveillance.** We will continue to conduct postoperative follow-up evaluations for up to five years after a TAVI procedure, to further monitor the long-term safety and efficacy of VitaFlow® and VitaFlow Liberty™. We believe that we are well-positioned to further enhance our relationship with physicians and boost our brand recognition through these valuable long-term clinical data.

Continue to advance our international strategy

We will continue to collaborate with global enablers, including medical device companies, research institutes, hospitals and distributors, to advance our international strategy. The registration of VitaFlow Liberty™ has been approved in Argentina, Colombia and Thailand, and its CE registration application made good progress during the Reporting Period. We have selected European and other emerging markets, especially countries that recognize CE mark or the NMPA

approval (such as Argentina, Colombia, Mexico, Thailand, South Korea and Russia), as key overseas markets to promote the registration and commercialization of VitaFlow Liberty™, and leverage on the global recognition of the "MicroPort®" brand and the existing sales network of the MicroPort® Group to advance the overseas coverage of our products.

As part of our international strategy, we will steadily expand our academic coverage into overseas markets. Leveraging on the extensive experience and the expertise of our international scientific advisory board, we intend to participate in more internationally renowned cardiovascular disease conferences, and to introduce our products by organizing presentations, publishing case studies and demonstrating live surgeries, so as to enhance our brand awareness globally.

Rapidly advance our TMV pipeline and other product candidates

Capitalizing our market position and extensive know-how in valvular heart diseases, we will continue our focus on the development of other pipeline products to expand our product portfolio, including TMV, TTV, surgical valve products and next-generation procedural accessories designated to strengthen our market position in medical devices for transcatheter heart valve diseases.

We will continue to recruit and train additional talented R&D personnel to expand our in-house R&D team, work closely with our international scientific advisory board and KOLs to understand the market trends and technology breakthroughs, which will in turn enable us to better understand the clinical demands.

We will search for products and technologies with great clinical potential based on our deep and unique understanding and investigation of valvular heart diseases, explore opportunities for cooperation with third parties and conduct prudent evaluation, in order to expand product portfolios through acquisitions, cooperations or licensing.

Improve operational efficiency and achieve economies of scale to support our long-term growth

Going forward, we will continue to strengthen the construction of the talent system and implement full life cycle management of interventional devices in the planning and pre-research stage of new products by preposition of supply chain to accelerate the development process of new products through close cooperation with the R&D team, to give more outputs in design for assembly (DFA) and design for manufacturability (DFM) during product design, to ensure the smooth transition between new product R&D and mass production, further improve our product quality and production efficiency, and continuously lower our manufacturing costs, so as to cope with increasingly fierce market competition and support the long-term growth of the Company.

FINANCIAL REVIEW

Overview

The following discussion is based on, and should be read in conjunction with, the financial information and the notes included in the 2022 Annual Report.

Revenue

During the Reporting Period, our revenue was generated from the sales of our commercialized products, VitaFlow® and VitaFlow Liberty™.

For the year ended December 31, 2022, the Group's revenue increased by 25.0% from RMB200.8 million for the year ended December 31, 2021 to RMB251.0 million, primarily attributable to the continued hospital penetration of the TAVI products that contributed to the increase in the Group's market share.

Cost of Sales

During the Reporting Period, our cost of sales was related to the manufacturing of VitaFlow® and VitaFlow Liberty™. Our cost of sales increased by 8.3% from RMB82.1 million for the year ended December 31, 2021 to RMB88.9 million for the year ended December 31, 2022, primarily because of the increase of raw materials costs, staff costs and overhead expenses as a result of the increase in sales volumes of VitaFlow® and VitaFlow Liberty™.

Gross Profit and Gross Profit Margin

Our gross profit increased by 36.6% from RMB118.7 million for the year ended December 31, 2021 to RMB162.1 million for the year ended December 31, 2022, and the gross profit margin increased by 5.5 percentage points from 59.1% for the year ended December 31, 2021 to 64.6% for the year ended December 31, 2022, primarily due to our continued efforts on reducing the product cost as a result of supplier diversification and increased local sourcing of raw materials, etc.

Other Net Income

For the year ended December 31, 2022, we recorded RMB50.3 million in other net income, compared to RMB23.9 million for the year ended December 31, 2021, primarily due to the increase on interest income arose from the bank deposits and government grant received.

Research and Development Costs

Our R&D costs increased by 48.1% from RMB151.1 million for the year ended December 31, 2021 to RMB223.8 million for the year ended December 31, 2022, primarily due to continued investment on the R&D projects.

Distribution Costs

Our distribution costs increased by 38.1% from RMB116.4 million for the year ended December 31, 2021 to RMB160.8 million for the year ended December 31, 2022, primarily due to increased staff cost and marketing activities for VitaFlow® and VitaFlow Liberty™.

Administrative Expenses

Our administrative expenses increased by 103.6% from RMB35.4 million for the year ended December 31, 2021 to RMB72.0 million for the year ended December 31, 2022, primarily due to increased depreciation charged on the right-of-use assets of our new lease.

Fair Value Changes in Financial Instruments

The loss on fair value changes in financial instruments was RMB35.6 million for the year ended December 31, 2022, compared to the gain of RMB23.4 million on fair value changes in financial instruments for the year ended December 31, 2021, which mainly arose from fair value change from convertible instruments issued by Valcare and Witney Put Option.

Impairment Losses on Intangible Assets

The impairment losses on intangible assets was RMB49.1 million for the year ended December 31, 2022, which mainly arose from impairment losses on capitalized development costs related to the first-generation TAVI product due to accelerated product iteration.

Other Operating Costs

Our other operating costs increased from RMB22.3 million for the year ended December 31, 2021 to RMB47.8 million for the year ended December 31, 2022. This increase was primarily attributable to the increased donations during the year.

Finance Costs

Our finance costs decreased from RMB19.9 million for the year ended December 31, 2021 to RMB5.4 million for the year ended December 31, 2022. This decrease was primarily attributable to the decrease of interest expenses on other financial liabilities due to the conversion of series C preferred shares and series D preferred shares into ordinary shares of the Company upon the completion of the global offering.

Share of Losses of Associates

Our share of losses of associates increased from RMB3.5 million for the year ended December 31, 2021 to RMB48.2 million for the year ended December 31, 2022, which was primarily attributable to losses incurred by 4C Medical and Shanghai Shield in the Reporting Period.

Share of Losses of a Joint Venture

Our share of losses of a joint venture increased from RMB0.01 million for the year ended December 31, 2021 to RMB21.1 million for the year ended December 31, 2022, which was primarily attributable to fair value changes from the financial assets measured at fair value through profit or loss recorded by Rose Emblem.

Inventories

Our inventories increased from RMB82.7 million as of December 31, 2021 to RMB114.1 million as of December 31, 2022, reflecting our anticipation of the increasing market demands on our products.

Trade and Other Receivables

Our trade and other receivables primarily consist of (i) trade receivables; (ii) value-added tax recoverable, representing value-added taxes paid with respect to our procurement that can be credited against future value-added tax payables; and (iii) deposits and prepayments to suppliers and service providers.

Our trade and other receivables decreased from RMB113.5 million as of December 31, 2021 to RMB82.1 million as of December 31, 2022. This decrease was primarily due to the decrease on trade receivables and value-added tax recoverable.

Interests in Associates

Our interest in associates increased from RMB176.7 million as of December 31, 2021 to RMB271.2 million as of December 31, 2022, mainly due to additional investment on 4C Medical.

Trade and Other Payables

Our trade and other payables primarily consist of (i) trade payables due to third party suppliers and related parties; (ii) accrued payroll; and (iii) other payables and accrued charges.

Our trade and other payables decreased from RMB126.8 million as of December 31, 2021 to RMB115.6 million as of December 31, 2022, mainly due to the decrease on trade payables, other payables and accrued charges.

Derivative Financial Instruments

Our derivative financial instruments increased from RMB7.9 million as of December 31, 2021 to RMB22.7 million as of December 31, 2022, primarily due to the fair value changes on the Witney Put Option.

Capital Expenditure

Our capital expenditure amounted to RMB28.3 million during the Reporting Period, represented the addition of property, plant and equipment and intangible assets.

Foreign Exchange Exposure

During the year ended December 31, 2022, the Group mainly operated in China and a majority of its transactions were settled in RMB, the functional currency of the Company's primary subsidiaries. As of December 31, 2022, a portion of the Group's bank balances was denominated in US dollars. We currently do not have a foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. Except for certain bank balances, trade and other receivables, trade and other payables, and other denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations as of December 31, 2022.

Contingent Liabilities

As of December 31, 2022, we did not have any contingent liabilities.

Capital Management

The Group's objectives in the aspect of managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for Shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher Shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Liquidity and Financial Resources

Our cash and cash equivalents decreased from RMB2,211.6 million as of December 31, 2021 to RMB1,866.3 million as of December 31, 2022, primarily attributable to continuous expansion of the business scale of the Group. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserve of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. We did not have any borrowings as of December 31, 2022 and 2021.

Gearing Ratio

As of December 31, 2022, the gearing ratio of the Group (calculated as total lease liabilities divided by total equity as of the same date) decreased to 3.5%, compared to 4.1% as of December 31, 2021, which was mainly due to the decrease of lease liabilities recognized during the Reporting Period.

Net Current Assets

The Group's net current assets as of December 31, 2022 were RMB2,094.5 million, as compared to the net current assets of RMB2,435.4 million as of December 31, 2021. This decrease was mainly attributable to the decrease of cash and cash equivalents.

Charge on Asset

As of December 31, 2022, there was no charge on assets of the Group.

Significant Investments, Material Acquisitions and Disposals

During the Reporting Period, the Group did not hold any significant investments. The Group also did not have material acquisitions or disposals of subsidiaries, associates, and joint ventures during the Reporting Period.

(b) For the year ended December 31, 2023

Unless otherwise defined herein, capitalized terms used in this section shall have the same meanings as those defined in the 2023 Annual Report.

BUSINESS REVIEW

Overview

We are a medical device company focusing on the R&D and commercialization of innovative transcatheter and surgical 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. Our vision is to build a people-centric medical group ranking as a global leader of evolving and emerging medical technologies. Deeply rooted in the vast, rapid-growing and substantially underpenetrated structural heart diseases medical device market, we have developed a comprehensive product pipeline for the treatment of structural heart diseases. We attach great importance to R&D and innovation and have created a technological innovation system integrating industry-university-research cooperation to profoundly involve in the field of structural heart diseases with higher standards and better practice to provide high-quality products and services to the global market.

In 2023, as China emerged from the pandemic and medical institutions fully resumed normal operation, the demand for TAVI procedures that had been constrained during the pandemic was partially released. Meanwhile, by virtue of the collaborative endeavors of TAVI industry participants in academic exchanges, propaganda and education among doctors and patients, medical insurance coverage, and payment support, the TAVI procedures have become widely accepted and developed. The number of qualified medical centers has increased, the penetration rate of TAVI procedures has been further enhanced, and the industry has accelerated its growth.

Leveraging the Group's extensive presence in different regions across China and our close collaboration with MicroPort® Group, we continued to carry out high-quality hospital coverage and newly entered 117 medical centers during the Reporting Period, representing an increase of approximately 27% as compared to the number as of December 31, 2022. At the same time, the Company focused on consolidating and enhancing patient discovery and procedure support in

existing medical centers, achieving rapid growth in implantation volume and sales revenue in over 500 medical centers we covered. During the Reporting Period, implantation of our TAVI products in China grew by approximately 45% compared to 2022. In overseas markets, we continue to gradually increase the presence of VitaFlow Liberty® in the global structural heart disease academic community through participation in international academic conferences. Our TAVI products had cumulatively entered nearly a hundred hospitals in Argentina, Colombia, Thailand, and Russia by the end of the Reporting Period, and completed 120 commercial implants during the Reporting Period, representing an increase of approximately 90% compared to 2022.

Our global registrations are also progressing steadily during the Reporting Period: VitaFlow Liberty® received registration approvals in Thailand, Russia and Indonesia; Alwide® Plus received registration approvals in Thailand, Russia, Indonesia and Saudi Arabia; the CE mark registration of VitaFlow Liberty® has entered the final approval process, the CE mark registration of Alwide® Plus has entered the key stage of review, and the registration of VitaFlow Liberty® and Alwide® Plus in emerging markets such as India, South Korea, and Mexico has also reached a milestone achievement. With the successive registrations of our products in overseas markets, we will further expand our business coverage and accelerate global business development by continuously leveraging on the global visibility of the MicroPort® brand and the existing sales network of the MicroPort® Group.

While accelerating the pace of commercialization, we have continued to carry out the strategic R&D roadmap to provide trustworthy and universal access to state-of-the-art total solutions to treat structural heart diseases in an orderly and efficient manner, providing continuous momentum for the Group's rapid and healthy development. We pay close attention to the technical bottlenecks and clinical pain points of the existing TAVI products, and have designed and planned to launch our third-generation TAVI product which is equipped with an upgraded steerable delivery system, in order to further enhance the immediate and long-term therapeutic effects of TAVI procedures. The product has already been submitted to the NMPA for registration. In August 2023, our AccuSniper™ Double-Layer Balloon Catheter received NMPA registration approval, making it the world's only double-layer balloon catheter with excellent release stability and puncture resistance and further enriching our TAVI total solutions. In respect of mitral valve therapy, the Group's self-developed TMVR product completed several human applications, achieved successful at least one-year postoperative follow-up, and officially initiated the type examination.

In addition to in-house development, we have been actively seeking opportunities to collaborate with advanced products and technologies, both domestic and overseas, in the field of structural heart disease in order to expand our product portfolio. During the Reporting Period, AltaValve™, one TMVR product developed by us in collaboration with our business partners, has completed patient enrollment in its early feasibility study overseas and has pre-filed its IDE application with the FDA, which is expected to be the world's first mitral regurgitation treatment

option with atrium-only fixation. On January 1, 2024, we acquired 51% equity interest in MP CardioAdvent. The self-developed AnchorMan® LAAC System of MP CardioAdvent was approved by the NMPA on January 5, 2024, making it the only approved semi-closed type LAAC product in China so far. The Group has completed its first commercial implantations of AnchorMan® LAAC System. The self-developed AnchorMan® LAA Access System of MP CardioAdvent was also approved by the NMPA during the Reporting Period. The MP CardioAdvent Acquisition provides the Company with the opportunity to enter a new market segment with high growth potential in the field of structural heart disease, thereby expanding its revenue sources and providing universal access to state-of-the-art total solutions to treat structural heart diseases and further enhance its competitiveness.

Our Pipeline

Our in-house developed product portfolio consisted of six registered products — VitaFlow®, VitaFlow Liberty® (including procedural accessories as supporting supply), Alwide® Plus, AccuSniper™, AnchorMan® LAAC System and AnchorMan® LAA Access System, and various TAVI products, TMV products, TTV products, LAA products and procedural accessories at different development stages. In addition to our in-house developed product portfolio, we also collaborated with our business partner, namely 4C Medical, with respect to certain TMV and TTV products, for which we own the exclusive commercial rights in China.

R&D

R&D is crucial to our growth. We have been practicing our mission "to provide trustworthy and universal access to state-of-the-art total solutions to treat structural heart diseases" by deeply rooting ourselves in the field of structural heart disease with higher standards and better practices and committing ourselves to innovation and R&D of the world-leading structural heart disease technologies, to create a technological innovation system integrating production, education and research, bring high-quality products and services to the global market, and provide the most powerful driving force for the Group's sustainable development.

We have a core R&D team with key technology expertise in areas including, among others, biological material, structure design and processing technique. The team, currently comprising of approximately 90 staff, focuses on the R&D of new technologies and materials that have the potential to be applied to our product portfolio. We have established several cross-functional project teams encompassing project management, R&D, process, procurement, quality, registration, clinical trial and medical technology, to work toward the whole process of developing new products through professional work of each function and cooperation of all parties. We also have an international scientific advisory board, consisting of global leading scientists and physicians in

the cardiovascular field, who share their abundant experiences and insights on the latest technology breakthroughs and the latest trends in the treatment of valvular heart diseases worldwide.

Intellectual Properties

Intellectual properties are important intangible assets of our Group and a key factor to maintain and enhance our core competitiveness. Thus, we attach great importance to intellectual properties protection such as patent application, trademark registration, business secret control, etc., while devoting ourselves to technological innovation.

During the Reporting Period, we newly registered 20 patents and submitted 36 pending patent applications in China. Meanwhile, we added a total of 21 patents in South Korea, Japan, Australia, America and Europe. As of the end of the Reporting Period, we owned 153 patents in China, including 27 invention patents, 118 utility models and 8 industry designs, and 179 pending patent applications, including 161 invention patents and 18 utility models. To drive our internationalization strategy, as of the end of the Reporting Period, we also owned 118 patents in Japan, Switzerland, Portugal, the United Kingdom, Italy, Germany, France, Spain, America, South Korea, Australia, Brazil and India, among others. All of the patents that we owned or applied for are related to technologies of our products or product candidates and are self-developed by our R&D team. As of the end of the Reporting Period, with 14 newly registered ones, the total number of our approved trademarks worldwide reached 89.

Supply Chain

Our production plant with a total GFA of approximately 13,000 sq.m. in Shanghai is able to provide an annual production capacity of 25,000 sets of products, providing a solid supply guarantee for the continuous improvement of our sales and supporting our Group's rapid development in the future. Our production facilities and equipment follow the U.S., European and Chinese GMP regulations and adhere to strict production quality control standards.

Through close communication and collaboration with global suppliers based on the concept of win-win cooperation, we accelerate the diversified supplier development and the local sourcing of raw materials while maintaining a stable supply of raw materials to enhance supply chain resilience and agility, and continuously optimize product costs. During the Reporting Period, we have achieved a breakthrough by successfully implementing in-house production of certain key imported raw materials, which not only significantly reduced costs but also broke the foreign monopoly on these critical raw materials, thereby eliminating the potential risks associated with exclusive supply. In addition, we have established an advanced quality control system, further

introduced the concept of Operational Excellence (OPEX), and continued to strengthen the construction of the lean manufacturing system to realize the continuous improvement on production efficiency.

Commercialization

As of the end of the Reporting Period, we had commercialized our TAVI products in China, Argentina, Colombia, Thailand and Russia. We focused on the cultivation of qualified TAVI hospitals and Independent Physicians and took it as a key link in the implementation of our market strategy. As of the end of the Reporting Period, there were over 500 hospitals in China that had performed TAVI procedures with VitaFlow® and VitaFlow Liberty®, and the number of our Independent Physicians in China increased to more than 260. Further, our products had been used in nearly 100 overseas centers with around 20 Independent Physicians as of the end of the Reporting Period.

We have a dedicated in-house team (the "**Total Solutions Team**") with professional medical background to promote our medical solutions, which aims to promote the Group's innovative transcatheter and surgical solutions for structural heart diseases. As of the end of the Reporting Period, our Total Solutions Team had nearly 200 full-time employees. Leveraging on the resources and advantages of MicroPort® Group in the field of cardiac and cardiovascular disease treatment, which bring the synergies in the aspects of market access, operation support, first-line promotion, market expansion, medical education and international business, amongst others, into full play, we are committed to providing structural heart diseases patients and physicians with comprehensive medical solutions including disease diagnosis and evaluation, procedure and product education, treatment counsel, training on procedures and use of devices, recommendation on procedural accessories, assistance before and during the procedure and postoperative follow-up. During the Reporting Period, we continued to enhance the screening and referral of lower-tier city patients, and promoted the popularization and penetration of innovative transcatheter treatment solutions in the field of structural heart disease through medical education and marketing activities, which effectively broke the geographical restrictions and tapped into the vast blank market of primary medical care, and helped more TAVI patients complete their diagnosis and treatment conveniently.

We carry out logistics, dispatch, warehousing and other works with the help of platform providers, and then sell our products to hospitals through distributors and ultimately use them to treat our patients. We select distributors with extensive experience and resources in selling medical devices across China for cooperation, who will be provided with professional training and assessed strictly to build all-round capabilities in market development, solution promotion, device sales and perioperative support, making them a powerful complement to our Total Solutions Team.

In order to strengthen the marketing of our products and our brand building, we actively participated in medical conferences and industry exhibitions in the global cardiac and cardiovascular field, continuing to enhance the Group's global visibility and reputation. During the Reporting Period, we continued to jointly organize the third "AP-SHD • China Structural Week • VitaFlow® Classics Competition" with the Youth Club of Asia Pacific Structural Heart Diseases, which has become the most influential competition among young-and-middle-aged physicians in the TAVI field, and thereby continuously cultivating TAVI Independent Physicians and forming a good foundation for accelerating popularization and penetration of the TAVI procedure. In terms of overseas market activities, we participated in well-known international academic conferences such as CSC Conference (Spain), VALVE in Rio, SOLACI/SBHCI, TCT and EuroPCR, shared the latest clinical information of our TAVI products, as well as related device features and procedure skills via introduction of international senior experts in the field of interventional therapy for valvular heart disease, held discussions on typical cases and conducted live case broadcasting, which further increased the influence of the CardioFlow brand in the international academic community.

Significant Investments, Material Acquisitions and Disposals during the Reporting Period

During the Reporting Period, we did not make any significant investments or material acquisitions or disposals of subsidiaries, associates and joint ventures.

Employees and Remuneration

As of December 31, 2023, our Group had a total of 592 full-time employees (as of December 31, 2022: 558 full-time employees), of which 15% were R&D staff and 33% were marketing and sales staff. We enter into employment contracts with employees in accordance with applicable laws and regulations, and provide them with competitive remuneration package, including wage, allowance, bonus, benefits and long-term incentives.

The Company has adopted the Share Scheme, the Share Award Scheme and Share Option Scheme (terminated on June 27, 2023) to provide incentives for the eligible participants.

Future Development

We intend to capitalize our strengths to pursue our business strategy in the following aspects:

Continue to strengthen our presence in China TAVI market

The China TAVI market is significantly under-penetrated. We intend to further increase our sales of our TAVI products in China through the following:

- **Deepen multi-level hospital coverage and procedure penetration**. With the positive clinical trial results of VitaFlow® and VitaFlow Liberty® and positive feedback from physicians and patients in real-world applications, we will accelerate the penetration of qualified medical centers in China, use layered management onto the hospitals covered according to the volume of TAVI procedures and the number of Independent Physicians, achieve/consolidate advantages by formulating differentiated sales strategies and training programs, and continue to enhance the penetration of TAVI procedures and the market share of our TAVI products.

- **Enhance patient discovery and referral**. We believe that with the deepening of the clinical application of TAVI products, the improvement of physicians' familiarity with devices and their procedure skills, and the expansion of the accessibility of TAVI treatment, there are still mass unmet diagnosis and treatment needs of patients in China (especially in low-tier cities). We will continue to carry out routine patient screening, diagnosis and referral, and carry out the whole-process health management of patients from the very beginning, so as to help more TAVI patients receive timely and reliable treatment.

- **Build academic brand to achieve professional education and promotion**. We fully explore the highlights of differentiated products, develop targeted training programs by discipline, and increase our influence among young-and-middle-aged physicians through academic competition. We have built the KOLs and physician network in the professional field of structural heart diseases and maintained frequent communications with several leading medical associations in these fields to fully build a bright academic brand and achieve professional physician education and product promotion.

- **Conduct long-term postoperative follow-ups and efficacy evaluation**. We continue to conduct follow-up evaluations after TAVI procedures to further monitor the long-term safety and efficacy of VitaFlow® and VitaFlow Liberty®. We believe that we are

well-positioned to further boost our product and brand recognition through these valuable long-term clinical data and provide inspiration for the R&D of the next generation of our products.

Continue to advance our international strategy

We will continue to collaborate with global enablers, including medical device companies, research institutes, hospitals and distributors, to advance our international strategy. The registration of VitaFlow Liberty® has been approved in Argentina, Colombia, Thailand, Russia and Indonesia and its CE registration application has also entered the final approval process. We have selected European and other emerging markets, especially countries that recognize CE mark or the NMPA approval, as key overseas markets to promote the registration and commercialization of VitaFlow Liberty®, and leverage on the global recognition of the MicroPort® brand and the existing sales network of the MicroPort® Group to advance the overseas coverage of our products.

As part of our international strategy, we will steadily expand our academic coverage into overseas markets. Leveraging on the extensive experience and the expertise of our international scientific advisory board, we intend to participate in more internationally renowned cardiovascular disease conferences, and to introduce our products by organizing presentations, publishing case studies and demonstrating live surgeries, so as to enhance our brand awareness globally.

Rapidly advance the R&D of new products

Capitalizing our market position and extensive know-how in structural heart diseases, and working closely with our international scientific advisory board and KOLs to understand the clinical demands, market trends and technology breakthroughs, we continue our focus on the development of other pipeline products to expand our product portfolio, including TAVI, TMV, TTV, LAAC and next-generation procedural accessories designated to strengthen our leading market position in medical devices for structural heart diseases.

Seek external cooperation to expand product portfolio

We will search for products and technologies with great clinical potential based on our deep and unique understanding and investigation of structural heart diseases, explore opportunities for cooperation and conduct prudent evaluation, in order to expand product portfolios through acquisitions, cooperations or licensing.

Enhance data collection to improve insight and decision making

We fully embrace the digital transformation and take data collection, management, insight and decision support as a key cornerstone of our business. We will continue to enhance the professional education service platform of the Company to enhance the reach and depth of the Company's products and TAVI procedure through digital content distribution and dissemination. We will also explore new ways to help enhance the efficiency of medical treatment and improve diagnosis and treatment process through digital patient management tools.

Strengthen full life cycle management of products, and improve operational efficiency

We will fully initiate the full life cycle management of products by introducing a cross-functional team from the planning and pre-research stage of new products to accelerate the development process of new products through close cooperation with the cross-functional team, to continuously improve the design for assembly and design for manufacturability during product design, to help achieve the smooth transition between new product R&D and mass production, further improve our production efficiency, and continuously lower the manufacturing costs under the premise of ensuring product quality, so as to cope with increasingly fierce market competition and support the long-term growth of our Company. At the same time, we will also start to introduce advanced information technology systems to further enhance and improve the quality and efficiency of our operations and management.

Focus on costs reduction and expenditures control to accelerate the profitability process

With the robustness of the financial statements as our priority, we will further minimize our losses by focusing on our business, increasing revenues, cutting costs and reducing expenses, and strive to achieve breakeven as soon as possible while maintaining a steady growth in revenues.

FINANCIAL REVIEW

Overview

The following discussion is based on, and should be read in conjunction with, the financial information and the notes included in the 2023 Annual Report.

Revenue

During the Reporting Period, our revenue was generated from the sales of our commercialized products, VitaFlow® and VitaFlow Liberty®.

For the year ended December 31, 2023, the Group recorded revenue of RMB336.2 million, representing an increase of 33.9% compared to RMB251.0 million for the year ended December 31, 2022, primarily attributable to the increased sales from our TAVI products in the PRC owing to the rapid increase in the number of procedures brought by the increased hospital penetration of our TAVI products in the PRC. Meanwhile, our revenue from overseas sales of our TAVI products in 2023 increased by 58.9% from previous year, along with the market expansion of our TAVI products overseas in Argentina, Colombia, Thailand and Russia.

Cost of Sales

During the Reporting Period, our cost of sales was related to the manufacturing of VitaFlow® and VitaFlow Liberty®. Our cost of sales increased by 19.6% from RMB88.9 million for the year ended December 31, 2022 to RMB106.3 million for the year ended December 31, 2023, primarily due to the increase in raw materials costs, staff costs and overhead expenses as a result of the enlarged sales volumes of VitaFlow® and VitaFlow Liberty®.

Gross Profit and Gross Profit Margin

Our gross profit increased by 41.8% from RMB162.1 million for the year ended December 31, 2022 to RMB229.9 million for the year ended December 31, 2023, and the gross profit margin increased by 3.8 percentage points from 64.6% for the year ended December 31, 2022 to 68.4% for the year ended December 31, 2023, primarily due to our effective costs reduction and expenditures control measures and the economies of scale we achieved in line with our business growth.

Other Net Income

For the year ended December 31, 2023, we recorded RMB91.8 million in other net income, compared to RMB50.3 million for the year ended December 31, 2022, primarily due to an increase in interest income arising from the bank deposits.

R&D Costs

Our R&D costs increased by 6.1% from RMB223.8 million for the year ended December 31, 2022 to RMB237.3 million for the year ended December 31, 2023, primarily due to our continued investment in our R&D.

Distribution Costs

Our distribution costs increased by 38.7% from RMB160.8 million for the year ended December 31, 2022 to RMB223.0 million for the year ended December 31, 2023, primarily due to the increased staff costs and marketing activities expenses for VitaFlow® and VitaFlow Liberty®.

Administrative Expenses

Our administrative expenses decreased by 2.5% from RMB72.0 million for the year ended December 31, 2022 to RMB70.2 million for the year ended December 31, 2023, primarily due to the Company's efforts in reducing costs and improving efficiency.

Fair Value Changes in Financial Instruments

The loss on fair value changes in financial instruments was RMB50.2 million for the year ended December 31, 2023, compared to RMB35.6 million for the year ended December 31, 2022, which mainly arose from the fair value changes of the Witney Put Option and convertible instruments issued by 4C Medical.

Other Operating Costs

Our other operating costs increased from RMB47.8 million for the year ended December 31, 2022 to RMB54.6 million for the year ended December 31, 2023, which was primarily due to the increase in donations we made during the Reporting Period.

Finance Costs

Our finance costs decreased from RMB5.4 million for the year ended December 31, 2022 to RMB4.1 million for the year ended December 31, 2023, which was primarily attributable to a decrease in interests of lease liabilities.

Share of Losses of Associates

Our share of losses of associates slightly increased from RMB48.2 million for the year ended December 31, 2022 to RMB49.7 million for the year ended December 31, 2023, which was primarily attributable to the losses incurred by 4C Medical under the equity method during the Reporting Period.

Share of Losses of a Joint Venture

Our share of losses of a joint venture decreased from RMB21.1 million for the year ended December 31, 2022 to RMB14.7 million for the year ended December 31, 2023, which was primarily attributable to the fair value changes from the financial assets measured at fair value through profit or loss recorded by Rose Emblem.

Impairment Loss on Investment in an Associate

The impairment loss on investment in an associate was RMB81.3 million for the year ended December 31, 2023 (2022: nil), representing the impairment loss for our investment on 4C Medical.

Inventories

Our inventories increased from RMB114.1 million as of December 31, 2022 to RMB122.9 million as of December 31, 2023, reflecting our preparation for anticipated future production demands.

Trade and Other Receivables

Our trade and other receivables primarily consist of (i) trade receivables; (ii) value-added tax recoverable, representing value-added taxes paid with respect to our procurement that can be credited against future value-added tax payables; (iii) interest receivables; (iv) prepayments to suppliers and services providers; and (v) deposits and other debtors.

Our trade and other receivables increased from RMB82.1 million as of December 31, 2022 to RMB144.8 million as of December 31, 2023, which was primarily due to an increase in trade receivables and interests receivables from banks.

Interests in Associates

Our interest in associates decreased from RMB271.2 million as of December 31, 2022 to RMB143.1 million as of December 31, 2023, mainly due to the losses recognized from 4C Medical under equity method as well as the impairment losses of our investment in 4C Medical.

Other Financial Assets

Our financial assets increased from RMB12.5 million as of December 31, 2022 to RMB24.3 million as of December 31, 2023, mainly due to the investment in the convertible instruments issued by 4C Medical during the Reporting Period.

Trade and Other Payables

Our trade and other payables primarily consist of (i) trade payables due to third party suppliers and related parties; (ii) accrued payroll; and (iii) other payables and accrued charges.

Our trade and other payables increased from RMB115.6 million as of December 31, 2022 to RMB152.9 million as of December 31, 2023, primarily due to an increase in the accrued payroll and other payables and accrued charges.

Derivative Financial Liabilities

Our derivative financial liabilities decreased from RMB22.7 million as of December 31, 2022 to nil as of December 31, 2023, primarily due to the exercise of the Witney Put Option.

Capital Expenditure

Our capital expenditure amounted to RMB14.1 million during the 2023, reflecting an increase of property, plant, equipment and software.

Foreign Exchange Exposure

During the Reporting Period, the Group mainly operated in China and a majority of its transactions were settled in RMB, the functional currency of the Company's primary subsidiaries. As of December 31, 2023, a portion of the Group's bank balances was denominated in U.S. dollars. We currently do not have a foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. Except for certain bank balances, trade and other receivables, trade and other payables, and other denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations as of December 31, 2023.

Contingent Liabilities

As of December 31, 2023, we did not have any contingent liabilities.

Capital Management

The Group's objectives in the aspect of managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for Shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher Shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and make adjustments to the capital structure in light of changes in economic conditions.

Liquidity and Financial Resources

Our cash, cash equivalents and time deposits decreased from RMB2,075.6 million as of December 31, 2022 to RMB1,773.7 million as of December 31, 2023, primarily attributable to continuous expansion of the business scale of the Group. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserve of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. We did not have any borrowings as of December 31, 2023 and 2022.

Gearing Ratio

As of December 31, 2023, the gearing ratio of the Group (calculated as total lease liabilities divided by total equity as of the same date) decreased to 3.0%, compared to 3.5% as of December 31, 2022, which was mainly due to a decrease in lease liabilities.

Net Current Assets

The Group's net current assets as of December 31, 2023 were RMB1,847.8 million, as compared to the net current assets of RMB2,094.5 million as of December 31, 2022. Such decrease was mainly attributable to a decrease in cash and cash equivalents.

Charge on Asset

As of December 31, 2023, there was no charge on assets of the Group.

(c) For the year ended December 31, 2024

Unless otherwise defined herein, capitalized terms used in this section shall have the same meanings as those defined in the 2024 Annual Report.

BUSINESS REVIEW

Overview

In 2024, driven by policy support, market demand and medical insurance access, the China's structural heart diseases industry achieved steady growth, but also faced the challenges from the sophisticated economic environment and intensified competition in the industry. As one of the important means of interventional treatment of structural heart diseases, by virtue of the collaborative endeavors of industry participants in academic exchanges, propaganda and education among doctors and patients, medical insurance coverage and payment support, the number of qualified medical centers of the TAVI procedures has increased, with a further increase in the penetration rate and a steady growth in the industry scale. In addition, as an effective means for stroke prevention in patients with nonvalvular atrial fibrillation, the LAAC has made breakthroughs in several key areas, including evidence-based medical research, clinical application, development of new technologies and updating of guidelines. Meanwhile, with the promotion of the "catheter ablation + LAAC" one-stop procedure, the number of procedures has also increased rapidly.

During the Reporting Period, the Group's TAVI products made significant progress in global commercialization based on their excellent clinical results and high recognition from physicians and patients in real-world applications. In China, new access to more than 80 additional hospitals brought the Company's current business coverage to more than 650 hospitals, and maintained stable growth in leading hospitals. In overseas, VitaFlow Liberty® obtained CE Mark in April 2024, becoming the first "China Intelligent Manufacturing" TAVI system to enter the European market, and laying a solid foundation for the rapid growth of our overseas revenue. By the end of the Reporting Period, our TAVI products have entered nearly 100 overseas hospitals in Argentina, Colombia, Thailand, Russia, Italy, Spain, Chile and Switzerland.

During the Reporting Period, we acquired 51% equity interest in MP CardioAdvent, marking the official expansion of the Group's business into stroke prevention in patients with nonvalvular atrial fibrillation, a market segment with high growth potential in the field of structural heart diseases, which will further expand the revenue sources of the Group, and enhance its competitiveness. The self-developed AnchorMan® LAAC System by MP CardioAdvent was approved by the NMPA in January 2024, and received CE Mark in February 2025, making it the only semi-closed type LAAC product approved by the NMPA in China so far, and the only LAAC System certified by both CE and the NMPA in China, while its supporting AnchorMan® LAAA System has also successively received the NMPA and CE Mark approvals.

As of the date of the 2024 Annual Report, AnchorMan® LAAC System and its access system have achieved over 400 commercial applications in more than 50 medical centers across 15 provinces and cities in China, with no serious complications and a 100% success rate.

Our global registrations were also progressing steadily during the Reporting Period: our third-generation TAVI product, VitaFlow Liberty® Flex, which is equipped with a newly upgraded coaxial steerable delivery system, has received the approval from the NMPA in December 2024, making it the world's only "true" coaxial steerable self-expanding transcatheter aortic heart valve delivery system. As of the date of the 2024 Annual Report, including the CE Mark of VitaFlow Liberty®, AnchorMan® LAAC System and its access system, VitaFlow Liberty® has received registration approval in 18 countries/territories in total. The registrations of VitaFlow Liberty® and Alwide® Plus have also reached milestone achievements in emerging markets such as Brazil, Australia and Mexico; the registration of AnchorMan® LAAC System and AnchorMan® LAAA System in emerging markets was also under preparation. With the successive registrations of our products in overseas markets, we will further expand our business coverage and accelerate global business development by continuously leveraging on the global visibility of the MicroPort® brand and the existing sales network of the MicroPort® Group.

While accelerating the pace of commercialization, we have continued to carry out the strategic R&D roadmap to provide trustworthy and universal access to state-of-the-art total solutions to treat structural heart diseases in an orderly and efficient manner, providing continuous momentum for the Group's rapid and healthy development. During the Reporting Period, adhering to the principle of intensification, we have consolidated resources for projects candidates, and planned progress of projects reasonably, thereby more efficiently advancing the R&D process of products that can quickly generate revenues, and orderly promoting the medium-and long-term projects to achieve the R&D milestones. Our self-developed four-generation TAVI product, VitaFlow® IV, is about to finalize its design, while our self-developed TMVR product has completed multiple human applications, and successfully completed the postoperative follow-ups of relevant patients for up to two years with an inspiring result.

In addition to self-development, we have been actively seeking opportunities to collaborate with advanced products and technologies, both domestic and overseas, in the field of structural heart disease in order to expand our product portfolio. During the Reporting Period, AltaValve™, a TMVR product in collaboration with our business partners, was granted two breakthrough device designations by the FDA for the treatment of (a) moderate-to-severe or severe MR, and (b) moderate-to-severe or severe MR with moderate/severe mitral annular calcification, which fully demonstrated the innovative results and leading position of the AltaValve™ system in the field of mitral regurgitation interventional therapy. As of the date of the 2024 Annual Report, AltaValve™ has conducted pivotal clinical study based on the IDE approved by the FDA.

Our Pipeline

As of the date of the 2024 Annual Report, our in-house developed product portfolio consists of seven registered products — VitaFlow®, VitaFlow Liberty® (including procedural accessories as supporting supply), VitaFlow Liberty® Flex, Alwide® Plus, AccuSniper™, AnchorMan® LAAC System and AnchorMan® LAAA System, and various TAVI products, TMV products, TTV products, LAA products and procedural accessories at different development stages. In addition to our in-house developed product portfolio, we also collaborated with our business partner, namely 4C Medical, with respect to certain TMV and TTV products, for which we own the exclusive commercial rights in China.

R&D

R&D is crucial to our growth. We have been practicing our mission "to provide trustworthy and universal access to state-of-the-art total solutions to treat structural heart diseases" by deeply rooting ourselves in the field of structural heart disease with higher standards and better practices and committing ourselves to innovation and R&D of the world-leading structural heart disease technologies, to create a technological innovation system integrating production, education and research, bring high-quality products and services to the global market, and provide the most powerful driving force for the Group's sustainable development.

We have a core R&D team with key technology expertise in areas including, among others, biological material, structure design and processing technique. The team focuses on the R&D of new technologies and materials that have the potential to be applied to our product portfolio. We have established several cross-functional project teams encompassing project management, R&D, process, procurement, quality, registration, clinical trial and medical technology, to work toward the whole process of developing new products through professional work of each function and cooperation of all parties. We also have an international scientific advisory board, consisting of global leading scientists and physicians in the cardiovascular field, who share their abundant experiences and insights on the latest technology breakthroughs and the latest trends in the treatment of valvular heart diseases worldwide.

Intellectual Properties

Intellectual properties are important intangible assets of our Group and a key factor to maintain and enhance our core competitiveness. Thus, we attach great importance to intellectual properties protections such as patent application, trademark registration, business secret control, etc., while devoting ourselves to technological innovation.

In January 2024, the Company acquired 51% equity in MP CardioAdvent, which then owned 16 Chinese patents, 22 pending Chinese patent applications, 3 overseas patents, 23 pending overseas patent applications, and 19 approved trademarks worldwide.

During the Reporting Period, we newly registered 39 patents and submitted 29 pending patent applications in China. Meanwhile, we added a total of 17 patents in South Korea, Japan, Australia, America and Europe. As of the end of the Reporting Period, we owned 231 patents in China, including 67 invention patents, 153 utility models and 11 industry designs, and 145 pending patent applications, including 139 invention patents and 6 utility models. To drive our internationalization strategy, as of the end of the Reporting Period, we also owned 129 patents in Japan, Switzerland, Portugal, the United Kingdom, Italy, Germany, France, Spain, America, South Korea, Australia, Brazil and India, among others. All of the patents that we owned or applied for are related to technologies of our products or product candidates and are self-developed by our R&D team. As of the end of the Reporting Period, with 12 newly registered ones, the total number of our approved trademarks worldwide reached 120.

Supply Chain

Our production plant with a total GFA of approximately 14,000 sq.m. in Shanghai is able to provide an annual production capacity of 25,000 sets of TAVI products and 6,000 sets of LAAC products, providing a solid supply guarantee for the continuous improvement on sales and supporting our Group's rapid development in the future. Our production facilities and equipment follow the GMP of the EU and China. During the Reporting Period, we completed the acquisition of 100% equity in Shanghai Xinyong. Shanghai Xinyong holds the state-owned land use right for a hightech designated land parcel in Shanghai with an area of 13,320 sq.m, as well as buildings on the target land with a total GFA of nearly 9,000 sq.m. We plan to develop this site as the Group's global headquarters for the expansion of our business operations in R&D, production, and office purposes, as well as establish it as a R&D and production base for LAA medical devices. This addresses the anticipated near-term shortage of R&D and production space across several business lines of the Group, particularly to timely meet the capacity expansion demands for LAA medical devices.

Through close communication and collaboration with global suppliers based on the concept of win-win cooperation, we accelerate the diversified supplier development and the local sourcing of raw materials while maintaining a stable supply of raw materials to enhance supply chain resilience and agility, and continuously optimize product costs. We have also achieved in-house production of certain key raw materials, which not only significantly reduced costs but also broke the foreign monopoly on these critical raw materials, thereby eliminating the potential risks associated with exclusive supply. In addition, we have established an advanced quality control

system, further introduced the concept of excellent operation, and continued to strengthen the construction of the manufacturing system to realize the continuous improvement on production efficiency.

Commercialization

As of the date of the 2024 Annual Report, we had commercialized our TAVI products in 18 countries, including China, Argentina, Colombia, Thailand, Russia, Chili and Switzerland through over 650 domestic hospitals and nearly 100 overseas hospitals. The Independent Physicians of our TAVI products are over 450 in China and nearly 50 overseas. Our LAAC products have been adopted in over 50 domestic hospitals, completed over 400 commercial applications and cultivated nearly 50 Independent Physicians.

We have a dedicated in-house team (the "**Total Solutions Team**") with professional medical background to promote our medical solutions, which aims to promote the Group's innovative transcatheter and surgical solutions for structural heart diseases, including TAVI and LAAC. As of the end of the Reporting Period, our Total Solutions Team had over 160 full-time employees. We leverage on the resources and advantages of MicroPort® Group in the field of cardiac and cardiovascular disease treatment, which brought synergies in the aspects of market access, operation support, first-line promotion, market expansion, medical education and international business, amongst others, into full play. We are committed to providing structural heart diseases patients and physicians with comprehensive medical solutions including disease diagnosis and evaluation, procedure and product education, treatment counsel, training on procedures and use of devices, recommendation on procedural accessories, assistance before and during the procedure and postoperative follow-up. During the Reporting Period, we continued to enhance the screening and referral of lower-tier city patients, and promoted the popularization and penetration of innovative transcatheter treatment solutions in the field of structural heart disease through medical education and marketing activities, which effectively broke the geographical restrictions and tapped into the vast blank market of primary medical care, and helped more TAVI patients complete their diagnosis and treatment conveniently.

We carry out logistics, dispatch, warehousing and other works with the help of platform providers, and sell our products to hospitals through distributors and ultimately use them to treat our patients. We select distributors with extensive experience and resources in selling medical devices across China for cooperation, who are provided with professional training and assessed strictly to build all-round capabilities in market development, solution promotion, device sales and perioperative support, making them a strong supplement of our Total Solutions team.

In order to strengthen the marketing of our products and our brand building, we actively participated in medical conferences and industry exhibitions in the global cardiac and cardiovascular field, continuing to enhance the Group's influence within the international academic circle of structural heart diseases. During the Reporting Period, we participated in well-known international academic conferences such as Hangzhou Valves, Annual Meeting of the Asian Society for Cardiovascular and Thoracic Surgery (ASCVTS), 2024 West China Atrial Fibrillation Week, the Oriental Congress of Cardiology and the World Congress of Cardiology (OCC-WCC 2024), Beijing Valves, Chinese Heart Rhythm Society Scientific Sessions (CHRS 2024), EuroPCR, Italian Society of Interventional Cardiology National Congress (GISE), Coronary and Structural Course (CSC) and London Valves (PCR London Valves), shared the latest clinical information of our TAVI products, as well as related device features and procedure skills via introduction of international senior experts in the field of interventional therapy for valvular heart disease, held discussions on typical cases and conducted live case broadcasting, which further increased the influence of the CardioFlow brand in the international academic community.

Employees and Remuneration

As of December 31, 2024, our Group had a total of 430 full-time employees (as of December 31, 2023: 592 full-time employees), of which 10.70% were R&D staff and 36.74% were marketing and sales staff. We enter into employment contracts with employees in accordance with applicable laws and regulations, and provide them with competitive remuneration package, including wage, allowance, bonus, benefits and long-term incentives. The Company has adopted the Share Scheme, the Share Award Scheme and Share Option Scheme (terminated on June 27, 2023) to provide incentives for the eligible participants.

Significant Investments, Material Acquisitions and Disposals during the Reporting Period

On January 1, 2024, MicroPort Sinica and Shanghai Zuoqing (as the sellers), MP CardioFlow (as the purchaser) and MP CardioAdvent entered into the MP CardioAdvent Equity Transfer Agreement, pursuant to which MP CardioFlow conditionally agreed to acquire, and MicroPort Sinica and Shanghai Zuoqing conditionally agreed to sell, 51% equity interest in MP CardioAdvent at a consideration of approximately RMB141,316,920. Upon completion, MP CardioFlow held 51% equity interest in MP CardioAdvent and MP CardioAdvent became a subsidiary of the Company. For further details, including the principal businesses of the parties to the MP CardioAdvent Equity Transfer Agreement and the investment costs, please refer to the announcement of the Company dated January 1, 2024. As of December 31, 2024, (i) the total identifiable net assets of MP CardioAdvent was RMB70,307,000, with a size relative to the Group's total assets being 2.6%; and (ii) there was no realised or unrealized gain or loss and no dividends have been received from MP CardioAdvent. As a high-tech medical device company focusing on LAA solutions, MP CardioAdvent's primary products include AnchorMan® LAAA

System, and AnchorMan® LAAC System. The Group intends that MP CardioAdvent will continue utilizing the funding and resources from the Group to advance product iterations, marketing efforts, and promote commercialization processes, as well as to explore overseas markets and deepen its presence in the domestic market.

On August 22, 2024, MP CardioFlow and Shanghai MicroPort Medical entered into the Shanghai Xinyong 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 Shanghai Xinyong at a consideration not exceeding RMB380.0 million. Upon completion, Shanghai Xinyong become a subsidiary of our Company. Such transaction was approved by the Shareholders on September 30, 2024. For further details, including the principal businesses of the parties to the Shanghai Xinyong Equity Transfer Agreement and the investment costs, please refer to the Company's circular dated August 29, 2024 and announcements dated August 22, 2024 and September 20, 2024. As of December 31, 2024, (i) the total identifiable net assets of Shanghai Xinyong was RMB377,600,000, with a size relative to the Group's total assets being 14.1%; and (ii) there was no realised or unrealized gain or loss and no dividends have been received from Shanghai Xinyong. Shanghai Xinyong holds the state-owned land use right for a high-tech designated land parcel in Shanghai with an area of 13,320 sq.m, as well as buildings on the target land with a total GFA of nearly 9,000 sq.m. The Group plans to develop this site as the Group's global headquarters for the expansion of our business operations in R&D, production, and office purposes, as well as establish it as a R&D and production base for LAA medical devices, to address the anticipated near-term shortage of R&D and production space across several business lines of the Group and particularly to timely meet the capacity expansion demands for LAA medical devices.

Save as disclosed above, we did not make any significant investments or material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

Future Development

We intend to capitalize our strengths to pursue our business strategy in the following aspects:

Continue to strengthen our presence in China TAVI market

The China TAVI market is significantly under-penetrated. We intend to further increase the sales of our TAVI products in China through the following:

- **Deepen multi-level hospital coverage and procedure penetration**. With the positive clinical trial results of VitaFlow® and VitaFlow Liberty® and positive feedback from physicians and patients in real-world applications, we will accelerate the penetration of

qualified medical centers in China, use layered management onto the hospitals covered according to the volume of TAVI procedures and the number of Independent Physicians, achieve/consolidate advantages by formulating differentiated sales strategies and training programs, and continue to enhance the penetration of TAVI procedures and the market share of our TAVI products.

- **Enhance patient discovery and referral**. We believe that with the deepening of the clinical application of TAVI products, the improvement of physicians' familiarity with devices and their procedure skills, and the expansion of the accessibility of TAVI treatment, there are still mass unmet diagnosis and treatment needs of patients in China (especially in low-tier cities). We will continue to carry out routine patient screening, diagnosis and referral, and carry out the whole-process health management of patients from the very beginning, so as to help more TAVI patients receive timely and reliable treatment.

- **Build academic brand to achieve professional education and promotion**. We fully explore the highlights of differentiated products, develop targeted training programs by discipline, and increase our influence among young-and-middle-aged physicians through academic competition. We have built the KOLs and physician network in the professional field of structural heart diseases and maintained frequent communications with several leading medical associations in these fields to fully build a bright academic brand and achieve professional physician education and product promotion.

- **Conduct long-term postoperative follow-ups and efficacy evaluation.** We continue to conduct follow-up evaluations after TAVI procedures to further monitor the long-term safety and efficacy of VitaFlow® and VitaFlow Liberty®. We believe that we are well-positioned to further boost our product and brand recognition through these valuable long-term clinical data and provide inspiration for the R&D of the next generation of our products.

Strengthen promotion of LAAC products to improve its market share in China

Based on the excellent clinical results of our LAAC products and our years of experience and resources in the field of structural heart disease, we will strengthen the promotion of LAAC products and strive to rapidly increase its market share in China.

By collaborating with electrophysiology manufacturers to promote the "catheter ablation + LAAC" one-stop procedure, we are accelerating the commercialization of LAAC.

Continue to advance our international strategy

Including CE mark, VitaFlow Liberty® has received registration approvals in 17 overseas countries and territories. AnchorMan® LAAC System and AnchorMan® LAAA System have received the CE Mark, and Alwide® Plus has entered the key stages of CE Mark registration, which lays a good foundation for our international strategy. We will continue to collaborate with global enablers, including medical device companies, research institutes, hospitals and distributors, to advance our international strategy.

We have selected European and other emerging markets, especially countries that recognize CE Mark or the NMPA approval, as key overseas markets to promote the registration and commercialization of VitaFlow Liberty®, AnchorMan® LAAC System and AnchorMan® LAAA System, and leverage on the global recognition of the MicroPort® brand and the existing sales network of the MicroPort® Group to advance the overseas coverage of our products.

As part of our international strategy, we will steadily expand our academic coverage into overseas markets. Leveraging on the extensive experience and the expertise of our international scientific advisory board, we intend to participate in more internationally renowned cardiovascular disease conferences, and to introduce our products by organizing presentations, publishing case studies and demonstrating live surgeries, so as to enhance our brand awareness globally.

Orderly advance the R&D of new products

Capitalizing our market position and extensive know-how in structural heart diseases, and working closely with our international scientific advisory board and KOLs to understand the clinical demands, market trends and technology breakthroughs, we continue our focus on the development of other pipeline products to expand our product portfolio, including TAVI, TMV, TTV, LAAC and next-generation procedural accessories designated to strengthen our leading market position in medical devices for structural heart diseases.

Seek external cooperation to expand product portfolio

We will search for products and technologies with great clinical potential based on our deep and unique understanding and investigation of structural heart diseases, explore opportunities for cooperation and conduct prudent evaluation, in order to expand product portfolios through acquisitions, cooperations or licensing.

Strengthen full life cycle management of products, and improve operational efficiency

We will fully initiate the full life cycle management of products by introducing a cross-functional team from the planning and pre-research stage of new products to accelerate the development process of new products through close cooperation with the cross-functional team, to continuously improve the design for assembly and design for manufacturability during product design, to help achieve the smooth transition between new product R&D and mass production, further improve our production efficiency, and continuously lower the manufacturing costs under the premise of ensuring product quality, so as to cope with increasingly fierce market competition and support the long-term growth of our Company. At the same time, we will also apply advanced information technology systems to further enhance and improve the quality and efficiency of our operations and management.

Focus on costs reduction and expenditures control to accelerate the profitability process

With the robustness of the financial statements as our priority, we will further minimize our losses by focusing on our business, increasing revenues, cutting costs and reducing expenses, and strive to achieve breakeven as soon as possible while maintaining a steady growth in revenues.

FINANCIAL REVIEW

Overview

The following discussion is based on, and should be read in conjunction with, the financial information and the notes included in the 2024 Annual Report.

Revenue

During the Reporting Period, our revenue was generated from the sales of our commercialized products, VitaFlow®, VitaFlow Liberty®, AnchorMan® LAAA System and AnchorMan® LAAC System.

For the year ended December 31, 2024, the Group recorded revenue of RMB361.6 million, representing an increase of 7.5% compared to RMB336.2 million for the year ended December 31, 2023, primarily attributable to the rapid growth in our overseas revenue of TAVI products, which mainly contributed by the continued advancement of the VitaFlow Liberty® and the Alwide® Plus in terms of global commercialization during the Reporting Period. In addition, the AnchorMan® LAAA System and AnchorMan® LAAC System independently developed by our subsidiary, MP CardioAdvent, were officially commercialized in the PRC during the Reporting Period, contributing incremental revenue to the Group as well.

Cost of Sales

During the Reporting Period, our cost of sales was related to the manufacturing of VitaFlow®, VitaFlow Liberty®, AnchorMan® LAAA System and AnchorMan® LAAC System. Our cost of sales increased by 3.8% from RMB106.3 million for the year ended December 31, 2023 to RMB110.4 million for the year ended December 31, 2024, primarily due to the increase of raw materials costs, staff costs and manufacturing expenses as a result of the increased sales volumes.

Gross Profit and Gross Profit Margin

Our gross profit increased by 9.3% from RMB229.9 million for the year ended December 31, 2023 to RMB251.2 million for the year ended December 31, 2024, and the gross profit margin increased by 1.1 percentage points from 68.4% for the year ended December 31, 2023 to 69.5% for the year ended December 31, 2024, primarily due to our effective costs reduction and expenditures control measures and the economies of scale we achieved in line with our business growth.

Other Net Income

For the year ended December 31, 2024, we recorded RMB84.3 million in other net income, compared to RMB91.8 million for the year ended December 31, 2023, primarily due to the decrease in interest income arising from time deposits during the Reporting Period.

R&D Costs

Our R&D costs decreased by 35.4% from RMB237.3 million for the year ended December 31, 2023 to RMB153.4 million for the year ended December 31, 2024, primarily attributable to the adjustments in the priority and resource investment of projects based on the prevailing market outlook and the efficiency analysis on input-output in a prudent manner.

Distribution Costs

Our distribution costs decreased by 26.1% from RMB223.0 million for the year ended December 31, 2023 to RMB164.8 million for the year ended December 31, 2024, primarily attributable to the effort to strengthen the synergies and interconnections of sales channels while expanding our sales, and the improvement of operational efficiency.

Administrative Expenses

Our administrative expenses decreased by 18.0% from RMB70.2 million for the year ended December 31, 2023 to RMB57.6 million for the year ended December 31, 2024, primarily attributable to the Company's stringent control and reduction of administrative expenses to further enhance the operational efficiency.

Fair Value Changes in Financial Instruments

The gain on fair value changes in financial instruments was RMB21.7 million for the year ended December 31, 2024 (a loss on fair value changes for the year ended December 31, 2023 of RMB50.2 million), which mainly arose from the fair value changes of the convertible instruments issued by 4C Medical.

Other Operating Costs

Our other operating costs decreased from RMB54.6 million for the year ended December 31, 2023 to RMB44.0 million for the year ended December 31, 2024, primarily due to the decrease in donations made during the Reporting Period.

Finance Costs

Our finance costs decreased from RMB4.1 million for the year ended December 31, 2023 to RMB4.0 million for the year ended December 31, 2024, primarily attributable to a decrease in interest expense on lease liabilities.

Share of Losses of Associates

Our share of losses of associates increased from RMB49.7 million for the year ended December 31, 2023 to RMB61.7 million for the year ended December 31, 2024, which was primarily attributable to the losses incurred by 4C Medical under the equity method during the Reporting Period.

Share of Losses of a Joint Venture

For the year ended December 31, 2024, we did not record any share of losses of a joint venture (as of December 31, 2023: RMB14.7 million), primarily since our Group has obtained the control of Rose Emblem Ltd. (a former joint venture of the Group) in November 2023.

Impairment Loss on Investment in an Associate

The reversal of impairment loss on investment in an associate was RMB82.0 million for the year ended December 31, 2024, compared to a provision of RMB81.3 million for impairment loss on investment in an associate for the year ended December 31, 2023, which was primarily attributable to the reversal of impairment loss previously recognized for the equity investment in 4C Medical.

Inventories

Our inventories increased from RMB122.9 million as of December 31, 2023 to RMB135.4 million as of December 31, 2024, which was primarily attributable to the stock built up for the newly launched LAA products and TAVI products in various overseas markets.

Trade and Other Receivables

Our trade and other receivables primarily consist of (i) trade receivables; (ii) value-added tax recoverable, representing value-added taxes paid with respect to our procurement that can be credited against future value-added tax payables and (iii) interest receivables; (iv) prepayments to suppliers and service providers; and (v) deposits and other debtors.

Our trade and other receivables increased from RMB144.8 million as of December 31, 2023 to RMB180.0 million as of December 31, 2024, primarily attributable to the increased revenue.

Interests in Associates

Our interest in associates increased from RMB143.1 million as of December 31, 2023 to RMB165.8 million as of December 31, 2024, mainly attributable to the reversal of impairment loss on the equity investment in 4C Medical partially offset by the losses recognized under equity method.

Other Financial Assets

Our financial assets increased from RMB24.3 million as of December 31, 2023 to RMB92.6 million as of December 31, 2024, mainly attributable to the newly acquired convertible instruments issued by 4C Medical and the gain on fair value changes therein during the Reporting Period.

Trade and Other Payables

Our trade and other payables primarily consist of (i) trade payables due to third party suppliers and related parties; (ii) accrued payroll; and (iii) other payables and accrued charges.

Our trade and other payables increased from RMB152.9 million as of December 31, 2023 to RMB358.6 million as of December 31, 2024, primarily due to consideration payables in connection with the acquisition of Shanghai Xinyong, during the Reporting Period.

Capital Expenditure

Our capital expenditure amounted to RMB158.4 million during the Reporting Period (RMB14.1 million during 2023), which was used for acquiring (i) properties; and (ii) equipment, machinery and software.

Foreign Exchange Exposure

During the Reporting Period, the Group mainly operated in China and a majority of its transactions were settled in RMB, the functional currency of the Company's primary subsidiaries. As of December 31, 2024, a portion of the Group's bank balances was denominated in U.S. dollars. We currently do not have a foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. Except for certain bank balances, trade and other receivables, trade and other payables, and other denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations as of December 31, 2024.

Contingent Liabilities

As of December 31, 2024, we did not have any contingent liabilities.

Capital Management

The Group's objectives in the aspect of managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for Shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher Shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and make adjustments to the capital structure in light of changes in economic conditions.

Liquidity and Financial Resources

Our cash and cash equivalents decreased from RMB1,773.7 million as of December 31, 2023 to RMB1,359.1 million as of December 31, 2024, primarily attributable to continuous expansion of the business scale of the Group. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserve of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

Our Group's total borrowings as of December 31, 2024 were RMB41.5 million (as of December 31, 2023: nil), all of which were denominated in RMB with maturity dates in March 2025, September 2025, March 2026 and September 2026, respectively. As at 31 December 2024, unsecured bank loans of RMB25,500,000 and RMB16,000,000 were guaranteed by the ultimate holding company MPSC and a subsidiary of the Group respectively, with interest ranging from 3.10% to 3.30% per annum.

Gearing Ratio

As of December 31, 2024, the gearing ratio of our Group (calculated as total interest-bearing borrowings and lease liabilities divided by total equity as of the same date) increased to 3.5%, compared to 3.0% as of December 31, 2023, which was mainly due to the borrowings of our subsidiary, MP CardioAdvent.

Net Current Assets

The Group's net current assets as of December 31, 2024 were RMB1,240.6 million, as compared to the net current assets of RMB1,847.8 million as of December 31, 2023. Such decrease was mainly attributable to a decrease in cash and cash equivalents.

Charge on Asset

As of December 31, 2024, there was no charge on assets of the Group.

(d) For the six months ended June 30, 2025

Unless otherwise defined herein, capitalized terms used in this section shall have the same meanings as those defined in the 2025 Interim Report.

BUSINESS REVIEW

Overview

In the first half of 2025, the China's structural heart diseases industry continued to make significant advances in technological innovation, product registration, and commercialization. As one of the important means of interventional treatment of valvular heart diseases, TAVI procedures welcomed a wave of new product launches. Concerted efforts in academic exchanges, propaganda and education among doctors and patients, and the promotion of procedure further increased the penetration rate and drove a steady growth in the industry scale. As an effective means for stroke prevention in patients with nonvalvular atrial fibrillation, the LAAC has made notable breakthroughs in technological innovation and domestic substitution. With the promotion of the "catheter ablation + LAAC" one-stop procedure, the number of procedures has increased rapidly. Nevertheless, the structural heart diseases industry is now grappling with price pressures brought by intensifying competition and the looming challenge of centralized volume-based procurement policies. In the long run, only companies that combine innovative technologies, cost advantages, long-term clinical data, a broad patient base, resilient supply chains and market foresight will rise above the fray and emerge as the industry's backbone. During the Reporting Period, the Group's TAVI products made significant progress in global commercialization based on their excellent clinical results and high recognition from physicians and patients in real-world applications. In China, new access to more than 30 additional hospitals brought the Company's business coverage to over 670 hospitals, and maintained stable growth in leading hospitals, achieving 2,146 implantations during the Reporting Period. Overseas, VitaFlow Liberty® obtained CE Mark, becoming the first "China Intelligent Manufacturing" TAVI system to enter the European market, and accelerating our international commercialization into high gear. By the end of the Reporting Period, our TAVI products have entered more than 140 overseas hospitals across over 20 countries and regions, including Argentina, Colombia, Thailand, Russia, Italy, Spain, Chile, Switzerland and Brazil, achieving almost 250 implantations during the Reporting Period. As of September 17, 2025, we have completed the acquisition of the remaining 49% equity interest in MP CardioAdvent. MP CardioAdvent became a wholly-owned subsidiary of the Group upon the completion. The self-developed AnchorMan® LAAC System and LAAA System by MP CardioAdvent have successively received the NMPA and CE Mark approvals. As of September 17, 2025, AnchorMan® LAAC System and LAAA System have achieved over 750 commercial applications in nearly 90 medical centers across 18 provinces and cities in China, with no serious complications and a 100% success rate. AnchorMan® LAAC and LAAA System received CE Mark and commercialized in Europe, and achieved implantations in Poland, Hong Kong and Macau respectively, which marks the official commencement of its global expansion.

Our global registrations were also progressing steadily: during the Reporting Period, VitaFlow Liberty® has newly received registration approvals in Kazakhstan, Latvia, Sweden, Ecuador and Brazil. As of September 17, 2025, including the CE Mark, VitaFlow Liberty® has received registration approvals in 22 countries/territories in total. The registrations of VitaFlow Liberty® and Alwide® Plus have also reached milestone achievements in emerging markets such as Australia. AnchorMan® LAAC System obtained CE approval, becoming the only LAAC System to date certified by both CE-MDR and NMPA. Its registration in emerging markets was also advancing efficiently. Alwide® Plus received CE Mark approval in August 2025. As of September 17, 2025, Alwide® Plus has received registration approvals in 14 countries or regions.

While accelerating the pace of commercialization, we have continued to carry out the strategic R&D roadmap to provide trustworthy and universal access to state-of-the-art total solutions to treat structural heart diseases in an orderly and efficient manner, providing continuous momentum for the Group's rapid and healthy development. During the Reporting Period, continuing to adhere to the principle of intensification, we have consolidated resources for projects candidates, and planned progress of projects reasonably, thereby more efficiently advancing the R&D process of products that can quickly generate revenue, and orderly promoting the medium-and long-term projects to achieve the R&D milestones. In addition to self-development, we have also been actively seeking opportunities to collaborate with advanced products and technologies, both domestic and overseas, in the field of structural heart disease in order to expand our product portfolio.

Our Pipeline

As of September 17, 2025, our in-house developed product portfolio consists of seven registered products — VitaFlow®, VitaFlow Liberty® (including procedural accessories as supporting supply), VitaFlow Liberty® Flex, Alwide® Plus, AccuSniper™, AnchorMan® LAAC System and AnchorMan® LAAA System, and various TAVI products, TMV products, TTV products, LAA products, ventricular septum reconstruction product and procedural accessories at different development stages. In addition to our in-house developed product portfolio, we also collaborated with our business partner, namely 4C Medical, with respect to certain TMV and TTV products, for which we own the exclusive commercial rights in China.

R&D

R&D is crucial to our growth. We have been practicing our mission "to provide trustworthy and universal access to state-of-the-art solutions of prolonging and reshaping all lives" by deeply rooting ourselves in the field of structural heart disease with higher standards and better practices and committing ourselves to innovation and R&D of the world-leading structural heart disease technologies, to create a technological innovation system integrating production, education and

research, bring high-quality products and services to the global market, and provide the most powerful driving force for the Group's sustainable development. We have a core R&D team with key technology expertise in areas including, among others, biological material, structure design and processing technique. The team focuses on the R&D of new technologies and materials that have the potential to be applied to our product portfolio. We have established several cross-functional project teams encompassing project management, R&D, process, procurement, quality, registration, clinical trial and medical technology. These teams collaborate from the early planning and pre-research stages of new products, implementing full life cycle management of products. They comprehensively control and anticipate aspects including technological innovation, intellectual property protection, cost control, assembly feasibility, manufacturability, compliance, and market access, thereby enhancing the success rate of R&D projects. We also have an international scientific advisory board, consisting of global leading scientists and physicians in the cardiovascular field, who share their abundant experiences and insights on the latest technology breakthroughs and the latest trends in the treatment of valvular heart diseases worldwide.

Intellectual Properties

Intellectual properties are important intangible assets of our Group and a key factor to maintain and enhance our core competitiveness. Thus, we attach great importance to intellectual properties protections such as patent application, trademark registration, business secret control, etc., while devoting ourselves to technological innovation. During the first half of 2025, we newly registered 24 patents in China. Meanwhile, we added a total of 5 patents in South Korea, Japan, Australia, United States and Europe. As of June 30, 2025, we owned 236 patents in China, including 77 invention patents, 147 utility models and 12 industry designs, and 122 pending patent applications, including 120 invention patents and 2 utility models. To drive our internationalization strategy, as of June 30, 2025, we also owned 134 patents in Japan, Switzerland, Portugal, the United Kingdom, Italy, Germany, France, Spain, United States, South Korea, Australia, Brazil and India, among others. All of the patents that we owned or applied for are related to technologies of our products or product candidates and are self-developed by our R&D team. As of the end of the Reporting Period, with 2 newly registered ones, the total number of our approved trademarks worldwide reached 122.

Supply Chain

Our production plant with a total GFA of approximately 14,000 sq.m. in Shanghai is able to provide an annual production capacity of 25,000 sets of TAVI products and 6,000 sets of LAAC products, providing a solid supply guarantee for the continuous improvement on sales and supporting our Group's rapid development in the future. We have additionally acquired the right to use a high-tech designated land parcel in Shanghai with an area of 13,320 sq.m, as well as buildings on the land parcel with a total GFA of nearly 9,000 sq.m. It is expected to be put into

use in the second half of 2025 and will serve as the Group's global headquarters for the expansion of our business operations in R&D, production, and office purposes, as well as a R&D and production base for LAA medical devices to timely meet the capacity expansion demands for LAA medical devices. Our production facilities and equipment follow the GMP of the European Union and China.

Through close communication and collaboration with global suppliers based on the concept of win-win cooperation, we accelerate the diversified supplier development and the local sourcing of raw materials while maintaining a stable supply of raw materials to enhance supply chain resilience and agility, and continuously optimize product costs. We have also achieved in-house production of certain key raw materials, which not only significantly reduced costs but also broke the foreign monopoly on these critical raw materials, thereby eliminating the potential risks associated with exclusive supply. In addition, we have established an advanced quality management system and introduced the concept of operational excellence, while strengthening the development of our manufacturing system. On the premise of ensuring product quality, we continuously reduce manufacturing costs to cope with increasingly fierce market competition and support the Company's long-term growth. Meanwhile, we also utilize advanced information technology systems to further enhance and improve the quality and efficiency of our operational management.

Commercialization

As of September 17, 2025, we have successfully commercialized seven products, four of which have obtained CE Mark, including VitaFlow Liberty®, AnchorMan® LAAC System and LAAA System, and Alwide® Plus. We had commercialized our TAVI products in 23 countries, including China, Argentina, Colombia, Thailand, Russia, Chili and Switzerland through nearly 680 domestic hospitals and 140 overseas hospitals. The Independent Physicians of our TAVI products are over 500 in China and over 50 overseas. Our procedural accessory Alwide® Plus received CE Mark in August 2025, and received registration approvals in 14 countries or regions in total. Our LAAC products have been adopted in nearly 90 domestic hospitals, completed over 750 commercial applications and cultivated over 70 Independent Physicians. AnchorMan® LAAC System and LAAA System have also received CE Mark, and have been successfully implanted in Poland, Hong Kong and Macau. Our four products with CE Mark will fully leverage the synergistic effects of the product portfolio, mutually promote each other's commercialization processes, continuously consolidating the Group's overall competitiveness in the international high-end medical device market, and further enhancing the implementation of the Group's overseas strategy.

We have a dedicated in-house team (the "**Total Solutions Team**") with professional medical background to promote our medical solutions, which aims to promote the Group's innovative transcatheter and surgical solutions for structural heart diseases, including TAVI and LAAC. As of the end of the Reporting Period, our Total Solutions Team had over 170 full-time employees. We leverage on the resources and advantages of MicroPort® Group in the field of cardiac and cardiovascular disease treatment, which bring synergies in the aspects of market access, operation support, first-line promotion, market expansion, medical education and international business, amongst others, into full play. We are committed to providing structural heart diseases patients and physicians with comprehensive medical solutions including disease diagnosis and evaluation, procedure and product education, treatment counsel, training on procedures and use of devices, recommendation on procedural accessories, assistance before and during the procedure and postoperative follow-up. During the Reporting Period, we continued to enhance the screening and referral of lower-tier city patients, and promoted the popularization and penetration of innovative transcatheter treatment solutions in the field of structural heart disease through medical education and marketing activities, which effectively broke the geographical restrictions and tapped into the vast blank market of primary medical care, and helped more patients to complete their diagnosis and treatment conveniently.

We carry out logistics, dispatch, warehousing and other works with the help of platform providers, and sell our products to hospitals through distributors and ultimately use them to treat our patients. We select distributors with extensive experience and resources in selling medical devices across China for cooperation, who are provided with professional training and assessed strictly to build all-round capabilities in market development, solution promotion, device sales and perioperative support, making them a strong supplement of our Total Solutions Team.

In order to strengthen the marketing of our products and our brand building, we actively participated in medical conferences and industry exhibitions in the global cardiac and cardiovascular field, continuing to enhance the Group's influence within the international academic circle of structural heart diseases. During the Reporting Period, we participated in well-known international academic conferences such as South Congress of Cardiology (SCC 2025), China Valve Hangzhou 2025, China Structural Heart Disease Congress (CSHC 2025), the Oriental Congress of Cardiology (OCC 2025), 2025 West China Atrial Fibrillation Week, Jiangcheng International Congress of Cardiology (JICC 2025), Wuhan International Conference of Cardiovascular Diseases (WICCD 2025), 2025 Greater Bay Area HeartValve Summit, Warsaw Course on Cardiovascular Interventions (WCCI 2025), EuroPCR 2025, Coronary and Structural Course (CSC 2025) and CSI Frankfurt 2025, shared the latest clinical information of our TAVI products and LAAC system and LAAA system, as well as related device features and procedure skills via introduction of international senior experts in the field of interventional therapy for

valvular heart disease, held discussions on typical cases and conducted live case broadcasting, which further increased the influence of the CardioFlow brand in the international academic community.

Employees and Remuneration

As of June 30, 2025, our Group had a total of 417 full-time employees (as of June 30, 2024: 483 full-time employees), of which 11.75% were R&D staff and 41.01% were marketing and sales staff. We enter into employment contracts with employees in accordance with applicable laws and regulations, and provide them with competitive remuneration package, including wage, allowance, bonus, benefits and long-term incentives. The Company has adopted the Share Scheme and the Share Award Scheme and Share Option Scheme (terminated on June 27, 2023) to provide incentives for the eligible participants.

Future Development

We intend to capitalize our strengths to pursue our business strategy in the following aspects:

Continue to strengthen our presence in China TAVI market

The China TAVI market is significantly under-penetrated. We intend to further increase the sales of our TAVI products in China through the following:

- **Deepen multi-level hospital coverage and procedure penetration.** With the positive clinical trial results of VitaFlow® and VitaFlow Liberty® and positive feedback from physicians and patients in real-world applications of VitaFlow Liberty® Flex, we will accelerate the penetration of qualified medical centers in China, use layered management onto the hospitals covered according to the volume of TAVI procedures and the number of Independent Physicians, achieve/consolidate advantages by formulating differentiated sales strategies and training programs, and continue to enhance the penetration of TAVI procedures and the market share of our TAVI products.

- **Enhance patient discovery and referral.** We believe that with the deepening of the clinical application of TAVI products, the improvement of physicians' familiarity with devices and their procedure skills, and the expansion of the accessibility of TAVI treatment, there are still mass unmet diagnosis and treatment needs of patients in China (especially in low-tier cities). We will continue to carry out routine patient screening, diagnosis and referral, and carry out the whole-process health management of patients from the very beginning, so as to help more TAVI patients to receive timely and reliable treatment.

- **Build academic brand to achieve professional education and promotion.** We fully explore the highlights of differentiated products, develop targeted training programs by discipline, and increase our influence among young-and-middle-aged physicians through academic competition. We have built the KOLs and physician network in the professional field of structural heart diseases and maintained frequent communications with several leading medical associations in these fields to fully build a bright academic brand and achieve professional physician education and product promotion.

- **Conduct long-term postoperative follow-ups and efficacy evaluation.** We continue to conduct follow-up evaluations after TAVI procedures to further monitor the long-term safety and efficacy of VitaFlow® and VitaFlow Liberty®. We believe that we are well-positioned to further boost our product and brand recognition through these valuable long-term clinical data and provide inspiration for the R&D of the next generation of our products.

Strengthen promotion of LAAC products to improve its global market share

Based on the excellent clinical results of our LAAC products and our years of experience and resources in the field of structural heart disease, we will strengthen the promotion of LAAC products and strive to rapidly increase its market share in China. By collaborating with electrophysiology manufacturers to promote the "catheter ablation + LAAC" one-stop procedure, we are accelerating the commercialization of LAAC. Meanwhile, we will accelerate the global commercialization process of AnchorMan® LAAC System and LAAA System, so as to achieve rapid growth in both the number of overseas implant volume and revenue of the product.

Continue to advance our international strategy

We will continue to collaborate with global enablers, including medical device companies, research institutes, hospitals and distributors, to advance our international strategy. We have selected European and other emerging markets, especially countries that recognize CE Mark or the NMPA approval, as key overseas markets to promote the registration and commercialization of VitaFlow Liberty®, AnchorMan® LAAC System and LAAA System. Leveraging the reliable performance of our products, excellent clinical data, and positive feedback from physicians worldwide, we will continue to utilize the global reputation of the MicroPort® brand and the existing sales network of the MicroPort® Group. Supplemented by the professional guidance and business management of our global Total Solutions Team, as well as the support and promotion of domestic and overseas academic collaboration, we will realize the synergy and linkage of global resources, continuously expand our business footprint, and accelerate the development of global business. As part of our international strategy, we will increase investment in overseas clinical resources: further strengthen the building of clinical support teams and improve their quality;

continue to invest in medical education and increase the number of overseas teaching and exchange training centers; and continuously empower overseas sales networks to ensure that our solutions can effectively serve patients. We will also continue to build a more professional international scientific advisory board and use its rich experience and expertise to serve overseas customers. We will participate more actively in well-known international professional conferences on cardiovascular diseases, and continue to promote our solutions by organizing presentations, publishing case studies and demonstrating live surgeries, so as to gradually enhance our brand awareness globally.

Orderly advance the R&D of new products

Capitalizing our market position and extensive know-how in structural heart diseases, and working closely with our international scientific advisory board and KOLs to understand the clinical demands, market trends and technology breakthroughs, we continue our focus on the development of other pipeline products to expand our product portfolio, including TAVI, TMV, TTV, LAAC, ventricular septum reconstruction product and next-generation procedural accessories designated to strengthen our leading market position in medical devices for structural heart diseases.

Seek external cooperation to expand product portfolio

We will search for products and technologies with great clinical potential based on our deep and unique understanding and investigation of structural heart diseases, explore opportunities for cooperation and conduct prudent evaluation, in order to expand product portfolios through acquisitions, cooperations or licensing.

Focus on costs reduction and expenditures control to accelerate the profitability process

With the robustness of the financial statements as our priority, we will further minimize our losses by focusing on our business, increasing revenue, cutting costs and reducing expenses, and strive to achieve profitability as soon as possible while maintaining a steady growth in revenue.

Significant Investments, Material Acquisitions and Disposals during the Reporting Period

On May 30, 2025, MicroPort Sinica and Shanghai Zuoqing (collectively as the sellers), MP CardioFlow (as the purchaser) and MP CardioAdvent entered into the Equity Transfer Agreement, pursuant to which MP CardioFlow conditionally agreed to acquire, and MicroPort Sinica and Shanghai Zuoqing conditionally agreed to sell, approximately 35.27% and 13.73% equity interest in MP CardioAdvent. Such discloseable and connected transaction was approved by the Shareholders on June 27, 2025. For further details, including the principal businesses of the parties

to the Equity Transfer Agreement and the investment costs, please refer to the announcements and circular of the Company dated May 30, 2025, June 5, 2025 and June 27, 2025, respectively. As of June 30, 2025, (i) the total identifiable net assets of MP CardioAdvent was RMB70,307,000, with a size relative to the Group's total assets being 2.6%; and (ii) there was no realised or unrealized gain or loss and no dividends have been received from MP CardioAdvent. For the Company's investment strategy regarding MP CardioAdvent, please refer to the section headed "*(c) For the year ended December 31, 2024 — Business Review — Significant Investments, Material Acquisitions and Disposals during the Reporting Period*" above in this Appendix I.

Save as disclosed above, we did not make any significant investments or material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

FINANCIAL REVIEW

Overview

The following discussion is based on, and should be read in conjunction with, the financial information and the notes included elsewhere in this interim report.

Revenue

During the Reporting Period, our revenue was mainly generated from our commercialized products, VitaFlow®, VitaFlow Liberty®, VitaFlow Liberty® Flex, AnchorMan® LAAA System and AnchorMan® LAAC System. Our Group's revenue increased by 2.7% from RMB223.1 million for the six months ended June 30, 2024 to RMB229.1 million for the six months ended June 30, 2025, primarily attributable to (i) our overseas revenue increased significantly contributed by the advancement of the VitaFlow Liberty® transcatheter aortic valve and retrievable delivery system in terms of global commercialization during the Reporting Period; and (ii) the steady advancement of commercialization of the AnchorMan® LAAC System and the AnchorMan® LAAA System both in the PRC and overseas.

Cost of Sales

During the Reporting Period, our cost of sales was mainly related to the manufacturing of VitaFlow®, VitaFlow Liberty®, VitaFlow Liberty® Flex, AnchorMan® LAAA System and AnchorMan® LAAC System. Our cost of sales increased by 5.0% from RMB64.9 million for the six months ended June 30, 2024 to RMB68.2 million for the six months ended June 30, 2025, primarily attributable to the increase of raw materials costs, staff costs and manufacturing expenses as a result of the enlarged sales volumes.

Gross Profit and Gross Profit Margin

Our gross profit increased by 1.7% from RMB158.2 million for the six months ended June 30, 2024 to RMB160.9 million for the six months ended June 30, 2025, and the gross profit margin remained stable for the six months ended June 30, 2025 compared to six months ended June 30, 2024.

Other Net Income

For the six months ended June 30, 2025, we recorded RMB38.4 million of other net income, representing a decrease as compared to RMB41.9 million for the six months ended June 30, 2024, which primarily attributable to the decrease in interest income arising from time deposits during the Reporting Period.

R&D Costs

Our R&D costs decreased by 38.1% from RMB83.1 million for the six months ended June 30, 2024 to RMB51.4 million for the six months ended June 30, 2025, primarily attributable to the adjustments in the priority and resource investment of projects based on the prevailing market outlook and the efficiency analysis on input-output in a prudent manner.

Selling and Distribution Costs

Our selling and distribution costs decreased by 9.0% from RMB87.2 million for the six months ended June 30, 2024 to RMB79.3 million for the six months ended June 30, 2025, primarily attributable to the enhancement of synergies and interconnections of sales channels while expanding our sales, and the increase in the enhancement of operational efficiency.

Administrative Expenses

Our administrative expenses increased by 22.5% from RMB31.8 million for the six months ended June 30, 2024 to RMB38.9 million for the six months ended June 30, 2025, primarily attributable to the depreciation expenses of the properties held by Shanghai Xinyong during the Reporting Period.

Fair Value Changes in Financial Instruments

The gain on fair value changes in financial instruments was RMB4.6 million for the six months ended June 30, 2025, compared to the gain of RMB2.4 million on fair value changes for the six months ended June 30, 2024, which mainly arose from the fair value changes of the financial instruments issued by 4C Medical.

Other Operating Costs

Our other operating costs increased by 4.9% from RMB29.0 million for the six months ended June 30, 2024 to RMB30.4 million for the six months ended June 30, 2025, primarily attributable to the increase of legal and professional fees during the Reporting Period.

Finance Costs

Our finance costs increased from RMB2.0 million for the six months ended June 30, 2024 to RMB3.1 million for the six months ended June 30, 2025, primarily attributable to interest expense from interest-bearing borrowings during the Reporting Period.

Gain on deemed disposal of interests in an associate

For the six months ended June 30, 2025, our gain on deemed disposal of interests in an associate was RMB27.1 million (for the six months ended June 30, 2024: nil), which was primarily from the decrease in the Group's effective equity interest in 4C Medical, following the completion of series D financing of 4C Medical during the Reporting Period.

Share of Losses of Associates

Our share of losses of associates increased from RMB23.6 million for the six months ended June 30, 2024 to RMB26.8 million for the six months ended June 30, 2025, which was primarily attributable to the losses incurred by 4C Medical under the equity method during the Reporting Period.

Inventories

Our inventories decreased by 19.7% from RMB135.4 million as of December 31, 2024 to RMB108.8 million as of June 30, 2025, primarily attributable to the improvement in operational efficiency.

Trade and Other Receivables

Our trade and other receivables primarily consist of (i) trade receivables and bills receivables; (ii) interest receivables; (iii) VAT recoverable, representing VAT to be recovered or deducted from future value-added tax payables arising from the Group's revenue; and (iv) deposits and prepayments to suppliers and service providers. Our trade and other receivables increased by 52.7% from RMB180.0 million as of December 31, 2024 to RMB274.7 million as of June 30, 2025, primarily attributable to an increase in trade receivables based on the different credit terms for domestic and overseas sales.

Interests in Associates

Our interest in associates increased by 52.0% from RMB165.8 million as of December 31, 2024 to RMB252.0 million as of June 30, 2025, primarily attributable to (i) the preferred shares of 4C Medical newly converted from convertible instruments, (ii) the gain on deemed disposal of the equity interest of 4C Medical, and partially offset by (iii) the losses recognized under equity method during the Reporting Period.

Trade and Other Payables

Our trade and other payables primarily consist of (i) trade payables due to third party suppliers and related parties; (ii) accrued payroll; and (iii) other payables and accrued charges. Our trade and other payables decreased by 59.7% from RMB358.6 million as of December 31, 2024 to RMB144.6 million as of June 30, 2025, primarily attributable to the payment of the consideration in connection with the acquisition of Shanghai Xinyong.

Capital Expenditure

Our capital expenditure amounted to RMB230.2 million during the Reporting Period, compared to RMB5.4 million as of June 30, 2024, which was used for acquiring (i) properties; and (ii) equipment, machinery and software.

Foreign Exchange Exposure

During the Reporting Period, our Group mainly operated in China and a majority of its transactions were settled in RMB, the functional currency of our Company's primary subsidiaries. As of June 30, 2025, a portion of our Group's bank balances was denominated in US dollars. We currently do not have a foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should

the need arise. Except for certain bank balances, trade and other receivables, trade and other payables, and other denominated in foreign currencies, our Group did not have significant foreign currency exposure from its operations as of June 30, 2025.

Contingent Liabilities

As of June 30, 2025, we did not have any contingent liabilities.

Capital Management

Our Group's objectives in the aspect of managing capital are to safeguard our Group's ability to continue as a going concern in order to provide returns for Shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Our Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher Shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and make adjustments to the capital structure in light of changes in economic conditions.

Liquidity and Financial Resources

Our cash and cash equivalents, time deposits and pledged deposits decreased from RMB1,359.1 million as of December 31, 2024 to RMB1,320.3 million as of June 30, 2025, primarily attributable to continuous expansion of the business scale of the Group. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserve of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. Our Company believes that we have sufficient funds to satisfy our working capital and capital expenditure requirements for 2025.

Our Group's borrowings as of June 30, 2025 were RMB255.0 million (as compared to RMB41.5 million as of December 31, 2024), all of which were denominated in RMB with maturity dates in 2025, 2026, 2027 and 2028, respectively. As at 30 June 2025, secured bank loans of RMB226,777,000 were secured by a pledge of 100% equity interest of a subsidiary and was also secured by all lands and buildings owned by this subsidiary, with interest of 3.13% per annum. As at 30 June 2025, unsecured bank loans of RMB12,750,000 and RMB15,500,000 were guaranteed by the ultimate holding company MPSC and a subsidiary of the Group respectively, with interest ranging from 2.75% to 3.30% per annum.

Gearing Ratio

As of June 30, 2025, the gearing ratio of our Group (calculated as total interest-bearing borrowings and lease liabilities divided by total equity as of the same date) increased to 12.6%, compared to 3.5% as of December 31, 2024, which was primarily attributable to the increase in interest-bearing borrowings during the Reporting Period.

Net Current Assets

Our Group's net current assets as of June 30, 2025 were RMB1,458.2 million, as compared to net current assets of RMB1,240.6 million as of December 31, 2024. Such increase was mainly attributable to the decrease of trade and other payables.

Charge on Assets

As of June 30, 2025, for the purpose of securing bank loans with a carrying value of RMB226.6 million, the Group had mortgaged the building and land use right held for own use, and pledged the equity interest of a subsidiary held by the Group.

(e) Funding and treasury policies

The Group adopts prudent funding and treasury policies to ensure that it maintains sufficient reserve of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. The Group has guidelines in place to monitor and control its investment risk exposure and to manage its capital. The Board closely reviews the Group's liquidity position to ensure the Group has sufficient funds to satisfy its working capital and capital expenditure requirements from time to time.

The following is the text of a report set out on pages II-1 to II-106, received from the Target Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this circular.

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF MICROPORT CARDIAC RHYTHM MANAGEMENT LIMITED TO THE DIRECTORS OF MICROPORT CARDIOFLOW MEDTECH CORPORATION

Introduction

We report on the historical financial information of MicroPort Cardiac Rhythm Management Limited (the "**Target Company**") and its subsidiaries (together, the "**Target Group**") set out on pages II-4 to II-106, which comprises the consolidated statements of financial position of the Target Group as at 31 December 2022, 2023 and 2024 and 30 June 2025 and the consolidated statements of profit or loss, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statement for each of the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025 (the "**Relevant Periods**"), and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages II-4 to II-106 forms an integral part of this report, which has been prepared for inclusion in the circular of MicroPort CardioFlow Medtech Corporation (the "**Company**") dated November 24, 2025 (the "**Circular**") in connection with very substantial acquisition and connected transaction involving issue of new shares under specific mandate in relation to the acquisition of the Target Group by the Company.

Directors' responsibility for Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

The Underlying Financial Statements of the Target Group as defined on page II-4, on which the Historical Financial Information is based, were prepared by the directors of the Target Company. The directors of the Target Company are responsible for the preparation of the Underlying Financial Statements that give a true and fair view in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants

("**HKICPA**"), and for such internal control as the directors of the Target Company determine is necessary to enable the preparation of the Underlying Financial Statements that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the HKICPA. This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Target Group's financial position as at 31 December 2022, 2023 and 2024 and 30 June 2025 and of the Target Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Review of Stub Period Corresponding Financial Information

We have reviewed the stub period corresponding financial information of the Target Group which comprises the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the six months ended 30 June 2024 and other explanatory information (the "**Stub Period Corresponding Financial Information**"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Corresponding Financial Information in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Corresponding Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Corresponding Financial Information, for the purpose of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-4 have been made.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

November 24, 2025

HISTORICAL FINANCIAL INFORMATION

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Target Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by KPMG under separate terms of engagement with the Target Company in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "**Underlying Financial Statements**").

Consolidated statements of profit or loss

(Expressed in United States dollars)

		Year ended 31 December			Six months ended 30 June	
	Note	**2022**	**2023**	**2024**	**2024**	**2025**
		US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
					(Unaudited)	
Revenue	*4*	205,179	207,041	220,613	113,361	114,103
Cost of sales		(89,668)	(99,758)	(94,957)	(50,041)	(56,663)
Gross profit		115,511	107,283	125,656	63,320	57,440
Other net income/(loss)	*5*	4,538	9,841	(4,594)	(875)	16,379
Fair value change on convertible bonds	*22*	(5,579)	(11,407)	(28,710)	(13,061)	(20,925)
Research and development costs		(59,266)	(55,524)	(42,685)	(21,587)	(19,784)
Selling and distribution expenses		(85,524)	(88,075)	(86,838)	(40,267)	(39,121)
Administrative expenses		(28,906)	(27,262)	(19,800)	(9,146)	(10,125)
Other operating costs	*6(c)*	(9,418)	(8,648)	(2,220)	(60)	(53)
Loss from operations		(68,644)	(73,792)	(59,191)	(21,676)	(16,189)
Finance costs	*6(a)*	(37,169)	(41,539)	(45,947)	(22,715)	(24,592)
Loss before taxation	*6*	(105,813)	(115,331)	(105,138)	(44,391)	(40,781)
Income tax	*7(a)*	(1,116)	(3,835)	(3,892)	(615)	(839)
Loss for the year/period and attributable to equity shareholders of the Target Company		(106,929)	(119,166)	(109,030)	(45,006)	(41,620)

The accompanying notes form part of the Historical Financial Information.

Consolidated statements of profit or loss and other comprehensive income

(Expressed in United States dollars)

	Year ended 31 December			Six months ended 30 June	
	2022	**2023**	**2024**	**2024**	**2025**
	US$'000	*US$'000*	*US$'000*	*US$'000* (Unaudited)	*US$'000*
Loss for the year/period	(106,929)	(119,166)	(109,030)	(45,006)	(41,620)
Other comprehensive income for the year/period, net of tax					
Item that will not be reclassified to profit or loss:					
Remeasurement of net defined benefit liabilities	531	91	649	494	497
Item that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of financial statements of overseas subsidiaries	(16,346)	5,556	(3,571)	(1,790)	2,697
Other comprehensive income for the year/period	(15,815)	5,647	(2,922)	(1,296)	3,194
Total comprehensive income for the year/period	(122,744)	(113,519)	(111,952)	(46,302)	(38,426)

The accompanying notes form part of the Historical Financial Information.

Consolidated statements of financial position

(Expressed in United States dollars)

	Note	31 December 2022	31 December 2023	31 December 2024	30 June 2025
		US$'000	*US$'000*	*US$'000*	*US$'000*
Non-current assets					
Property, plant and equipment	*10*	49,135	47,806	40,258	40,377
Intangible assets	*11*	22,232	19,099	16,104	16,783
Goodwill	*12*	103,327	105,829	102,248	109,490
Deferred tax assets	*21(b)*	7,782	8,653	7,953	8,892
Other non-current assets	*13*	18,356	16,510	12,542	14,288
		200,832	197,897	179,105	189,830
Current assets					
Inventories	*14*	68,211	84,213	78,788	80,515
Trade and other receivables	*15*	60,664	63,859	58,459	77,059
Cash and cash equivalents	*16*	142,168	49,012	46,046	21,878
		271,043	197,084	183,293	179,452
Current liabilities					
Trade and other payables	*17*	79,165	79,587	69,368	70,465
Contract liabilities	*18*	8,989	6,113	6,142	6,200
Interest-bearing borrowings	*20*	—	—	696	751
Convertible bonds	*22*	135,579	134,096	194,000	208,616
Lease liabilities	*19*	7,144	4,706	4,299	4,480
Financial instruments with preferred rights	*24*	—	—	359,111	379,858
Income tax payables	*21(a)*	742	1,388	961	2,649
		231,619	225,890	634,577	673,019
Net current assets/(liabilities)		39,424	(28,806)	(451,284)	(493,567)
Total assets less current liabilities		240,256	169,091	(272,179)	(303,737)

	Note	31 December 2022	31 December 2023	31 December 2024	30 June 2025
		US$'000	*US$'000*	*US$'000*	*US$'000*
Non-current liabilities					
Interest-bearing borrowings	*20*	—	—	—	629
Lease liabilities	*19*	20,825	21,342	18,218	19,828
Deferred income		1,220	1,979	1,036	1,018
Contract liabilities	*18*	24,583	27,118	25,501	29,282
Other payables	*17*	2,233	3,091	2,260	2,462
Defined benefit retirement plans	*23*	8,088	8,500	7,691	8,196
Financial instruments with preferred rights	*24*	286,680	320,808	—	—
		343,629	382,838	54,706	61,415
NET LIABILITIES		(103,373)	(213,747)	(326,885)	(365,152)
CAPITAL AND RESERVES	*26*				
Share capital		8	8	8	8
Reserves		(103,381)	(213,755)	(326,893)	(365,160)
TOTAL DEFICIT		(103,373)	(213,747)	(326,885)	(365,152)

The accompanying notes form part of the Historical Financial Information.

Consolidated statements of changes in equity

(Expressed in United States dollars)

	Note	Share capital	Share premium	Exchange reserve	Capital reserve	Accumulated losses	Total equity/ (deficit)
		US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Balance at 1 January 2022		8	25,469	(15,233)	220,233	(214,341)	16,136
Changes in equity for 2022:							
Loss for the year		—	—	—	—	(106,929)	(106,929)
Other comprehensive income		—	—	(16,346)	531	—	(15,815)
Total comprehensive income		—	—	(16,346)	531	(106,929)	(122,744)
Equity-settled share-based transactions	*25*	—	—	—	3,235	—	3,235
Balance at 31 December 2022 and 1 January 2023		8	25,469	(31,579)	223,999	(321,270)	(103,373)
Changes in equity for 2023:							
Loss for the year		—	—	—	—	(119,166)	(119,166)
Other comprehensive income		—	—	5,556	91	—	5,647
Total comprehensive income		—	—	5,556	91	(119,166)	(113,519)
Equity-settled share-based transactions	*25*	—	—	—	3,145	—	3,145
Balance at 31 December 2023 and 1 January 2024		8	25,469	(26,023)	227,235	(440,436)	(213,747)
Changes in equity for 2024:							
Loss for the year		—	—	—	—	(109,030)	(109,030)
Other comprehensive income		—	—	(3,571)	649	—	(2,922)
Total comprehensive income		—	—	(3,571)	649	(109,030)	(111,952)
Equity-settled share-based transactions	*25*	—	—	—	(1,186)	—	(1,186)
Balance at 31 December 2024		8	25,469	(29,594)	226,698	(549,466)	(326,885)

	Note	Share capital	Share premium	Exchange reserve	Capital reserve	Accumulated losses	Total equity/ (deficit)
		US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Balance at 1 January 2025		8	25,469	(29,594)	226,698	(549,466)	(326,885)
Changes in equity for the six months ended 30 June 2025:							
Loss for the period		—	—	—	—	(41,620)	(41,620)
Other comprehensive income		—	—	2,697	497	—	3,194
Total comprehensive income		—	—	2,697	497	(41,620)	(38,426)
Equity-settled share-based transactions	*25*	—	—	—	159	—	159
Balance at 30 June 2025		8	25,469	(26,897)	227,354	(591,086)	(365,152)
(Unaudited)							
Balance at 1 January 2024		8	25,469	(26,023)	227,235	(440,436)	(213,747)
Changes in equity for the six months ended 30 June 2024:							
Loss for the period		—	—	—	—	(45,006)	(45,006)
Other comprehensive income		—	—	(1,790)	494	—	(1,296)
Total comprehensive income		—	—	(1,790)	494	(45,006)	(46,302)
Equity-settled share-based transactions	*25*	—	—	—	(1,543)	—	(1,543)
Balance at 30 June 2024		8	25,469	(27,813)	226,186	(485,442)	(261,592)

The accompanying notes form part of the Historical Financial Information.

Consolidated cash flow statement

(Expressed in United States dollars)

	Note	Year ended 31 December			Six months ended 30 June	
		2022	2023	2024	2024	2025
		US$'000	*US$'000*	*US$'000*	*US$'000* (Unaudited)	*US$'000*
Operating activities						
Loss before taxation		(105,813)	(115,331)	(105,138)	(44,391)	(40,781)
Adjustments for:						
Amortisation and depreciation	*6(d)*	17,127	16,430	16,100	8,141	7,884
Finance costs	*6(a)*	31,679	37,356	41,427	20,168	22,583
Transaction costs that relate to the issue of the convertible bonds	*16(b)*	1,210	—	12	—	—
Fair value change on convertible bonds	*16(b)*	5,579	11,407	28,710	13,061	20,925
Loss on disposal of property, plant and equipment		—	408	1,742	804	249
Equity-settled share-based payments		3,235	3,145	(1,186)	(1,543)	159
Changes in working capital:						
(Increase)/decrease in inventories		(6,844)	(16,002)	5,425	(3,790)	(1,727)
Decrease/(increase) in trade and other receivables		7,845	(3,195)	5,400	194	(18,600)
Increase/(decrease) in trade and other payables		4,347	(45)	(10,704)	(6,217)	(3,270)
Increase/(decrease) in deferred income		555	759	(943)	(904)	(18)
(Increase)/Decrease in other non-current assets		(435)	3,941	6,063	(314)	(1,735)
(Decrease)/increase in contract liabilities		(4,337)	(341)	(1,588)	(1,525)	3,839
Cash used in operating activities		(45,852)	(61,468)	(14,680)	(16,316)	(10,492)
Income tax paid		(2,592)	(2,684)	(2,037)	(608)	(461)
Net cash used in operating activities		(48,444)	(64,152)	(16,717)	(16,924)	(10,953)
Investing activities						
Payments for the purchase of property, plant and equipment		(5,245)	(5,004)	(8,127)	(2,232)	(1,782)
Payments for intangible assets		(4,507)	(2,916)	(371)	(371)	(42)
Net cash used in investing activities		(9,752)	(7,920)	(8,498)	(2,603)	(1,824)

	Note	Year ended 31 December			Six months ended 30 June	
		2022	2023	2024	2024	2025
		US$'000	*US$'000*	*US$'000*	*US$'000* (Unaudited)	*US$'000*
Financing activities						
Capital element of lease rentals paid	*16(b)*	(8,490)	(5,957)	(4,532)	(2,078)	(2,488)
Interest element of lease rentals paid	*16(b)*	(1,550)	(3,228)	(3,122)	(1,661)	(1,629)
Proceeds from interest-bearing borrowings, net of transaction costs	*16(b)*	—	—	695	—	695
Proceeds from issuance of convertible bonds	*16(b)*	128,790	—	44,988	—	—
Interest paid for the convertible bonds	*16(b)*	—	(12,890)	(13,806)	(6,919)	(6,309)
Interest paid for interest-bearing borrowings	*16(b)*	—	—	—	—	(221)
Net cash generated from/(used in) financing activities		118,750	(22,075)	24,223	(10,658)	(9,952)
Net increase/(decrease) in cash and cash equivalents		60,554	(94,147)	(992)	(30,185)	(22,729)
Cash and cash equivalents at the beginning of the year/period		86,147	142,168	49,012	49,012	46,046
Effect of foreign exchange rate changes		(4,533)	991	(1,974)	2,418	(1,439)
Cash and cash equivalents at the end of the year/period		142,168	49,012	46,046	21,245	21,878

The accompanying notes form part of the Historical Financial Information.

Notes to the Historical Financial Information
(Expressed in United States dollars)

1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

MicroPort Cardiac Rhythm Management Limited ("**the Target Company**") was incorporated in the Cayman Islands on 12 August 2019 as an exempted company with limited liability under the Companies Act (As Revised) of the Cayman Islands.

The Target Company is an investment holding company since the date of its incorporation. The Target Company and its subsidiaries (the "**Target Group**") are principally engaged in the sales, manufacture, research and development of cardiac rhythm management devices.

The Historical Financial Information has been prepared assuming the Target Group will continue as a going concern notwithstanding that the Target Group recorded net liabilities of US$365,152,000 and net current liabilities of US$493,567,000 as at 30 June 2025, which is primarily due to convertible bonds totalling US$208,616,000 (see Note 22) and the financial instruments with preferred rights totalling US$379,858,000 (see Note 24) are classified as current liabilities. The directors of the Target Company are of the opinion that the Target Group is able to meet in full its financial obligations as they fall due for at least the next twelve months from 30 June 2025, having taken into account of: i) convertible bonds with the carrying amount of US$156,835,000 on June 2025 held by holders other than MicroPort International Corp. Limited ("**MicroPort International**") was redeemed in September 2025 primarily through a three years interest-bearing borrowing in September 2025 (see Note 33(a)); ii) convertible bonds held by MicroPort International (excluding the accrued interests of CRM Convertible Bonds B (see Note 22)) and the financial instruments with preferred rights with carrying amount of approximately US$43,669,000 and US$379,858,000, respectively, on 30 June 2025 will be reclassified to equity upon the completion of the Merger (see Note 33(b)); iii) the accrued interests of CRM Convertible Bonds B (see Note 22) with carrying amount of approximately US$8,112,000 on 30 June 2025 will be converted to an unsecured, long-term interest-bearing loan of the Target Company (see Note 33(b)); and iv) the Target Group's cash flow forecast for the next twelve months from 30 June 2025. Accordingly, the directors of the Target Company consider it is appropriate to prepare the Historical Financial Information on a going concern basis.

The Historical Financial Information has been prepared in accordance with all applicable HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards ("**HKFRSs**"), Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). Further details of the material accounting policy information adopted are set out in Note 2.

The HKICPA has issued a number of new and revised HKFRS Accounting Standards. For the purpose of preparing this Historical Financial Information, the Target Group has adopted all applicable new and revised HKFRS Accounting Standards to the Relevant Periods, except for any new standards or interpretations that are not yet effective for the Relevant Periods. The revised and new accounting standards and interpretations issued but not yet effective for the Relevant Periods are set out in Note 32.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

The Stub Period Corresponding Financial Information has been prepared in accordance with the same basis of preparation and presentation adopted in respect of the Historical Financial Information.

The Historical Financial Information and the Stub Period Corresponding Financial Information are presented in US$, rounded to the nearest thousand, unless otherwise indicated.

As at the date of this report, no audited financial statements have been prepared for the Target Company and MicroPort CR Netherlands, as they have not carried out any business since the date of incorporation or are investment holding companies and not subject to statutory audit requirements under the relevant rules and regulations in the jurisdiction of incorporation. The financial statements of the subsidiaries of the Target Group for which there are statutory requirements were prepared in accordance with the relevant accounting rules and regulations applicable to the entities in the countries in which they were incorporated and/or established.

As at the date of this report, the Target Company has interests in the following principal subsidiaries, which are private companies:

Name of company	Place and date of incorporation/ establishment	Issued ordinary share/ registered share capital	Proportion of ownership interest Held by the Target Company	Held by the subsidiary	Principal activities
MicroPort CR Netherlands	The Netherlands 16 November 2017	Euro ("**€**") 133.33	—	100%	Investment holding
Sorin CRM S.A.S (a)	France 25 July 1977	€12,327,766.45	—	100%	Designing, developing, manufacturing and commercializing cardiac rhythm management ("**CRM**") devices
MicroPort CRM France SAS. (a)	France 16 July 2004	€82,200,000	—	100%	Commercializing CRM devices
MicroPort CRM S.r.l ("**MicroPort CRM Italy**") (b)	Italy 27 December 2018	€3,932,700	—	100%	Manufacturing and commercializing CRM devices
MicroPort CRM Medical S.L. ("**MicroPort CRM Spain**") (c)	Spain 6 November 2017	€3,500	—	100%	Commercializing CRM devices
MicroPort Soaring CRM (Shanghai) Co., Ltd.* ("**MicroPort CRM Shanghai**") (創領心律管理醫療器械(上海)有限公司) (d)	The People's Republic of China ("**PRC**") 30 May 2013	RMB727,254,970	—	100%	Designing, developing, manufacturing and commercializing CRM devices

Notes:

(a) The statutory financial statements of the entities for the years ended 31 December 2022, 2023 and 2024 were audited by KPMG S.A..

(b) The statutory financial statements of the entity for the years ended 31 December 2022, 2023 and 2024 were audited by KPMG S.p.A..

(c) The statutory financial statements of the entity for the years ended 31 December 2022, 2023 and 2024 were audited by KPMG Auditors, S.L..

(d) This entity is a limited liability company. The statutory financial statements of the entity for the years ended 31 December 2022, 2023 and 2024 was audited by UniTax Zhenqing Certified Public Accountants (Special General Partnership) Shanghai Branch * (尤尼泰振青會計師事務所(特殊普通合夥)上海分所)).

* The official name of this company is in Chinese. The English name is for identification purpose only.

All companies comprising the Target Group have adopted 31 December as their financial year end date.

2 MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except that the following instruments are stated at their fair value as explained in the accounting policy as set out below:

— Convertible bonds (see Note 2(q))

(b) Use of estimates and judgements

The preparation of Historical Financial Information in conformity with HKFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3.

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Target Group. The Target Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-Group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-Group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Target Group can elect to measure any non-controlling interests ("**NCI**") either at fair value or at the NCI's proportionate share of the subsidiary's net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Target Company. NCI in the results of the Target Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Target Company. Loans from holders of NCI and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with Notes 2(n), (o), (p) or (q) depending on the nature of the liability.

Changes in the Target Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Target Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Target Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(i)(iii)).

(d) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Target Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see Note 2(i)(iii)).

On disposal of a cash-generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(e) Other investments in securities

The Target Group's policies for investments in securities, other than investments in subsidiaries, are set out below.

Investments in securities are recognised/derecognised on the date the Target Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("**FVPL**") for which transaction costs are recognised directly in profit or loss. These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

Non-equity investments are classified into one of the following measurement categories:

— amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see Note 2(u)(ii)).

— fair value through other comprehensive income ("**FVOCI**") — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

— FVPL, if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(f) Property, plant and equipment

Property, plant and equipment, including right-of-use assets arising from leases over leasehold properties and of underlying plant and equipment (see Note 2(h)) are stated at cost less accumulated depreciation and impairment losses (see Note 2(i)(iii)).

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related costs are recognised in profit or loss.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

— Leasehold improvements are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being 5 to 10 years from the date of completion;

— Equipment and machinery 5 to 11 years

— Office equipment, furniture, fixtures and motor vehicles 3 to 10 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(g) Intangible assets (other than goodwill)

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Target Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognised in profit or loss as incurred. Capitalised development expenditure is subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Other intangible assets, including patents and trademarks, that are acquired by the Target Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see Note 2(i)(iii)).

Expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognised in profit or loss.

The estimated useful lives the current and comparative periods are as follows:

— Technologies 9 to 16 years

—	Customer relationships	10 years
—	Software	3 to 8 years

Both the period and method of amortisation are reviewed annually.

The estimated useful lives of technologies are determined based on the period of validity of related patent protected by the relevant laws after considering the period of the economic benefits to the Target Group, technical obsolescence and estimates of useful lives of similar assets.

The estimated useful lives of customer relationships are determined with reference to each acquired business existing contract based on contract expiring dates, historical trend of termination or renewal rate and to the useful lives of customer relationships used by the industry peers.

The estimated useful lives of software are determined to be the shorter of the period of contractual rights or estimated period during which such software can bring economic benefits to the Target Group considering the different purposes, usage of the software and technological obsolescence.

(h) Leased assets

At inception of a contract, the Target Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Target Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Target Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Target Group enters into a lease in respect of a low-value asset, the Target Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 2(f) and 2(i)(iii)).

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortised cost (see Notes 2(e)(i), 2(u)(ii)(a) and 2(i)(i)). Any difference between the initial fair value and the nominal value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Target Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Target Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(i) ***Credit losses and impairment of assets***

(i) Credit losses from financial instruments and lease receivables

The Target Group recognises a loss allowance for expected credit losses ("**ECL**"s) on:

— financial assets measured at amortised cost (including cash and cash equivalents, trade receivables and other receivables, including those loans to associates and joint ventures that are held for the collection of contractual cash flows which represent solely payments of principal and interest);

— non-equity securities measured at FVOCI (recycling) (see Note 2(e)(i));

— lease receivables; and

— loan commitments: current risk-free rate adjusted for risks specific to the cash flows.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

— fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;

— variable-rate financial assets: current effective interest rate; and

— lease receivables: discount rate used in the measurement of the lease receivable.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Target Group is exposed to credit risk.

ECLs are measured on either of the following bases:

— 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

— lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

The Target Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

— financial instruments that are determined to have low credit risk at the reporting date; and

— other financial instruments (including loan commitments issued) for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition and when measuring ECLs, the Target Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Target Group's historical experience and informed credit assessment, that includes forward-looking information.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

— failure to make payments of principal or interest on their contractually due dates;

— an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

— an actual or expected significant deterioration in the operating results of the debtor; and

— existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Target Group.

The Target Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Target Group in full, without recourse by the Target Group to actions such as realising security (if any is held).

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Target Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Credit-impaired financial assets

At each reporting date, the Target Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

— significant financial difficulties of the debtor;

— a breach of contract, such as a default or being more than 90 days past due;

— the restructuring of a loan or advance by the Target Group on terms that the Target Group would not consider otherwise;

— it is probable that the debtor will enter bankruptcy or other financial reorganisation; or

— the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset or lease receivable is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Target Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Credit losses from financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "**holder**") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised at fair value, which is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Target Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

The amount initially recognised as deferred income is subsequently amortised in profit or loss over the term of the guarantee as income.

The Target Group monitors the risk that the specified debtor will default on the contract and remeasures the above liability at a higher amount when ECLs on the financial guarantees are determined to be higher than the carrying amount in respect of the guarantees.

A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in Note 2(i)(i) apply.

As the Target Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Target Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

(iii) Impairment of other non-current assets

At each reporting date, the Target Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("**CGUs**"). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(k) Contract assets and contract liabilities

A contract asset is recognised when the Target Group recognises revenue (see Note 2(u)(i)) before being unconditionally entitled to the consideration under the terms in the contract. Contract assets are assessed for ECLs (see Note 2(i)(i)) and are reclassified to receivables when the right to the consideration becomes unconditional (see Note 2(l)).

A contract liability is recognised when the customer pays non-refundable consideration before the Target Group recognises the related revenue (see Note 2(u)(i)). A contract liability also includes variable considerations such as rebates which are to offset further purchases from the customers.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 2(u)(ii)(a)).

(l) Trade and other receivables

A receivable is recognised when the Target Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost using the effective interest method and including an allowance for credit losses (see Note 2(i)).

Insurance reimbursement is recognised and measured in accordance with Note 2(t).

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Target Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for ECLs see Note 2(i)(i)).

(n) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost or invoice amounts.

(o) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with Note 2(w).

(p) Preferred shares

The preferred shares are classified, on the basis of their component parts, as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Preferred shares are classified as equity if they are non-redeemable by the Target Group or redeemable only at the Target Group's option, and any dividends are discretionary. Dividends on preferred shares capital classified as equity are recognised as distributions within equity.

Preferred shares are classified as financial liabilities if they are redeemable on a specific date or at the option of the non-controlling shareholders, or upon occurrence/non-occurrence of contingent events which the Target Group is not able to control over, or if dividend payments are not discretionary. The liability is recognised and measured in accordance with the Target Group's policy for interest-bearing borrowings set out in Note 2(w) and accordingly dividends thereon are recognised on an accrual basis in profit or loss as part of finance costs.

Conversion features of preferred shares are classified separately as equity if the option will be settled by exchange of a fixed amount of cash and other financial assets for a fixed number of the Target Group's own equity instruments. The equity component is the difference between the initial fair value of the preferred shares as a whole and the initial fair value of the liability component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity component in proportion to the allocation of proceeds.

(q) Convertible bonds

Convertible bonds which do not contain an equity component and contain several embedded derivatives, have been designated entirely as financial liabilities at FVPL. At initial recognition, the convertible bonds are measured at fair value. Transaction costs that relate to the issue of the convertible bonds are recognised immediately in profit or loss. Subsequent changes in the fair value of convertible bonds are recognised in profit or loss.

If the convertible bonds are converted, the fair value of the convertible bonds is transferred to share capital and share premium as consideration for the shares issued. If the convertible bonds are redeemed, any difference between the amount paid and the carrying amount of the convertible bonds is recognised in profit or loss.

(r) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Target Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Defined benefit retirement plan obligations

The Target Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount.

The calculation of defined benefit obligation is performed by using the projected unit credit method.

Remeasurements arising from defined benefit plans, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of any asset ceiling (excluding interest), are recognised immediately in OCI. Net interest expense for the period is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the reporting period to the then net defined benefit liability, taking into account any changes in the net defined benefit liability during the period. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

(iii) Share-based payments

The grant-date fair value of equity-settled share-based payments granted to employees is measured using the binomial lattice model. The amount is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date. The equity amount is recognised in the capital reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

(iv) Other long-term employee benefits

The Target Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

(v) Termination benefits

Termination benefits are recognised at the earlier of when the Target Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

(s) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

— temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

— temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Target Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

— taxable temporary differences arising on the initial recognition of goodwill; and

— those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Target Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Target Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Target Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(t) Provisions and contingent liabilities

Generally, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under that contract and an allocation of other costs directly related to fulfilling that contract. Before a provision is established, the Target Group recognises any impairment loss on the assets associated with that contract.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(u) Revenue and other income

Income is classified by the Target Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Target Group's assets under leases in the ordinary course of the Target Group's business.

Further details of the Target Group's revenue and other income recognition policies are as follows:

(i) Revenue from contracts with customers

The Target Group is the principal for its revenue transactions and recognises revenue on a gross basis, including the sale of medical devices that are sourced externally. In determining whether the Target Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Target Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Target Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

(a) Sale of medical devices

Revenue from product sales is recognised when the customer takes possession of and accepts the products, depending on the terms set forth in the customer contract. The Payment terms and conditions vary by customers and are based on the billing schedule established in the contracts or purchase orders with customers. The Target Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component as the period of financing is 12 months or less.

Provisions for estimated discounts and rebates to customers, returns/exchanges and other adjustments are accounted for as variable consideration and recorded as a reduction in sales.

In certain of the Target Group's business, the Target Group participates in arrangements that include multiple performance obligations. If the products are a partial fulfilment of a contract covering other goods and/or services, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis except when a variable consideration is allocated to a specific performance obligation in the contract. Generally, the Target Group establishes standalone selling prices with reference to the observable prices of products or services sold separately in comparable circumstances to similar customers. If the observable stand-alone selling prices are not available, the Target Group uses an expected costs plus a margin approach to estimate the stand-alone selling price.

(b) Revenue from post-sales services

The Target Group also renders certain post-sales services to patients in accordance with industry practice, to ensure the safe and effective use of the sold devices implanted into the patient until the implanted device needs to be replaced. The total transaction price is allocated to each performance obligation in an amount based on the estimated relative standalone selling prices of the goods or services underlying each performance obligation. If the observable stand-alone selling prices are not available, the Target Group uses an expected costs plus a margin approach to estimate the stand-alone selling price. Upon the sales of those implanted devices, which requires post-sales service, the Target Group defers revenue allocated to those unfulfilled performance obligations and recognises these services over the service period when they are rendered, which is estimated as 8 to 12 years based on the expected product lives of different implanted devices.

(ii) Revenue from other sources and other income

(a) Interest income

Interest income is recognised using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(b) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Target Group will comply with the conditions attaching to them.

Grants that compensate the Target Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Where the grant that compensate the Target Group for the cost of an asset, the grant received is credited to a deferred income account and is released to the profit and loss over the expected useful life of the relevant asset by equal annual instalments.

(v) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

However, foreign currency differences arising from the translation of the following items are recognised in OCI:

— an investment in equity securities designated as at FVOCI;

— a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; and

— qualifying cash flow hedges to the extent that the hedges are effective.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into US$ at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into US$ at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On disposal of a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the NCI shall be derecognised, but shall not be reclassified to profit or loss. If the Target Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Target Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(w) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(x) Asset acquisition

Groups of assets acquired and liabilities assumed are assessed to determine if they are business or asset acquisitions. On an acquisition-by-acquisition basis, the Target Group chooses to apply a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

When a group of assets acquired and liabilities assumed do not constitute a business, the overall acquisition cost is allocated to the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition. An exception is when the sum of the individual fair values of the identifiable assets and liabilities differs from the overall acquisition cost. In such case, any identifiable assets and liabilities that are initially measured at an amount other than cost in accordance with the Target Group's policies are measured accordingly, and the residual acquisition cost is allocated to the remaining identifiable assets and liabilities based on their relative fair values at the date of acquisition.

(y) Related parties

(a) A person, or a close member of that person's family, is related to the Target Group if that person:

(i) has control or joint control over the Target Group;

(ii) has significant influence over the Target Group; or

(iii) is a member of the key management personnel of the Target Group or the Target Group's parent.

(b) An entity is related to the Target Group if any of the following conditions applies:

(i) The entity and the Target Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Target Group or an entity related to the Target Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Target Group or to the Target Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(z) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Target Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Target Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENT AND ESTIMATES

(a) Critical accounting judgements in applying the accounting policies

In the process of applying the Target Group's accounting policies, management has made the following accounting judgement:

(i) Determining the lease term

As explained in policy Note 2(h), the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Target Group, the Target Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Target Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Target Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Target Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

(b) Sources of estimation uncertainty

Notes 12, 23, 25 and 27(d) contain information about the assumptions and their risk factors relating to goodwill impairment, defined benefit retirement plans, fair value of share options granted and convertible bonds. Other significant sources of estimation uncertainty are as follows:

(i) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and distribution expenses. These estimates are based on the current market condition and historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to changes in market conditions. Management reassesses these estimations at the balance sheet dates to ensure inventory is shown at the lower of cost and net realisable value.

(ii) Income tax

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The management carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of these transactions is reconsidered

periodically to take into account changes in tax legislations. Deferred tax assets are recognised for deductible temporary differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which they can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

(iii) Impairment of non-current assets

Internal and external sources of information are reviewed by the Target Group at the end of each reporting period to assess whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset or the cash-generating unit to which it belongs is estimated to determine impairment losses on the asset. Changes in facts and circumstances may result in revisions to the conclusion of whether an indication of impairment exists and revised estimates of recoverable amount, which would affect profit or loss in future years. Goodwill and intangible assets not yet available for use are tested for impairment at least annually even if there is no indication of impairment.

(iv) Revenue recognition

As explained in policy Note 2(u), the Target Group also renders certain post-sales services to patients in accordance with industry practice, to ensure the safe and effective use of the sold devices implanted into the patient until the implanted device needs to be replaced. The total transaction price is allocated to each performance obligation in an amount based on the estimated relative stand-alone selling prices of the goods or services underlying each performance obligation.

The Target Group allocated the transaction price of each performance obligation and recognised the post-sales services over the period, by considering the average costs and frequency of the provision of each post-sales service and the estimated product lives. These estimates are based on the historical information as well as prevailing market conditions. Management reassessed the estimation based on related available information at the balance sheet date. Changes in facts and circumstances may result in revisions to the conclusion, which would affect profit or loss in future years.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The Target Group derives revenue principally from the sales of medical devices through appointed distributors and direct sales force, as well as rendering of post-sales services.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines and the timing of revenue recognition is as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	**2023**	**2024**	**2024**	**2025**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(Unaudited)	
Revenue from contracts with customers within the scope of HKFRS 15					
Sales of medical devices — point in time	192,023	197,198	212,157	108,638	110,137
Revenue from post-sales service — over time	13,156	9,843	8,456	4,723	3,966
	205,179	207,041	220,613	113,361	114,103

The Target Group's customer base is diversified and includes no customer with whom transactions have exceeded 10% of the Target Group's revenue. Details of concentrations of credit risk arising from the customers are set out in Note 27(a).

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date.

The aggregated amount of the transaction price allocated to the remaining performance obligation under the Target Group's existing contracts was US$33,572,000, US$33,231,000, US$31,643,000 and US$35,482,000 as at 31 December 2022, 2023 and 2024 and 30 June 2025, respectively. This amount represents revenue expected to be recognised in the future from rendering post-sales services. The Target Group will recognise the expected revenue in future when or as the service is rendered, which is expected to occur over the estimated product lives of different implanted devices.

The Target Group has applied the practical expedient in paragraph 121 of HKFRS 15 such that the above information does not include information about revenue that the Target Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of medical devices that had an original expected duration of one year or less.

(b) Segment reporting

(i) Disaggregation of revenue

For the purpose of resources allocation and performance assessment, the Target Group's management focuses on the operating results of the Target Group as a whole. As such, the Target Group's resources are integrated and no discrete operating segment information is available. Accordingly, no operating segment information is presented.

(ii) Geographical information

The following tables sets out information about the geographical location of (i) the Target Group's revenue from external customers and (ii) the Target Group's property, plant and equipment, intangible assets, and goodwill ("**specified non-current assets**"). The geographical location of customers is based on the location at which the goods are delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, the location of the operation to which they are allocated, in case of intangible assets and goodwill.

Revenue from customers

	Year ended 31 December			Six months ended 30 June	
	2022	**2023**	**2024**	**2024**	**2025**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(Unaudited)	
Revenue from sales of medical devices					
Europe, Middle East and Africa	172,191	172,969	181,586	93,478	94,349
The PRC	13,139	16,175	24,269	11,939	12,097
Asia (other than the PRC)	12,308	10,793	8,718	4,180	5,121
North America	1,543	1,002	853	447	342
Others	5,998	6,102	5,187	3,317	2,194
	205,179	207,041	220,613	113,361	114,103

Specified non-current assets

	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	US$'000	*US$'000*	*US$'000*	*US$'000*
Europe, Middle East and Africa	148,494	156,703	145,269	155,280
The PRC	23,046	12,931	9,431	7,707
Asia (other than the PRC)	901	410	674	626
North America	—	2,495	2,950	2,786
Others	2,253	195	286	251
	174,694	172,734	158,610	166,650

5 OTHER NET INCOME/(LOSS)

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(Unaudited)	
France CIR (as defined in Note 15)	3,807	4,043	317	2,448	419
Government grants (i)	500	721	1,037	521	564
Net foreign exchange (loss)/gain	(87)	1,347	(6,729)	(3,847)	15,035
Others	318	3,730	781	3	361
	4,538	9,841	(4,594)	(875)	16,379

Note:

(i) Majority of the government grants are subsidies received from government for encouragement of research and development projects.

6 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

(a) Finance costs

	Year ended 31 December			Six months ended 30 June	
	2022	**2023**	**2024**	**2024**	**2025**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(Unaudited)	
Interest on interest-bearing borrowings	—	—	2	—	208
Interest on preferred shares issued *(Note 24)*	30,129	34,128	38,303	18,507	20,747
Interest on lease liabilities *(Note 10(b))*	1,550	3,228	3,122	1,661	1,628
Total interest expense on financial liabilities not at fair value through profit or loss	31,679	37,356	41,427	20,168	22,583
Interest accrued on advance payments from customers *(Note 18)*	3,810	3,336	3,725	1,636	1,706
Others	1,680	847	795	911	303
	37,169	41,539	45,947	22,715	24,592

(b) Staff costs#

	Year ended 31 December			Six months ended 30 June	
	2022	**2023**	**2024**	**2024**	**2025**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(Unaudited)	
Contributions to defined contribution retirement plans	1,298	1,571	1,273	623	693
Equity-settled share-based payment expenses *(Note 25c)*	3,870	3,526	(1,126)	(1,447)	179
Expenses recognised in respect of defined benefit retirement plans *(Note 23)*	497	633	546	287	297
Salaries, wages and other benefits	109,926	105,931	97,537	52,228	47,639
	115,591	111,661	98,230	51,691	48,808

Defined contribution retirement plans

The PRC

As stipulated by the labour regulations of the PRC, the Target Group participates in various defined contribution retirement plans organised by municipal and provincial governments for its employees. The Target Group is required to make contributions to the retirement plans at a specified proportion of the eligible employees' salaries. The Target Group's contributions made to the plans are non-refundable and cannot be used to reduce the future or existing level of contribution of the Target Group should any forfeiture be resulted from the plans.

(c) Other operating costs

	Year ended 31 December			Six months ended 30 June	
	2022	**2023**	**2024**	**2024**	**2025**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(Unaudited)	
Listing expenses related to previous IPO plan	3,679	4,848	—	—	—
Italian clawback *(i)*	5,652	—	—	—	—
Donations	87	270	132	—	—
Write-down of intangible assets *(ii)*	—	3,508	—	—	—
Others	—	22	2,088	60	53
	9,418	8,648	2,220	60	53

(i) In 2015, the Italian Parliament enacted a legislation that imposed a "payback" measure on medical device companies that supply goods and services to the Italian National Healthcare System. Under the measure, companies are required to make payments to the Italian government if medical device expenditures in a given year exceed regional expenditure ceilings established for that year. Companies are required to make payments equal to a percentage of expenditures exceeding maximum regional caps.

In the third quarter of 2022, the Italian Ministry of Health provided guidelines to the Italian regions and provinces on seeking payback of expenditure overruns relating to the years through 2015 to 2018 and the Target Group received the invoices issued by the various Italian regions. As at 31 December 2022, the Target Group's reserve for this matter is US$7,187,000, of which, US$1,535,000 was deducted from revenue for 2022 as a variable consideration, and the remaining US$5,652,000 in relation to the estimated amount for 2015 to 2021 was recorded in other operating costs.

(ii) In 2023, development of a new ERP system was paused and consequently certain investment amounting to US$3,508,000 was written down directly.

(d) Other items

	Year ended 31 December			Six months ended 30 June	
	2022	**2023**	**2024**	**2024**	**2025**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(Unaudited)	
Amortisation of intangible assets# *(Note 11)*	2,835	2,655	2,407	1,210	1,179
Depreciation charge# *(Note 10(a))*					
— owned property, plant and equipment	6,755	7,954	8,187	4,057	3,851
— right-of-use assets	7,537	5,821	5,506	2,874	2,854
	17,127	16,430	16,100	8,141	7,884
Research and development costs	59,266	55,524	42,685	21,587	19,784
Cost of inventories# *(Note 14(b))*	83,803	69,927	75,991	36,069	41,071
Auditors' remuneration	1,311	505	520	260	260

Cost of inventories includes US$15,639,000, US$16,957,000 and US$17,338,000, US$8,478,000 and US$9,168,000 respectively, relating to staff costs, depreciation and amortisation expenses, of which amount is also included in the respective total amounts disclosed separately above or in Note 6(b) for each of these types of expenses for the years ended 31 December 2022, 2023 and 2024 and for the six months ended 30 June 2024 and 2025.

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	Year ended 31 December			Six months ended 30 June	
	2022	**2023**	**2024**	**2024**	**2025**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(Unaudited)	
Current tax					
Provision for the year/period	1,628	3,156	3,141	716	1,925
(Over)/under-provision in respect of prior years/periods	(159)	1,415	363	363	120
	1,469	4,571	3,504	1,079	2,045
Deferred tax					
Origination and reversal of temporary differences	(353)	(736)	388	(464)	(1,206)
	1,116	3,835	3,892	615	839

Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

(i) Cayman Islands tax

Pursuant to the current rules and regulations of Cayman Islands, the Target Company is not subject to any income tax in this jurisdiction.

(ii) Hong Kong Profits Tax

The Target Company's subsidiary incorporated in Hong Kong is subject to Hong Kong Profits Tax at 16.5% of the estimated assessable profits. No provision for Hong Kong Profits Tax has been made for the Relevant Periods as there are no assessable profits during the Relevant Periods.

(iii) France Tax

For the years ended 31 December 2022, 2023 and 2024 and the six months ended 30 June 2025, income was taxed at 25%, 25%, 25% and 25%, respectively, and a corporate income tax surcharge of 3.3% applies to companies with a corporate income tax liability in excess of €763,000.

(iv) Italy Tax

MicroPort CRM Italy is liable to the Italy corporate income tax ("**IRES**") at a rate of 24%. In addition to IRES, MicroPort CRM Italy is also subject to a regional tax on productive activities ("**IRAP**"). The taxable base for IRAP is the net value of the production derived in each Italian region. The standard rate is 3.9%, which may be increased or decreased by regional authorities, to a certain extent.

(v) Spain Tax

MicroPort CRM Spain is liable to income tax at a rate of 25%.

(vi) The PRC Corporate Income Tax ("CIT")

MicroPort CRM Shanghai is liable to PRC CIT at a preferential income tax rate of 15% as MicroPort CRM Shanghai is certified as "High and New Technology Enterprise" ("**HNTE**"). According to Guoshuihan 2009 No. 203, if an entity is certified as an HNTE, it is entitled to a preferential income tax rate of 15% during the certified period. No provision for CIT has been made for the Relevant Periods as there are no assessable profits during the Relevant Periods.

(vii) Taxation for other entities of the Target Group is charged at the appropriate current rates of taxation ruling in the relevant countries.

(b) Reconciliation between income tax expense and accounting loss at applicable tax rates:

	Year ended 31 December			Six months ended 30 June	
	2022	**2023**	**2024**	**2024**	**2025**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(Unaudited)	
Loss before taxation	(105,813)	(115,331)	(105,138)	(44,391)	(40,781)
National tax on loss before taxation, calculated at the rates applicable to profit in the countries concerned	(11,499)	(43,421)	(15,268)	(4,548)	(184)
Effect of non-deductible expenses	974	33,362	407	256	64
Effect of tax losses not recognised	14,345	14,758	18,468	5,952	640
Effect of non-taxable income	(862)	(1,071)	(79)	(612)	(104)
Effect of utilisation of tax losses not recognised in previous years/periods	(581)	—	(14)	—	—
(Over)/under-provision in respect of prior years/periods	(159)	1,415	363	363	120
Others	(1,102)	(1,208)	15	(796)	303
Actual tax expense	1,116	3,835	3,892	615	839

8 DIRECTORS' EMOLUMENTS

Details of directors' emoluments during the Relevant Periods are as follows:

	Year ended 31 December 2022					
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Equity-settled share-based payment*(i)*	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Chairman and non-executive director						
Mr. Jonathan W Chen *(a)*	—	—	—	—	—	—
Executive director						
Mr. Benoît Christophe Michel Clinchamps *(b)*	—	410	213	—	611	1,234
Non-executive directors						
Dr. Luo Qiyi *(c)*	—	—	—	—	—	—
Mr. Huang Xiao *(d)*	—	—	—	—	—	—
Mr. Sun Xin *(e)*	—	—	—	—	—	—
	—	410	213	—	611	1,234

	Year ended 31 December 2023					
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Equity-settled share-based payment*(i)*	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Chairman and non-executive director						
Mr. Jonathan W Chen *(a)*	—	—	—	—	—	—
Executive director						
Mr. Benoît Christophe Michel Clinchamps *(b)*	—	457	162	—	557	1,176
Non-executive directors						
Dr. Luo Qiyi *(c)*	—	—	—	—	—	—
Mr. Huang Xiao *(d)*	—	—	—	—	—	—
Mr. Sun Xin *(e)*	—	—	—	—	—	—
Ms. Hui Qing *(f)*	—	—	—	—	—	—
Mr. Chen Xinxing *(g)*	—	—	—	—	—	—
	—	457	162	—	557	1,176

	Year ended 31 December 2024					
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Equity-settled share-based payment*(i)*	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Chairman and non-executive director						
Mr. Jonathan W Chen *(a)*	—	—	—	—	—	—
Executive director						
Mr. Benoît Christophe Michel Clinchamps *(b)*	—	443	121	—	313	877
Non-executive directors						
Mr. Huang Xiao *(d)*	—	—	—	—	—	—
Ms. Hui Qing *(f)*	—	—	—	—	—	—
Mr. Chen Xinxing *(g)*	—	—	—	—	—	—
	—	443	121	—	313	877

	Six months ended 30 June 2025					
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Equity-settled share-based payment*(i)*	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Chairman and non-executive director						
Mr. Jonathan W Chen *(a)*	—	—	—	—	—	—
Executive director						
Mr. Benoît Christophe Michel Clinchamps *(b)*	—	216	87	—	65	368
Mr. Philippe Wanstok *(h)*	—	264	—	9	78	351
Non-executive directors						
Mr. Huang Xiao *(d)*	—	—	—	—	—	—
Ms. Hui Qing *(f)*	—	—	—	—	—	—
Mr. Chen Xinxing *(g)*	—	—	—	—	—	—
	—	480	87	9	143	719

	Six months ended 30 June 2024 (unaudited)					
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Equity-settled share-based payment*(i)*	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Chairman and non-executive director						
Mr. Jonathan W Chen *(a)*	—	—	—	—	—	—
Executive director						
Mr. Benoît Christophe Michel Clinchamps *(b)*	—	209	136	—	157	502
Non-executive directors						
Mr. Huang Xiao *(d)*	—	—	—	—	—	—
Ms. Hui Qing *(f)*	—	—	—	—	—	—
Mr. Chen Xinxing *(g)*	—	—	—	—	—	—
	—	209	136	—	157	502

Notes:

(a) Mr. Jonathan W Chen was appointed as Chairman and non-executive of the Target Company on 12 August 2019.

(b) Mr. Benoît Christophe Michel Clinchamps was appointed as the executive director of the Target Company on 28 April 2020 and resigned as the executive director of the Target Company on 27 January 2025.

(c) Dr. Luo Qiyi was appointed as the non-executive director of the Target Company on 28 April 2020 and resigned as the non-executive director of the Target Company on 26 September 2023.

(d) Mr. Huang Xiao was appointed as the non-executive director of the Target Company on 28 April 2020.

(e) Mr. Sun Xin was appointed as the non-executive director of the Target Company on 17 July 2020 and resigned as the non-executive director of the Target Company on 21 November 2023.

(f) Ms. Hui Qing was appointed as the non-executive director of the Target Company on 26 September 2023.

(g) Mr. Chen Xinxing was appointed as the non-executive director of the Target Company on 21 November 2023.

(h) Mr. Philippe Wanstok was appointed as the executive director of the Target Company on 27 January 2025.

(i) These represent the estimated value of share awards granted to the directors under the Target Company's share-based payment transactions. The value of these share awards is measured according to the accounting policies for share-based payment transactions as set out in Note 2(r)(iii) and, in accordance with that policy, includes adjustments to reverse amounts accrued in previous years where grants of equity instruments are forfeited prior to vesting. The details of share-based payment transactions, including the principal terms and number of share awards granted, are disclosed in Note 25.

During the Relevant Period, there were no amounts paid or payable by the Target Group to the directors or any of the highest paid individuals set out in Note 9 below as an inducement to join or upon joining the Target Group or as a compensation for loss of office in connection with the management of the affairs of any member of the Target Group.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five individuals with the highest emoluments of the Target Group for the years ended 31 December 2022, 2023 and 2024 and for the six months ended 30 June 2024 and 2025 include one, one, one, one (unaudited) and two directors whose emolument is disclosed in Note 8, respectively, and the aggregate of the emoluments in respect of the remaining individuals during the Relevant Periods are as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	**2023**	**2024**	**2024**	**2025**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(Unaudited)	
Salaries and other benefits	1,650	2,047	1,854	937	1,132
Retirement scheme contributions	23	83	75	39	44
Discretionary bonuses	618	643	555	416	277
Equity-settled share-based payment expenses	386	1,281	550	353	208
	2,677	4,054	3,034	1,745	1,661

The emoluments of the individuals who are not director and with the highest emoluments are within the following bands:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	Number of individuals	*Number of individuals*	*Number of individuals*	*Number of individuals* (Unaudited)	*Number of individuals*
HK$1,500,001 to HK$2,000,000	—	—	—	1	2
HK$2,000,001 to HK$2,500,000	—	—	1	2	1
HK$3,000,001 to HK$3,500,000	—	—	—	1	—
HK$3,500,001 to HK$4,000,000	—	1	2	—	—
HK$4,000,001 to HK$4,500,000	2	1	—	—	—
HK$4,500,001 to HK$5,000,000	—	1	1	—	—
HK$5,000,001 to HK$5,500,000	1	—	—	—	—
HK$6,000,001 to HK$6,500,000	1	1	—	—	—

10 PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amount

	Leasehold improvements	Equipment and machinery	Office equipment, furniture, fixtures and motor vehicles	Right-of-use assets	Construction in progress	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Cost:						
At 1 January 2022	2,432	35,103	4,071	48,812	6,946	97,364
Exchange adjustments	(126)	(2,096)	(522)	(3,051)	(543)	(6,338)
Transfer	2,099	2,181	825	—	(5,105)	—
Additions	200	1,832	29	3,557	2,360	7,978
Disposals	—	(100)	(58)	(1,873)	—	(2,031)
At 31 December 2022 and 1 January 2023	4,605	36,920	4,345	47,445	3,658	96,973
Exchange adjustments	4	1,268	205	657	96	2,230

	Leasehold improvements	Equipment and machinery	Office equipment, furniture, fixtures and motor vehicles	Right-of-use assets	Construction in progress	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Transfer	1,162	2,874	338	—	(4,374)	—
Additions	203	4,947	434	3,986	2,677	12,247
Disposals	(94)	(1,050)	(73)	(2,304)	—	(3,521)
At 31 December 2023 and 1 January 2024	5,880	44,959	5,249	49,784	2,057	107,929
Exchange adjustments	(164)	(1,639)	(356)	(1,292)	(98)	(3,549)
Transfer	428	1,327	43	—	(1,798)	—
Additions	393	4,071	344	2,272	1,224	8,304
Disposals	(23)	(339)	(615)	(3,038)	—	(4,015)
At 31 December 2024 and 1 January 2025	6,514	48,379	4,665	47,726	1,385	108,669
Exchange adjustments	219	4,253	442	5,793	211	10,918
Transfer	5	454	13	—	(472)	—
Additions	18	1,211	60	820	482	2,591
Disposals	(8)	(199)	—	(1,713)	—	(1,920)
At 30 June 2025	6,748	54,098	5,180	52,626	1,606	120,258

	Leasehold improvements	Equipment and machinery	Office equipment, furniture, fixtures and motor vehicles	Right-of-use assets	Construction in progress	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Accumulated depreciation and amortisation:						
At 1 January 2022	1,167	16,802	1,917	17,851	—	37,737
Exchange adjustments	(68)	(1,008)	(183)	(941)	—	(2,200)
Charge for the year	268	5,908	579	7,537	—	14,292
Written back on disposals	—	(62)	(56)	(1,873)	—	(1,991)
At 31 December 2022 and 1 January 2023	1,367	21,640	2,257	22,574	—	47,838
Exchange adjustments	34	668	121	800	—	1,623
Charge for the year	977	6,291	686	5,821	—	13,775
Written back on disposals	(94)	(657)	(69)	(2,293)	—	(3,113)
At 31 December 2023 and 1 January 2024	2,284	27,942	2,995	26,902	—	60,123
Exchange adjustments	(92)	(1,399)	(283)	(1,358)	—	(3,132)
Charge for the year	1,075	6,499	613	5,506	—	13,693
Written back on disposals	(2)	(167)	(227)	(1,877)	—	(2,273)
At 31 December 2024 and 1 January 2025	3,265	32,875	3,098	29,173	—	68,411
Exchange adjustments	156	3,239	322	2,719	—	6,436
Charge for the period	518	3,049	284	2,854	—	6,705
Written back on disposals	(2)	(119)	—	(1,550)	—	(1,671)
At 30 June 2025	3,937	39,044	3,704	33,196	—	79,881
Net book value:						
At 31 December 2022	3,238	15,280	2,088	24,871	3,658	49,135
At 31 December 2023	3,596	17,017	2,254	22,882	2,057	47,806
At 31 December 2024	3,249	15,504	1,567	18,553	1,385	40,258
At 30 June 2025	2,811	15,054	1,476	19,430	1,606	40,377

(b) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	US$'000	*US$'000*	*US$'000*	*US$'000*
Properties leased for own use, carried at depreciated cost	24,871	22,882	18,553	19,430

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(Unaudited)	
Depreciation charge of right-of-use assets by class of underlying asset:					
Properties leased for own use	7,537	5,821	5,506	2,874	2,854
Interest on lease liabilities *(Note 6(a))*	1,550	3,228	3,122	1,661	1,628
Expense relating to short-term leases	582	655	1,389	671	429

During the Relevant Periods, the amount of additions to the right-of-use assets included the capitalised lease payment under the new tenancy agreements.

Details of total cash outflow for leases and the maturity analysis of lease liabilities and the future cash outflows for leases are set out in Notes 16(c), 19 and 27(b), respectively.

The Target Group leases manufacturing plants, warehouses and office buildings under leases expiring in no more than five years. Some leases include an option to renew the lease when all terms are renegotiated. None of the leases includes variable lease payments.

11 INTANGIBLE ASSETS

	Technologies	Customer relationships	Software	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
Cost				
At 1 January 2022	8,747	13,454	12,657	34,858
Exchange adjustments	(565)	(885)	(640)	(2,090)
Additions	—	—	4,507	4,507
Disposals	—	—	(539)	(539)
At 31 December 2022 and 1 January 2023	8,182	12,569	15,985	36,736
Exchange adjustments	331	517	140	988
Additions	477	24	2,415	2,916
Disposals	—	—	(3,808)	(3,808)
At 31 December 2023 and 1 January 2024	8,990	13,110	14,732	36,832
Exchange adjustments	(483)	(744)	(587)	(1,814)
Additions	191	—	180	371
Disposals	(166)	—	(87)	(253)
At 31 December 2024 and 1 January 2025	8,532	12,366	14,238	35,136
Exchange adjustments	967	1,498	1,580	4,045
Additions	—	—	42	42
Disposals	—	—	—	—
At 30 June 2025	9,499	13,864	15,860	39,223

	Technologies	Customer relationships	Software	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
Accumulated amortisation				
At 1 January 2022	3,284	5,015	4,477	12,776
Exchange adjustments	(274)	(155)	(611)	(1,040)
Charge for the year	778	916	1,141	2,835
Written back on disposals	—	—	(67)	(67)
At 31 December 2022 and 1 January 2023	3,788	5,776	4,940	14,504
Exchange adjustments	150	230	194	574
Charge for the year	870	908	877	2,655
Written back on disposals	—	—	—	—
At 31 December 2023 and 1 January 2024	4,808	6,914	6,011	17,733
Exchange adjustments	(43)	(558)	(255)	(856)
Charge for the year	827	848	732	2,407
Written back on disposals	(166)	—	(86)	(252)
At 31 December 2024 and 1 January 2025	5,426	7,204	6,402	19,032
Exchange adjustments	625	891	713	2,229
Charge for the period	462	475	242	1,179
Written back on disposals	—	—	—	—
At 30 June 2025	6,513	8,570	7,357	22,440
Net book value:				
At 31 December 2022	4,394	6,793	11,045	22,232
At 31 December 2023	4,182	6,196	8,721	19,099
At 31 December 2024	3,106	5,162	7,836	16,104
At 30 June 2025	2,986	5,294	8,503	16,783

12 GOODWILL

Goodwill is allocated to the Target Group's cash-generation units ("**CGU**") as follow:

	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	US$'000	*US$'000*	*US$'000*	*US$'000*
International CRM business	95,388	98,022	94,479	101,766
The PRC CRM business	7,939	7,807	7,769	7,724
	103,327	105,829	102,248	109,490

The recoverable amounts of the CGUs are higher of the fair value less costs of disposals and the value in use. These calculations use cash flow projections based on financial budgets approved by management covering certain years' period.

The key assumptions for the value-in-use ("**VIU**") calculation are as follows, which are based on either the past experience or external sources of information:

	Year ended 31 December 2022		Year ended 31 December 2023		Year ended 31 December 2024	
	CRM business — international	CRM business — PRC	CRM business — international	CRM business — PRC	CRM business — international	CRM business — PRC
Annual revenue growth rate	3.0%–13.4%	27.0%–41.8%	3.6%–12.2%	26.6%–34.5%	3.4%–8.9%	12.0%–38.0%
Long-term growth rates used over the forecast period	2%	3%	2%	2%	2%	2%
Pre-tax discount rate	13%	13%	15%	16%	15%	16%

The recoverable amount of the CGU of International CRM business is estimated to exceed the carrying amount of the CGU by US$47,977,000, US$351,859,000 and US$283,479,000 at 31 December 2022, 2023 and 2024, respectively.

The recoverable amount of the CGU of PRC CRM business is estimated to exceed the carrying amount of the CGU by US$128,913,000, US$239,722,000 and US$253,054,000 at 31 December 2022, 2023 and 2024, respectively.

Management has identified that a reasonably possible change in one key assumption could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which the assumption would need to change individually for the estimated recoverable amount to be equal to the carrying amount:

	Year ended 31 December 2022		Year ended 31 December 2023		Year ended 31 December 2024	
	CRM business — international	CRM business — PRC	CRM business — international	CRM business — PRC	CRM business — international	CRM business — PRC
Annual revenue growth rate	1.8%–12.1%	20.5%–35.3%	0.0%–9.2%	2.6%–10.5%	0.0%–4.9%	0.0%–17.4%
Long-term growth rates used over the forecast period	0%	0%	0%	0%	0%	0%
Pre-tax discount rate	15%	26%	22%	52%	23%	54%

13 OTHER NON-CURRENT ASSETS

	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	US$'000	*US$'000*	*US$'000*	*US$'000*
France CIR (as defined in Note 15)	13,127	13,045	8,538	10,034
Others	5,229	3,465	4,004	4,254
	18,356	16,510	12,542	14,288

14 INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	US$'000	*US$'000*	*US$'000*	*US$'000*
Raw materials	29,468	33,908	30,686	25,110
Work in progress	12,251	19,460	16,717	20,592
Finished goods	26,492	30,845	31,385	34,813
	68,211	84,213	78,788	80,515

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	**2023**	**2024**	**2024**	**2025**
	US$'000	*US$'000*	*US$'000*	*US$'000* (Unaudited)	*US$'000*
Carrying amount of inventories sold	79,491	68,239	75,162	35,930	39,277
Write-down of inventories	463	1,026	717	117	1,835
Costs of inventories sold	79,954	69,265	75,879	36,047	41,112
Cost of inventories directly recognised as research and development costs	3,692	592	80	4	(58)
Cost of inventories directly recognised as selling and distribution expenses	157	70	32	18	17
	83,803	69,927	75,991	36,069	41,071

15 TRADE AND OTHER RECEIVABLES

	31 December 2022	**31 December 2023**	**31 December 2024**	**30 June 2025**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Trade debtors due from:				
— third party customers	43,292	44,488	43,555	55,871
— related parties	73	116	97	871
	43,365	44,604	43,652	56,742
Allowance for doubtful debts	(4,821)	(4,519)	(4,482)	(3,201)
	38,544	40,085	39,170	53,541
Deposits and prepayments	3,515	23	1,498	1,610
VAT recoverable	10,144	12,765	10,278	14,632
France CIR *(Note)*	3,347	4,564	930	886
Other debtors	5,114	6,422	6,583	6,390
	60,664	63,859	58,459	77,059

Note: In France, there is an incentive tax programme to support the research and development projects of a subsidiary in France ("**France CIR**"). The French CIR is deductible from the following 3 years' income tax or is receivable from the France government after 3 years if there are no sufficient profits available to deduct such research and development costs.

Aging analysis

As of the end of the reporting period, the ageing analysis of trade receivables based on the invoice date and net of loss allowance, is as follows:

	31 December 2022	**31 December 2023**	**31 December 2024**	**30 June 2025**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Within 1 month	14,398	12,105	13,031	16,746
1 to 3 months	18,087	19,739	17,203	21,504
4 to 12 months	5,693	8,215	8,845	15,197
Over 12 months	366	26	91	94
	38,544	40,085	39,170	53,541

Trade receivables are generally due within 90 days from the date of billing. Further details on the Target Group's credit policy and credit risk arising from receivables are set out in Note 27(a).

16 CASH AND CASH EQUIVALENTS AND OTHER CASHFLOW INFORMATION

(a) Cash and cash equivalents comprise:

	31 December 2022	**31 December 2023**	**31 December 2024**	**30 June 2025**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Cash at bank and on hand	142,168	49,012	46,046	21,878

As at 31 December 2022, 2023 and 2024 and 30 June 2025, cash and cash equivalents of the Target Group held in banks and financial institutions in the PRC amounted to USD17,478,000, USD6,741,000, USD4,027,000 and USD4,557,000. The remittance of funds out of the PRC is subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government.

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Target Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Target Group's consolidated cash flow statement as cash flows from financing activities.

	Interest-bearing borrowings	Financial instruments with preferred rights	Lease liabilities	Convertible bonds	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
	(Note 20)	*(Note 24)*	*(Note 19)*	*(Note 22)*	
At 1 January 2022	—	256,551	34,214	—	290,765
Changes from financing cash flows:					
Proceeds from issuance of convertible bonds of the Target Company, net of transaction costs	—	—	—	128,790	128,790
Capital element of lease payments	—	—	(8,490)	—	(8,490)
Interest element of lease payments	—	—	(1,550)	—	(1,550)
Total changes from financing cash flows	—	—	(10,040)	128,790	118,750
Exchange adjustments	—	—	(1,312)	—	(1,312)
Other changes:					
Increase in lease liabilities from entering into new leases during the year	—	—	3,557	—	3,557
Transaction cost	—	—	—	1,210	1,210
Fair value change	—	—	—	5,579	5,579
Interest charge *(Note 6(a))*	—	30,129	1,550	—	31,679
Total other changes	—	30,129	5,107	6,789	42,025
At 31 December 2022	—	286,680	27,969	135,579	450,228

	Interest-bearing borrowings	Financial instruments with preferred rights	Lease liabilities	Convertible bonds	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
	(Note 20)	*(Note 24)*	*(Note 19)*	*(Note 22)*	
At 1 January 2023	—	286,680	27,969	135,579	450,228
Changes from financing cash flows:					
Interest paid for the convertible bonds	—	—	—	(12,890)	(12,890)
Capital element of lease payments	—	—	(5,957)	—	(5,957)
Interest element of lease payments	—	—	(3,228)	—	(3,228)
Total changes from financing cash flows	—	—	(9,185)	(12,890)	(22,075)
Exchange adjustments	—	—	50	—	50
Other changes:					
Increase in lease liabilities from entering into new leases during the year	—	—	3,986	—	3,986
Fair value change	—	—	—	11,407	11,407
Interest charge *(Note 6(a))*	—	34,128	3,228	—	37,356
Total other changes	—	34,128	7,214	11,407	52,749
At 31 December 2023	—	320,808	26,048	134,096	480,952

	Interest-bearing borrowings	Financial instruments with preferred rights	Lease liabilities	Convertible bonds	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
	(Note 20)	*(Note 24)*	*(Note 19)*	*(Note 22)*	
At 1 January 2024	—	320,808	26,048	134,096	480,952
Changes from financing cash flows:					
Proceeds from issuance of convertible bonds of the Target Company, net of transaction costs	—	—	—	44,988	44,988
Interest paid for the convertible bonds	—	—	—	(13,806)	(13,806)
Proceeds from loans and borrowings	695	—	—	—	695
Capital element of lease payments	—	—	(4,532)	—	(4,532)
Interest element of lease payments	—	—	(3,122)	—	(3,122)
Total changes from financing cash flows	695	—	(7,654)	31,182	24,223
Exchange adjustments	(1)	—	(1,271)	—	(1,272)
Other changes:					
Increase in lease liabilities from entering into new leases during the year	—	—	2,272	—	2,272
Transaction cost	—	—	—	12	12
Fair value change	—	—	—	28,710	28,710
Interest charge *(Note 6(a))*	2	38,303	3,122	—	41,427
Total other changes	2	38,303	5,394	28,722	72,421
At 31 December 2024	696	359,111	22,517	194,000	576,324

	Interest-bearing borrowings	Financial instruments with preferred rights	Lease liabilities	Convertible bonds	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
	(Note 20)	*(Note 24)*	*(Note 19)*	*(Note 22)*	
At 1 January 2025	696	359,111	22,517	194,000	576,324
Changes from financing cash flows:					
Interest paid for the convertible bonds	—	—	—	(6,309)	(6,309)
Proceeds from loans and borrowings	695	—	—	—	695
Interest paid for interest-bearing borrowings	(221)	—	—	—	(221)
Capital element of lease payments	—	—	(2,488)	—	(2,488)
Interest element of lease payments	—	—	(1,629)	—	(1,629)
Total changes from financing cash flows	474	—	(4,117)	(6,309)	(9,952)
Exchange adjustments	2	—	3,460	—	3,462
Other changes:					
Increase in lease liabilities from entering into new leases during the period	—	—	820	—	820
Fair value change	—	—	—	20,925	20,925
Interest charge *(Note 6(a))*	208	20,747	1,628	—	22,583
Total other changes	208	20,747	2,448	20,925	44,328
At 30 June 2025	1,380	379,858	24,308	208,616	614,162

	Interest-bearing borrowings	Financial instruments with preferred rights	Lease liabilities	Convertible bonds	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
	(Note 20)	*(Note 24)*	*(Note 19)*	*(Note 22)*	
(Unaudited)					
At 1 January 2024	—	320,808	26,048	134,096	480,952
Changes from financing cash flows:					
Interest paid for the convertible bonds	—	—	—	(6,919)	(6,919)
Interest paid for interest-bearing borrowings	—	—	—	—	—
Capital element of lease payments	—	—	(2,078)	—	(2,078)
Interest element of lease payments	—	—	(1,661)	—	(1,661)
Total changes from financing cash flows	—	—	(3,739)	(6,919)	(10,658)
Exchange adjustments	—	—	(546)	—	(546)
Other changes:					
Increase in lease liabilities from entering into new leases during the period	—	—	1,758	—	1,758
Fair value change	—	—	—	13,061	13,061
Interest charge *(Note 6(a))*	—	18,507	1,661	—	20,168
Total other changes	—	18,507	3,419	13,061	34,987
At 30 June 2024	—	339,315	25,182	140,238	504,735

(c) Total cash outflow for leases

	Year ended 31 December			Six months ended 30 June	
	2022	**2023**	**2024**	**2024**	**2025**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(Unaudited)	
Within operating cash flows	582	655	1,389	671	429
Within financing cash flows	10,040	9,185	7,654	3,739	4,117
	10,622	9,840	9,043	4,410	4,546

All these amounts relate to the lease rentals paid.

17 TRADE AND OTHER PAYABLES

	31 December 2022	**31 December 2023**	**31 December 2024**	**30 June 2025**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Current				
Trade payables due to				
— third party suppliers	34,091	29,042	23,933	26,282
— related parties	1,375	990	1,552	1,875
	35,466	30,032	25,485	28,157
Other payables and accrued charges	43,699	49,555	43,883	42,308
	79,165	79,587	69,368	70,465
Non-current				
Other payables	2,233	3,091	2,260	2,462

Note: As of the end of the reporting period, the ageing analysis of the trade payables (which are included in trade and other payables), based on invoice date is as follows:

	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	US$'000	*US$'000*	*US$'000*	*US$'000*
Within 1 month	28,665	21,348	16,908	16,973
Over 1 month but within 3 months	5,753	5,194	3,426	4,275
Over 3 months but within 6 months	210	1,231	1,207	2,784
Over 6 months but within 1 year	244	1,467	2,346	856
Over 1 year	594	792	1,598	3,269
	35,466	30,032	25,485	28,157

18 CONTRACT LIABILITIES

	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	US$'000	*US$'000*	*US$'000*	*US$'000*
Current				
Unfulfilled performance obligations	8,989	6,113	6,142	6,200
Non-current				
Unfulfilled performance obligations	24,583	27,118	25,501	29,282

The Target Group provided non-contractual post-implant services for its medical devices sold, which represents a future performance obligation. The Target Group recognised contract liabilities in respect of the unfulfilled performance obligation when the Target Group has an obligation to provide the post-implant services and payments from customers are received in advance of the services being rendered.

Movements in contract liabilities

	Year ended 31 December			Six months ended 30 June	
	2022	**2023**	**2024**	**2024**	**2025**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(Unaudited)	
At 1 January	37,909	33,572	33,231	33,231	31,643
Exchange adjustments	(920)	609	(1,675)	(1,241)	3,040
Decrease in contract liabilities as a result of recognising revenue during the year/period that was included in the contract liabilities at the beginning of the year/period	(13,156)	(9,843)	(8,664)	(4,342)	(4,433)
Increase in contract liabilities as a result of receiving advance payments during the year/period in respect of unfulfilled performance obligation as at the year/period end	5,929	5,557	5,026	2,608	3,526
Increase in contract liabilities as a result of accruing interest expense on advances	3,810	3,336	3,725	1,636	1,706
At 31 December/30 June	33,572	33,231	31,643	31,892	35,482

19 LEASE LIABILITIES

At 31 December/30 June, the lease liabilities were repayable as follows:

	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	US$'000	*US$'000*	*US$'000*	*US$'000*
Within 1 year	7,144	4,706	4,299	4,480
After 1 year but within 2 years	6,360	4,813	2,503	1,754
After 2 years but within 5 years	14,414	2,621	2,547	3,884
After 5 years	51	13,908	13,168	14,190
	20,825	21,342	18,218	19,828
	27,969	26,048	22,517	24,308

20 INTEREST-BEARING BORROWINGS

The interest-bearing borrowings were repayable as follows:

	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	US$'000	*US$'000*	*US$'000*	*US$'000*
Unsecured bank loans				
Within 1 year or on demand	—	—	696	751
After 1 year but within 2 years	—	—	—	629
	—	—	696	1,380

21 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	US$'000	*US$'000*	*US$'000*	*US$'000*
Current income tax recoverable *(note 15)*	3,347	4,564	930	886
Non-current income tax recoverable *(note 13)*	13,127	13,045	8,538	10,034
Income tax payable	742	1,388	961	2,649

Income tax recoverable primarily represents a tax credit from French government, which is an incentive tax programme to support the research and development projects of a subsidiary in France (France CIR). The French CIR is deductible from the following 3 years income tax or is receivable from the France government after 3 years if there is no sufficient profits available to deduct such research and development costs. As at 31 December 2022, 2023 and 2024 and 30 June 2025, the France CIR are classified as current and non-current receivables amounting to US$3,347,000 and US$13,127,000, US$4,564,000 and US$13,045,000, US$930,000 and US$8,538,000, and US$886,000 and US$10,034,000, respectively.

(b) Deferred tax assets/(liabilities) recognised:

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the Relevant Periods are as follows:

	Allowance for doubtful debts	**Provision for inventory**	**Tax losses can be carried forwards**	**Accrued expenses and others**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2022	1,520	280	1,409	4,372	7,581
Exchange adjustments	(24)	(4)	(64)	(60)	(152)
(Charged)/credited to profit or loss	(34)	194	(614)	807	353
At 31 December 2022 and 1 January 2023	1,462	470	731	5,119	7,782
Exchange adjustments	45	16	(1)	75	135
(Charged)/credited to profit or loss	(218)	370	(45)	629	736
At 31 December 2023 and 1 January 2024	1,289	856	685	5,823	8,653
Exchange adjustments	(75)	(14)	(9)	(214)	(312)
(Charged)/credited to profit or loss	(213)	239	(284)	(130)	(388)
At 31 December 2024 and 1 January 2025	1,001	1,081	392	5,479	7,953
Exchange adjustments	88	59	(2)	(412)	(267)
(Charged)/credited to profit or loss	(4)	67	—	1,143	1,206
At 30 June 2025	1,085	1,207	390	6,210	8,892

Reconciliation to the consolidated statement of financial position:

	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	US$'000	*US$'000*	*US$'000*	*US$'000*
Net deferred tax assets recognised in the consolidated statement of financial position	7,782	8,653	7,953	8,892
Net deferred tax liabilities recognised in the consolidated statement of financial position	—	—	—	—
	7,782	8,653	7,953	8,892

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in Note 2(s), the Target Group has not recognised deferred tax assets in respect of cumulative tax losses attributable to certain subsidiaries of US$462,175,000, US$463,020,000, US$486,709,000 and US$493,027,000 at 31 December 2022, 2023 and 2024 and 30 June 2025, respectively, as the directors consider that it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdictions and entities.

The accumulated tax losses incurred by a PRC subsidiary of US90,952,000, US$100,130,000, US$105,047,000 and US$105,559,000 at 31 December 2022, 2023 and 2024 and 30 June 2025, respectively, will expire in the period from 2025 to 2033.

22 CONVERTIBLE BONDS

	US$'000
At 1 January 2022	—
Issued during the year	130,000
Changes in fair value charged to profit or loss	5,579
At 31 December 2022	135,579
Interest paid	(12,890)
Changes in fair value charged to profit or loss	11,407
At 31 December 2023	134,096
Issued during the year	45,000
Interest paid	(13,806)
Changes in fair value charged to profit or loss	28,710
At 31 December 2024	194,000
Interest paid	(6,309)
Changes in fair value charged to profit or loss	20,925
At 30 June 2025	208,616

Note a: On 14 October 2022 (the "**Issue Date A**"), the Target Company issued convertible bonds with the principal amount of US$90 million and US$40 million (the "**CRM Convertible Bonds A**") to several investors and MicroPort International, the immediate parent of the Target Company, respectively.

CRM Convertible Bonds A bear an interest rate of 3-month LIBOR in US$ plus 5% per annum before 30 June 2023 and 3-month Secured Overnight Financing Rate ("**SOFR**") plus 5.26% per annum on or after 30 June 2023, paid in lieu of cash quarterly. CRM Convertible Bonds A also bear a paid-in-kind interest ("**PIK Interest**") initially at compound rate of 9% per annum, which shall, as long as no qualified initial public offering ("**IPO**") of the shares of the Target Company has occurred within 24 months from the Issue Date A, increase by 0.5% per annum quarterly after 24 months. The accumulated unpaid PIK interests shall be annually added to the outstanding principal amount of the CRM Convertible Bonds A in order to calculate PIK interests afterwards.

The CRM Convertible bonds A are guaranteed by MPSC, which will be fully released upon the completion of IPO of the Target Company on the Stock Exchange of Hong Kong Limited (the "**CRM Listing**").

Note b: On 5 August 2024 (the "**Issue Date B**"), the Target Company issued convertible bonds with the principal amount of US$45 million (the "**CRM Convertible Bonds B**") to MicroPort International.

The CRM Convertible Bonds B bear PIK Interest initially at compound rate of 20% per annum, which shall, as long as IPO of the shares of the Target Company has occurred within 24 months from the Issue Date B, increase by 0.5% per annum quarterly after 24 months. The accumulated unpaid PIK interests shall be annually added to the outstanding principal amount of the CRM Convertible Bonds B in order to calculate PIK interests afterwards.

The maturity date of the CRM Convertible Bonds A and the CRM Convertible Bonds B (collectively the "CRM Convertible Bonds") are both three years from the corresponding issue date, and each bondholder may, in its sole discretion, exercise a one-time option to extend the maturity date for two years for the CRM Convertible Bonds held. Upon the maturity, the Target Company shall repay the principal and accumulated cash and PIK interests of outstanding CRM Convertible Bonds. The bondholders also have the right to require the Target Company to early redeem the outstanding CRM Convertible Bonds upon the occurrence of any of the events specified in the subscription agreement. The Target Company has a call option to redeem the outstanding CRM Convertible Bonds at the price of the principal amounts plus interest at compound rate of 15% inclusive of previous interest paid, at any time after the completion of an IPO and achievement of certain market value conditions set out in the subscription agreement.

The bondholders have the option to convert part of or the entire outstanding CRM Convertible Bonds, including all accrued but unpaid cash interest and PIK Interests, into Series C preferred Shares if the conversion consummates prior to the CRM Listing, or into fully paid ordinary shares of the Target Company upon or after the CRM Listing, at the initial conversion price based on the enterprise value of the Target Company at US$1.25 billion before issuance of the CRM Convertible Bonds per share (subject to adjustments). As the conversion rights of the CRM Convertible Bonds do not meet the definition of an equity instrument and the holders have the right to convert any portion of the CRM Convertible Bonds into shares of the Target Company at any time on or after the issue date, the CRM Convertible Bonds were classified as the current liabilities at the end of each reporting period.

CRM Convertible bonds are designated as financial liabilities at FVPL in accordance with the accounting policies set out in Note 2(q). Valuation techniques and significant assumptions for determining the fair values of CRM Convertible Bonds as at 31 December 2022, 2023, 2024 and 30 June 2025 are set out in Note 27.

23 DEFINED BENEFIT RETIREMENT PLANS

In Italy and France, the Target Group maintains a severance defined benefit plan that obligates the employers to pay a severance payment in case of resignation, dismissal or retirement. In other jurisdictions, non-contributory defined benefit plans are designated to provide a guaranteed minimum retirement benefit to eligible employees.

The defined benefit plans expose the Target Group to various demographic and economic risks such as longevity risks, currency and interest risks and inflation risks. When calculating the defined benefit liabilities, the Target Group estimated the key assumptions by reference to actuarial valuations.

(i) The amounts recognised in the consolidated statement of financial position are as follows:

	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	US$'000	*US$'000*	*US$'000*	*US$'000*
Present value of wholly or partly funded obligations	8,088	8,500	7,691	8,196

A portion of the above liability is expected to be settled after more than one year. However, it is not practicable to segregate this amount from the amounts payable in the next twelve months, as future contributions will also relate to future services rendered and future changes in actuarial assumptions and market conditions.

(ii) Movements in the present value of the defined benefit obligation

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	US$'000	*US$'000*	*US$'000*	*US$'000* (Unaudited)	*US$'000*
At 1 January	9,177	8,088	8,500	8,500	7,691
Exchange adjustments	(568)	280	(508)	(314)	907
Remeasurement of actuarial losses/(gains) arising from changes in assumptions	(531)	(91)	(649)	(494)	(497)
Benefit paid by the plans	(487)	(410)	(198)	(79)	(202)
Current service cost	431	384	312	165	163
Interest cost	66	249	234	122	134
At 31 December/30 June	8,088	8,500	7,691	7,900	8,196

(iii) Amounts recognised in the consolidated statement of profit or loss and other comprehensive income are as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	**2023**	**2024**	**2024**	**2025**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(Unaudited)	
Current service cost	431	384	312	165	163
Net interest on net defined benefit liability	66	249	234	122	134
Total amounts recognised in profit or loss	497	633	546	287	297
Actuarial (gains)/losses	(531)	(91)	(649)	(494)	(497)
Total amounts recognised in other comprehensive income	(531)	(91)	(649)	(494)	(497)
Total defined benefit costs	(34)	542	(103)	(207)	(200)

(iv) Significant actuarial assumptions (expressed as weighted averages) and sensitivity analysis are as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	**2023**	**2024**	**2024**	**2025**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(Unaudited)	
Discount rate	3.03%	2.93%	3.15%	3.35%	3.39%

The below analysis shows how the defined benefit obligation would have (decreased)/increased as a result of 0.5% change in the significant actuarial assumptions:

	31 December 2022		31 December 2023		31 December 2024		30 June 2025	
	Increase in 0.5%	Decrease in 0.5%	Increase in 0.5%	Decrease in 0.5%	Increase in 0.5%	Decrease in 0.5%	Increase in 0.5%	Decrease in 0.5%
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Discount rate	(432)	471	(472)	516	(408)	498	(452)	435

The above sensitivity analysis is based on the assumption that changes in actuarial assumptions are not correlated and therefore it does not take into account the correlations between the actuarial assumptions.

24 FINANCIAL INSTRUMENTS WITH PREFERRED RIGHTS

During the year ended 31 December 2020, the Target Company completed the Series B financing. The Target Company issued an additional 37,500,000 Series B preferred shares at a cash consideration of US$105,000,000, and 4,399,018 ordinary shares and 1,466,339 Series A preferred shares were reclassified and re-designated to Series B preferred shares. Such capital contribution was designated by the Target Company to directly inject into MicroPort CR Netherlands.

During the year ended 31 December 2021, the Target Company completed the Series C financing and 19,549,822 Series C preferred shares were issued at a cash consideration of US$150,000,000.

Significant terms of the Series B preferred shares and Series C preferred shares that impacted the accounting treatment of the Target Company are outlined below:

Redemption rights

Series B and C preferred shares shall be redeemable by the Target Company upon the fifth anniversary (i.e. July 2025) of the Series B Closing and the occurrence of other contingent events, at an amount equal to the original purchase price of Series B and C preferred shares plus per annum interest of 8% calculated on a compound basis. Pursuant to the amended and restated memorandum and articles of association of the Target Company, no preferred shares may be, or requested to be, redeemed or repurchased by the Target Group unless all outstanding CRM Convertible Bonds (defined in Note 22) have been fully discharged.

Conversion feature

Each preferred share shall be convertible into such number of fully paid and non-assessable ordinary shares at any time at the option of the holder after the respective original issue date of Series B preferred shares and Series C preferred shares. The initial conversion ratio for Series B preferred shares and Series C preferred shares to ordinary shares is 1:1. Such initial conversion ratio shall be subject to adjustment (including but not limited to dividends, subdivisions, combinations, consolidations of ordinary shares, other distributions, reclassification, exchange and substitution).

Presentation and Classification

The redemption obligations give rise to financial liabilities. The conversion feature is recognised as an equity component as Series B preferred shares and Series C preferred shares can be converted into ordinary shares where the number of shares to be issued is fixed. The financial liabilities arising from Series B preferred shares and Series C preferred shares are measured at the fair value at initial recognition, and subsequently at amortised cost.

Movements of the share redemption obligations arising from these preferred shares are as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	**2023**	**2024**	**2024**	**2025**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(Unaudited)	
At 1 January	256,551	286,680	320,808	320,808	359,111
Charge to finance costs *(Note 6(a))*	30,129	34,128	38,303	18,507	20,747
At 31 December/30 June	286,680	320,808	359,111	339,315	379,858

25 SHARE-BASED PAYMENT TRANSACTIONS

(a) Share awards granted by the ultimate controlling party

MPSC has granted certain number of its own ordinary shares to the employee of the Target Group under the share award scheme approved by the board of MPSC with no vesting conditions attached at nil consideration. MPSC and the Target Group also entered into a recharge arrangement approximate to the grant-date fair value of this shared-based payment and the recharge is required to be paid after the shares are awarded. The fair value of services received in return for the shares awarded of US$635,000, US$381,000, US$60,000, US$96,000 and US$20,000 for the years ended 31 December 2022, 2023 and 2024 and for the six months ended 30 June 2024 and 2025, respectively, which is measured by the grant-date share price of MPSC, was recognised as expenses on the grant date with a corresponding increase in trade and other payables due to MPSC.

(b) Long-term incentive awards (equity-settled)

Since 2020, the Target Group adopted a long-term incentive plan (the "**CRM LTI Plan**"), pursuant to which, the Target Group granted performance-based restricted share units (the "**RSUs**") to the eligible participants of the Target Group who has contributed or will contribute to the development of CRM business and each RSU will be settled by one ordinary share of the Target Company. These RSUs will vest in instalments over an explicit vesting period of one to six years. Each instalment is accounted for as a separate share-based compensation arrangement.

The fair value of services received in return for RSUs is measured by reference to the fair value of the underlying ordinary shares of the Target Company on or near the grant date. Back-solve method was used to determine the equity fair value of the ordinary shares of the Target Company and key assumptions used are summarised as below.

Fair value of the underlying ordinary shares of the Target Company and assumptions	**31 December 2022**	**31 December 2023**	**31 December 2024**
	US$'000	*US$'000*	*US$'000*
Fair value at measurement dates	US$4.84	US$5.14	US$5.14
Expected volatility	39.29%	33.24%	33.24%
Risk-free interest rate	0.69%	4.21%	4.21%
Expected probability of event	65%	65%	65%

During the six months period ended 30 June 2025, the Target Company did not grant any RSUs to the eligible participants.

(c) Equity-settled share-based payment expenses recognised in the consolidated statement of profit or loss during the Relevant Periods:

	Year ended 31 December			Six months ended 30 June	
	2022	**2023**	**2024**	**2024**	**2025**
	US$'000	*US$'000*	*US$'000*	*US$'000* (Unaudited)	*US$'000*
Research and development costs	357	183	(1,179)	(1,415)	114
Selling and distribution expenses	975	449	41	(21)	42
Administrative expenses	2,538	2,894	12	(11)	23
Equity-settled share-based payment expenses recognised in the consolidated statement of profit or loss	3,870	3,526	(1,126)	(1,447)	179
Less: Recharge arrangement in connection with the share awards granted by the ultimate controlling party *(Note 25(a))*	(635)	(381)	(60)	(96)	(20)
Equity-settled share-based payment expenses recognised in equity	3,235	3,145	(1,186)	(1,543)	159

26 CAPITAL AND RESERVES

(a) Dividends

The directors of the Target Company did not propose the payment of any dividend during the Relevant Periods.

(b) Share capital

Authorised

The Target Company was incorporated in the Cayman Islands as an exempted company with limited liability on 12 August 2019 with authorised share capital of US$50,000 divided into 500,000,000 ordinary shares with par value of US$0.0001 each.

As of 28 April 2020, the authorized share capital of the Target Company was US$50,000 divided into 483,000,000 ordinary shares and 17,000,000 Series A preferred shares with par value of US$0.0001 each.

After several changes, as at 30 June 2025, the authorized share capital of the Target Company was US$50,000 divided into 625,000,000 shares with par value of US$0.00008 each, consisting of (i) 545,084,821 ordinary shares, (ii) 17,000,000 Series A preferred shares, (iii) 43,365,357 Series B preferred shares, and (iv) 19,549,822 Series C preferred shares.

Issued and fully paid

	Note	**Ordinary share**		**Series A preferred shares**	
		No. of share		*No. of share*	
		'000	*US$'000*	*'000*	*US$'000*
Balance at 1 January 2022, 31 December 2022,2023 and 2024 and 30 June 2025		83,000	7	17,000	1

Note: The Series A preferred shares are considered as equity instruments because the redemption obligations are borne by MPSC, but not by the Target Group.

(c) Nature and purpose of reserves

(i) Share premium

The application of the share premium account is governed by the Companies Act of the Cayman Islands.

(ii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of the Target Company and certain subsidiaries within the Target Group. The reserve is dealt with in accordance with the accounting policies set out in Note 2(v).

(iii) Capital reserve

The capital reserve primarily comprises the following:

— the fair value of the actual or estimated number of unvested ordinary shares granted to executives and employees of the Target Group in accordance with the accounting policy adopted for equity-settled share-based payments in Note 2(r)(iii);

— the amount allocated to the conversion feature of preferred shares *(Note 2(p));*

— remeasurement gain/loss arising from defined benefit retirement plans; and

— the excess of contributions made to the Target Company less consideration paid and the book value of shares issued as a result of the Restructuring.

(d) Capital management

The Target Group's objectives in the aspect of managing capital are to safeguard the Target Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Target Group defines "capital" as including all components of equity, preferred shares and convertible bonds as at the end of each of the reporting year and "debt" as including interest-bearing borrowings and lease liabilities. On this basis, the amount of capital employed at 31 December 2022, 2023 and 2024 and 30 June 2025 was US$318,886,000, US$241,157,000, US$226,226,000 and US$223,322,000, respectively and the debt-to-capital ratio is 9%, 11%, 10% and 12%, respectively.

The Target Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position and makes adjustments to the capital structure in light of changes in economic conditions.

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

The main risks arising from the Target Group's financial instruments are credit risk, liquidity risk and interest rate risk. Exposure to credit, liquidity, and interest rate arises in the normal course of the Target Group's business. The Target Group's exposure to these risks and the financial risk management policies and practices used by the Target Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Target Group. The Target Group's credit risk is primarily attributable to trade and other receivables. The Target Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are reputable commercial banks or state-owned banks for which the Target Group considers to have low credit risk. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

The Target Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. For the purpose of determining ECLs, the Target Group has analysed the trade receivables based on different countries.

As at 31 December 2022, 2023 and 2024 and 30 June 2025, 0%, 0.7%, 0% and 4.5% of the total trade receivables was due from the Target Group's largest customer respectively, and 2.81%, 2.02%, 1.65% and 6.75% of the total trade receivables was due from the Target Group's five largest customers respectively.

The following table provides information about the Target Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2022, 2023 and 2024 and 30 June 2025.

The management has assessed that during the Relevant Periods, other receivables have not had a significant increase in credit risk since initial recognition. Thus, a 12-month expected credit loss approach that results from possible default event within 12 months of each reporting date is adopted by management. The management of the Target Company do not expect any losses from non-performance by the counterparties of other receivables and no loss allowance provision for other receivables was recognised.

	31 December 2022		
	Weighted average expected loss rate	Gross carrying amount	Loss allowance
	%	*US$'000*	*US$'000*
Current and less than 1 year past due	0%	38,288	110
1-3 years past due	74%	851	633
More than 3 years past due	96%	4,226	4,078
		43,365	4,821

	31 December 2023		
	Weighted average expected loss rate	Gross carrying amount	Loss allowance
	%	*US$'000*	*US$'000*
Current and less than 1 year past due	1%	39,820	406
1-3 years past due	66%	1,697	1,115
More than 3 years past due	97%	3,087	2,998
		44,604	4,519

	31 December 2024		
	Weighted average expected loss rate	Gross carrying amount	Loss allowance
	%	*US$'000*	*US$'000*
Current and less than 1 year past due	1%	38,962	556
1-3 years past due	48%	1,308	634
More than 3 years past due	97%	3,382	3,292
		43,652	4,482

	30 June 2025		
	Weighted average expected loss rate	Gross carrying amount	Loss allowance
	%	*US$'000*	*US$'000*
Current and less than 1 year past due	1%	52,692	360
1-3 years past due	52%	2,115	1,109
More than 3 years past due	89%	1,935	1,732
		56,742	3,201

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Target Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	2023	2024	2024	2025
	US$'000	*US$'000*	*US$'000*	*US$'000* (Unaudited)	*US$'000*
Balance at 1 January	5,730	4,821	4,519	4,519	4,482
Amounts written-off during the year/period	(2)	(56)	(6)	(5)	—
(Reversal of)/provision for impairment of trade receivables	(568)	(434)	217	91	(1,681)
Exchange adjustments	(339)	188	(248)	(234)	400
Balance at 31 December/30 June	4,821	4,519	4,482	4,371	3,201

(b) Liquidity risk

The Target Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Target Group's non-derivative and derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Target Group can be required to pay:

	As at 31 December 2022					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Trade and other payables	79,165	2,233	—	—	81,398	81,398
Lease liabilities	7,501	7,012	17,098	65	31,676	27,969
Convertible bonds	12,563	12,428	180,782	—	205,773	135,579
Financial instruments with preferred rights	—	—	381,705	—	381,705	286,680
	99,229	21,673	579,585	65	700,552	531,626

	As at 31 December 2023					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Trade and other payables	79,587	3,091	—	—	82,678	82,678
Lease liabilities	7,490	6,341	10,571	2,133	26,535	26,048
Convertible bonds	13,858	182,212	—	—	196,070	134,096
Financial instruments with preferred rights	—	381,705	—	—	381,705	320,808
	100,935	573,349	10,571	2,133	686,988	563,630

	As at 31 December 2024					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Interest-bearing borrowings	55	89	605	—	749	696
Trade and other payables	69,368	2,260	—	—	71,628	71,628
Lease liabilities	6,808	4,988	9,127	18,695	39,618	22,517
Convertible bonds	184,221	—	78,570	—	262,791	194,000
Financial instruments with preferred rights	381,705	—	—	—	381,705	359,111
	642,157	7,337	88,302	18,695	756,491	647,952

	As at 30 June 2025					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Interest-bearing borrowings	781	348	303	—	1,432	1,380
Trade and other payables	70,465	2,462	—	—	72,927	72,927
Lease liabilities	6,093	4,364	10,739	18,506	39,702	24,308
Convertible bonds	177,884	—	78,570	—	256,454	208,616
Financial instruments with preferred rights	381,705	—	—	—	381,705	379,858
	636,928	7,174	89,612	18,506	752,220	687,089

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Target Group's interest rate risk arises primarily from cash at banks, interest-bearing borrowings, lease liabilities, convertible bonds and preferred shares. The Target Group's interest-bearing financial instruments at variable rates as at 31 December 2022, 2023 and 2024 and 30 June 2025 are the cash at bank and convertible bonds, and the cash flow interest risk arising from the change of market interest rate on these balances is not considered significant. The Target Group's exposure to interest rate risk is not significant.

The Target Group's interest rate profile as monitored by management is set out below.

	31 December 2022		31 December 2023		31 December 2024		30 June 2025	
	Effective interest rate	Amount	Effective interest rate	Amount	Effective interest rate	Amount	Effective interest rate	Amount
		US$'000		*US$'000*		*US$'000*		*US$'000*
Net fixed rate instruments:								
Lease liabilities	5.00%	(27,969)	5.00%–16.86%	(26,048)	5.00%–16.86%	(22,517)	5.00%–16.86%	(24,308)
Financial instruments with preferred rights	11.70%–12.14%	(286,680)	11.70%–12.14%	(320,808)	11.70%–12.14%	(359,111)	11.70%–12.14%	(379,858)
		(314,649)		(346,856)		(381,628)		(404,166)
Net variable rate instruments:								
Cash at banks	0%–4.80%	142,168	0%–5.52%	49,012	0%–5.50%	46,046	0%–5.00%	21,878
Interest-bearing borrowings	—	—	—	—	2.95%–3.20%	(696)	2.90%–2.95%	(1,380)
Convertible bonds	*(Note 22)*	(135,579)	*(Note 22)*	(134,096)	*(Note 22)*	(194,000)	*(Note 22)*	(208,616)
		6,589		(85,084)		(148,650)		(188,118)
		(308,060)		(431,940)		(530,278)		(592,284)

(d) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Target Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

— Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

— Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

— Level 3 valuations: Fair value measured using significant unobservable inputs

The Target Group has engaged external valuers to perform valuations for the financial instruments. Valuation reports with analysis of changes in fair value measurement are prepared by the external valuers and are reviewed and approved by the Target Group's management.

	31 December 2022			
Item	**Level 1 Fair value measurement**	**Level 2 Fair value measurement**	**Level 3 Fair value measurement**	**Total**
Recurring fair value measurements				
Convertible bonds	—	—	135,579	135,579

	31 December 2023			
Item	**Level 1 Fair value measurement**	**Level 2 Fair value measurement**	**Level 3 Fair value measurement**	**Total**
Recurring fair value measurements				
Convertible bonds	—	—	134,096	134,096

	31 December 2024			
Item	**Level 1 Fair value measurement**	**Level 2 Fair value measurement**	**Level 3 Fair value measurement**	**Total**
Recurring fair value measurements				
Convertible bonds	—	—	194,000	194,000

	30 June 2025			
Item	**Level 1 Fair value measurement**	**Level 2 Fair value measurement**	**Level 3 Fair value measurement**	**Total**
Recurring fair value measurements				
Convertible bonds	—	—	208,616	208,616

Information about Level 3 fair value measurements as at 31 December 2022, 2023 and 2024 and 30 June 2025:

	Valuation techniques	Significant unobservable inputs 1	Significant unobservable inputs 2
Convertible bonds	Binomial model	Expected volatility of share price of 33.24%, 28.89%, 31.00% and 33.00% as at 31 December 2022, 2023 and 2024 and 30 June 2025 *(note 1)*	Discount rate of 27.70%, 28.15%, 26.00% and 26.30% taking into account the historical volatility of the comparable companies as at 31 December 2022, 2023 and 2024 and 30 June 2025 *(note 2)*

Note 1: As at 31 December 2022, 2023 and 2024 and 30 June 2025, it is estimated that with all other variables held constant, an increase/decrease in the expected volatility of share price by 5% would have increased/decreased the Target Group's loss by US$2,669,000/US$4,512,000, US$400,000/US$100,000, US$1,420,000/US$972,000 and US$984,000/US$587,000, respectively.

Note 2: As at 31 December 2022, 2023 and 2024 and 30 June 2025, it is estimated that with all other variables held constant, an increase/decrease in the discount rate by 5% would have decreased/increased the Target Group's loss by US$8,167,000 /US$9,367,000, US$4,700,000/US$5,200,000, US$12,751,000/US$14,773,000 and US$19,633,000/US$12,423,000, respectively.

28 COMMITMENTS

Capital commitments in respect of property, plant and equipment and intangible assets outstanding at 31 December 2022, 2023 and 2024 and 30 June 2025 not provided for in the consolidated financial statements were as follows:

	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	US$'000	*US$'000*	*US$'000*	*US$'000*
Contracted for	2,339	592	6	116

29 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

Remuneration for key management personnel of the Target Group, including amounts paid to the Target Company's directors as disclosed in Note 8 and certain of the highest paid individuals as disclosed in Note 9, is as follows:

	Year ended 31 December			Six months ended 30 June	
	2022	**2023**	**2024**	**2024**	**2025**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(Unaudited)	
Salaries, allowances and benefits in kind	1,599	2,056	1,892	1,006	969
Discretionary bonuses	482	70	82	39	44
Retirement scheme contributions	12	531	491	430	205
Equity-settled share-based payment expenses	1,367	2,160	824	411	94
	3,460	4,817	3,289	1,886	1,312

(b) Related parties

Particulars of the Target Group's other transactions with related parties other than key management personal remuneration during the Relevant Periods are as follows:

Name of party	**Relationship**
MPSC	Ultimate controlling party of the Target Group
MicroPort International	Immediate parent of the Target Group
Shanghai MicroPort Medical	Fellow subsidiary of the Target Group

Name of party	Relationship
MicroPort NeuroTech (Shanghai) Co., Ltd.* (微創神通醫療科技(上海)有限公司)	Fellow subsidiary of the Target Group
MicroPort Scientific Ltd.	Fellow subsidiary of the Target Group
MicroPort Scientific Cooperatief U.A.	Fellow subsidiary of the Target Group
MicroPort Scientific GmbH	Fellow subsidiary of the Target Group
Shanghai MicroPort EP MedTech Co.,Ltd.* (上海微創電生理醫療科技股份有限公司)	Equity-accounted investee of MPSC
MicroPort Group Co., Ltd.* (上海微創投資控股有限公司) (formerly known as MicroPort (Shanghai) Scientific Investment Co., Ltd.* (微創(上海)醫療科學投資有限公司))	Fellow subsidiary of the Target Group
MicroPort Scientific Vascular Brasil Ltda.	Fellow subsidiary of the Target Group
MicroPort Orthopedics Inc.	Fellow subsidiary of the Target Group
MicroPort Orthopedics Japan K.K.	Fellow subsidiary of the Target Group
Shanghai MicroPort CardioFlow Medtech Co., Ltd.* (上海微創心通醫療科技有限公司)	Fellow subsidiary of the Target Group
Shanghai MicroPort Medical (Group) Co., Ltd.* (上海微創醫療器械(集團)有限公司)	Fellow subsidiary of the Target Group
MICROPORT PTE. LTD.	Fellow subsidiary of the Target Group

Name of party	Relationship
MICROPORT SINICA CO., LTD.	Fellow subsidiary of the Target Group
Turkey Microport Medical Urunler Limited.	Fellow subsidiary of the Target Group
Medical Product Innovation Inc.	Fellow subsidiary of the Target Group

* English translation is for identification purpose only.

(c) Financing arrangement with related parties

	31 December 2022	31 December 2023	31 December 2024	30 June 2025
	US$'000	*US$'000*	*US$'000*	*US$'000*
CRM Convertible Bonds A issued to MicroPort International *(note i)*	41,717	41,260	1,987	2,118
CRM Convertible Bonds B issued to MicroPort International *(note ii)*	—	—	44,881	49,663

Note:

(i) During 2022, the Target Company issued convertible bonds with the principal amount of US$90 million and US$40 million to several investors and MicroPort International, respectively (Note 22). The convertible bonds are guaranteed by MPSC, which will be fully released upon the completion of CRM Listing.

(ii) During 2024, the Target Company issued convertible bonds with the principal amount of US$45 million to MicroPort International (Note 22).

(d) Other transactions with related parties

	Year ended 31 December			Six months ended 30 June	
	2022	**2023**	**2024**	**2024**	**2025**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
				(Unaudited)	
Purchase of goods from fellow subsidiaries of the Target Group	1,849	1,555	1,921	953	2,164
Purchase of goods from equity accounted investees of MPSC	1,813	1,749	1,036	597	1,326
Service fee charged by fellow subsidiaries of the Target Group	2,266	1,572	2,953	1,187	388
Service fee charged by an equity accounted investee of MPSC	22	—	—	—	—
Sales of goods to fellow subsidiaries of the Target Group	111	—	—	—	764
Service income from fellow subsidiaries of the Target Group	52	1,335	668	340	402
Transfer of equipment to subsidiaries of MPSC	3	—	—	—	—
Payment on behalf of the Target Group by related parties	1,223	736	730	588	62
Payments on behalf of related parties by the Target Group	2,668	1,877	737	598	440

(e) Other related party balances

	31 December 2022	**31 December 2023**	**31 December 2024**	**30 June 2025**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Amounts due from related parties				
Trade related	73	116	97	871
Non-trade related	1,917	361	21	324
Amounts due to related parties				
Trade related	1,375	990	1,552	1,875
Non-trade related	—	588	1,006	995

The non-trade related amounts due from related parties is expected to be settled prior to December 2025.

30 IMMEDIATE AND ULTIMATE CONTROLLING PARTIES

As at 30 June 2025, the directors consider the immediate parent to be MicroPort International, which is incorporated in Hong Kong and does not produce financial statements available for public use.

As at 30 June 2025, the directors consider the ultimate controlling party is MPSC, which is incorporated in Cayman Islands. MPSC is listed on the Main Board of The Stock Exchange of Hong Kong Limited and produces financial statements available for public use.

31 COMPANY-LEVEL STATEMENTS OF FINANCIAL POSITION

	Note	31 December 2022	31 December 2023	31 December 2024	30 June 2025
		US$'000	*US$'000*	*US$'000*	*US$'000*
Non-current assets					
Investment in a subsidiary		651,305	629,571	665,531	665,531
Current assets					
Cash and cash equivalents		2,971	370	74	74
Current liabilities					
Convertible bonds	*22*	135,579	134,096	194,000	208,616
Financial instruments with preferred rights	*24*	—	—	359,111	379,858
Other payables		2,916	461	1,127	1,810
Net current liabilities		(135,524)	(134,187)	(554,164)	(590,210)
Total assets less current liabilities		515,781	495,384	111,367	75,321
Non-current liabilities					
Financial instruments with preferred rights	*24*	286,680	320,808	—	—
NET ASSETS		229,101	174,576	111,367	75,321
CAPITAL AND RESERVES	*26*				
Share capital		8	8	8	8
Reserves		229,093	174,568	111,359	75,313
TOTAL EQUITY		229,101	174,576	111,367	75,321

32 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE RELEVANT PERIOD

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2025 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Target Group:

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9, *Financial instruments* and HKFRS 7, *Financial instruments: disclosures — Contracts referencing nature-dependent electricity*	1 January 2026
Amendments to HKFRS 9, *Financial instruments* and HKFRS 7, *Financial instruments: disclosures — Amendments to the classification and measurement of financial instruments*	1 January 2026
Annual Improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
HKFRS 18, *Presentation and disclosure in financial statements*	1 January 2027
HKFRS 19, *Subsidiaries without public accountability: disclosures*	1 January 2027

The Target Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the following:

HKFRS 18, Presentation and disclosure in financial statements

HKFRS 18 will replace HKAS 1 Presentation of financial statements and aims to improve the transparency and comparability of information about an entity's financial statements. HKFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under HKFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Target Group does not plan to early adopt HKFRS 18 and is still in the process of assessing the impact of the adoption.

33 SUBSEQUENT EVENTS

(a) On 5 September 2025, The Target Company entered into a liquidity loan agreement with Shanghai Pudong Development Bank with the principal amount of RMB1,200,000,000, which provides payment term of three years with interest rate as one-year LPR less 20bps. The principal of the loan will be paid biannually, while the interest part of the loan will be paid quarterly. The loan is guaranteed by MPSC and the equity interest in a fellow subsidiary of the Target Group is also pledged to the bank.

On 18 September 2025, the CRM Convertible Bonds A held by holders other than MicroPort International in principal amount of approximately US$128,268,000 together with accrued interests, had been redeemed in September 2025 primarily through the three years interest-bearing borrowing mentioned above.

(b) On 29 September 2025, MicroPort CardioFlow Medtech Corporation (the "**Company**") and one of its subsidiary entered into a merger agreement (the "**Merger Agreement**") with the Target Company, pursuant to which the Company and its subsidiary conditionally agreed to acquire the entire equity interests in the Target Company (the "**Merger**"), at a total consideration of US$680 million, which will be satisfied by the allotment and issue of 3,953,847,407 ordinary shares of the Company with a par value of US$0.000005 each to the holders of Target Company ordinary shares and preferred shares, following the implementation of the Pre-Closing Capital Restructuring as defined below.

Subject to the provisions and conditions in the Merger Agreement, the Target Company will implement a capital restructuring prior to the closing of the Merger (the "**Pre-Closing Capital Restructuring**"), which includes (i) the conversion of the CRM Convertible Bonds A held by MicroPort International in the principal amount of US$1,732,000, together with interest accrued as of 14 October 2025 to the Series C preferred shares of the Target Company with interest accrued after 14 October 2025 waived; (ii) the conversion of the CRM Convertible Bonds B held by MicroPort International in the principal amount of US$45,000,000 to the Series C preferred shares of the Target Company with interest accrued on the CRM Convertible Bonds B will be converted to an unsecured, interest-bearing loan of the Target Company repayable on the fifth anniversary of the Closing Date.

Following the implementation of the Pre-Closing Capital Restructuring, each ordinary share and preferred share of the Target Company that is issued and outstanding will immediately be cancelled and converted to the applicable number of new shares to be allotted and issued by the Company to the existing shareholders of the Target Company upon the completion of the Merger.

The Merger is subject to satisfaction or waiver (as applicable) of the conditions precedent set out in the Merger Agreement (including but not limited to the Merger Agreement and the transactions contemplated thereunder having been approved by the independent shareholders of the Company in accordance with the Listing Rules) and the Merger Agreement may or may not be completed.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Company and its subsidiaries in respect of any period subsequent to 30 June 2025.

*Set out below is the management discussion and analysis of the Target Group for the three financial years ended December 31, 2022 ("**FY2022**"), 2023 ("**FY2023**"), and 2024 ("**FY2024**") and the six months ended June 30, 2025 ("**1H2025**") (collectively, the "**Reporting Period**"). The following financial information is based on the financial information of the Target Group as set out in Appendix II to this circular.*

BUSINESS REVIEW

The Target Group is principally engaged in the CRM business focusing on solutions for the management of cardiac rhythm disorders. It offers devices that monitor patient cardiac information in order to (1) identify abnormal heart conditions such as bradycardia and tachy-arrhythmia; and (2) apply electrical pulses and shocks to prevent or treat such abnormal conditions or provide cardiac resynchronization therapy.

Following completion of the Merger, members of the Target Group will become indirect subsidiaries of the Company and the financial results of the Target Group will be consolidated in the financial results of the Group.

FINANCIAL REVIEW

Revenue and net profit

Revenue

For FY2022, FY2023, FY2024, and 1H2025, the revenue generated by the Target Group amounted to approximately US$205.2 million, US$207.0 million, US$220.6 million and US$114.1 million respectively.

The revenue in FY2023 increased slightly by approximately US$1.8 million as compared to that in FY2022. In FY2024, there was a greater increase of approximately US$13.6 million as compared to that in FY2023 (amounting to approximately 6.6% increase in revenue), which was mainly due to fast growth in the Target Group's PRC and EMEA business.

As for 1H2025, the revenue recorded has already achieved US$114.1 million (which was approximately 0.7% higher than that of FY2024), and that was mainly attributable to the fast growth of the defibrillator business in Italy.

Distribution costs

The distribution costs of the Target Group for FY2022, FY2023 and FY2024 were approximately US$85.5 million, US$88.1 million and US$86.8 million, respectively. The distribution costs in FY2024 decreased by approximately US$1.3 million as compared to that of FY2023, primarily due to constraining investment in lower margin areas.

The distribution costs of the Target Group for 1H2025 were approximately US$39.1 million, representing a decrease of approximately US$1.2 million as compared to the same period in FY2024, which was mainly due to lower remuneration linked to reduced headcount in certain markets.

Research and development costs

The research and development costs of the Target Group for FY2022, FY2023 and FY2024 were approximately US$59.3 million, US$55.5 million and US$42.7 million, respectively. The research and development costs in FY2024 decreased by approximately US$12.8 million as compared to that of FY2023, primarily due to a reduction in remuneration linked to lower headcount and more targeted investment in new technologies.

The research and development costs of the Target Group for 1H2025 were approximately US$19.8 million, representing a decrease of approximately US$1.8 million as compared to the same period in FY2024, which was mainly due to a continued reduction in headcount.

Finance costs

The finance costs of the Target Group for FY2022, FY2023 and FY2024 were approximately US$37.2 million, US$41.5 million and US$45.9 million, respectively. The finance costs in FY2024 increased by approximately US$4.4 million as compared to that of FY2023, primarily due to the increase in financing of the Target Group in FY2024.

The finance costs of the Target Group for 1H2025 were approximately US$24.6 million, representing an increase of approximately US$1.9 million as compared to the same period in FY2024, which was mainly due to the increase in financing of the Target Group during 1H2025.

Net profit/(loss)

The Target Group recorded:

(a) a gross profit of approximately US$115.5 million and a net loss after tax of approximately US$106.9 million in FY2022;

(b) a gross profit of approximately US$107.3 million and a net loss after tax of approximately US$119.2 million in FY2023;

(c) a gross profit of approximately US$125.7 million and a net loss after tax of approximately US$109.0 million in FY2024; and

(d) a gross profit of approximately US$57.4 million and a net loss after tax of approximately US$41.6 million in 1H2025.

With respect to FY2022, FY2023 and FY2024, although an average gross profit margin of 55.1%, a net loss after tax was recorded in each year, primarily attributable to the incurrence of distribution costs, research and development costs and finance costs as discussed above.

With respect to 1H2025, a gross profit of approximately US$57.4 million was achieved, while a net loss after tax in the amount of approximately US$41.6 million was recorded. Such net loss after tax represented approximately 38.2% of that of FY2024, keeping the Target Group on track for a better performance this year.

Capital structure, liquidity and financial resources

The Target Group's financial resources for maintaining operations primarily includes cash flow generated from business operations, convertible bonds and cash from bank loans and other borrowings. With the continued development of the Target Group's business, the Target Group will gradually increase its operations financing from its internal resources.

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the net liability of the Target Group was approximately US$103.4 million, US$213.7 million, US$326.9 million and US$365.2 million, respectively.

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the cash and cash equivalents of the Target Group were approximately US$142.2 million, US$49.0 million, US$46.0 million and US$21.9 million, respectively.

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the bank borrowings of the Target Group were approximately US$0.0 million, US$0.0 million, US$0.7 million and US$1.4 million, respectively.

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the outstanding amounts of the convertible bonds of the Target Company were approximately US$135.6 million, US$134.1 million, US$194.0 million and US$208.6 million, respectively. The convertible bonds issued in October 2022 with the principal amount of US$90 million and US$40 million are guaranteed by MPSC.

Significant investments

During the Reporting Period, the Target Group did not have any significant investments other than $0.6m in iBionext, (**www.ibionext.com**), a startup investment fund in the healthcare sector.

Material acquisitions or disposal of subsidiaries, associates or joint ventures

During the Reporting Period, the Target Group did not conduct any material acquisition or disposal of subsidiaries, associates or joint ventures.

Gearing Ratio

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the gearing ratio of the Target Group was 95%, 122%, 159% and 166%, respectively. Such gearing ratio is calculated as total interest-bearing liabilities, including convertible bonds, financial instruments with preferred rights, interest-bearing borrowings and lease liabilities, divided by total assets.

Contingent liabilities

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the Target Group did not have any significant contingent liabilities.

Foreign exchange exposure

The Target Group is exposed to foreign exchange risk as its business operations are located in different countries and its transactions are denominated in various currencies including US$, Euro and JPY. US$ is the functional currency of the Target Group.

As at the Latest Practicable Date, the Target Group did not hedge its foreign exchange risk. The management of the Target Group shall continue to monitor the foreign currency exchange risks of the Target Group and consider taking prudent measures when necessary.

Charge of assets

For FY2022, FY2023, FY2024 and 1H2025, the Target Group had no other charges.

Future plans for material investments or capital assets

As indicated in this circular, the Transaction can facilitate the establishment of a heart disease product platform on which diversified products and product pipelines will be offered. The Transaction is in line with the Company's business strategy related to business and revenue streams diversification.

Through the complementary synergies achieved by the Transaction, the business scale and growth potential of the business of the Target Group and the business of the Group as consolidated will be expanded, leading to enhancement in the revenue, profitability and cashflow of such consolidated business. The capital utilisation efficiency and capital raising capability can also be enhanced through unified financial management.

As at the Latest Practicable Date, the Target Group does not plan to make material investments or capital assets.

Employees and compensation

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the Target Group employed a total of 1,216, 1,157, 1,024 and 1,002 employees, respectively.

The total staff cost of the Target Group for FY2022, FY2023, FY2024 and 1H2025 were approximately US$115.6 million, US$111.7 million, US$98.2 million and US$48.8 million, respectively. The Target Group has set up remuneration policies in line with market practices, and provides remuneration and benefits to its employees based on their needs, as well as the responsibilities and performance of the employees.

In accordance with the applicable laws and regulations, the Target Group participates in each employee social security scheme managed by local governments for its employees, including, among others, housing provident fund, pension, medical insurance, maternity insurance, work-related injury insurance and unemployment insurance.

The information set forth in this appendix does not form part of the Accountants' Report received from KPMG, Certified Public Accountants, Hong Kong, the reporting accountants of the Target Group, as set forth in Appendix II to this Circular, and is included herein for illustrative purposes only.

The unaudited pro forma financial information should be read in conjunction with the Financial Information of the Group set forth in Appendix I and the Accountants' Report of the Target Group set forth in Appendix II to this Circular.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is the unaudited pro forma financial information of MicroPort CardioFlow Medtech Corporation and its subsidiaries (collectively the "**Group**") which has been prepared as if the proposed acquisition of MicroPort Cardiac Rhythm Management Limited and its subsidiaries (the "**Target Group**", together with the Group referred to as the "**Enlarged Group**") by way of merger ("**the Merger**") had been completed on 30 June 2025 for the unaudited pro forma consolidated statement of financial position and on 1 January 2024 for the unaudited pro forma consolidated statement of profit or loss, unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated cash flow statement. Details of the Merger are set out in the section headed "Letter from the Board" contained in this circular.

The unaudited pro forma financial information comprised of the unaudited pro forma consolidated statement of financial position as at 30 June 2025 and the unaudited pro forma consolidated statement of profit or loss, unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated cash flow statement for the year ended 31 December 2024 of the Enlarged Group (the "**Unaudited Pro Forma Financial Information**").

The unaudited pro forma consolidated statement of financial position of the Enlarged Group as at 30 June 2025 is prepared based on (i) the consolidated statement of financial position of the Group as at 30 June 2025 extracted from the published interim report of the Group for the six months ended 30 June 2025; and (ii) the consolidated statement of financial position of the Target Group as at 30 June 2025 extracted from the Accountants' Report of the Target Group set out in Appendix II to this circular, after making other pro forma adjustments to the Merger, as if the Merger had been completed on 30 June 2025.

The unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated cash flow statement of the Enlarged Group for the year ended 31 December 2024 are prepared based on (i) the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income and the consolidated cash flow statement of the Group for the year ended 31 December 2024 extracted from the published annual report of the Group for the year ended 31 December 2024; and (ii) the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income and the consolidated cash flow statement of the Target Group for the year ended 31 December 2024 extracted from the Accountants' Report of the Target Group set out in Appendix II to this circular, after making other pro forma adjustments to the Merger, as if the Merger had been completed on 1 January 2024.

The Unaudited Pro Forma Financial Information has been prepared by the Directors in accordance with Rules 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, for the purposes of illustrating the effect of the Merger only and is based on a number of assumptions, estimates and uncertainties. Because of its hypothetical nature, it may not give a true picture of the financial position or results of the Group had the Merger been completed as at the specified dates or at any future dates.

B. Unaudited pro forma consolidated statements of financial position at 30 June 2025

(Expressed in RMB)

	The Group as at 30 June 2025	The Target Group as at 30 June 2025	Pro forma adjustments				The Enlarged Group as at 30 June 2025
			Other pro forma adjustments				
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	*Note 6*	
Non-current assets							
Property, plant and equipment	479,330	289,043	—	—	—	—	768,373
Intangible assets	177,639	120,143	—	—	—	—	297,782
Goodwill	—	783,795	—	—	—	—	783,795
Interest in associates	252,041	—	—	—	—	—	252,041
Deferred tax assets	—	63,654	—	—	—	—	63,654
Other financial assets	10,328	—	—	—	—	—	10,328
Other non-current assets	44,402	102,282	—	—	—	—	146,684
	963,740	1,358,917	—	—	—	—	2,322,657
Current assets							
Inventories	108,753	576,375	—	—	(3,944)	—	681,184
Trade and other receivables	274,734	551,635	—	—	(6,974)	—	819,395
Pledged deposits and time deposits	988,212	—	—	—	—	—	988,212
Cash and cash equivalents	332,069	156,616	—	—	—	(43,883)	444,802
	1,703,768	1,284,626	—	—	(10,918)	(43,883)	2,933,593
Current liabilities							
Trade and other payables	144,559	504,433	—	—	(6,974)	—	642,018
Contract liabilities	12,831	44,383	—	—	—	—	57,214
Interest-bearing borrowings	60,451	5,376	—	—	—	—	65,827
Lease liabilities	19,322	32,071	—	—	—	—	51,393
Convertible bonds	—	1,493,398	(312,607)	(58,073)	—	—	1,122,718
Financial instruments with preferred rights	—	2,719,251	(2,719,251)	—	—	—	—
Income tax payable	8,371	18,963	—	—	—	—	27,334
	245,534	4,817,875	(3,031,858)	(58,073)	(6,974)	—	1,966,504
Net current assets/(liabilities)	1,458,234	(3,533,249)	3,031,858	58,073	(3,944)	(43,883)	967,089
Total assets less current liabilities	2,421,974	(2,174,332)	3,031,858	58,073	(3,944)	(43,883)	3,289,746

			Pro forma adjustments				
	The Group as at 30 June 2025	The Target Group as at 30 June 2025		Other pro forma adjustments			The Enlarged Group as at 30 June 2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	*Note 6*	
Non-current liabilities							
Interest-bearing borrowings	194,576	4,503	—	58,073	—	—	257,152
Lease Liabilities	5,267	141,941	—	—	—	—	147,208
Deferred income	5,170	7,287	—	—	—	—	12,457
Contract liabilities	—	209,618	—	—	—	—	209,618
Other payables	—	17,624	—	—	—	—	17,624
Defined benefit retirement plans	—	58,672	—	—	—	—	58,672
	205,013	439,645	—	58,073	—	—	702,731
Net assets/(liabilities)	**2,216,961**	**(2,613,977)**	**3,031,858**	**—**	**(3,944)**	**(43,883)**	**2,587,015**
Capital and reserves							
Share capital	83	57	84	—	—	—	224
Reserves	2,182,428	(2,614,034)	3,031,774	—	(3,944)	(43,883)	2,552,341
Total equity attributable to equity shareholders of the Company	2,182,511	(2,613,977)	3,031,858	—	(3,944)	(43,883)	2,552,565
Non-controlling interests	34,450	—	—	—	—	—	34,450
Total equity/(deficit)	**2,216,961**	**(2,613,977)**	**3,031,858**	**—**	**(3,944)**	**(43,883)**	**2,587,015**

C. Unaudited pro forma consolidated statement of profit or loss for the year ended 31 December 2024

(Expressed in Renminbi RMB)

			Pro forma adjustments				
	The Group for the year ended 31 December 2024	The Target Group for the year ended 31 December 2024	Other pro forma adjustments				The Enlarged Group for the year ended 31 December 2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	*Note 6*	
Revenue	361,565	1,570,037	—	—	(6,315)	—	1,925,287
Cost of sales	(110,355)	(675,780)	—	—	4,370	—	(781,765)
Gross profit	251,210	894,257	—	—	(1,945)	—	1,143,522
Other net income/(loss)	84,343	(32,694)	—	—	—	—	51,649
Research and development costs	(153,409)	(303,776)	—	—	—	—	(457,185)
Selling and distribution costs	(164,830)	(618,000)	—	—	—	—	(782,830)
Administrative expenses	(57,614)	(140,911)	—	—	—	—	(198,525)
Fair value changes in financial instruments/convertible bonds	21,653	(204,320)	1,886	—	—	—	(180,781)
Other operating costs	(43,973)	(15,799)	—	—	—	(43,883)	(103,655)
Loss from operations	(62,620)	(421,243)	1,886	—	(1,945)	(43,883)	(527,805)
Finance costs	(4,002)	(326,991)	272,591	—	—	—	(58,402)
Share of losses of associates	(61,669)	—	—	—	—	—	(61,669)
Reversal of impairment loss on investment in an associate	82,029	—	—	—	—	—	82,029
Loss before taxation	(46,262)	(748,234)	274,477	—	(1,945)	(43,883)	(565,847)
Income tax	(7,005)	(27,698)	—	—	—	—	(34,703)
Loss for the year	(53,267)	(775,932)	274,477	—	(1,945)	(43,883)	(600,550)
Attributable to:							
Equity shareholders of the Company	(49,446)	(775,932)	274,477	—	(1,945)	(43,883)	(596,729)
Non-controlling interests	(3,821)	—	—	—	—	—	(3,821)
Loss for the year	(53,267)	(775,932)	274,477	—	(1,945)	(43,883)	(600,550)

D. Unaudited pro forma consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2024

(Expressed in RMB)

			Pro forma adjustments				
	The Group for the year ended 31 December 2024	The Target Group or the year ended 31 December 2024	Other pro forma adjustments				The Enlarged Group for the year ended 31 December 2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	*Note 6*	
Loss for the year	(53,267)	(775,932)	274,477	—	(1,945)	(43,883)	(600,550)
Other comprehensive income for the year, net of nil tax							
Item that will not be reclassified to profit or loss:							
Exchange differences on translation of financial statements of the Company	43,024	—	—	—	—	—	43,024
Remeasurement of net defined benefit liabilities	—	4,619	—	—	—	—	4,619
Item that may be reclassified subsequently to profit or loss:							
Exchange differences on translation of financial statements of foreign operations	(14,394)	(25,414)	—	—	—	—	(39,808)
Other comprehensive income for the year	**28,630**	**(20,795)**	**—**	**—**	**—**	**—**	**7,835**
Total comprehensive income for the year	**(24,637)**	**(796,727)**	**274,477**	**—**	**(1,945)**	**(43,883)**	**(592,715)**
Attributable to:							
Equity shareholders of the Company	(20,816)	(796,727)	274,477	—	(1,945)	(43,883)	(588,894)
Non-controlling interests	(3,821)	—	—	—	—	—	(3,821)
Total comprehensive income for the year	**(24,637)**	**(796,727)**	**274,477**	**—**	**(1,945)**	**(43,883)**	**(592,715)**

E. Unaudited pro forma consolidated cash flow statement for the year ended 31 December 2024

(Expressed in RMB)

	The Group for the year ended 31 December 2024	The Target Group for the year ended 31 December 2024	Pro forma adjustments				The Enlarged Group for the year ended 31 December 2024
					Other pro forma adjustments		
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	*Note 6*	
Operating activities							
Loss before taxation	(46,262)	(748,234)	274,477	—	(1,945)	(43,883)	(565,847)
Adjustments for:							
Amortisation and depreciation	87,341	114,579	—	—	—	—	201,920
Interest expenses	3,775	294,824	(272,591)	—	—	—	26,008
Interest income	(42,041)	—	—	—	—	—	(42,041)
Transaction costs that relate to the issue of the convertible bonds	—	85	—	—	—	—	85
Net loss on disposal of property, plant and equipment and right-of-use assets	686	12,397	—	—	—	—	13,083
Reversal of provision for impairment loss on investment in an associate	(82,029)	—	—	—	—	—	(82,029)
Share of losses of associates	61,669	—	—	—	—	—	61,669
Fair value changes in financial instruments/convertible bonds	(21,653)	204,320	(1,886)	—	—	—	180,781
Equity-settled share-based payment expenses	8,507	(8,440)	—	—	—	—	67
Share granted under the share award scheme	2,654	—	—	—	—	—	2,654
Changes in working capital:							
(Increase)/decrease in inventories	(10,138)	38,608	—	—	1,945	—	30,415
(Increase)/decrease in trade and other receivables	(46,721)	38,430	—	—	6,315	—	(1,976)
(Decrease)/increase in trade and other payables	(19,602)	(76,177)	—	—	(6,315)	—	(102,094)
Decrease in deferred income	(950)	(6,711)	—	—	—	—	(7,661)
Decrease in other non-current assets	—	43,149	—	—	—	—	43,149
Increase/(decrease) in contract liabilities	372	(11,301)	—	—	—	—	(10,929)
Cash used in operations	**(104,392)**	**(104,471)**	**—**	**—**	**—**	**(43,883)**	**(252,746)**
Tax paid	(7,282)	(14,497)	—	—	—	—	(21,779)
Net cash used in operating activities	**(111,674)**	**(118,968)**	**—**	**—**	**—**	**(43,883)**	**(274,525)**

	The Group for the year ended 31 December 2024	The Target Group for the year ended 31 December 2024	Pro forma adjustments		Other pro forma adjustments		The Enlarged Group for the year ended 31 December 2024
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 1	*Note 2*	*Note 3*	*Note 4*	*Note 5*	*Note 6*	
Investing activities							
Payments for the purchase of property, plant and equipment	(158,220)	(57,837)	—	—	—	—	(216,057)
Payments for the purchase of intangible assets	(163)	(2,640)	—	—	—	—	(2,803)
Placement of time deposits	(2,611,829)	—	—	—	—	—	(2,611,829)
Redemption of time deposits	2,085,193	—	—	—	—	—	2,085,193
Proceeds from sale of property, plant and equipment	218	—	—	—	—	—	218
Interest received	56,264	—	—	—	—	—	56,264
Acquisitions of subsidiaries, net of cash acquired	(124,454)	—	—	—	—	—	(124,454)
Loans to a related party	(10,000)	—	—	—	—	—	(10,000)
Payments for acquisitions of other financial assets	(35,509)	—	—	—	—	—	(35,509)
Net cash used in investing activities	**(798,500)**	**(60,477)**	**—**	**—**	**—**	**—**	**(858,977)**
Financing activities							
Capital element of lease rentals paid	(28,779)	(32,253)	—	—	—	—	(61,032)
Interest element of lease rentals paid	(2,905)	(22,218)	—	—	—	—	(25,123)
Lease deposits received	2,237	—	—	—	—	—	2,237
Proceeds from shares issued under share option scheme	129	—	—	—	—	—	129
Payment for repurchase of shares	(39,124)	—	—	—	—	—	(39,124)
Proceeds from interest-bearing borrowings	16,000	4,946	—	—	—	—	20,946
Repayments of interest-bearing borrowings	(3,000)	—	—	—	—	—	(3,000)
Proceeds from issuance of convertible bonds	—	320,166	—	—	—	—	320,166
Interest paid for the convertible bonds	—	(98,253)	1,309	—	—	—	(96,944)
Interest-bearing borrowings cost paid	(870)	—	—	—	—	—	(870)
Net cash (used in)/generated from financing activities	**(56,312)**	**172,388**	**1,309**	**—**	**—**	**—**	**117,385**
Net (decrease)/increase in cash and cash equivalents	(966,486)	(7,057)	1,309	—	—	(43,883)	(1,016,117)
Cash and cash equivalents at the beginning of the year	1,065,085	347,137	—	—	—	—	1,412,222
Effect of foreign exchange rate changes	9,430	(9,083)	—	—	—	—	347
Cash and cash equivalents at the end of the year	108,029	330,997	1,309	—	—	(43,883)	396,452

F. NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

1. The unadjusted financial information of the Group as at 30 June 2025 and for the year ended 31 December 2024 is extracted from the interim financial report of the Group for the six months ended 30 June 2025 as set out in the Group's 2025 interim report and the consolidated financial statements of the Group for the year ended 31 December 2024 as set out in the Group's 2024 annual report, respectively.

2. The financial information of the Target Group as at 30 June 2025 and for the year ended 31 December 2024 is extracted from the Historical Financial Information as set out in Appendix II to this circular.

   The functional currency and the presentation currency of the Target Group are US$. For the purpose of the unaudited pro forma consolidated statement of financial position, the balances denominated in US$ have been translated into RMB at US$1 to RMB7.1586, the exchange rate prevailing as at 30 June 2025. For the purpose of the unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income, the amounts denominated in US$ have been translated into RMB at US$1 to RMB7.1167, the average exchange rate prevailing for the year ended 31 December 2024. For the purpose of the unaudited pro forma consolidated cash flow statement, the amounts denominated in US$ have been translated into RMB at US$1 to RMB7.1167, except for the balance of cash and cash equivalents at the beginning of the year denominated in US$ that has been translated into RMB at US$1 to RMB7.0827, being the exchange rate prevailing as at 1 January 2024.

3. On 29 September 2025, the Group entered into a merger agreement (the "**Merger Agreement**") with MicroPort Cardiac Rhythm Management Limited (the "**Target Company**"), pursuant to which the Group conditionally agreed to acquire the entire equity interests in the Target Company, at a total consideration of US$680 million, which will be satisfied by the allotment and issue of 3,953,847,407 ordinary shares of the Company with a par value of US$0.000005 each to the holders of Target Company ordinary shares and preferred shares, following the implementation of the Pre-Closing Capital Restructuring as defined below.

   Subject to the provisions and conditions in the Merger Agreement, the Target Company will implement a capital restructuring prior to the closing of the Merger (the "**Pre-Closing Capital Restructuring**"), which includes (i) the conversion of the Senior CBs held by MicroPort International Corp. Limited ("**MicroPort International**") in the

principal amount of US$1,732,000, together with interest accrued as of 14 October 2025 (the "**MP Senior CBs**") to the Target Series C Preferred Shares of the Target Company with interest accrued on the MP Senior CBs after 14 October 2025 waived; (ii) the conversion of the Junior CBs held by MicroPort International in the principal amount of US$45,000,000 to the Target Series C Preferred Shares of the Target Company with interest accrued on the Junior CBs will be converted to an unsecured, interest-bearing loan of the Target Company repayable on the fifth anniversary of the Closing Date.

Following the implementation of the Pre-Closing Capital Restructuring, each ordinary share and preferred share of the Target Company that is issued and outstanding will immediately be cancelled and converted to the applicable number of new shares to be allotted and issued by the Company to the existing shareholders of the Target Company.

For the purpose of preparing the unaudited pro forma consolidated statement of financial position as at 30 June 2025, the pro forma adjustments made represent:

(a) The conversion of the MP Senior CBs and the Junior CBs held by MicroPort International with a total carrying amount of US$43,669,000 (equivalent to RMB312,607,000) on 30 June 2025 into the Target Series C Preferred Shares of the Target Company and further to the new shares to be allotted and issued by the Company, as if the Merger had been completed on 30 June 2025.

(b) The issuance of 3,953,847,407 ordinary shares of the Company with a par value of US$0.000005 each to satisfy the consideration for the Merger of US$680,000,000 (equivalent to approximately RMB4,862,748,000), as if the Merger had been completed on 30 June 2025.

The fair value of the shares to be allotted and issued is translated from US$ into RMB using an exchange rate of US$1 to RMB7.1511 which is same as the exchange rate used in the announcement dated 29 September 2025 issued by the Company.

The adjustment on the share capital represents the aggregate nominal value of share capital to be allotted and issued amounting to US$20,000 (equivalent to RMB141,000), deducted by elimination of the share capital of the Target Company amounting to US$8,000 (equivalent to RMB57,000). The difference between the fair value of the shares to be allotted and issued and the share capital was recognised as share premium.

The adjustment also has been made to reclassify the financial instruments with preferred rights with a carrying amount of US$ 379,858,000 (equivalent to RMB2,719,251,000) on 30 June 2025 to capital reserve upon the conversion of outstanding preferred shares of the Target Company to the new shares of the Company, as if the Merger had been completed on 30 June 2025.

(c) Recognition of capital reserve arising from the acquisition under common control

As the Group and Target Group are under the common control of MicroPort Scientific Corporation ("**MicroPort®**") before and after the Merger and the control is not transitory, the business combination has been accounted for in the consolidated financial statements of the Group as a business combination under common control based on the principles of book value accounting. The difference between the total consideration and the carrying amount of the Target Group's net assets after the Pre-Closing Capital Restructuring and adjustments made for elimination of the unrealised gains/losses on transactions between the Group and the Target Group and the legal and professional service fees payable by the Target Company as mentioned in note 5 and note 6 below was recognised as capital reserve in the unaudited pro forma consolidated statement of financial position of the Enlarged Group as at 30 June 2025.

For the purpose of preparing the unaudited pro forma consolidated statement of profit or loss and the unaudited pro forma consolidated cash flow statement for the year ended 31 December 2024, the adjustments have been made to reverse the changes in fair value charged to profit or loss of the MP Senior CBs and the Junior CBs amounting to US$265,000 (equivalent to RMB1,886,000), the finance costs charged to profit or loss of US$38,303,000 (equivalent to RMB272,591,000) in relation to the financial instruments with preferred rights for the year ended 31 December 2024 and the interest paid for the convertible bonds held by MicroPort International amounting to US$184,000 (equivalent to RMB1,309,000), as if the Pre-closing Capital Restructuring and the Merger had been completed on 1 January 2024. The adjustments will have no continuing effect on the Enlarged Group in the subsequent years.

4. As part of the Pre-Closing Capital Restructuring mentioned in Note 3, interest accrued on the Junior CBs will be converted to an unsecured, interest-bearing loan of the Target Company repayable on the fifth anniversary of the Closing Date.

For the purpose of preparing the unaudited pro forma consolidated statement of financial position at 30 June 2025, the adjustment represents the conversion of accumulated interest accrued for the Junior CBs held by MicroPort International amounting to US$8,112,000 (equivalent to RMB58,073,000) on 30 June 2025 into long-term interest-bearing borrowings due to MicroPort International, as if the Merger had been completed on 30 June 2025.

For the purpose of preparing the unaudited pro forma consolidated statement of profit or loss for the year ended 31 December 2024, no long-term interest-bearing borrowings would be converted from the accumulated interest accrued for the Junior CBs held by MicroPort International on 1 January 2024 as the Target Company issued these convertible bonds on 5 August 2024, and therefore there was no interest accrued for the Junior CBs subject to the conversion on 1 January 2024. Had there been an accumulated interest of US$8,112,000 (equivalent to RMB58,073,000) accrued for the Junior CBs and converted into long-term interest-bearing borrowings on 1 January 2024, the loss for the year of the Enlarged Group would be increased by US$243,000 (equivalent to RMB1,732,000).

5. The adjustments represent the elimination of the balances, transactions, unrealised gains on transactions between the Group and the Target Group as of 30 June 2025 and for the year ended 31 December 2024, mainly in relation to the sales of products from the Group to the Target Group and the unrealised gains of the unsold products in respect of the Enlarged Group.

6. The adjustment represents the estimated legal and professional service fees and other direct expenses in relation to the Merger of approximately RMB43,883,000, assuming the legal and professional service fees directly related to the issuance of new shares are insignificant. This adjustment will have no continuing effect on the Enlarged Group in the subsequent years.

7. No adjustment has been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions of the Group or the Target Group entered into subsequent to 30 June 2025 for the unaudited pro forma consolidated statement of financial position and 31 December 2024 for the unaudited pro forma consolidated statement of profit or loss, unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated cash flow statement, including but not limited to the redemption of the Senior CBs held by holders other than MicroPort International in principal amount of approximately US$128 million together with accrued interests primarily through refinancing via a bank loan granted to the Target Company in September 2025.

G. *The following is the text of a report received from the reporting accountants, KPMG, Certified Public Accountants, Hong Kong, in respect of the Group's pro forma financial information for the purpose in this circular.*

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF MICROPORT CARDIOFLOW MEDTECH CORPORATION

We have completed our assurance engagement to report on the compilation of pro forma financial information of MicroPort CardioFlow Medtech Corporation (the "**Company**") and its subsidiaries (collectively the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 30 June 2025 and the unaudited pro forma consolidated statement of profit or loss, unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated cash flow statement for the year ended 31 December 2024 and related notes as set out in Part A to Part F of Appendix IV to the circular dated November 24, 2025 (the "**Circular**") issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in Part A to Part F of Appendix IV to the Circular.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed acquisition of MicroPort Cardiac Rhythm Management Limited by way of Merger (the "**Proposed Merger**") on the Group's financial position as at 30 June 2025 and the Group's financial performance and cash flows for the year ended 31 December 2024 as if the Proposed Merger had taken place at 30 June 2025 and 1 January 2024, respectively. As part of this process, information about the Group's financial position as at 30 June 2025 has been extracted by the Directors from the interim report of the Group for the six months ended 30 June 2025, on which a review report has been published. Information about the Group's financial performance and cash flows for the year ended 31 December 2024 has been extracted by the Directors from the consolidated financial statements of the Group for the year then ended, on which an audit report has been published.

Directors' Responsibilities for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements", which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements ("**HKSAE**") 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules, and with reference to AG 7 issued by the HKICPA.

For purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on the unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the events or transactions at 30 June 2025 or 1 January 2024 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and

- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

a) the pro forma financial information has been properly compiled on the basis stated;

b) such basis is consistent with the accounting policies of the Group, and

c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

KPMG
Certified Public Accountants
Hong Kong
November 24, 2025

The following is the text of a valuation report prepared for the purpose of incorporation in this circular received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the Valuer, in connected with its valuation of the Target Company as at August 31, 2025.

Jones Lang LaSalle Corporate Appraisal and Advisory Limited
7/F One Taikoo Place
979 King's Road Hong Kong
Tel: +852 2846 5000 Fax: +852 2169 6001
Company Licence No.: C-030171

28 September 2025

The Board of Directors
MicroPort CardioFlow Medtech Corporation
1661 Zhangdong Road,
Z.J. Hi-Tech Park,
Shanghai, China

Dear Sirs,

In accordance with the instructions from MicroPort CardioFlow Medtech Corporation (the "**Company**" or the "**Client**"), Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("**JLL**") has undertaken a valuation exercise which requires us to express an independent opinion on the market value of 100% equity interest in MicroPort Cardiac Rhythm Management Limited (the "**Target Company**", together with its subsidiaries, the "**Target Group**") as at 31 August 2025 (the "**Valuation Date**"). The report which follows is dated 28 September 2025 (the "**Report Date**"). The purpose of this valuation is to express an independent opinion for the Company's internal reference.

Our valuation was carried out on a market value basis. According to the International Valuation Standards (the "**IVS**") issued by the International Valuation Standards Council (the "**IVSC**"), market value is defined 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."

BACKGROUND

The Target Company is a company incorporated under the laws of the Cayman Islands with limited liability. The Target Group is principally engaged in the cardiac rhythm management ("**CRM**") business focusing on solutions for the management of cardiac rhythm disorders. It offers

devices that monitor patient cardiac information in order to (1) identify abnormal heart conditions such as bradycardia and tachy-arrhythmia; and (2) apply electrical pulses and shocks to prevent or treat such abnormal conditions or provide cardiac resynchronization therapy. The CRM business of the Target Group is committed to creating the world's leading CRM solutions, and principally engaged in developing, manufacturing and marketing products for the diagnosis, treatment, and management of heart rhythm disorders and heart failure, with products covering pacemakers, defibrillators, cardiac resynchronization therapy devices and supporting lead products, as well as a portfolio of monitoring products used in combination.

The Subject of this valuation is being 100% equity interest in MicroPort Cardiac Rhythm Management Limited (the "**Subject**").

FINANCIAL PERFORMANCE OF THE TARGET GROUP

Key financial information of the Target Group for the 6-month period ended 30 June 2025 and 30 June 2024, as well as for the financial years ended 31 December 2024 and 31 December 2023 respectively is set out as below (unit: USD million):

Reporting Period	**6-months ended 2025/06/30** (Unaudited)	**Financial year ended 2024/12/31** (Unaudited)	**6-months ended 2024/06/30** (Unaudited)	**Financial year ended 2023/12/31** (Unaudited)
Revenue	114.10	220.61	113.36	207.04
EBITDA*	(8.31)	(43.09)	(13.54)	(57.36)
Net Profit	(41.62)	(109.03)	(45.01)	(119.17)

* EBITDA = Earnings before interest, taxes, depreciation and amortization

The Target Group's revenue is primarily derived from the distribution of medical devices. Revenue increased by 6.56% from USD 207 million in 2023 to USD 221 million in 2024. For the first half of 2025, revenue reached USD 114 million, remaining consistent with the USD 113 million recorded in the first half of 2024. On the other hand, EBITDA improved from a loss of USD 57 million in 2023 to a loss of USD 43 million in 2024 and further strengthened to a loss of USD 8 million in the first half of 2025, compared to a loss of USD 14 million in the same period of 2024.

SOURCES OF INFORMATION

In conducting our valuation of the Subject, we have reviewed the following information, including but not limited to:

- Background of the Target Group;
- Historical unaudited financial statements of the Target Group for the financial years ended 31 December 2024 and 31 December 2023 respectively;
- Unaudited financial statements for the 6-month periods ended 30 June 2025 and 30 June 2024 respectively; and
- Other operation and market information in relation to the business of the Target Group.

We have held discussions with management of the Company and the Target Group, and conducted market research from public sources to assess the reasonableness and fairness of information provided. We assumed such information to be reliable and legitimate, and we have relied to a considerable extent on the information provided in arriving at our conclusion of value.

BASIS OF OPINION

We have conducted our valuation in accordance with the IVS. The valuation procedures employed include a review of legal status and economic condition of the Target Group and an assessment of key assumptions, estimates and representations made by the proprietor or the operator of the Target Group. All matters we consider essential to the proper understanding of the valuation are disclosed in this valuation report.

The following factors form an integral part of our basis of opinion:

- The economic outlook in general;
- The nature of business and history of the operation concerned;
- The financial condition of the Target Group;
- Market-driven investment returns of companies engaged in similar lines of business;
- Financial and business risk of the business; and

- Consideration and analysis on the micro and macro economy affecting the business of the Target Group.

We planned and performed our valuation so as to obtain all the information and explanations that we considered necessary in order to provide us with sufficient evidence to express our opinion on the valuation of the Subject.

VALUATION METHODOLOGY

In arriving at our assessed value, we have considered three generally accepted approaches, namely market approach, cost approach and income approach.

Market Approach considers prices recently paid for similar assets, with adjustments made to market prices to reflect condition and utility of the appraised assets relative to the market comparative. Assets for which there is an established secondary market may be valued by this approach. Benefits of using this approach include its simplicity, clarity, speed and the need for few or no assumptions. It also introduces objectivity in application as publicly available inputs are used. However, one has to be wary of the hidden assumptions in those inputs as there are inherent assumptions on the value of those comparable assets. It is also difficult to find comparable assets. Furthermore, this approach relies exclusively on the efficient market hypothesis.

Cost Approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation or obsolescence present, whether arising from physical, functional or economic causes. The cost approach generally furnishes the most reliable indication of value for assets without a known secondary market. Despite the simplicity and transparency of this approach, it does not directly incorporate information about the economic benefits contributed by the subject assets.

Income Approach is the conversion of expected periodic benefits of ownership into an indication of value. It is based on the principle that an informed buyer would pay no more for the project than an amount equal to the present worth of anticipated future benefits (income) from the same or a substantially similar project with a similar risk profile. This approach allows for the prospective valuation of future profits and there are numerous empirical and theoretical justifications for the present value of expected future cash flows. However, this approach relies on numerous assumptions over a long-time horizon and the result may be very sensitive to certain inputs. It also presents a single scenario only.

To select the most appropriate approach, we have considered the purpose of the valuation and the resulting basis of value as well as the availability and reliability of information provided to us to form perform an analysis. We have also considered the relative advantages and disadvantages of each approach to the nature and circumstances of this Subject. In our opinion, the cost approach is inappropriate for valuing the Subject, as it does not directly incorporate information about the economic benefits contributed by the Subject. The income approach is inappropriate as this approach require detailed operational information and long-term financial projection of the Target Group but such information with substantial objective supporting data is not available. Hence, the market approach is adopted in this valuation.

There are two common methods under market approach, namely, guideline public company method and guideline transaction method. Guideline public company method requires identifying suitable guideline public companies and selection of appropriate trading multiples, while guideline transaction method takes reference to recent mergers and acquisitions transaction between unrelated parties and ratio of transaction price to Target Group's financial parameters.

In this valuation exercise, the market value of the Subject was developed through the guideline public company method. The guideline transactions method is not adopted due to lack of sufficient recent market transactions with sufficient data and similar nature as the Subject. The guideline public company method requires the research of comparable companies' benchmark multiples and selection of an appropriate multiple.

In this valuation, we have considered the following commonly used benchmark multiples:

- Price-to-earnings multiple ("**P/E Multiple**"): This multiple is computed by dividing the share price by earnings per share. It is commonly used as investors want to assess the profitability of a company. However, it has limitations as it cannot be used for valuing loss-making companies and does not address differences in accounting policies and capital structures.

- Price-to-book multiple ("**P/B Multiple**"): This multiple is computed by dividing the share price by the book value per share. It is often used in asset-intensive industries. However, since it only considers tangible assets, it does not capture intangible assets, company-specific competencies, and advantages.

- Price-to-sales multiple ("**P/S Multiple**"): This multiple is estimated by dividing the share price by sales per share. It is commonly used for valuing early-stage or loss-making companies. However, it overlooks the cost structure and profitability of a company.

- Enterprise value to earning before interest and tax multiple ("**EV/EBIT Multiple**"): This multiple compares a firm's enterprise value to its earnings before interest and taxes. It allows for direct comparison of firms regardless of their capital structure. It is considered less affected by differences in capital structure compared to the P/E Multiple. However, it does not adjust for depreciation and amortization expenses.

- Enterprise value to earning before interest, tax depreciation and amortisation multiple ("**EV/EBITDA Multiple**"): This multiple is similar to the EV/EBIT Multiple but adds back depreciation and amortisation expenses. It is commonly used for capital-intensive businesses where depreciation expense is significant.

- Enterprise value-to-sales multiple ("**EV/Sales Multiple**"): Similar to other enterprise value multiples, this multiple is less affected by differences in accounting treatment. Similar to the price-to-sales ratio, it is commonly used to value early-stage or loss-making companies. Yet, EV/Sales Multiple has the benefits over price-to-sales ratio that it takes into account a company's debt load.

As of the Valuation Date, the Target Group had outstanding shareholder payables, which were considered to be debt-like in nature. This resulted in a capital structure differing from that of the comparable companies. The application of an EV multiple enabled more precise incorporation of these liabilities in the valuation. Furthermore, given the Target Group's loss-making position, the EV/Sales Multiple was deemed most appropriate and has consequently been adopted for this valuation.

MAJOR ASSUMPTIONS

Assumptions considered to have significant sensitivity effects in this valuation have been evaluated in order to provide a more accurate and reasonable basis for arriving at our assessed value. The following key assumptions in determining the market value of the Subject have been made:

- Following our discussion with the management of the Company, a period of trailing 12-month ended 30 June 2025 is adopted as the financial period (the "**Financial Period**") of the Target Group. The trailing 12-month sales of the Target Group is estimated to be USD 221.36 million;

- We assume continuation of prudent and effective management policies over whatever period of time that is considered to be necessary in order to maintain the character and integrity of the assets valued;

- We have assumed that there will be no material change in the existing political, legal, technological, fiscal or economic conditions, which might adversely affect the business of the Subject;

- We have assumed that the operational and contractual terms stipulated in the relevant contracts and agreements will be honored;

- We have been provided with copies of the operating licenses and company incorporation documents. We have assumed such information to be reliable and legitimate;

- We have assumed the accuracy of the financial and operational information such as management accounts, contractual agreements and manufacturing capabilities, provided to us by the Company relied to a considerable extent on such information in arriving at our opinion of value; and

- We have assumed that there are no hidden or unexpected conditions associated with the assets valued that might adversely affect the reported value. Further, we assume no responsibility for changes in market conditions after the Valuation Date.

MARKET MULTIPLE

In determining the market multiple, a list of comparable companies was identified. The selection criteria include the followings:

The Target Group is principally engaged in developing, manufacturing, and marketing products globally for the diagnosis, treatment, and management of heart rhythm disorders and heart failure, with products covering pacemakers, defibrillators, cardiac resynchronization therapy devices and supporting lead products, as well as a portfolio of monitoring products used in combination. Given the highly specialised nature of this therapeutic area, there are no publicly listed pure-play companies operating exclusively in this segment. Most companies with meaningful exposure to cardiac rhythm management or heart failure solutions are diversified medical device manufacturers with multiple business lines. To ensure both relevance and feasibility, the selection criteria are set as below: 1. The comparable companies are publicly listed and searchable in Bloomberg; 2. The comparable companies are classified as medical device manufacturers by Bloomberg; 3. The cardiovascular segment's revenue contribution of the comparable companies accounts more than one third of the total revenue; 4. The comparable companies' product portfolio includes pacemakers, defibrillators, cardiac resynchronization therapy devices and supporting lead

products, as well as a portfolio of monitoring products used in combination. These products are used for diagnosing, treating, and managing heart rhythm disorders and heart failure; 5. Sufficient data, including the EV/Sales Multiples as at the Valuation Date of the comparable companies, is available.

Criteria 2 and 3 together ensure that the comparable companies with which cardiac rhythm and heart failure solutions represent a strategically significant and operationally integrated business line. Such ensure the alignment with the Target Company's regulatory frameworks (e.g., FDA/CE Mark), technology innovation cycles, and market condition. However, the revenue contribution percentage in Criteria 3 could not be set higher so as to maintain the number of comparable companies.

As sourced from Bloomberg, an exhaustive list of comparable companies satisfying the above criteria was obtained. Each selected company has material and strategic exposure to the same core therapeutic area — namely, the diagnosis and treatment of heart rhythm disorders and heart failure — with cardiovascular products constituting at least one-third of total revenue and typically representing their largest business segment. While no pure-play peer exists, the resulting list provides a reasonable, transparent and defensible benchmark for relative valuation purposes.

The details of the comparable companies are listed below:

Bloomberg Ticker	Company Name	Revenue from cardiovascular segments	Company Description
MDT US Equity*	Medtronic plc	37%	Medtronic plc develops, manufactures, and sells device-based medical therapies to healthcare systems, physicians, clinicians, and patients in the United States, Ireland, and internationally. Its Cardiovascular Portfolio segment offers implantable cardiac pacemakers, cardioverter defibrillators, and cardiac resynchronization therapy devices; cardiac ablation products; insertable cardiac monitor systems; TYRX products; and remote monitoring and patient-centered software. Medtronic plc was founded in 1949 and is headquartered in Galway, Ireland. The company is a global leader in cardiac rhythm management and is consistently ranked as the world's largest manufacturer of CRM devices by revenue and market share. It maintains a comprehensive portfolio of pacemakers, implantable cardioverter-defibrillators, and cardiac resynchronization therapy devices.

Bloomberg Ticker	Company Name	Revenue from cardiovascular segments	Company Description
BSX US Equity	Boston Scientific Corp	64%	Boston Scientific Corporation develops, manufactures, and markets medical devices for use in various interventional medical specialties worldwide. It operates in two segments, MedSurg and Cardiovascular. It provides technologies for diagnosing and treating coronary artery disease and aortic valve conditions, left atrial appendage closure (LAAC) devices, and implantable devices that monitor the heart and deliver electricity to treat cardiac abnormalities. The company was incorporated in 1979 and is headquartered in Marlborough, Massachusetts, USA.
1302 HK Equity*	Lifetech Scientific Corp.	42%	LifeTech Scientific Corporation, an investment holding company, develops, manufactures, and trades in interventional medical devices for cardiovascular and peripheral vascular diseases and disorders in Mainland China, Europe, Rest of Asia, India, South America, Africa, and internationally. It operates through Structural Heart Diseases Business, Peripheral Vascular Diseases Business, and Cardiac Pacing and Electrophysiology Business segments. LifeTech Scientific Corporation was founded in 1999 and is headquartered in Shenzhen, China. The company is the first manufacturer in China to offer a complete product portfolio of implantable cardiac pacemakers featuring international-level technology and functionality. Its cardiovascular segment remains its most substantial and strategically pivotal business unit.
688351 CH Equity	Shanghai MicroPort EP MedTech Co., Ltd.	100%	Shanghai MicroPort EP MedTech Co., Ltd. engages in the research, development, production, and sale of medical devices in the field of electrophysiological interventional diagnosis and ablation therapy in China and internationally. The company was formerly known as Shanghai Wei Chuang Electrophysiology Medical Technology Co., Ltd. and changed its name to Shanghai MicroPort EP MedTech Co., Ltd. in April 2016. Shanghai MicroPort EP MedTech Co., Ltd. was founded in 2010 and is based in Shanghai, China.

Bloomberg Ticker	Company Name	Revenue from cardiovascular segments	Company Description
688617 CH Equity	APT Medical Inc.	73%	APT Medical Inc. engages in the research, development, manufacturing, and supply of electrophysiology and vascular interventional medical devices in China. The company offers electrophysiological products and interventional cardiology and peripheral intervention products. APT Medical Inc. was founded in 2002 and is headquartered in Shenzhen, China.

**Note:* Within the global medical device sector, companies that both (i) derive their revenue from medical devices (excluding pharmaceuticals or consumer health businesses) and (ii) maintain an active, commercial-scale cardiac rhythm management are extremely limited. A few firms with cardiovascular pipelines either lack substantial revenue from this segment or operate as diversified healthcare conglomerates with significant non-medtech operations. Against this backdrop, Medtronic plc and LifeTech Scientific Corporation stand out as two of the few publicly listed peers that are pure-play or focused medical device manufacturers with established, commercially approved pacemaker and CRM product portfolios. For Medtronic plc and LifeTech Scientific Corporation, although the cardiovascular segment's revenue account for 37% and 42% of the total revenue, respectively, both companies are global or domestic leaders in the specific product portfolio most relevant to the Target Company, namely implantable cardiac rhythm management devices, including pacemakers, defibrillators, and related monitoring systems.

The key financial data of the comparable companies as of the Valuation Date is illustrated as below:

Bloomberg Ticker	Market Capitalization *(Million USD)*	Total Enterprise Value *(Million USD)*	LTM* SALES *(Million USD)*	LTM NOPAT** *(Million USD)*
MDT US Equity	119,046	139,774	33,537	5,955
BSX US Equity	156,325	168,053	18,494	3,148
1302 HK Equity	1,159	1,045	184	10
688351 CH Equity	1,572	1,389	61	8
688617 CH Equity	5,624	5,464	316	114

* LTM: refers to the last twelve months from the latest date of financial reports of the comparable companies

** NOPAT: refer to the net operating profit after tax

As the businesses of the comparable companies are located in different regions, they are thus exposed to different macroeconomic and market risks. Moreover, the comparable companies are often of significantly different size from the Target Group. Larger companies generally have lower expected returns that translate into higher values. On the other hand, small companies are generally perceived as riskier in relation to business operation and financial performance, and therefore the expected returns are higher and resulting in lower multiples. Therefore, the base multiples were adjusted to reflect the difference in natures between the comparable companies and Target Group.

We referred to a formula in a widely-adopted textbook "Financial Valuation — Applications and Model, 2017" by James R. Hitchner, a renowned valuation expert in the US, for the pricing multiple adjustments.

The adjusted EV/Sales multiples were calculated using the following formula: Adjusted EV/Sales Multiple = $1 / ((1 / M) + \theta \times (E/EV) \times (Sales/NOPAT))$

where:

M	=	The Base EV/Sales multiple
θ	=	Required adjustment in the difference in size, country risk and specific risk
E	=	Market capitalization
EV	=	Enterprise value
EBITDA	=	Earnings before interest, taxes, depreciation and amortization
NOPAT	=	Net operating profit after tax

The logic behind the pricing multiple adjustments is that the reciprocal of the base multiple represents a capitalization rate. In this valuation, the reciprocal of the base EV/Sales multiple represents a capitalization rate of the enterprise value.

For the parameter θ, it was used as a desired adjustment to reflect the difference in natures between the comparable companies and the Subject. With reference to Cost of Capital Navigator 2025 published by Kroll, depending on the market capitalization of each of the comparable companies, size premium differentials were adopted to capture the size difference between the comparable companies and the Target Group. In addition, the country risk premium differentials were adopted with reference to the Country Default Spreads and Risk Premiums study issued and

last updated by Aswath Damodaran in January 2025. Finally, given that the Target Group's current profitability differs from that of comparable companies, a specific risk adjustment was also considered.

The ratio of the market capitalization to enterprise value E/EV was adopted as a weighting factor. As aforesaid, the logic behind this formula is that a pricing multiple is the reciprocal of the capitalization rate. In the case of an enterprise value multiple, the capitalization rate is driven by the weighted average cost of capital (the "**WACC**") of the valuation subject. Since the size and specific risk premium differentials "θ" are applicable only to the equity portion (for a listed company, market capitalization represents the market value of its equity) but not to the debt portion of the WACC, we shall only adjust the equity portion of the capitalization rate in this pricing multiple adjustment formula. The ratio E/EV was used to apply an appropriate weighting on the parameter θ so that the capitalization rate was adjusted only to the extent of its equity portion. In other words, the ratio E/EV takes into account of the varying capital structures among the comparable companies.

The ratio of Sales to NOPAT was used as a scale factor, which is applied in the adjustment of the EV/Sales multiple. It is considered that the base measure of the benefits for enterprise value to be NOPAT (Hitchner, R., 2017), which is a financial measure that shows how well a company performed through its core operations net of taxes and it excludes tax savings from existing debt and one-time losses or charges.

After the aforesaid adjustment on the EV/Sales Multiple, the Adjusted EV/Sales multiples of the comparable companies are listed as below:

Ticker	Country/ Region	Market Capitalization (Million USD)	EV/Sales Before Adjustment	Size Risk Premium[1]	Country Risk Premium[2]	Specific Premium[3]	Size, Regions, and Specific Adjustment (θ)	Adjusted EV/Sales
MDT US Equity	United States	119,046	4.17	1.73%	0.28%	1.00%	3.01%	2.60
BSX US Equity	United States	156,325	9.09	1.73%	0.28%	1.00%	3.01%	3.64
1302 HK Equity	China	1,159	5.68	0.85%	-0.28%	1.00%	1.57%	2.00
688351 CH Equity	China	1,572	22.85	0.54%	-0.28%	1.00%	1.26%	6.42
688617 CH Equity	China	5,624	17.31	0.99%	-0.28%	1.00%	1.71%	9.37
Median[4]			**9.09**					**3.64**

Notes:

(1) Size Risk Premium is derived from the Duff & Phelps Cost of Capital Navigator. Specifically, it is the difference between the size premium of each comparable company and that of the Target Company as sourced from "Duff & Phelps Cost of Capital Navigator" (2025);

(2) Country Risk Premium is derived from "the Damodaran, Country Default Spreads and Risk Premiums" (A. Damodoran, 2025). Specifically, it is the difference between the country premium of each comparable company and that of the Target Company;

(3) A specific risk premium of 1% — it was considered that the specific risk premium should not be larger than the adjustment to size premium but not smaller than the adjustment to the country risk premium. The two adjustments range from -0.28% to 1.73%. The mid-point of 1% was adopted as the specific risk premium for the Target Company — is applied to reflect the Target Company's current financial performance, as it has been unprofitable in recent years. In contrast, all comparable companies are all profitable;

(4) The median can effectively mitigate the impact of extreme outliers by focusing on the central value of the dataset, thereby providing a more accurate representation of typical observations when the distribution is skewed or contains anomalous data points. This inherent robustness of the median ensures that it remains unaffected by extreme values, unlike the mean, which can be heavily influenced by outliers. As a result, there is no need to perform additional outlier analysis when the median is adopted, making it a particularly reliable measure in datasets even with skewed distributions or significant anomalies.

DISCOUNT FOR LACK OF MARKETABILITY ("DLOM")

A factor to be considered in valuing closely held companies such as the Subject is the marketability of an interest in such businesses. Marketability is defined as the ability to convert the business interest into cash quickly, with minimum transaction and administrative costs, and with a high degree of certainty as to the amount of net proceeds. There is usually a cost and a time lag associated with locating interested and capable buyers in privately-held companies, because there is no established market of readily-available buyers and sellers. All other factors being equal, an interest in a publicly traded company is worth more because it is readily marketable. Conversely, an interest in a private- held company is worth less because no established market exists.

For this exercise, the indicated discount for lack of marketability adopted for the equity interest in the Target Company is 15.6% as at the Valuation Date, based on a study 2024 edition of the Stout Restricted Stock Study Companion Guide issued by Stout Risius Ross, LLC. The adopted discount refers to the overall median discount for 779 transactions in the study. This discount was derived by comparing the percentage difference between the private placement price per share and the market trading price per share of the same companies in the Stout Restricted Stock Study.

Control Premium ("CP")

Control premium is an amount by which the pro rata value of a controlling interest exceeds the pro rata value of a non-controlling interest a business enterprise that reflects the power of a control. Both factors recognize that control owners have rights that minority owners do not and that the difference in those rights and, perhaps more importantly, how those rights are exercisable and to what economic benefits, cause a differential in the per-share value of a control ownership block versus a minority ownership block.

We have made reference to the second quarter of 2025 Control Premium Study Report published by FactSet Mergerstat, LLC, applying the data related to international transactions from all industries. For this valuation, the median control premium of 31.50% is adopted.

CALCULATION OF VALUATION RESULT

Under the guideline public company method, the market value of the Subject is estimated based on the financial information of the Target Group and the market multiples of the comparable companies derived from Bloomberg as at the Valuation Date. We have also taken into account the two factors, which is being the marketability discount and control premium.

The calculation of the market value of 100% equity interest of the Target Company as at the Valuation Date is as follows:

Parameter	Unit	Input
Sales of the Target Group from 1 July 2024 to 30 June 2025	USD million	221.36
Median Adjusted EV/Sales Multiple of the Comparable Companies		3.64
Enterprise Value of the Target Group before CP and DLOM	USD million	806.27
Add: Cash	USD million	21.88
Deduct: Interest-bearing borrowings	USD million	(1.38)
Deduct: Lease liabilities	USD million	(24.31)

Parameter	Unit	Input
Deduct: Convertible bond (being the outstanding principal and accrued interest on the convertible bond, excluding the convertible bond held by MicroPort International which will be fully converted into equity)	USD million	(171.36)
Equity Value of the Target Group before DLOM and CP	USD million	631.10
Deduct: Discount for lack of marketability (15.60%)	USD million	(98.45)
Equity Value of the Target Group before CP	USD million	532.65
Add: Control Premium (31.50%)	USD million	167.78
Equity Value of the Target Group after control premium and discount for lack of marketability as at the Valuation Date	USD million	**700.43**

Note: Financial data extracted from unaudited financial statement up to 30 June 2025.

VALUATION COMMENT

The conclusion of value is based on accepted valuation procedures and practices that rely substantially on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. Further, while the assumptions and other relevant factors are considered by us to be reasonable, they are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Target Group, the Company and JLL.

We do not intend to express any opinion on matters which require legal or other specialized expertise or knowledge, beyond what is customarily employed by valuers. Our conclusions assume continuation of prudent management of the Target Group over whatever period of time that is reasonable and necessary to maintain the character and integrity of the assets valued.

This report is issued subject to our Limiting Conditions as attached.

INDEPENDENCE DECLARATION

We confirm that to the best of our knowledge and belief, we are independent of the Company and the Target Group, and have not contravened any independence requirements stipulated as per our professional memberships. Our fee is not contingent upon our conclusion of value.

OPINION OF VALUE

Based on the results of our investigations and analyses, we are of the opinion that the market value of 100% equity interest in MicroPort Cardiac Rhythm Management Limited as at the Valuation Date is reasonably stated at the amount of USD700.43 million.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle
Corporate Appraisal and Advisory Limited

Simon M.K. Chan
Executive Director

Note: Mr. Simon M.K. Chan is a fellow (FCPA) of the Hong Kong Institute of Certified Public Accountants (HKICPA) and CPA Australia. He is also fellow of the Royal Institution of Chartered Surveyors (FRICS). He is an International Certified Valuation Specialist (ICVS) and a Chartered Valuer and Appraiser (Singapore). He oversees the business valuation services of JLL and has over 20 years of accounting, auditing, corporate advisory and valuation experiences. He has provided a wide range of valuation services to numerous listed and listing companies of different industries in the PRC, Hong Kong, Singapore and the United States.

LIMITING CONDITIONS

1. In the preparation of this Report, we relied on the accuracy, completeness and reasonableness of the financial information, forecast, assumptions and other data provided to us by the Client/Target Group and/or its representatives. We did not carry out any work in the nature of an audit and neither are we required to express an audit or viability opinion. We take no responsibility for the accuracy of such information. Our Report was used as part of the analysis of the Client/Target Group in reaching their conclusion of value and due to the above reasons, the ultimate responsibility of the derived value of the Subject rests solely with the Client.

2. We have explained as part of our service engagement procedure that it is the director's responsibility to ensure proper books of accounts are maintained, and the financial information and forecast give a true and fair view and have been prepared in accordance with the relevant standards and companies ordinance.

3. Public information and industry and statistical information have been obtained from sources we deem to be reputable; however, we make no representation as to the accuracy or completeness of such information, and have accepted the information without any verification.

4. The board of directors and the management of Client/Target Group have reviewed this Report and agreed and confirmed that the basis, assumptions, calculations and results are appropriate and reasonable.

5. Jones Lang LaSalle Corporate Appraisal and Advisory Limited shall not be required to give testimony or attendance in court or to any government agency by reason of this exercise, with reference to the project described herein. Should there be any kind of subsequent services required, the corresponding expenses and time costs will be reimbursed from you. Such kind of additional work may incur without prior notification to you.

6. No opinion is intended to be expressed for matters which require legal or other specialised expertise, which is out of valuers' capacity.

7. The use of and/or the validity of the Report is subject to the terms of the Agreement and the full settlement of the fees and all the expenses.

8. Our conclusions assume continuation of prudent and effective management policies over whatever period of time that is considered to be necessary in order to maintain the character and integrity of the Subject.

9. We assume that there are no hidden or unexpected conditions associated with the subject matter under review that might adversely affect the reported review result. Further, we assume no responsibility for changes in market conditions, government policy or other conditions after the Valuation Date. We cannot provide assurance on the achievability of the results forecasted by the Client/Target Group because events and circumstances frequently do not occur as expected; difference between actual and expected results may be material; and achievement of the forecasted results is dependent on actions, plans and assumptions of management.

10. This Report has been prepared solely for internal use purpose. The Report should not be otherwise referred to, in whole or in part, or quoted in any document, circular or statement in any manner, or distributed in whole or in part or copied to any third party without our prior written consent. Even with our prior written consent for such, we are not liable to any third party except for our client for this report. Our client should remind of any third party who will receive this report and the client will need to undertake any consequences resulted from the use of this report by the third party. We shall not under any circumstances whatsoever be liable to any third party.

11. This Report is confidential to the Client and the calculation of values expressed herein is valid only for the purpose stated in the Agreement as at the Valuation Date. In accordance with our standard practice, we must state that this Report and exercise is for the use only by the party to whom it is addressed to and no responsibility is accepted with respect to any third party for the whole or any part of its contents.

12. Where a distinct and definite representation has been made to us by parties interested in the Subject, we are entitled to rely on that representation without further investigation into the veracity of the representation.

13. The Client/Target Group agrees to indemnify and hold us and our personnel harmless against and from any and all losses, claims, actions, damages, expenses or liabilities, including reasonable attorney's fees, to which we may become subjects in connection with this engagement. Our maximum liability relating to services rendered under this engagement (regardless of form of action, whether in contract, negligence or otherwise) shall be limited to the fee paid to us for the portion of its services or work products giving rise to liability. In no event shall we be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, lost profits, opportunity costs, etc.), even if it has been advised of their possible existence.

14. We are not environmental, structural or engineering consultants or auditors, and we take no responsibility for any related actual or potential liabilities exist, and the effect on the value of the asset is encouraged to obtain a professional assessment. We do not conduct or provide such kind of assessments and have not considered the potential impact to the subject property.

15. This exercise is premised in part on the historical financial information and future forecast provided by the management of the Client/Target Group and/or its representatives. We have assumed the accuracy and reasonableness of the information provided and relied to a considerable extent on such information in our calculation of value. Since projections relate to the future, there will usually be differences between projections and actual results and in some cases, those variances may be material. Accordingly, to the extent any of the above mentioned information requires adjustments, the resulting value may differ significantly.

16. This Report and the conclusion of values arrived at herein are for the exclusive use of our client for the sole and specific purposes as noted herein. Furthermore, the Report and conclusion of values are not intended by the author, and should not be construed by any reader, to be investment advice or as financing or transaction reference in any manner whatsoever. The conclusion of values represents the consideration based on the information furnished by the Client/Target Group and other sources. Actual transactions involving the Subject might be concluded at a higher or lower value, depending upon the circumstances of the transaction and the knowledge and motivation of the buyers and sellers at that time. The transaction amount does not need to be close to the result as estimated in this report.

17. The board of directors, management, staff, and representatives of the Client/Target Group have confirmed to us that they are independent to JLL in this Valuation or calculation exercise. Should there be any conflict of interest or potential independence issue that may affect our independence in our work, the Client/Target Group and/or its representatives should inform us immediately and we may need to discontinue our work and we may charge our fee to the extent of our work performed or our manpower withheld or engaged.

1. RESPONSIBILITY STATEMENT

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

2. SHARE CAPITAL

Authorised and issued share capital of the Company as at the Latest Practicable Date:

	US$
Authorised:	
10,000,000,000 Shares	50,000
Issued and fully paid:	
2,412,706,775 Shares	12,063.533875

Authorised and issued share capital of the Company immediately following the issue of the New Shares:

		US$
Authorised:		
10,000,000,000 Shares		50,000
Issued and fully paid:		
2,412,706,775 Shares	Shares in issue as at the Latest Practicable Date	12,063.533875
3,953,847,407 Shares	New Shares to be issued at Completion	19,769.237035
6,366,554,182 Shares	Total issued Shares	31,832.77091

As at the Latest Practicable Date, none of the issued Shares was held in treasury by the Company or through any agent or nominee of the Company.

3. DISCLOSURE OF INTERESTS

(1) Directors and chief executives of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of our Company and their associates in any of the shares, underlying shares and debentures of our 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 or which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO), Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as set out in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules were as follows:

Long Positions in the Shares/underlying Shares of the Company

Name	Nature of interest	Number of Shares/ underlying Shares	Approximate percentage of shareholding interest
Mr. Chen Guoming	Beneficial owner	8,905,892	0.37%
Mr. Zhang Ruinian	Beneficial owner	2,090,000	0.09%
Mr. Zhao Liang*(Note 1)*	Beneficial owner	11,368,310	0.49%
Ms. Yan Luying	Beneficial owner	9,064,017	0.38%
Ms. Sun Zhixiang	Beneficial owner	449,683	0.02%
Mr. Jonathan H. Chou	Beneficial owner	449,683	0.02%

Notes:

1. As Mr. Zhao Liang is also interested in 21,716 shares of the Target Company (comprising 18,944 vested shares of the Target Company and 2,772 shares of the Target Company that are yet to be vested) through the Target ESOP, which would translate to 482,338 New Shares to be held through the Target ESOP upon the Merger becoming effective, Mr. Zhang Junjie will be interested in an aggregate of 11,850,648 Shares upon the Merger becoming effective.

2. As Team Gallery Limited and HJ Mountaineer Limited (both being Remaining Shareholders controlled by their sole management shareholder, HJ Capital Partners, which was in turn 80% owned by Helix Capital JUNJIE Limited as at the Latest Practicable Date, a company wholly owned by Mr. Zhang Junjie, a non-executive Director) will be respectively issued 49,655,672 and 17,024,794 New Shares upon the Merger becoming effective, in aggregate representing approximately 1.05% of the issued share capital of the Company as enlarged by the allotment and issue of the New Shares (assuming that there will be no change in

the issued share capital of the Company other than the allotment and issuance of the New Shares from the Latest Practicable Date up to and until the Closing Date), Mr. Zhang Junjie is also deemed to be interested in the 66,680,466 New Shares to be issued upon the Merger becoming effective.

3. All the above Shares are held in long position.

4. The calculation is based on the total number of 2,412,706,775 Shares in issue as at the Latest Practicable Date.

Save as disclosed above, as at 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

As at the Latest Practicable Date, so far as was known to the Directors, 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:

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

Name	Capacity	Number of Shares	Approximate percentage of shareholding interest
Shanghai MicroPort Limited *(Note 1)*	Beneficial owner	1,112,855,680	46.12%
CICC Kangrui I (Ningbo) Equity Investment Limited Partners (Limited Partnership) ("**CICC Kangrui**") *(Note 2)*	Beneficial owner	181,592,220	7.53%

Notes:

1. Shanghai MicroPort Limited was wholly owned by MicroPort®. Therefore, MicroPort® was deemed to be interested in the Shares that Shanghai MicroPort Limited 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 2,412,706,775 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 for (i) Mr. Chen Guoming, a non-executive Director, (ii) Ms. Wu Xia, a non-executive Director, and (iii) Mr. Jonathan H. Chou, an independent non-executive Director, who are also Directors appointed by MicroPort® or hold directorships in the MicroPort® Group, as of the Latest Practicable Date, none of the other Directors, proposed directors and chief executive of the Company was a director or employee of a company which had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. EXPERTS, QUALIFICATIONS AND CONSENTS

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

Name	Qualifications
Gram Capital Limited	a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	an independent RICS registered valuation firm
KPMG	Certified Public Accountants, Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance

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, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, none of the experts above was beneficially interested in the equity interest of any member of the Enlarged Group nor had 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 Enlarged Group.

As at the Latest Practicable Date, each of the experts above did not have any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Enlarged Group or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group since December 31, 2024, being the date to which the latest published audited consolidated accounts of the Company were made up.

5. SERVICE CONTRACTS

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

6. LITIGATION

As at the Latest Practicable Date, none of the members of the Enlarged 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 any member of the Enlarged Group.

7. MISCELLANEOUS

(a) 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.

(b) The principal place of business of the Company in Hong Kong is located at Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong.

(c) The joint company secretaries of the Company are Ms. Li Xiangmei and Ms. Chan Lok Yee, who are both associates of the Hong Kong Chartered Governance Institute and The Chartered Governance Institute. Ms. Chan Lok Yee is currently a senior manager of company secretarial services in Vistra Corporate Services (HK) Limited, a professional provider of corporate services.

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

8. MATERIAL ADVERSE CHANGE

As at 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, 2024, being the date to which the latest published audited consolidated financial statements of the Company were made up.

9. INTERESTS OF DIRECTORS

As at the Latest Practicable Date, the Directors were not aware of any Director or his respective close associates having 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.

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

Since December 31, 2024, the date to which the latest published audited consolidated accounts of the Company were made up, 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 Enlarged Group.

10. MATERIAL CONTRACTS

The following contracts are contracts that are or may be material, not being contracts entered into during the ordinary course of business, and have been entered into by any member of the Enlarged Group within the two years immediately preceding the date of this circular and up to the Latest Practicable Date:

(1) the Merger Agreement;

(2) the equity transfer agreement dated May 30, 2025 entered into between MicroPort Sinica Co., Ltd. (微創投資控股有限公司) ("**MicroPort Sinica**") and Shanghai Zuoqing Enterprise Management Consulting Service Centre (Limited Partnership) (上海佐擎企業管理諮詢服務中心(有限合夥)) ("**Shanghai Zuoqing**") (collectively as sellers), Shanghai MicroPort CardioFlow Medtech Co., Ltd. (上海微創心通醫療科技有限公司) ("**MP CardioFlow**", a wholly-owned subsidiary of the Company) (as purchaser) and Shanghai MicroPort CardioAdvent Co., Ltd. (上海佐心醫療科技有限公司) ("**MP CardioAdvent**"), pursuant to which MP CardioFlow conditionally agreed to acquire, and MicroPort Sinica and Shanghai Zuoqing conditionally agreed to sell, the remaining 49% equity interest in MP CardioAdvent, for a total consideration of RMB170,863,000.00;

(3) the equity transfer agreement dated August 22, 2024 entered into between MP CardioFlow, as purchaser, and Shanghai MicroPort Medical (Group) Co., Ltd. (上海微創醫療器械(集團)有限公司) ("**Shanghai MicroPort Medical**") as vendor, pursuant to which MP CardioFlow conditionally agreed to acquire, and Shanghai MicroPort Medical conditionally agreed to sell, the entire equity interest in Shanghai Xinyong Medical Technology Co., Ltd. (上海心永醫療科技有限公司) for a consideration not exceeding RMB380.0 million; and

(4) the equity transfer agreement dated January 1, 2024 entered into between MicroPort Sinica and Shanghai Zuoqing (as sellers), MP CardioFlow (as purchaser) and MP CardioAdvent, pursuant to which MP CardioFlow conditionally agreed to acquire, and MicroPort Sinica and Shanghai Zuoqing conditionally agreed to sell, 51% equity interest in MP CardioAdvent for a total consideration of RMB141,316,920.

11. 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):

(a) the Merger Agreement;

(b) the written consent from each of the experts as referred to in paragraph headed *"4. Experts, qualifications and consents"* in this appendix;

(c) the letter from the Independent Board Committee, the text of which is set out from pages 37 to 38 of this circular;

(d) the letter from Gram Capital Limited, the text of which is set out from pages 39 to 79 of this circular;

(e) the 2022 Annual Report, the 2023 Annual Report, the 2024 Annual Report and the 2025 Interim Report;

(f) the accountants' report on the Target Group, the text of which is set out in Appendix II to this circular;

(g) the report on the unaudited pro forma financial information of the Enlarged Group illustrating the effect of the Merger, the text of which is set out in Appendix IV to this circular; and

(h) the valuation report of the Target Group prepared by the Valuer, the text of which is set out in Appendix V to 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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of MicroPort CardioFlow Medtech Corporation (the "**Company**") will be held on Monday, December 15, 2025 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 defined in the circular of the Company dated November 24, 2025:

ORDINARY RESOLUTION

1. "**THAT:**

   (a) the merger agreement dated September 29, 2025 (the "**Merger Agreement**") entered into between the Company, MicroPort CardioFlow CRM Limited (the "**Merger Sub**") and MicroPort Cardiac Rhythm Management Limited (the "**Target Company**") (a copy of which marked "A" has been produced to the EGM and initialed by the chairman of the EGM for the purpose of identification) in relation to, among other matters, the proposed merger between the Target Company and the Merger Sub under section 233 of the Cayman Companies Act (the "**Merger**"), and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed;

   (b) subject to and conditional upon the fulfilment or waiver of the conditions precedent set out in the Merger Agreement, the Directors be and are hereby granted a specific mandate to exercise the powers to allot and issue a total of 3,953,847,407 new ordinary shares of the Company (the "**New Shares**") at the issue price of HK$1.35 each to the relevant shareholder of the Target Company at completion of the Merger in accordance with the terms and conditions of the Merger Agreement; and

(c) subject to and conditional upon the fulfilment or waiver of the conditions precedent set out in the Merger Agreement, any one or more Directors be and is/are hereby authorised, for and on behalf of the Company, to execute all such documents, instruments and agreements, and take such action, do all such acts or things, as he/she/they may, in his/her/their absolute discretion, consider necessary, appropriate, desirable or expedient for the purpose of, or in connection with, the implement of or giving effect or completion of any matters relating to the Merger Agreement and the transaction contemplated thereunder, the issue and allotment of the New Shares, and all matters incidental thereto."

By order of the Board
MicroPort CardioFlow Medtech Corporation
Chen Guoming
Chairman

Hong Kong, November 24, 2025

Notes:

1. 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 Wednesday, December 10, 2025 to Monday, December 15, 2025, 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 p.m. on Wednesday, December 10, 2025.

2. 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.

3. For the purposes of determining shareholders' eligibility to attend, speak and vote at the EGM (or at any adjournment thereof), the register of members of the Company will be closed. Details of such closure are set out below:

Latest time for lodging transfers of Shares in order to qualify for the right to attend and vote at the EGM	4:30 p.m. on Wednesday, December 10, 2025
Register of members of the Company closed for determining entitlements of the Shareholders to attend and vote at the EGM	Wednesday, December 10, 2025 to Monday, December 15, 2025 (both days inclusive)
Record date of the EGM	Monday, December 15, 2025

4. 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.

5. 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 17M/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, 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. on Saturday, December 13, 2025). 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. For the avoidance of doubt, holders of treasury shares of the Company (if any) are not entitled to vote at the Company's general meetings.

6. 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.

7. Shareholders attending the EGM in person or by proxy shall bear their own travelling and accommodation expenses, and shall produce their identity documents.

8. References to dates and time in this notice are to Hong Kong dates and time.

9. 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. Zhang Ruinian, 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, Ms. Sun Zhixiang and Dr. Hu Bingshan.