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***This announcement and the listing document referred to herein have been published for information purposes only as required by the Listing Rules (as defined below) and do not constitute an offer to sell nor a solicitation of an offer to buy any securities. Neither this announcement nor anything referred to herein (including the listing document) forms the basis for any contract or commitment whatsoever. For the avoidance of doubt, the publication of this announcement and the listing document referred to herein shall not be deemed to be an offer of securities made pursuant to a prospectus issued by or on behalf of the Company (as defined below) for the purposes of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong nor shall it constitute an advertisement, invitation or document containing an invitation to the public to enter into or offer to enter into an agreement to acquire, dispose of, subscribe for or underwrite securities for the purposes of the Securities and Futures Ordinance (Cap. 571) of Hong Kong.***

***Notice to Hong Kong investors:*** *The Company confirms that the Bonds (as defined below) are intended for purchase by professional investors (as defined in Chapter 37 of the Listing Rules) only and have been listed on the Hong Kong Stock Exchange (as defined below) on that basis. Accordingly, the Company confirms that the Bonds are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.*



微創醫療科學有限公司\*

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

**(Stock code: 00853)**

**(the “Company”)**

**US\$220 MILLION 5.75 PER CENT. CONVERTIBLE BONDS DUE 2028**  
**(the “Bonds”, Stock Code: 40168)**

**PUBLICATION OF THE OFFERING CIRCULAR**

This announcement is issued by the Company pursuant to Rule 37.39A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) (the “**Listing Rules**”).

Please refer to the offering Circular dated 14 December 2023 (the “**Offering Circular**”) appended herein in relation to the issuance of the Bonds. As disclosed in the Offering Circular, the Bonds were intended for purchase by professional investors (as defined in Chapter 37 of the Listing Rules) only and have been listed on the Hong Kong Stock Exchange on that basis.

The Offering Circular does not constitute a prospectus, notice, circular, brochure or advertisement offering to sell any securities to the public in any jurisdiction, nor is it an invitation to the public to make offers to subscribe for or purchase any securities, nor is it circulated to invite offers by the public to subscribe for or purchase any securities.

By order of the Board  
**MicroPort Scientific Corporation**  
**Dr. Zhaohua Chang**  
*Chairman*

Shanghai, the People’s Republic of China, 20 December 2023

*As at the date of this announcement, the executive Director of the Company is Dr. Zhaohua Chang; the non-executive Directors of the Company are Mr. Hiroshi Shirafuji, Mr. Norihiro Ashida, Ms. Weiqin Sun, Dr. Qiyi Luo and Mr. Bo Peng; and the independent non-executive Directors of the Company are Mr. Jonathan H. Chou, Dr. Guoen Liu and Mr. Chunyang Shao.*

*\* For identification purpose only*

## IMPORTANT NOTICE

**THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE ADDRESSEES OUTSIDE OF THE UNITED STATES.**

**IMPORTANT: You must read the following disclaimer before continuing.** The following disclaimer applies to the attached Offering Circular. You are advised to read this disclaimer carefully before accessing, reading or making any other use of the attached Offering Circular. In accessing the attached Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

The communication of the attached Offering Circular and any other document or materials relating to the issue of the Bonds (as defined in the attached Offering Circular) offered hereby is not being made, and such documents and/or materials have not been approved, by an authorised person for the purposes of section 21 of the United Kingdom's Financial Services and Markets Act 2000, as amended (the "FSMA"). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom who have professional experience in matters relating to investments and who fall within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order")), or who fall within Article 49(2)(a) to (d) of the Financial Promotion Order, or who are any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as "relevant persons"). In the United Kingdom, the Bonds offered hereby are only available to, and any investment or investment activity to which the attached Offering Circular relates will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on the attached Offering Circular or any of its contents.

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the "UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018, as amended by the European Union (Withdrawal Agreement) Act 2020 (the "EUWA"); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law of the UK by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**Confirmation of Your Representation:** The attached Offering Circular is being sent to you at your request and by accepting the e-mail and accessing the attached Offering Circular, you shall be deemed to represent to J.P.

Morgan Securities plc, China International Capital Corporation Hong Kong Securities Limited, Citigroup Global Markets Limited and Merrill Lynch (Asia Pacific) Limited (the "Joint Lead Managers") that (1) you and any customers you represent are not U.S. persons (as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "Securities Act")) and that the e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories or possessions, and (2) that you consent to delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission.

The attached Offering Circular has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of the Joint Lead Managers, the Trustee (as defined in the attached Offering Circular) or the Agents (as defined in the attached Offering Circular) or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version. We will provide a hard copy version to you upon request.

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Nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of either the issuer of the securities or the Joint Lead Managers to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act). If a jurisdiction requires that the offering be made by a licensed broker or dealer and any of the Joint Lead Managers or their respective affiliates is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the relevant Joint Lead Manager or such affiliate on behalf of the Issuer in such jurisdiction.

You are reminded that you have accessed the attached Offering Circular on the basis that you are a person into whose possession the attached Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this document, electronically or otherwise, to any other person. If you have gained access to this transmission contrary to the foregoing restrictions, you are not allowed to purchase any of the securities described in the attached.

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# OFFERING CIRCULAR



MicroPort Scientific Corporation

微創醫療科學有限公司\*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00853)

**U.S.\$220,000,000 5.75 per cent. Convertible Bonds due 2028**

**Issue Price: 100 per cent.**

The U.S.\$220,000,000 aggregate principal amount of 5.75 per cent. convertible bonds due 2028 (the “**Bonds**”, which term shall include, unless the context requires otherwise, any further bonds issued pursuant to the terms and conditions of the Bonds (the “**Conditions**”, and any reference in this Offering Circular to a particular numbered “**Condition**” is to the correspondingly numbered condition of the Conditions)) will be issued by MicroPort Scientific Corporation (微創醫療科學有限公司) (the “**Issuer**”, the “**Company**” or “**we**”). The Bonds will constitute direct, unconditional, unsubordinated and (subject to Condition 4(a) (*Negative Pledge*) of the Conditions) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to Condition 4(a) (*Negative Pledge*), at all times rank at least equally with all of the Issuer’s other present and future unsecured and unsubordinated obligations.

Each Bond will, at the option of the holder, be convertible (unless previously redeemed, converted or purchased and cancelled) on or after 29 January 2024 into fully paid ordinary shares of par value of U.S.\$0.00001 each in the issued and paid up capital of the Issuer (the “**Shares**”) at an initial conversion price of HK\$12.7790 per Share (the “**Initial Conversion Price**”). The Initial Conversion Price will be subject to adjustment in the circumstances described under “*Terms and Conditions of the Bonds – Conversion – Adjustments to Conversion Price*”. The closing price of the Shares on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) on 5 December 2023 was HK\$11.5600 per Share.

Unless previously redeemed, converted or purchased and cancelled, the Bonds will be redeemed on 19 December 2028 (the “**Maturity Date**”) at their principal amount together with accrued and unpaid interest thereon. The Company may, on giving not less than 30 nor more than 60 days’ notice to the Bondholders (which notice will be irrevocable) and in writing to the Trustee (as defined in the Conditions) and the Principal Agent (as defined in the Conditions), at any time prior to the Maturity Date redeem in whole, but not in part, the Bonds for the time being outstanding at their principal amount, together with interest accrued but unpaid up to but excluding the relevant date fixed for redemption **provided that** prior to the date of which notice of such redemption is published at least 90 per cent. in principal amount of the Bonds originally issued has already been converted, redeemed or purchased and cancelled. At any time the Issuer may, on giving not less than 30 nor more than 60 days’ notice to the Bondholders (which notice shall be irrevocable) and in writing to the Trustee and the Principal Agent, redeem the Bonds in whole but not in part if (i) the Company has or will become obliged to pay Additional Tax Amounts (as defined in the Conditions) as a result of any change in, or amendment to, the laws or regulations or rulings (including a holding by a court of competent jurisdiction) of any Relevant Tax Jurisdiction (as defined in the Conditions), or any change in the general application or official interpretation of such laws, regulations or rulings, which change or amendment becomes effective or official position is announced, on or after 5 December 2023 and (ii) such obligation cannot be avoided by the Company taking reasonable measures available to it, **provided that** no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Company would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due. Bondholders will have the right to require redemption of all or some only of their Bonds at their principal amount together with interest accrued but unpaid up to but excluding the Relevant Event Redemption Date (as defined in the Conditions) following the occurrence of a Change of Control (as defined in the Conditions) or in the event the Shares cease to be listed or admitted to trading or suspended (other than for a temporary suspension) for trading for a period equal to or exceeding 30 consecutive Trading Days (as defined in the Conditions) on the Hong Kong Stock Exchange or any alternative stock exchange. Bondholders have the right to require the Company to redeem all or some only of their Bonds at their principal amount together with interest accrued but unpaid up to but excluding such date. At any time after 2 January 2027 and prior to the Maturity Date, the Issuer may redeem the Bonds in whole but not in part at their principal amount, together with interest accrued but unpaid up to but excluding the relevant date fixed for redemption, if the Closing Price (as defined in the Conditions) of the Shares (translated into U.S. dollars at the Prevailing Rate (as defined in the Conditions)) for each of any 20 Trading Days (as defined in the Conditions) within a period of 30 consecutive Trading Days, the last of which occurs not more than five Trading Days prior to the date upon which notice of such redemption was published, is at least 130 per cent. of the Conversion Price (translated into U.S. dollars at the Fixed Exchange Rate) then in effect. See “*Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation*”.

Application will be submitted to the Hong Kong Stock Exchange for (i) the listing of, and permission to deal in, the Bonds by way of debt issues to professional investors (as defined in Chapter 37 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited) (the “**Professional Investors**”) only; and (ii) the listing of, and permission to deal in, the Shares issuable on conversion of the Bonds, and such permissions are expected to become effective on 20 December 2023 and when such Shares are issued, respectively. The Offering Circular is for distribution to Professional Investors only.

**NOTICE TO HONG KONG INVESTORS** – The Issuer confirms that the Bonds are intended for purchase by Professional Investors only and will be listed on the Hong Kong Stock Exchange on that basis. Accordingly, the Issuer confirms that the Bonds are not appropriate as an investment for retail investors in Hong Kong. Investors should carefully consider the risks involved.

**The Hong Kong Stock Exchange has not reviewed the contents of this document, other than to ensure that the prescribed form disclaimer and responsibility statements, and a statement limiting distribution of this document to Professional Investors only have been reproduced in this document. Listing of the Bonds on the Hong Kong Stock Exchange is not to be taken as an indication of the commercial merits or credit quality of the Bonds or the Shares or the Issuer or the Group or the quality of disclosure in this document.** Hong Kong Exchanges and Clearing Limited and the Hong Kong Stock Exchange take no responsibility for the contents of this Offering Circular, make no representation as to its accuracy, or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offering Circular.

Investors should be aware that the Bonds, subject to the Conditions, will be unsecured obligations of the Issuer, that there are risks attached to exercise of conversion rights attaching to the Bonds, and that there are various other risks relating to the Bonds and the Issuer and its subsidiaries, their business and their jurisdictions of operations which investors should familiarise themselves with before making an investment in the Bonds. See “*Risk Factors*” beginning on page 11 for a discussion of certain factors to be considered in connection with an investment in the Bonds.

**Investing in the Bonds and the Shares involves certain risks. See the section headed “*Risk Factors*” in this Offering Circular for a discussion of certain factors to be considered in connection with the investment in the Bonds and the Shares.**

The Bonds and the Shares to be issued upon conversion of the Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and, subject to certain exceptions, may not be offered or sold within the United States.

For a description of these and certain further restrictions on offers and sales of the Bonds and the Shares to be issued upon conversion of the Bonds and the distribution of this Offering Circular, see “*Subscription and Sale*”.

With reference to the Administration Measures for the Examination and Registration of Medium and Long-term Foreign Debt of Enterprises (企業中長期外債審核登記管理辦法 (國家發展和改革委員會令第56號)) (“**Order 56**”) issued by the National Development and Reform Commission of the People’s Republic of China (the “**NDRC**”) and which came into effect on 10 February 2023, and any implementation rules, reports, certificates or guidelines as issued by the NDRC from time to time, the Issuer has registered the issuance of the Bonds with the NDRC and obtained a certificate from the NDRC on 10 July 2023 evidencing such registration which remains valid and in full force and effect. The Issuer will undertake to file or report or cause to be filed or reported the requisite information and documents within the relevant prescribed timeframes after the Issue Date to the NDRC or its competent local counterparts in accordance with Order 56 (the “**NDRC Post-Issuance Reporting**”, which term for the avoidance of doubt, includes the Initial NDRC Post-Issuance Reporting) and comply with all continuing obligations under Order 56 and other applicable PRC laws and regulations in relation to the issue of the Bonds. The Issuer will undertake to file or cause to be filed with the China Securities Regulatory Commission (the “**CSRC**”) within the relevant prescribed timeframes after the Issue Date the requisite information and documents in respect of the Bonds in accordance with the CSRC Filing Rules (as defined in the Conditions) (the “**CSRC Post-Issuance Filings**”, which term for the avoidance of doubt, includes the Initial CSRC Post-Issuance Filing) and comply with the continuing obligations under the CSRC Filing Rules and any implementation rules as issued by the CSRC from time to time.

The Issuer shall file or report or cause to be filed or reported (a) the initial NDRC Post-Issuance Reporting with the NDRC or its competent local counterparts of the information and documents relating to the issue of the Bonds that are required to be filed or reported in accordance with Order 56 within ten PRC Business Days (as defined in the Conditions) after the Issue Date (the “**Initial NDRC Post-Issuance Reporting**”) and (b) the CSRC Filing Report (as defined in the Conditions) and other requisite information and documents in respect of the Bonds that are required to be filed with the CSRC within three PRC Business Days after the Issue Date in accordance with the CSRC Filing Rules (the “**Initial CSRC Post-Issuance Filing**”).

The Bonds will be represented by beneficial interests in a global certificate (the “**Global Certificate**”) in registered form, which will be registered in the name of a nominee of, and shall be deposited on or about 19 December 2023 (the “**Issue Date**”) with, a common depository for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”). Beneficial interests in the Global Certificate will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described in the Global Certificate, certificates for Bonds will not be issued in exchange for interests in the Global Certificate.

The Bonds are not intended to be initially placed and may not be initially placed to “connected persons” of the Issuer as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) (“**Connected Persons**”). Each holder of the Bonds (and the beneficial owners of the Bonds, if applicable) will be deemed to have represented to J.P. Morgan Securities plc, China International Capital Corporation Hong Kong Securities Limited, Citigroup Global Markets Limited and Merrill Lynch (Asia Pacific) Limited (the “**Managers**”) and the Issuer that it is not a Connected Person of the Issuer and will not after completion of the subscription of the Bonds be a Connected Person of the Issuer.

## Joint Global Coordinators, Joint Lead Managers and Joint Bookrunners

J.P. Morgan

China International Capital Corporation

Citigroup

BofA Securities

The date of this Offering Circular is 14 December 2023



This Offering Circular does not constitute an offer to sell to, or a solicitation of an offer to buy from, any person in any jurisdiction to whom it is unlawful to make the offer or solicitation in such jurisdiction. Neither the delivery of this Offering Circular nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this Offering Circular or that the information contained in this Offering Circular is correct as of any time after that date.

The communication of this Offering Circular and any other document or materials relating to the issue of the Bonds offered hereby is not being made, and such documents and/or materials have not been approved, by an authorised person for the purposes of section 21 of the United Kingdom's Financial Services and Markets Act 2000, as amended (the "**FSMA**"). Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom who have professional experience in matters relating to investments and who fall within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Financial Promotion Order**")), or who fall within Article 49(2)(a) to (d) of the Financial Promotion Order, or who are any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons together being referred to as "**relevant persons**"). In the United Kingdom, the Bonds offered hereby are only available to, and any investment or investment activity to which this Offering Circular relates will be engaged in only with, relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this Offering Circular or any of its contents.

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**PROHIBITION OF SALES TO UK RETAIL INVESTORS** – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018, as amended by the European Union (Withdrawal Agreement) Act 2020 (the "**EUWA**"); or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law of the UK by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law of the UK by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**Singapore SFA Product Classification** – In connection with Section 309B of the Securities and Futures Act 2001 of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are 'prescribed

capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

The Issuer, having made all reasonable enquiries, confirms that (i) this Offering Circular contains all information with respect to the Issuer and its subsidiaries (collectively, the “**Group**”), the Bonds and the Shares, which is material in the context of the issue and offering of the Bonds, (ii) the statements contained in it relating to the Issuer and the Group are in every material particular true and accurate and not misleading in any material respect, (iii) the opinions and intentions expressed in this Offering Circular are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, (iv) all reasonable enquiries have been made by the Issuer to ascertain such facts and to verify the accuracy of all such information and statements contained in this Offering Circular, and (v) this Offering Circular as at the date hereof does not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements herein, in the light of the circumstances under which they were made, not misleading.

This document includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Issuer and the Group. The Issuer accepts full responsibility for the accuracy of the information contained in this document and confirms, having made all reasonable enquiries, that to the best of its knowledge and belief there are no other facts the omission of which would make any statement herein misleading. This Offering Circular has been prepared by the Issuer solely for use in connection with the proposed offering of the Bonds described in this Offering Circular. The distribution of this Offering Circular and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions. No action is being taken to permit a public offering of the Bonds or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes. There are restrictions on the offer and sale of the Bonds and the circulation of documents relating thereto, in certain jurisdictions including the United States, the United Kingdom, the European Economic Area, Hong Kong, the PRC, Singapore, Japan and the Cayman Islands, and to persons connected therewith. For a description of certain further restrictions on offers, sales and re-sales of the Bonds and distribution of this Offering Circular, see “*Subscription and Sale*”.

No person has been or is authorised to give any information or to make any representation concerning the Issuer, the Group, the Bonds or the Shares other than as contained herein and, if given or made, any such other information or representation should not be relied upon as having been authorised by the Issuer, the Joint Lead Managers, the Trustee or the Agents (as defined in the Conditions) or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them. Neither the delivery of this Offering Circular nor any offering, sale or delivery made in connection with the issue of the Bonds shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in the affairs of the Issuer, the Group or any of them since the date hereof or create any implication that the information contained herein is correct as of any date subsequent to the date hereof. This Offering Circular does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them to subscribe for or purchase any of the Bonds or Shares and may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or is unlawful.

No representation or warranty, express or implied, is made or given by, J.P. Morgan Securities plc., China International Capital Corporation Hong Kong Securities Limited, Citigroup Global Markets Limited and Merrill Lynch (Asia Pacific) Limited (the “**Joint Lead Managers**”), the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them as to the accuracy, completeness or sufficiency of the information contained in this Offering Circular, and nothing contained in this Offering Circular is, or shall be relied upon as, a promise, representation or warranty by the Joint Lead Managers, the Trustee

or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them. This Offering Circular is not intended to provide the basis of any credit or other evaluation nor should it be considered as a recommendation by any of the Issuer, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them that any recipient of this Offering Circular should purchase the Bonds. Each potential purchaser of the Bonds should determine for itself the relevance of the information contained in this Offering Circular and its purchase of the Bonds should be based upon such investigations with its own tax, legal and business advisers as it deems necessary.

In making an investment decision, investors must rely on their own examination of the Issuer and other members of the Group and the terms of the offering, including the merits and risks involved. See “*Risk Factors*” for a discussion of certain factors to be considered in connection with an investment in the Bonds.

Each person receiving this Offering Circular acknowledges that such person has not relied on the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them in connection with its investigation of the accuracy of such information or its investment decision.

This Offering Circular incorporates by reference the audited consolidated financial statements of the Issuer as of and for the years ended 31 December 2021 and 2022, and the unaudited interim consolidated financial statements of the Issuer as of and for the six months ended 30 June 2023. These consolidated financial statements were prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRS**”).

Market data and certain industry forecasts used throughout this Offering Circular have been obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, and none of the Issuer, the Joint Lead Managers, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them makes any representation as to the accuracy of that information.

#### **Important Notice to Prospective Investors pursuant to Paragraph 21 of the Hong Kong SFC Code of Conduct**

Prospective investors should be aware that certain intermediaries in the context of this offering of the Bonds, including certain Joint Lead Managers, are “capital market intermediaries” (“**CMIs**”) subject to Paragraph 21 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the “**SFC Code**”). This notice to prospective investors is a summary of certain obligations the SFC Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as “overall coordinators” (“**OCs**”) for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Company, a CMI or its group companies would be considered under the SFC Code as having an association (“**Association**”) with the Company, the CMI or the relevant group company. Prospective investors associated with the Company or any CMI (including its group companies) should specifically disclose this when placing an order for the Bonds and should disclose, at the same time, if such orders may negatively impact the price discovery process in relation to this offering. Prospective investors who do not disclose their Associations are hereby deemed not to be so associated. Where prospective investors disclose their Associations but do not disclose that such order may negatively impact the price discovery process in relation to this offering, such order is hereby deemed not to negatively impact the price discovery process in relation to this offering.



Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). If a prospective investor is an asset management arm affiliated with any Joint Lead Manager, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the Joint Lead Manager or its group company has more than 50% interest, in which case it will be classified as a “proprietary order” and subject to appropriate handling by CMIs in accordance with the SFC Code and should disclose, at the same time, if such “proprietary order” may negatively impact the price discovery process in relation to this offering. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a “proprietary order”. If a prospective investor is otherwise affiliated with any Joint Lead Manager, such that its order may be considered to be a “proprietary order” (pursuant to the SFC Code), such prospective investor should indicate to the relevant Joint Lead Manager when placing such order. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a “proprietary order”. Where prospective investors disclose such information but do not disclose that such “proprietary order” may negatively impact the price discovery process in relation to this offering, such “proprietary order” is hereby deemed not to negatively impact the price discovery process in relation to this offering.

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the Joint Lead Managers and/or any other third parties as may be required by the SFC Code, including to the Company, any OCs, relevant regulators and/or any other third parties as may be required by the SFC Code, it being understood and agreed that such information shall only be used for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. Failure to provide such information may result in that order being rejected.

## INCORPORATION BY REFERENCE

The following documents filed with and published on the Hong Kong Stock Exchange are deemed to be incorporated by reference into, and to form part of, this Offering Circular:

- (a) the Company's audited annual consolidated financial statements as of and for the financial years ended 31 December 2021 (which contains the comparative financial information as of and for the financial year ended 31 December 2020), including the notes thereto, which are contained in page 77 to page 204 of the annual report of the Issuer as at and for the financial year ended 31 December 2021 (the **"2021 Financial Statements"**);
- (b) the Company's audited annual consolidated financial statements as of and for the financial years ended 31 December 2022 (which contains the comparative financial information as of and for the financial year ended 31 December 2021), including the notes thereto, which are contained in page 78 to page 200 of the annual report of the Issuer as at and for the financial year ended 31 December 2022 (the **"2022 Financial Statements"**), and together with the 2021 Financial Statements, the **"Audited Financial Statements"**);
- (c) the Company's unaudited interim consolidated financial statements as of and for the six months ended 30 June 2023 (which contains the comparative financial information as of and for the six months ended 30 June 2022), including the notes thereto, which are contained in page 36 to page 68 of the interim report of the Issuer as at and for the six months ended 30 June 2023 (the **"2023 Interim Financial Statements"**); and
- (d) the auditor's reports in respect of such Audited Financial Statements, which have been audited by KPMG in accordance with the Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants and the auditor's reports in respect of 2023 Interim Financial Statements, which have been reviewed by KPMG 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 Hong Kong Institute of Certified Public Accountants.

Each document incorporated herein by reference is current only as at the date of such document, and the incorporation by reference of such documents shall not create any implication that there has been no change in the affairs of the Issuer and the Group, as the case may be, since the date thereof or that the information contained therein is current as at any time subsequent to its date. Any statement contained therein shall be deemed to be modified or superseded for the purposes of this Offering Circular to the extent that a subsequent statement contained in another incorporated document herein modifies or supersedes that statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Circular. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes.

The making of a modifying or superseding statement is not to be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made.

The documents incorporated herein by reference are available electronically through the internet from the Hong Kong Stock Exchange.

**Prospective investors are advised to obtain and read the documents incorporated by reference herein before making their investment decision.**

## CERTAIN DEFINITIONS, CONVENTIONS AND CURRENCY PRESENTATIONS

We have prepared this Offering Circular using a number of conventions, which you should consider when reading the information contained herein. When we use the terms “we,” “us,” “our,” the “Company,” the “Group” and words of similar import, we are referring to MicroPort Scientific Corporation and its subsidiaries, as the context requires.

Market data and certain industry forecasts and statistics in this Offering Circular have been obtained from both public and private sources, including market research, publicly available information and industry publications. Although we believe this information to be reliable, it has not been independently verified by us or the Joint Lead Managers or their respective directors and advisers, and neither we nor the Joint Lead Managers, the Trustee or the Agents or any of our or their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls us or any of them make any representation as to the accuracy or completeness of that information. In addition, third-party information providers may have obtained information from market participants and such information may not have been independently verified. Due to possibly inconsistent collection method and other problems, such statistics herein may be inaccurate. You should not unduly rely on such market data, industry forecast and the PRC and industry statistics.

In this Offering Circular, references to “**HK\$**”, “**Hong Kong dollars**” and “**H.K. dollars**” are to Hong Kong dollars, the official currency of the Hong Kong Special Administrative Region of the People’s Republic of China (“**Hong Kong**” or “**HK**”); references to “**RMB**” or “**Renminbi**” are to Renminbi, the official currency of the People’s Republic of China; and references to “**U.S.\$**” and “**U.S. dollars**” are to United States dollars, the official currency of the United States of America (the “**United States**” or “**U.S.**”).

We prepare and present our financial statements in U.S. dollars. Unless otherwise stated in this Offering Circular, all translations from Renminbi into U.S. dollars were made at the rate of RMB7.2513 to U.S.\$1.00, the noon buying rate in New York City for cable transfers payable in Renminbi as certified for customs purposes by the Federal Reserve Bank of New York on 30 June 2023, and all translations from H.K. dollars into U.S. dollars were made at the rate of HK\$7.8363 to U.S.\$1.00, the noon buying rate in New York City for cable transfers payable in H.K. dollars as certified for customs purposes by the Federal Reserve Bank of New York on 30 June 2023. All such translations in this Offering Circular are provided solely for your convenience and no representation is made that the Renminbi amounts referred to herein have been, could have been or could be converted into U.S. dollars or H.K. dollars, or *vice versa*, at any particular rate or at all. All amounts converted into U.S. dollars contained in this Offering Circular are unaudited and for reference purposes only. For further information relating to the exchange rates, see the section entitled “*Exchange Rate Information.*”

References to the “**PRC**” and “**China**”, in the context of statistical information and description of laws and regulations in this Offering Circular, except where the context otherwise requires, means the People’s Republic of China but does not include Hong Kong, Macau Special Administrative Region of the People’s Republic of China (“**Macau**”) or Taiwan. “**PRC government**” or “**State**” means the central government of the People’s Republic of China, together with all political subdivisions (including provincial, municipal and other regional or local governments) and instrumentalities thereof, or, where the context requires, any of them.

Our consolidated financial statements were prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRS**”), which differ in certain material aspects from generally accepted accounting principles in other jurisdictions. Unless the context otherwise requires, references to “**2020**”, “**2021**” and “**2022**” in this Offering Circular are to our financial years ended 31 December 2020, 2021 and 2022, respectively.

References to the “**Board of Directors**” or “**Board**” are to our board of directors.

References to “**connected person**” and “**controlling shareholder**” each has the meaning ascribed to it in the Listing Rules (as defined below).

References to “**CSRC**” are to the China Securities Regulatory Commission of the PRC (中國證券監督管理委員會).

References to “**EIT Law**” are to the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法), which came into effect on 1 January 2008 and was amended in 2017 and 2018, as supplemented by its implementation regulations.

References to the “**Hong Kong Stock Exchange**” or “**SEHK**” in this Offering Circular are to The Stock Exchange of Hong Kong Limited.

References to “**Listing Rules**” in this Offering Circular are to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended.

References to the “**MOF**” are to the Ministry of Finance of the PRC (中華人民共和國財政部).

References to “**MOH**” are to the Ministry of Health of the PRC (中華人民共和國衛生部).

References to the “**NDRC**” are to the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會).

References to the “**NHC**” are to the National Health Commission of the PRC (中華人民共和國國家衛生健康委員會), formerly known as the Ministry of Health of the PRC, or MOH.

References to the “**NHSA**” are to the National Healthcare Security Administration (國家醫療保障局).

Reference to the “**NMPA**” are to the National Medical Product Administration (國家藥品監督管理局), formerly known as China Food and Drug Administration.

Reference to “**Offering**” are to the offering of the Bonds.

References to “**PBOC**” are to the People’s Bank of China (中國人民銀行), the central bank of the PRC.

References to “**SAFE**” are to the PRC State Administration of Foreign Exchange (中國國家外匯管理局).

References to “**STA**” are to the PRC State Taxation Administration (中國國家稅務總局).

References to “**Principal Shareholder**” are to a person who has an interest or interests in our shares, where the total votes attached to those shares is no less than 5.0% of the total votes attached to all shares in the Company.

References to “**State Council**” are to the State Council of the PRC (中華人民共和國國務院).

In this Offering Circular, where information has been presented in thousands or millions of units, amounts may have been rounded up or down. Accordingly, totals of columns or rows of numbers in tables may not be equal to the apparent total of the individual items and actual numbers may differ from those contained herein due to such rounding.

The English names of the PRC nationals, entities, departments, facilities, laws, regulations, certificates, titles and the like are translations of their Chinese names and are included for identification purposes only. In the event of any inconsistency, the Chinese name prevails.

## GLOSSARY OF TECHNICAL TERMS

This glossary contains an explanation of certain technical terms used in this Offering Circular in connection with our Company and our business. Such terminology and meanings may not correspond to standard industry meanings or usages of those terms.

<b>“AAA stent graft”</b> . . . . .	an abdominal aortic aneurysm stent graft
<b>“aneurysm”</b> . . . . .	a localised, blood-filled dilation of a blood vessel caused by disease or weakening of the vessel wall
<b>“aorta”</b> . . . . .	the largest artery in the body, originating from the left ventricle of the heart and extending down to the abdomen, where it branches off into two smaller arteries. The aorta brings oxygenated blood to all parts of the body in the systemic circulation
<b>“bare-metal stent”</b> . . . . .	a metal stent without a drug coating
<b>“cardiovascular”</b> . . . . .	relating to or affecting heart and blood vessels
<b>“cardiovascular disease”</b> . . . . .	the class of diseases that involves the heart or blood vessels (arteries and veins)
<b>“carotid stent”</b> . . . . .	a stent used to open blocked or narrowed carotid artery in the neck area
<b>“catheter”</b> . . . . .	a tube that can be inserted into a body cavity, duct or blood vessel
<b>“catheter laboratories”</b> . . . . .	an examination room in a hospital or clinic with diagnostic imaging equipment used to conduct catheter-related procedures such as inserting stents
<b>“cobalt-chromium”</b> . . . . .	an alloy of cobalt and chromium which are two very hard base metals used in, among other things, various medical devices and dentistry
<b>“diabetes”</b> . . . . .	a condition in which a person has a high blood sugar (glucose) level as a result of the body either not producing enough insulin, or because body cells do not properly respond to the insulin that is produced. There are two types of diabetes: Type 1 and Type 2. Type 1 diabetes is an autoimmune disease (where the immune system reacts against a person’s own cells) that occurs when the insulin-producing cells within the pancreas are gradually destroyed and eventually fail to produce insulin and is most frequently diagnosed in children and young adults. Type 2 diabetes is much more common than Type 1, and most patients with this condition are still able to produce insulin at diagnosis. However, the insulin they produce is unable to perform its primary job, which is helping the body’s cells use glucose for energy. Usually this is due to a problem with the body’s insulin receptors, the location on cells where insulin binds so that glucose can enter
<b>“dilatation”</b> . . . . .	a process of enlargement or expansion



<b>“drug-eluting stent”</b> . . . . .	a stent placed into narrowed, diseased arteries that slowly releases a drug to block cell proliferation
<b>“electrophysiology” or “EP”</b> . . . . .	electrophysiology, the study of the electrical properties of biological cells and tissues
<b>“endoscope”</b> . . . . .	a long slender medical instrument for examining the interior of a bodily organ or performing surgery
<b>“endovascular”</b> . . . . .	relating to or affecting internal blood vessels
<b>“intracranial stent”</b> . . . . .	a stent used to open up blocked or narrowed blood vessels in the brain for the prevention of or as a treatment for strokes
<b>“minimally invasive interventional medical device”</b> .	a medical device used in a minimally invasive procedure and whose purpose is to improve health or alter the course of disease. A minimally invasive procedure encompasses any procedure (surgical or otherwise) that is less invasive than open surgery used for the same purpose and typically involves use of remote-control manipulation of instruments with indirect observation of the surgical field through an endoscope or similar device, and are carried out through the skin or through a body cavity or anatomical opening
<b>“MRI”</b> . . . . .	magnetic resonance imaging, a medical imaging technique most commonly used in radiology to visualise detailed internal structures and functions of the body. MRI provides much greater contrast between the different soft tissues of the body than computed tomography does, making it especially useful in neurological, musculoskeletal, cardiovascular, and oncological imaging. Computed tomography is an x-ray procedure that uses the help of a computer to produce a detailed picture of a cross section of the body
<b>“neurovascular”</b> . . . . .	relating to or affecting neuro blood vessels
<b>“orthopaedics”</b> . . . . .	skeletal system
<b>“pacemaker”</b> . . . . .	a medical device that uses electrical impulses, delivered by electrodes contacting the heart muscles, to regulate the beating of the heart
<b>“Patent Cooperation Treaty”</b> . . . .	an international patent law treaty signed on 19 June 1970. It provides a unified procedure for filing patent applications to protect inventions in each of its contracting states
<b>“peripheral”</b> . . . . .	relating to or affecting blood vessels located outside the heart and the brain
<b>“polymer”</b> . . . . .	a large molecule composed of repeating structural units typically connected by covalent chemical bonds which can be used to bind a drug coating to a stent

<b>“PTCA”</b> . . . . .	percutaneous transluminal coronary angioplasty, a procedure used to open blocked coronary arteries caused by coronary artery disease and to restore arterial blood flow to the heart tissue without open-heart surgery. In PTCA, the coronary arteries are widened with the help of a balloon
<b>“restenosis”</b> . . . . .	the reoccurrence of stenosis, a narrowing of a blood vessel, leading to restricted blood flow. Restenosis usually pertains to an artery or other large blood vessel that has become narrowed, received treatment to clear the blockage and subsequently become narrow again
<b>“sirolimus”</b> . . . . .	a drug which has been proven to be effective in limiting in-stent restenosis and inflammation around the stent. This drug is also known as rapamycin
<b>“stent”</b> . . . . .	a metal mesh device designed to be inserted into a vessel to keep it open
<b>“stent graft”</b> . . . . .	a metal stent covered with non-porous, waterproof film or fiber, which creates an artificial vessel wall over an aneurysm to support the blood flow and relieve pressure on the aneurysm
<b>“TAA stent graft”</b> . . . . .	a thoracic aortic aneurysm stent graft
<b>“Tier I hospitals”</b> . . . . .	smaller local hospitals designated as Tier I hospitals by the NHC hospital classification system that have fewer than 101 beds and primarily provide more basic healthcare services to the surrounding community
<b>“Tier I, II and III hospitals”</b> . . . . .	hospitals in China are classified under the NHC-administered hospital classification system into three tiers based upon a number of factors, including reputation, the number of doctors and nurses, total number of in-patient beds, equipment and expertise. The best and largest hospitals are designated as “Tier III” hospitals, and the second and third tiers as “Tier II” and “Tier I,” respectively
<b>“Tier II hospitals”</b> . . . . .	regional hospitals designated as Tier II hospitals by the NHC hospital classification system that have 101 to 500 beds and provide multiple communities with integrated medical services and undertake certain educational and scientific research missions
<b>“Tier III hospitals”</b> . . . . .	largest and best regional hospitals in China designated as Tier III hospitals by the NHC hospital classification system that have more than 501 beds and provide multiple regions with high-quality professional medical services and undertake higher education and scientific research initiatives and are followed by lower ranked Tier II and Tier I hospitals
<b>“ventricle”</b> . . . . .	a chamber of the heart. The left ventricle of the heart receives blood from the left atrium and contracts to force it into the aorta. The right ventricle of the heart receives blood from the right atrium and forces it into the pulmonary artery

## FORWARD-LOOKING STATEMENTS

This Offering Circular includes “forward-looking statements.” All statements other than statements of historical fact contained in this Offering Circular, including, without limitation, those regarding our future financial position and results of operations, strategy, plans, objectives, goals and targets, future developments in the markets where we participate or are seeking to participate, and any statements preceded by, followed by or that include the words “may,” “will,” “should,” “could,” “would,” “expect,” “intend,” “plan,” “anticipate,” “going forward,” “ought to,” “seek,” “project,” “forecast,” “believe,” “estimate,” “predict,” “potential” or “continue” or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Important factors that could cause our actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, the following:

- our business and operating strategies;
- our capital expenditure;
- the amount and nature of, and potential for, future development of our business;
- our operations and business prospects;
- various business opportunities that we may pursue;
- research development and technological advances made or expected to be made in our industry or industries relevant to us;
- the effects of the global financial markets and economic crisis;
- our financial condition and results of operations;
- availability and costs of bank loans and other forms of financing;
- our dividend policy;
- the regulatory environment of our industry in general;
- changes in political, economic, legal and social conditions in Hong Kong, China and other jurisdictions in which we operate, including the specific policies of the PRC central and local governments affecting the regions relevant to us;
- changes in competitive conditions and our ability to compete under these conditions;
- relationship with our joint venture partners;
- occurrences of catastrophes such as fires, floods, windstorms, earthquakes or other adverse weather conditions, diseases or natural disasters;
- changes in currency exchange rates; and
- other factors beyond our control.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under “*Risk Factors*” and elsewhere in this Offering Circular. We caution you not to place undue reliance on these forward-looking statements which reflect our management’s view only as of the date of this Offering Circular. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Offering Circular might not occur.

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## SUMMARY

*The summary below is only intended to provide a limited overview of information described in more detail elsewhere in this Offering Circular. As it is a summary, it does not contain all of the information that may be important to investors. Prospective investors should, therefore, read this Offering Circular in its entirety.*

### OVERVIEW

We are a leading medical device group focusing on developing, manufacturing and marketing high-end medical devices globally. We are dedicated to offering trustworthy and world-class medical devices and solutions to people across the globe. As of 30 June 2023, we (also through our equity-accounted investees) had approximately 9,500 patents (including those under application) around the world, and our products were being used in over 20,000 hospitals in more than 100 countries and regions around the world. We also offered over 600 medical solutions to patients worldwide.

We have a comprehensive product portfolio covering eight major business segments, namely, cardiovascular devices, orthopaedic devices, cardiac rhythm management (“CRM”), endovascular and peripheral vascular devices, neurovascular devices, heart valve, surgical robot and surgical devices. For the first six months of 2023, we were able to achieve significant revenue growth in certain major business segments, such as our neurovascular, cardiovascular, heart valve and endovascular and peripheral vascular business segments, which recorded an increase in revenue for the first six months of 2023 of approximately 45.2%, 42.4%, 41.4% and 35.5% (excluding the foreign exchange impact) as compared to the revenue for the same period in 2022, respectively.

We take a market-oriented approach to product development, and have built a robust product pipeline after careful evaluation on market potential and benefits afforded to patients. We were able to achieve a number of critical milestones for certain products for the first six months of 2023. For example, Firefighter™ NC Pro balloon dilatation catheter was approved by the FDA for marketing; Alizea™ and Celea™, the next generation of implantable Bluetooth® pacemakers equipped with the AutoMRITM technology, were successfully approved by the FDA for marketing, and its related products, Vega™ Pacing Leads, SmartTouch XTTM Tablet-based Programmer and SmartView Connect™ Bluetooth® Home Monitor were also approved for marketing; FILAVENT™ Disposable Arteriovenous Cannula was approved by the NMPA for marketing, which filled up the gap in the field of domestically produced high-end extracorporeal life-supporting cannulae; and the MOBYBOX™ system, an extracorporeal life support product developed by Hemovent GmbH, a wholly-owned subsidiary of the Group, completed the CE MDR certification procedures. As a testament to our innovative R&D capabilities, we filed 587 patent applications and 177 trademark applications in the PRC and overseas markets in the first six months of 2023 and, as of 30 June 2023, we (also through our equity-accounted investees) held a total of over 9,500 patents (including those under application) around the world.

For the six months ended 30 June 2023, we had approximately 51.4% of our revenue generated from sales to the PRC market, and approximately 48.6% of our revenue generated from total sales to North America, Europe, Asia (excluding the PRC), South America and others. With a widespread global footprint, we have built an extensive product distribution network across different countries and hospital coverage for our products. We also have solid production capabilities with a proven track record, and a visionary management team that has stayed at the core of our Group and led our growth.

Attributable to the foregoing, our business remained competitive in the global market. For the years ended 31 December 2020, 2021 and 2022 and for the six months ended 30 June 2022 and 2023, our revenue was U.S.\$648.7 million, U.S.\$778.6 million, U.S.\$840.8 million, U.S.\$405.0 million and U.S.\$482.6 million, respectively.

## RECENT DEVELOPMENTS

### Approvals and Certification of Products

We continued to promote our globalisation strategic layout, accelerating the registration of new products in overseas markets. SkyWalker™ Hip and Knee Arthroplasty Surgical Robot have been approved by the NMPA in the third quarter 2023. Together with our associated companies we obtained approval on registration changes and initial registration including but not limited to registration change for Toumai® multidisciplinary application and the Columbus 3D EP Navigation System V4, as well as initial registration approved for IceMagic® Cryoablation Product Series, SkyWalker™ THA, Tigertriever® Revascularisation Device, WAVE-track™ Intracranial Aspiration Catheter, AccuSniper™ Double-layer Balloon Catheter and Interline™ Guide Catheter. In October 2023, we launched the ULYS™ Implantable Cardioverter Defibrillator (ICDs) and INVICTA™ defibrillation lead in Japan. Both devices are MRI conditional at 1.5T and 3T when implanted as a system. Our Firefighter™ NC Pro PTCA Balloon Catheter had also been approved by the U.S. Food and Drug Administration (the “FDA”).

### COMPETITIVE STRENGTHS

We believe we have the following competitive strengths:

- The Group is a leading innovative high-end medical device group;
- The Group has a diversified product portfolio in multiple high-end medical device areas to address huge unmet medical needs;
- The Group has robust global product distribution capabilities and extensive hospital coverage;
- Innovative R&D for global leading technologies and product pipeline to sustain long-term success; and
- Visionary and experienced management team supported by talented and global work force.

### BUSINESS STRATEGIES

We aim to become a patient-orientated global enterprise that continuously innovates and provides high-quality medical solutions to help prolong and improve all lives. To achieve this goal, we intend to implement the following strategies:

- Expand medical device markets in the PRC and abroad through enhanced marketing and sales efforts and mergers and acquisitions;
- Further strengthen the stability of supply chain with proactive cost controls;
- Strengthen our R&D and production capabilities to further diversify our product portfolio;
- Expand financing channels to support further growth; and
- Continue to retain, train and attract quality management team members.

### GENERAL INFORMATION

We were incorporated in the Cayman Islands on 14 July 2006 as an exempted company with limited liability. Our Shares have been listed on the Hong Kong Stock Exchange since 24 September 2010 under stock code 853. Our principal place of business in the PRC is located at 1601 Zhangdong Road, Zhangjiang Hi-Tech Park, Shanghai, the PRC. Our principal place of business in Hong Kong is located at 5/F, Manulife Place, 348 Kwun Tong Road, Kowloon, Hong Kong. Our registered office is located at PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. Our website is [www.microport.com](http://www.microport.com). Information contained on any website referred to herein does not constitute part of this Offering Circular.

## SUMMARY OF THE OFFERING

*The following summary does not purport to be complete and should be read in conjunction with the Conditions. It does not contain all the information that is important to investors. For a more complete description of the Bonds, please refer to “Terms and Conditions of the Bonds”. Terms used in this summary and not otherwise defined shall have the meanings given to them in the Conditions.*

Issuer . . . . .	MicroPort Scientific Corporation (微創醫療科學有限公司) (the “Company”).
Issue . . . . .	U.S.\$220,000,000 in aggregate principal amount of 5.75 per cent. convertible bonds due 2028.
Issue Price . . . . .	100 per cent. of the principal amount of the Bonds.
Issue Date. . . . .	19 December 2023.
Maturity Date . . . . .	19 December 2028.
Form and Denomination. . . . .	The Bonds will be issued in registered form in the denomination of U.S.\$200,000 and integral multiples of U.S.\$100,000 in excess thereof.
Interest. . . . .	5.75 per cent. per annum, payable semi-annually in arrear in equal instalments on 19 June and 19 December commencing on 19 June 2024.
Status of the Bonds . . . . .	The Bonds will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4(a) ( <i>Negative Pledge</i> ) of the Conditions) unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to Condition 4(a) ( <i>Negative Pledge</i> ) of the Conditions, at all times rank at least equally with all of the Issuer’s other present and future unsecured and unsubordinated obligations.
Negative Pledge . . . . .	So long as any Bond remains outstanding (as defined in the Trust Deed), the Company shall not, and the Company shall procure that none of its Subsidiaries (other than Listed Subsidiaries) will, create or permit to subsist any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or to secure any Guarantee of Relevant Indebtedness without (a) at the same time or prior thereto securing the Bonds equally and rateably therewith to the satisfaction of the Trustee or (b) providing such other security for the Bonds as the Trustee may in its absolute discretion consider to be not materially less beneficial to the interests of the Bondholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of Bondholders.

Conversion Period . . . . . On or after 29 January 2024 up to the close of business on the 10th day prior to the Maturity Date (both days inclusive), or if such Bond shall have been called for redemption by the Issuer before the Maturity Date, then up to the close of business on a date no later than 15 days prior to the date fixed for redemption thereof, or if notice requiring redemption has been given by the holder of such Bond pursuant to Condition 8(d) (*Redemption for Delisting, Suspension of Trading or Change of Control*) or Condition 8(e) (*Redemption at the Option of the Bondholders*) of the Conditions, then up to the close of business on the business day prior to the giving of such notice, unless previously redeemed, converted, or repurchased and cancelled (excluding Closed Periods).

The number of Shares to be issued on conversion of a Bond will be determined by dividing the principal amount of the Bond to be converted (translated into Hong Kong dollars at the fixed rate of HK\$7.8148 = U.S.\$1.00 (the “**Fixed Exchange Rate**”)) by the Conversion Price then in effect.

Conversion Price . . . . . The initial Conversion Price is HK\$12.7790 per Share, and this will be subject to adjustments in the manner provided in Condition 6(c) (*Adjustments to Conversion Price*) of the Conditions for, among other things, consolidation, subdivision or reclassification, capitalisation of profits or reserves, distributions, rights issues of Shares or options over Shares at less than 95 per cent. of the current market price per Share, rights issues of other securities, issues at less than 95 per cent. of the current market price per Share, other issues at less than 95 per cent. of the current market price per Share, modification of rights of conversion at less than 95 per cent. of the current market price per Shares, other offers to shareholders and certain other dilutive events. See “*Terms and Conditions of the Bonds – Conversion – Adjustments to Conversion Price*”.

Adjustment upon Change of Control . . . . . If a Change of Control shall have occurred, the Issuer shall give notice of that fact to the Bondholders (the “**Change of Control Notice**”) in accordance with Condition 16 (*Notices*) of the Conditions within 7 days after it becomes aware of such Change of Control. Following the giving of a Change of Control Notice, upon any exercise of Conversion Rights such that the relevant Conversion Date falls within the period of 30 days following the later of (i) the relevant Change of Control and (ii) the date on which the Change of Control Notice is given to Bondholders (such period, the “**Change of Control Conversion Period**”), the Conversion Price shall be adjusted in accordance with the following formula:

$$\text{NCP} = \frac{\text{OCP}}{1 + (\text{CP} \times c/t)}$$

where:

“**NCP**” means the Conversion Price after such adjustment;

“**OCP**” means the Conversion Price in effect on the relevant Conversion Date;

“**CP**”, or conversion premium, means 30 per cent. expressed as a fraction;

“**c**” means the number of days from and including the date the Change of Control occurs to but excluding the Maturity Date; and

“**t**” means the number of days from and including the Issue Date to but excluding the Maturity Date, *provided that* the Conversion Price shall not be reduced pursuant to this adjustment event below the level permitted by applicable laws and regulations from time to time (if any). See “*Terms and Conditions of the Bonds – Conversion – Adjustment upon Change of Control*”.

Final Redemption . . . . . Unless previously redeemed, converted or purchased and cancelled in the circumstances referred to in the Conditions, the Company will redeem each Bond at its principal amount together with accrued and unpaid interest thereon on the Maturity Date.

Redemption for Taxation Reasons . . . . . At any time the Issuer may, on giving not less than 30 nor more than 60 days’ notice (a “**Tax Redemption Notice**”) to the Bondholders in accordance with Condition 16 (*Notices*) of the Conditions (which notice shall be irrevocable) and in writing to the Trustee and the Principal Agent, redeem the Bonds in whole but not in part at their principal amount together with interest accrued but unpaid up to but excluding the date specified in the Tax Redemption Notice, if the Issuer satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer has or will become obliged to pay Additional Tax Amounts as a result of any change in, or amendment to, the laws or regulations or rulings (including a holding by a court of competent jurisdiction) of any Relevant Tax Jurisdiction, or any change in the general application or official interpretation of such laws, regulations or rulings, which change or amendment becomes effective, or official position is announced, on or after 5 December 2023 and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, **provided that** no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Company would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due. See “*Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation – Redemption for Taxation Reasons*”.



Redemption at the Option of the Issuer . . . . .	On giving not less than 30 nor more than 60 days' notice to the Bondholders in accordance with Condition 16 ( <i>Notices</i> ) of the Conditions (which notice will be irrevocable) and in writing to the Trustee and the Principal Agent, the Issuer may (A) at any time after 2 January 2027 and prior to the Maturity Date redeem in whole, but not in part, the Bonds for the time being outstanding at their principal amount together with interest accrued but unpaid up to but excluding the relevant date fixed for redemption, <b>provided that</b> (i) the Closing Price of the Shares (as derived from the Daily Quotations Sheet of the Hong Kong Stock Exchange or, as the case may be, the equivalent quotation sheet of an Alternative Stock Exchange and translated into U.S. dollars at the Prevailing Rate) for each of any 20 Trading Days within a period of 30 consecutive Trading Days, the last of which occurs not more than five Trading Days prior to the date upon which notice of such redemption is published, was at least 130 per cent. of the Conversion Price (translated into United States dollars at the Fixed Exchange Rate) then in effect; or (B) at any time prior to the Maturity Date redeem in whole, but not in part, the Bonds for the time being outstanding at their principal amount together with interest accrued but unpaid up to but excluding the relevant date fixed for redemption <b>provided that</b> prior to the date upon which notice of such redemption is published at least 90 per cent. of the principal amount of the Bonds originally issued (including any further bonds issued pursuant to Condition 15 ( <i>Further Issues</i> ) of the Conditions and consolidated and forming a single series with the Bonds) has already been converted, redeemed or purchased and cancelled. See “ <i>Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation – Redemption at the Option of the Issuer</i> ”.
Redemption for Change of Control .	Bondholders will have the right to require redemption of, all or some only of their Bonds at their principal amount together with interest accrued but unpaid up to but excluding the applicable Relevant Event Redemption Date (as defined in the Conditions) following the occurrence of a Change of Control. See “ <i>Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation – Redemption for Delisting, Suspension of Trading or Change of Control</i> ”.
Redemption for Delisting or Suspension of Trading . . . . .	In the event the Shares cease to be listed or admitted to trading or suspended (other than a temporary suspension) for trading for a period equal to or exceeding 30 consecutive Trading Days on the Hong Kong Stock Exchange or, if applicable, the Alternative Stock Exchange, Bondholders will have the right to require the Company to redeem all or some only of their Bonds at their principal amount together with interest accrued but unpaid up to but excluding such date. See “ <i>Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation – Redemption for Delisting, Suspension of Trading or Change of Control</i> ”.

Redemption at the Option of the Bondholders . . . . .	On 21 December 2026 (the “ <b>Put Option Date</b> ”), the holder of each Bond will have the right, at such holder’s option, to require the Issuer to redeem all or some only of the Bonds of such holder on the Put Option Date at their principal amount together with interest accrued but unpaid up to but excluding the Put Option Date. See “ <i>Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation – Redemption at the Option of the Bondholders</i> ”.
Events of Default . . . . .	For a description of certain events of default that will permit the Bonds to become immediately due and repayable at their principal amount together with accrued and unpaid interest up to but excluding the date of payment, see “ <i>Terms and Conditions of the Bonds – Events of Default</i> ”.
Clearing Systems. . . . .	The Bonds will be represented by beneficial interests in the Global Certificate, which will be registered in the name of a nominee of, and deposited on or about 19 December 2023 with, a common depositary for Euroclear Bank SA/NV (“ <b>Euroclear</b> ”) and Clearstream Banking S.A. (“ <b>Clearstream</b> ”). Beneficial interests in the Global Certificate will be shown on and transfers thereof will be effected only through records maintained by Euroclear and Clearstream. Except as described in the Global Certificate, certificates for the Bonds will not be issued in exchange for beneficial interests in the Global Certificate.
Governing Law . . . . .	English law.
Trustee . . . . .	The Bank of New York Mellon, London Branch.
Principal Agent . . . . .	The Bank of New York Mellon, London Branch.
Registrar and Transfer Agent . . . . .	The Bank of New York Mellon SA/NV, Dublin Branch.
Listing . . . . .	<p>Application will be submitted to the Hong Kong Stock Exchange for the listing of the Bonds by way of debt issues to Professional Investors only. The Bonds will be traded and settled in Hong Kong Dollars only.</p> <p>Application will be submitted to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Shares to be issued on conversion of the Bonds (the “<b>New Shares</b>”).</p>
Use of Proceeds . . . . .	See section entitled “ <i>Use of Proceeds</i> ”.
Selling Restrictions . . . . .	There are certain restrictions on the offer, sale and transfer of the Bonds and the Shares to be issued upon conversion of the Bonds in certain jurisdictions including the United States, the United Kingdom, the European Economic Area, Hong Kong, the People’s Republic of China, Singapore, Japan and the Cayman Islands. For a description of the restrictions on the distribution of this Offering Circular or any offering material and the issue, sale or delivery of the Bonds and the New Shares, see “ <i>Selling Restrictions</i> ”.

Concurrent Repurchase . . . . .	Concurrent with the offering of the Bonds, J.P. Morgan Securities Plc, China International Capital Corporation Hong Kong Securities Limited, Citigroup Global Markets Limited and Merrill Lynch (Asia Pacific) Limited (each in its capacity as dealer manager) has assisted the Issuer with the repurchase by the Issuer (the “ <b>Concurrent Repurchase</b> ”) of its existing U.S.\$700,000,000 zero coupon convertible bonds due 2026 (the “ <b>Existing Bonds</b> ”) for cash. The Concurrent Repurchase was conducted concurrently with the Offering and is expected to close on or about the Closing Date. The Concurrent Repurchase was not conducted within the U.S., nor was it offered to the U.S. or to any person located or resident in the U.S.
Securities Lending Arrangement . . .	In connection with the proposed issue of the Bonds, J.P. Morgan Securities plc (the “ <b>Borrower</b> ”) as borrower has entered into a securities lending agreement with WE’TRON Capital Limited (中國微創投資管理有限公司) (the “ <b>Lender</b> ”) as lender dated 4 December 2023 (the “ <b>Securities Lending Agreement</b> ”), pursuant to which the Lender will lend, in aggregate, 90,000,000 Shares to the Borrower, upon and subject to the terms and conditions stated in the Securities Lending Agreement, to facilitate hedging for the investors participating in the offering of the Bonds. According to the Securities Lending Agreement, such number of Shares are subject to adjustments in accordance with the terms and conditions in the Securities Lending Agreement.
Legal Entity Identifier . . . . .	5299009MK4VZID944A20.
ISIN . . . . .	XS2730502726
Common Code . . . . .	273050272

## SUMMARY CONSOLIDATED FINANCIAL AND OTHER DATA

The following tables set forth our summary financial information and other data as of and for the periods indicated. The summary financial information as of and for the years ended 31 December 2020, 2021 and 2022 and as of and for the six months ended 30 June 2022 and 2023 is derived from and should be read in conjunction with our financial statements as of and for the years ended 31 December 2021 and 2022 and as of and for the six months ended 30 June 2023, including the notes thereto. Our financial statements as of and for the years ended 31 December 2021 and 2022 have been audited by KPMG and our interim financial statements as of and for the six months ended 30 June 2023 have been reviewed by KPMG, our independent auditors, and are incorporated by reference into this Offering Circular. Our financial information has been prepared and presented in accordance with HKFRS, which differ in certain respects from GAAP in other jurisdictions. Prospective investors should read the summary financial information below in conjunction with our audited consolidated financial statements, unaudited interim financial statements and the related notes incorporated by reference into this Offering Circular. Potential investors must exercise caution when using such data to evaluate our financial condition and results of operations. Historical results are not necessarily indicative of results that may be achieved in any future period.

### SUMMARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	For the Year ended 31 December			For the Six Months ended 30 June	
	2020	2021	2022	2022	2023
		(audited)			(unaudited)
			(U.S.\$)		
			(in thousands)		
<b>Revenue</b> . . . . .	648,732	778,639	840,831	404,984	482,605
Cost of sales. . . . .	(212,700)	(286,866)	(339,060)	(157,282)	(194,189)
<b>Gross profit</b> . . . . .	436,032	491,773	501,771	247,702	288,416
Other net income . . . . .	32,924	76,475	36,150	41,356	17,039
Research and development costs . .	(192,629)	(297,778)	(419,828)	(186,430)	(187,334)
Distribution costs . . . . .	(254,105)	(297,532)	(328,232)	(146,610)	(169,800)
Administrative expenses . . . . .	(170,105)	(250,010)	(247,532)	(133,259)	(95,890)
Other operating costs . . . . .	(19,678)	(16,547)	(49,279)	(8,328)	(12,374)
<b>Loss from operation</b> . . . . .	(167,561)	(293,619)	(506,950)	(185,569)	(159,943)
Finance costs . . . . .	(39,712)	(47,883)	(78,401)	(46,050)	(37,256)
Gain on disposal of subsidiaries. . .	—	8,218	7,107	—	2,845
Gain on deemed disposal of interests in equity-accounted investees. . . . .	1,062	9,215	39,267	1,920	5,437
Share of profits less losses of equity-accounted investees . . . . .	(6,730)	(13,255)	(42,541)	(18,141)	(17,258)
<b>Loss before taxation</b> . . . . .	(212,941)	(337,324)	(581,518)	(247,840)	(206,175)
Income tax . . . . .	(10,407)	(13,971)	(6,597)	(5,435)	(13,746)
<b>Loss for the year</b> . . . . .	(223,348)	(351,295)	(588,115)	(253,275)	(219,921)
<b>Attributable to:</b> . . . . .					
Equity shareholders of the Company . . . . .	(191,252)	(276,484)	(436,515)	(198,130)	(162,618)
Non-controlling interests . . . . .	(32,096)	(74,811)	(151,600)	(55,145)	(57,303)
<b>Loss for the year</b> . . . . .	<u>(223,348)</u>	<u>(351,295)</u>	<u>(588,115)</u>	<u>(253,275)</u>	<u>(219,921)</u>

# SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITIONS DATA

	As of 31 December			As of 30 June
	2020	2021	2022	2023
	(audited)			(unaudited)
	(U.S.\$)			
	(in thousands)			
<b>Non-current assets:</b>				
Investment properties . . . . .	5,284	7,407	6,579	6,315
Property, plant and equipment . . . . .	481,203	922,874	993,014	969,558
Intangible assets . . . . .	138,397	256,609	223,683	223,215
Goodwill . . . . .	159,483	290,565	262,829	265,571
Equity-accounted investees . . . . .	87,063	363,103	423,873	407,214
Financial assets measured at fair value through profit or loss . . . . .	19,605	25,221	18,072	15,458
Derivative financial assets . . . . .	—	4,963	5,083	4,218
Deferred tax assets . . . . .	15,502	20,368	27,637	27,893
Other non-current assets . . . . .	82,733	102,652	94,081	97,710
<b>Total non-current assets</b> . . . . .	<u>989,270</u>	<u>1,993,762</u>	<u>2,054,851</u>	<u>2,017,152</u>
<b>Current assets:</b>				
Derivative financial assets . . . . .	—	1,406	—	—
Financial assets measured at fair value through profit or loss . . . . .	—	—	38,201	36,874
Inventories . . . . .	240,187	289,931	352,428	395,404
Trade and other receivables . . . . .	236,976	308,126	284,833	312,704
Pledged deposits and time deposits . . . . .	623	32,890	60,765	226,874
Cash and cash equivalents . . . . .	1,002,077	1,754,414	1,203,007	843,430
	<u>1,479,863</u>	<u>2,386,767</u>	<u>1,939,234</u>	<u>1,815,286</u>
<b>Current liabilities:</b>				
Trade and other payables . . . . .	372,472	358,792	380,554	367,557
Contract liabilities . . . . .	62,008	23,590	22,598	24,146
Interest-bearing borrowings . . . . .	10,891	94,746	185,387	257,366
Convertible bonds . . . . .	—	—	—	650,589
Lease liabilities . . . . .	12,074	50,505	51,944	42,457
Income tax payable . . . . .	52,682	19,124	17,470	8,217
Derivative financial liabilities . . . . .	9,252	—	4,172	5,755
<b>Total current liabilities</b> . . . . .	<u>519,379</u>	<u>546,757</u>	<u>662,125</u>	<u>1,356,087</u>
<b>Net current assets</b> . . . . .	<u>960,484</u>	<u>1,840,010</u>	<u>1,277,109</u>	<u>459,199</u>
<b>Total assets less current liabilities</b> . . . . .	<u>1,949,754</u>	<u>3,833,772</u>	<u>3,331,960</u>	<u>2,476,351</u>
<b>Non-current liabilities:</b>				
Interest-bearing borrowings . . . . .	181,988	269,637	336,689	417,298
Lease liabilities . . . . .	42,774	168,437	124,373	103,828
Deferred income . . . . .	37,844	35,098	38,123	34,068
Contract liabilities . . . . .	29,855	26,243	24,839	24,721
Convertible bonds . . . . .	48,583	660,369	769,553	98,083
Other payables . . . . .	203,023	425,914	220,997	233,392
Deferred tax liabilities . . . . .	4,122	27,692	24,718	24,305
Derivative financial liabilities . . . . .	13,619	2,890	—	—
<b>Total non-current liabilities</b> . . . . .	<u>561,808</u>	<u>1,616,280</u>	<u>1,539,292</u>	<u>935,695</u>
<b>Net assets</b> . . . . .	<u>1,387,946</u>	<u>2,217,492</u>	<u>1,792,668</u>	<u>1,540,656</u>
<b>Capital and reserves</b> . . . . .				
Share capital . . . . .	18	18	18	18
Reserves . . . . .	1,127,945	1,490,732	1,135,012	960,178
<b>Total equity attributable to equity shareholders of the Company</b> . . . . .	<u>1,127,963</u>	<u>1,490,750</u>	<u>1,135,030</u>	<u>960,196</u>
Non-controlling interests . . . . .	259,983	726,742	657,638	580,460
<b>Total equity</b> . . . . .	<u>1,387,946</u>	<u>2,217,492</u>	<u>1,792,668</u>	<u>1,540,656</u>



## RISK FACTORS

*Any investment in the Bonds is subject to a number of risks. Prior to investing in the Bonds, prospective investors should carefully consider risk factors associated with any investment in the Bonds, our business and the industries in which we operate together with all other information contained in this Offering Circular, including, in particular the risk factors described below. Words and expressions defined in the Conditions or elsewhere in this Offering Circular have the same meanings in this section.*

*The following is not an exhaustive list or explanation of all risks which investors may face when making an investment in the Bonds and should be used as guidance only. Additional risks and uncertainties relating to the Company that are not currently known to the Company or that it currently deems immaterial, may individually or cumulatively also have a material adverse effect on the business, prospects, results of operations and/or financial position of the Company and, if any such risk should occur, the price of the Bonds may decline and investors could lose all or a part of their investment. Investors should consider carefully whether an investment in the Bonds is suitable for them in light of the information in this Offering Circular and their personal circumstances.*

### RISKS RELATING TO OUR BUSINESS

**Our future growth is dependent upon our ability to develop new products, which requires significant research and development efforts, clinical trials and regulatory approvals, and our investment in new products may not result in any commercially viable products.**

The medical devices market is highly competitive, and market participants frequently modify their designs to adjust to changing market preferences and develop new designs to enhance their products and technologies. As a result, our future growth is dependent upon our ability to develop and launch new products that meet market demand and any delays in our product launches may significantly impede our ability to compete.

The successful development and commercialisation of our product candidates will depend on several factors, including but not limited to:

- successful enrolment in, and completion of, clinical trials, as well as completion of pre-clinical studies;
- favourable safety and efficacy data from our clinical trials and other studies;
- receipt of regulatory approvals;
- enhancement of commercial manufacturing capabilities by building new facilities;
- the performance by any other third parties we retain in a manner that complies with our protocols and applicable laws and that protects the integrity of the resulting data;
- obtaining and maintaining patent, trade secret and other intellectual property protection and regulatory exclusivity;
- ensuring we do not infringe, misappropriate or otherwise violate the patent, trade secret or other intellectual property rights of third parties;
- obtaining required commercialisation authorisations and launching commercial sales in China, the U.S., Europe and other targeted markets, if and when approved;
- obtaining favourable governmental and private medical reimbursement for our products, if and when approved;
- appropriately pricing our product candidates and timely collecting payments;

- efficiently and cost-effectively enhancing our marketing and distribution capabilities;
- competition with other comparable products; and
- continued acceptable safety profile following regulatory approval.

If one or more of these factors fail to materialise in a timely manner or at all, we could experience significant delays or be unable to obtain approval for our product candidates, and/or to successfully commercialise our approved products, which would materially harm our business, and we may not be able to generate sufficient revenues and cash flows to continue our operations.

We allocate significant resources on research and development to develop new products and improve our product offerings. For example, we have made significant investments in the research and development of the surgical robot business and heart valve business. If we are unable to develop and launch these products as anticipated, our ability to maintain or improve our position in the markets for these products may be adversely impacted.

**The regulatory approval processes of our product candidates are lengthy, expensive and inherently unpredictable. If we are not able to obtain, or experience delays in obtaining, required regulatory approvals for our product candidates, we will not be able to commercialise our product candidates, and our ability to generate revenue will be materially impaired.**

All jurisdictions in which we conduct our research, development, manufacturing and commercialisation activities regulate these activities and the medical device industry in great depth and detail. Obtaining regulatory approvals for our product candidates is a lengthy, expensive and uncertain process. However, there are differences in the regulatory regimes in different regions, which makes regulatory compliance more complex and costly for companies like us that plan to operate in multiple regions.

We currently market and intend to continue to market a significant portion of our products in China in the foreseeable future. We are required to obtain the NMPA's or its local counterpart's approval before we can market our products in China. As part of the regulatory process of obtaining approval for our new products from the NMPA, we conduct and participate in numerous clinical trials with a variety of study designs, patient populations and trial endpoints. Significant time, effort and expense are required in order to bring our products to market in compliance with the regulatory process, and we cannot assure you that any of our products will be approved for sale. Before obtaining regulatory approvals for the commercial sale of any products for a target indication, we must demonstrate in pre-clinical studies and well-controlled clinical trials, that the product candidate is safe and effective for use for that target indication and that the manufacturing facilities, processes and controls are adequate. In addition, unfavourable or inconsistent clinical data from existing or future clinical trials conducted by us, by our competitors or by third parties may adversely impact our ability to obtain product approvals from the NMPA. We are also required to report any serious or potentially serious incidents involving our products to the NMPA or its local counterparts. When we submit a filing application to the NMPA, the NMPA will decide whether to accept or reject the submission for filing. We cannot be certain that any submissions will be accepted for filing and review by the NMPA. Even if we receive approval for a new product, there can be no assurance that we will obtain the requisite approvals for the price of such product or that the product will achieve commercial success. In addition, if patients are unable to obtain reimbursement from governmental or private health insurers for any new or existing product of ours, they may decide not to use that product. Failure to obtain regulatory approval or market acceptance for our new products could have a material adverse impact on our business, financial condition, results of operation and future prospects.

Furthermore, results of the regulatory approval process in any region are unpredictable. We could fail to receive regulatory approval for product candidates for many reasons, including: (i) failure to begin or complete pre-clinical studies or clinical trials; (ii) failure to demonstrate that a product candidate is safe and effective; (iii) failure to deliver clinical trial results to meet the level of statistical significance required for approval; (iv) data integrity issues related to our clinical trials; (v) government authority's disagreement with our interpretation of data from pre-clinical studies or clinical trials; (vi)

changes in approval policies or regulations that render our pre-clinical and clinical data insufficient for approval or require us to amend our clinical trial protocols; (vii) regulatory requests for additional analyses, reports, data, nonclinical studies and clinical trials, or questions regarding interpretations of data and results and the emergence of new information regarding our product candidates or other products; (viii) clinical sites, investigators or other participants in our clinical trials deviating from a trial protocol, failing to conduct the trial in accordance with regulatory requirements, or dropping out of a trial; and/or (ix) refusal by the regulatory authorities to approve pending applications or supplements to approved applications filed by us or the suspension, revocation or withdrawal of approvals. All these factors, among others, may delay or prevent product approval and our commercialisation plans, or we may decide to abandon the development program.

Comparably, we are also required to obtain various governmental approvals in the relevant jurisdictions before we sell our products in the international markets. Regulatory authorities outside of China, such as the FDA, also have requirements for approval of medical devices for commercial sale with which we must comply prior to the commercialisation in those areas. Foreign regulations may vary from jurisdiction to jurisdiction and may be different from PRC regulations and NMPA requirements, and therefore could delay or prevent the introduction of our product candidates in those areas. For example, certain jurisdictions such as Europe may have more stringent requirements on clinical trials and clinical data than those of the NMPA, and clinical trials conducted in one jurisdiction may not be accepted by regulatory authorities in other jurisdictions. Approval processes vary among jurisdictions and can involve additional product testing and validation and additional administrative review periods, and obtaining regulatory approval in one jurisdiction does not mean that regulatory approval will be obtained in any other jurisdictions. Additional time, effort and expense may be required to bring our products to the international markets in compliance with different regulatory processes.

In addition, changes in regulatory requirements and guidance may also occur, and we may need to amend clinical trial protocols submitted to the regulatory authorities to reflect these changes, which may impact the costs, timing or successful completion of a clinical trial. The foreign regulatory approval process may be subject to all the risks associated with obtaining NMPA approval. We cannot assure you that we will be able to meet regulatory requirements of different jurisdictions or that our products will be approved for sale in those jurisdictions. Any failure to obtain, or delay in obtaining, regulatory approvals or clearances or to renew registrations for our products could prevent us from successfully commercialising our products in the international markets. Furthermore, if we are unable to obtain regulatory approval for our product candidates in one or more jurisdictions, or any approval contains significant limitations, our target market will be reduced and our ability to realise the full market potential of our product candidates will be harmed.

Even if our product candidates were to successfully obtain approval from the regulatory authorities, any of such approval might contain significant limitation on the approved indications for use, or require that precautions, contraindications or warnings be included on the product labelling, or require expensive and time-consuming post-approval clinical trials or surveillance as conditions of approval. Following an approval for commercial sale of our product candidates, certain changes to the product, such as changes in manufacturing processes and additional labelling claims, may be subject to additional review and approval by the NMPA, the FDA and/or other relevant regulatory authorities. Regulatory approvals for any of our product candidates may also be withdrawn.

Our failure to comply with the regulatory requirements could result in governmental agencies taking actions against us, including imposing fines and penalties on us, prohibiting us from manufacturing or selling our products, bringing criminal charges against us, delaying the introduction of our new products into the market, recalling or seizing our products, and/or withdrawing or denying approvals or clearances for our products. We could also be subject to civil or administrative liabilities if we fail to comply with applicable regulatory requirements. If any or all of the foregoing were to occur, we may not be able to meet the demands of hospitals and physicians which use our products and they may cancel orders or purchase products from our competitors.

**Changes in regulatory requirements may adversely affect our business.**

In China, the U.S., the EU and some other jurisdictions, a number of legislative and regulatory changes and proposed changes regarding healthcare could prevent or delay regulatory approval of our product candidates, restrict or regulate post-approval activities and affect our ability to profitably sell our products and any product candidates for which we obtain regulatory approval. In recent years, there have been and will likely continue to be efforts to enact administrative or legislative changes to healthcare laws and policies, including measures which may result in more rigorous coverage criteria and downward pressure on the price that we receive for any approved product. The implementation of cost containment measures or other healthcare reforms may prevent us from being able to commercialise our products, generate revenue and attain profitability.

Legislative and regulatory proposals have been made to expand post-approval requirements and restrict sales and promotional activities for medical devices. We cannot be sure whether additional legislative changes will be enacted, or whether NMPA regulations, guidance or interpretations will be changed, or what the impact of such changes on the regulatory approvals of our product candidates, if any, may be. The Regulations on the Supervision and Administration of Medical Devices, was revised and adopted at the 119th Executive Meeting of the State Council on December 21, 2020 and the revised version, or the Revised Medical Devices Regulations, came into effect on June 1, 2021. The major amendments of the Revised Medical Devices Regulations include: (1) implementing the registrant-or-submitter accountability systems to highlight the entity responsibilities of enterprises; (2) improving the system for medical device innovation; (3) optimising the approval process; (4) optimising the filing process; (5) improving post-marketing regulatory requirements; and (6) reinforcing penalty and punishment. As the Revised Medical Devices Regulations are relatively new and continue to evolve, interpretation and enforcement of Revised Medical Devices Regulations involve significant uncertainties and different degrees of inconsistency.

**We face substantial competition and rapid market changes, and our competitors may discover, develop or commercialise competing products before or more successfully than we do, or respond and adapt to the market changes more quickly and effectively.**

The development and commercialisation of new medical devices is highly competitive. We face competition from other major companies focusing on the development of medical devices worldwide. A number of companies in the global and Chinese markets have marketed or are pursuing the development of medical devices similar to our products. Potential competitors also include government agencies, academic institutions and other public and private research organisations that conduct research, seek patent protection and establish collaborative arrangements for research, development, manufacturing and commercialisation.

Our business opportunities could be reduced or eliminated if our competitors develop and commercialise products that have higher accuracy rates, are less expensive or are more convenient than the products we commercialise or are developing. Our competitors in the global market may also apply for commercialisation approvals in China or other countries for medical device products with the same intended use as our products and product candidates. The capacity of the relevant authorities, such as the NMPA, to concurrently review multiple commercialisation applications for the same type of innovative medical device may be limited, and therefore such authorities' schedule to review our product candidates may be delayed when our product candidates are under the authorities' concurrent review with our competitors' products, and the registration process of our product may be prolonged. Moreover, our competitors may obtain approvals from the NMPA, the FDA or other relevant regulatory authorities more rapidly than we do. For example, the local government of Hainan province has recently issued a policy on the management of imported medical devices and medicine that are urgently needed in clinical practice. According to the new policy, medical devices and medicine from international brands qualified for certain criteria may enjoy an expedited review and approval procedure in the international medical tourism pilot zone of Hainan province. The Revised Medical Devices Regulations also provides that small amount of class II or class III medical devices that are badly in need of by medical institutions can be imported with approval of the NMPA or the government of provincial level authorised by the State Council. Such regulations and policies may allow our competitors to establish a strong market position before we are able to enter the market.

Our inability to compete effectively could reduce our revenues and current market share, impair our ability to achieve our targeted market share in future periods, cause a decline in our growth rates, and harm our leading position in the deep learning-based medical device market in China, and our business, financial condition, results of operation and return on capital expenditures may be materially and adversely affected.

**We might have engaged in activities that violated PRC laws or are harmful to our reputation, and these events or any non-compliance by us with applicable laws could have a material adverse impact on our business, financial condition and results of operation.**

In July 2005, the former director of the Division of Medical Devices of the NMPA (formerly known as China Food and Drug Administration), Mr. Hao Heping, was arrested in the PRC for asking for and receiving improper gifts and payments from several medical device manufacturers in China, including from us. In accordance with NMPA's procedures, Mr. Hao's signature was a required part of the approval process in respect of the issuance of a registration certificate for medical devices, and a few of our products, including Firebird, were initially approved by the NMPA when Mr. Hao was in office. According to one of our former senior executives, he was approached by Mr. Hao in 2003 to assist in paying for certain personal expenses of Mr. Hao. This former senior executive subsequently communicated the request of Mr. Hao to Dr. Zhaohua Chang, our founder and Director and chairman of our Company, for our Company to pay for such expenses. Dr. Zhaohua Chang indirectly provided RMB220,000 in cash from his personal funds for such purpose. In addition, this former senior executive also provided to Mr. Hao RMB40,000 in 2005, which was reimbursed by us.

In November 2006, Mr. Hao was found guilty of, among other things, requesting and accepting bribes and was sentenced to 15 years in prison. Mr. Hao filed an appeal which was dismissed in March 2007 and the original ruling was affirmed. Moreover, we were previously fined RMB0.3 million by the Beijing Administration for Industry and Commerce Feng Tai Branch in June 2005 and by the Shanghai Administration for Industry and Commerce Hong Kou Branch in October 2005 for promoting our sales in the aggregate amount of approximately RMB5.9 million by paying hospital sponsor fees or illegal rebates in the aggregate amount of approximately RMB0.5 million which occurred in 2003 and 2004.

In addition, there has been a medical industry anti-corruption campaign conducted in 2023 within the PRC. As of the date of this Offering Circular, to our knowledge we have not received any investigation notices related to the campaign. However, there can be no assurance that our business, financial condition and results of operation may not be affected by such campaign with its impact on the industry as a whole.

Although we have strengthened our internal control measures, the risks cannot be eliminated entirely and we cannot assure you that similar events will not occur in the future and that any member or employee of our Group will not be subject to further investigation by the relevant government authorities in the future in connection with the foregoing incidents or any future incidents which may arise. If these occur in the future, we cannot assure you that we will be able to take effective remedial measures, which could impair our ability to operate our Company, harm our reputation and materially and adversely affect our business, financial condition and results of operation.

**Our business, prospects and brand may be harmed by actions taken by our distributors.**

We sell a majority of our products through distributors. We have limited ability to manage the activities of our distributors, who are independent from us except for our subsidiaries and a joint venture and a few international distributors. Our distributors could take one or more of the following actions, any of which could have a material adverse effect on our business, prospects and brand:

- breach our agreements with them, including by selling products that compete with our products that they have contracted to sell for us or by selling our products outside their designated territory, possibly in violation of the exclusive distribution rights of other distributors;
- fail to adequately promote our products;



- fail to provide proper training and service to our end-users; or
- violate the anti-corruption laws and regulations of China, Hong Kong or other jurisdictions.

Failure to adequately manage our distribution network, or non-compliance by distributors with our distribution agreements could harm our corporate image among end users of our products and disrupt our sales, resulting in a failure to meet our sales goals. Furthermore, we could be liable for actions taken by our distributors, including any violations of applicable law in connection with the marketing or sale of our products, including anti-corruption laws and regulations of China, Hong Kong or other jurisdictions. In addition, as we have limited control over the actions of our distributors, we cannot assure you that they will not breach their agreements with us or violate relevant laws.

If our distributors violate PRC laws, Hong Kong laws or other applicable laws or otherwise engage in illegal practices with respect to their sales or marketing of our products, we could be required to pay damages or fines, which could materially and adversely affect our business, financial condition and results of operation. In addition, our brand and reputation, our sales activities or the price of our Shares could be adversely affected if our Company becomes the target of any negative publicity as a result of actions taken by our distributors.

It is also possible that the PRC government or other governmental authorities in countries where we sell our products could adopt new or different regulations affecting the way in which medical devices are sold to address anti-corruption or other concerns. Although we are not aware of any new regulations in this regard being adopted in recent years in the PRC or our other principal markets, any such new or different regulations could possibly increase the cost incurred by our distributors in selling our products or impose restrictions on their sales and marketing activities, which could in turn increase our cost if, for example, it becomes necessary for us to commence selling our products directly to hospitals. Because we currently depend heavily on distributors for the sale of our products, any misconduct by our distributors or changes in the regulatory environment for the sale of medical devices could have a material adverse impact on our business, financial condition and results of operation.

**We depend on a limited number of distributors for a significant portion of our revenue. If we lose one or more of these distributors and are unable to replace them quickly, we may be unable to effectively market and sell our products, which could materially and adversely affect our business, financial condition and results of operation.**

As of 30 June 2023, we sold our products to over 500 distributors across China and over 160 distributors overseas. In the years ended 31 December 2020, 2021 and 2022 and in the six months ended 30 June 2023, sales to our five largest distributors in China accounted for 18.5%, 24.7%, 26.0% and 28.9% of our revenue, respectively. We believe that we will continue to generate a significant portion of our revenue from a limited number of distributors. We cannot assure you that any distributor will continue to purchase our products in the same quantity as in prior years or that our relationship with any of our distributors will continue. If we lose one or more of our major distributors and are unable to replace them quickly, we may be unable to effectively market and sell our products, which could materially and adversely affect our business, financial condition and results of operation.

**If we do not manage our growth effectively, our business, financial condition and results of operation may be materially and adversely affected.**

Our objective is to strengthen our position as a leader in developing, manufacturing and marketing medical devices in China and in select international markets. Our growth strategy includes continuing to build a strong brand, broadening our product portfolio, expanding our production capacity, improving our manufacturing efficiency, pursuing selective strategic acquisitions and alliances, and expanding our international presence. The success of our growth strategy will depend on, among other things, our ability to continue to innovate and develop advanced technology in the highly competitive medical device market in China and other regions where we conduct business, maintain our efficient operating model, attract and retain skilled personnel who have the specialised skills needed to design, develop and manufacture medical devices, obtain and maintain regulatory approvals and effectively market our products using our network of distributors and our own sales and marketing team. However, we have

limited operational, administrative and financial resources, which may be inadequate to sustain the growth we seek to achieve. In particular, in order to implement our growth strategy, we will need to increase our investment in, among other things, our research and development, manufacturing facilities, marketing and other areas of operations.

As we expand our manufacturing operations to accommodate our planned growth, we may encounter difficulties associated with managing multiple product lines, especially for products that we have not manufactured before. We may also experience problems in connection with increasing production scale, including shortages of qualified personnel to operate our equipment, assemble our products or manage manufacturing operations as well as shortages of key raw materials for our products. In addition, we may experience difficulties in producing sufficient quantities of products or in achieving desired product quality. If we are unable to successfully manage our manufacturing operations to meet our needs, we may not be able to provide to our customers with the quantity or quality of products they require in a timely manner. This could result in a decline in the sales of our products, cause us to lose market share and result in reduced revenue or cause us to be unable to achieve revenue growth as planned, all of which would have a material adverse effect on our business, financial condition and results of operation.

**We were loss making and had net cash used in operating activities for the six months ended 30 June 2023.**

In the first six months of 2023, we recorded a loss of U.S.\$219.9 million and net cash used in operating activities of U.S.\$163.8 million, primarily due to (i) the increasingly fierce competition in the rapidly growing medical device industry in China and abroad; (ii) the investment in R&D, registration and commercialisation of the our main businesses in domestic and overseas markets; and (iii) the non-cash losses incurred during the reporting period, including the interest accrued on the issuance of convertible bonds by the Group and the issuance of preferred shares by its subsidiaries, and the changes in the fair value of individual long-term assets within the Group. For the years ended 31 December 2020, 2021 and 2022, we recorded a loss of U.S.\$223.3 million, U.S.\$351.3 million, and U.S.\$588.1 million, respectively. We cannot assure you that we will not continue to experience losses or negative net cash flows in the future. Negative net operating cash flows may require us to obtain sufficient liquidity to meet our financial needs and obligations. If we are unable to do so, we may be in default of our payment obligations and may not be able to develop our business as planned or meet our capital expenditure requirements. As a result, our business, financial position and results of operations may be materially and adversely affected.

**Future acquisitions of businesses, products, technologies or know-how could materially and adversely affect our business, financial condition and results of operation if we fail to integrate the acquired businesses, products or technologies successfully into our existing operations or if we discover previously undisclosed liabilities.**

To enhance our growth, we may acquire businesses, products, technologies or know-how that we believe would benefit us in terms of product development, technology advancement or distribution network. In 2021, we made a strategic investment in Suzhou Argus Medical Technology Corp., Ltd. to help promote the application of intravascular optical coherence tomography (“OCT”) products and imaging technology in the global market, and we also wholly owned Hemovent GmbH, a German extracorporeal life support system company, to provide more systematic and complete cardiac surgery and acute and critical care solutions. Our ability to grow through acquisitions depends upon our ability to identify, negotiate, complete and integrate suitable acquisitions and to obtain any necessary financing. Even if we complete acquisitions, as we have limited experience with significant acquisitions, we may experience:

- difficulties in integrating any acquired companies, technologies, personnel or products into our existing business, particularly integrating different quality management, customer service and other business functions;



- delays or failures in realising the benefits of the acquired company, products or know-how, which could result from, for example, delays in governmental approvals of products developed by acquired businesses;
- potential ongoing financial obligations and unforeseen or hidden liabilities;
- diversion of our management's time and attention from other business concerns;
- higher costs of integration than we anticipated; or
- difficulties in retaining key employees of the acquired business who are necessary to manage these acquisitions.

**If third parties claim that we infringe upon their intellectual property rights, we may incur liabilities and financial penalties and may have to redesign or discontinue to sell our affected product.**

We face the risk of intellectual property infringement claims from third parties in the countries where we operate. In addition, a number of our employees have previously worked for one or more of our competitors. There can be no assurance that such employees have not used, or will not use in the future, their previous employers' proprietary know-how or trade secrets in their work for us, which could result in litigation against us. Prior to developing major new products, we evaluate existing intellectual property rights. Our efforts to identify and avoid infringing on third parties' intellectual property rights may not always be successful. Any claims of patent or other intellectual property infringement, even those without merit, could:

- be expensive and time consuming to defend;
- result in us being required to pay significant damages to third parties;
- cause us to cease making or selling products that incorporate the challenged intellectual property;
- require us to redesign, reengineer or rebrand our products, if feasible;
- require us to enter into royalty or licensing agreements in order to obtain the right to use a third party's intellectual property, which may not be available on terms acceptable to us or at all;
- divert the attention of our management; or
- result in hospitals and physicians terminating, deferring or limiting their purchase of the affected products until resolution of the litigation.

In addition, new patents obtained by our competitors could threaten a product's continued life in the market even after it has already been introduced.

**If we invest in businesses that operate outside of China or that offer products that are different from our existing products, these risks may increase because of our limited experience in operating such businesses.**

An acquisition could also materially impair our results of operation by causing us to incur debt or requiring us to amortise acquired intangible assets. We may also discover deficiencies in internal controls, data adequacy and integrity, product quality and regulatory compliance, and product liabilities in businesses we acquire which we did not uncover prior to such acquisition. As a consequence, we may become subject to penalties, lawsuits or other liabilities. Any difficulties in the integration of

acquired businesses, product or technologies or unexpected penalties, lawsuits or liabilities in connection with such businesses, product or technologies could have a material adverse effect on our business, financial condition and results of operation.

**The global financial markets, and therefore PRC markets, have experienced significant volatilities during the past few years and any continued deterioration may adversely affect our business and results of operations.**

The PRC has experienced rapid economic development in the last decade. However, there has been a slowdown in the growth in China's GDP in the last couple of years and this has raised concern that the historic rapid growth of the PRC economy may not continue. Further indication of the slowdown in the growth of China's economy is evidenced by press reports of a recent increase in bond defaults by PRC corporate issuers.

The PRC economy may also be more susceptible to slowdowns or downturns as a result of uncertainties related to the recent trade war and other tension between the United States and the PRC. Escalating geopolitical tensions, trade tariffs on Chinese goods and U.S. products and divergent fiscal monetary policies between the United States and the PRC have created substantial uncertainties and volatilities to global markets, and may severely damage the economy and market confidence of both countries. Moreover, the future performance of China's economy is not only affected by the economic and monetary policies of the PRC government, but is also exposed to material changes in global economic and political environments as well as the performance of certain major developed economies in the world, such as the U.S. and the EU. Any slowdown in the economies of the U.S., the EU and certain Asian countries may adversely affect economic growth in the PRC and elsewhere.

In June 2016, the United Kingdom held a remain-or-leave referendum on its membership within the EU, the result of which was in favour of the exit of the United Kingdom from the EU ("Brexit"). On 31 January 2020, the United Kingdom officially exited the EU following a UK-EU Withdrawal Agreement signed in October 2019. As agreed in the UK-EU Withdrawal Agreement, a transition period was implemented until 31 December 2020, during which time EU laws and regulations continued to apply broadly as before. The UK-EU Trade and Cooperation Agreement (the "TCA") was signed on 30 December 2020 and came into force from 1 May 2021. The TCA sets out all aspects of the new UK-EU relationship, such as trade, security, areas of ongoing collaboration/cooperation and governance. With Brexit taking full effect, there remains uncertainty about the future relationship between the United Kingdom and the EU. It is unclear how Brexit will ultimately affect the fiscal, monetary and regulatory landscape within the United Kingdom, the EU and globally. This event has resulted in a downgrade of the credit ratings of the United Kingdom and the uncertainty of certain aspects of the negotiated trade procedures have already caused economic disruptions in the EU and the United Kingdom.

The outlook for the world economy and the financial markets remains uncertain. Europe is facing economic slowdowns and in Asia and other emerging markets, some countries are expecting increasing inflationary pressure as a consequence of liberal monetary policy or excessive foreign fund inflow and outflow, or both. In the Middle East, Eastern Europe and Africa, political unrest in various countries has resulted in economic instability and uncertainty. In 2022 and 2023, geopolitical events such as the conflict between Russia and Ukraine, ongoing conflict in the Gaza Strip and the sanctions imposed by governments in response to such conflicts contributed to further increases in the price of energy, oil and other commodities and to volatility in financial markets globally.

The above and other issues resulting from the global economic slowdown or uncertainty and financial market turmoil have adversely affected, and may continue to adversely affect the general demand and consumption of our products. In addition, any further tightening of liquidity in the global financial markets may negatively affect our access to capital and liquidity. If the global economic slowdown and turmoil in the financial markets continue, our business, financial condition and results of operations may likely be adversely affected.

**Changes in accounting standards applicable to our business, may have a material impact on our results of operation and financial position.**

Accounting standards applicable to our business may change or be amended from time to time. Any changes in these accounting standards may result in changes in the recognition, measurement and/or classification of our revenue, expenses, assets and liabilities, which could have material effects on our results of operations and financial position. In addition, in applying these accounting standards, we are required to make judgments, estimates and/or assumptions with respect to our revenue, expenses, assets, liabilities and other factors that we consider to be relevant.

Hong Kong Institute of Certified Public Accountants (“HKICPA”) may issue new and revised standards and interpretations in the future and we may adopt additional accounting standards as required or as we see fit going forward. Interpretation on the application of the HKFRS will also continue to develop. These factors may require us to adopt new accounting policies from time to time. The adoption of new accounting policies or new HKFRS in the future may have a material impact on our results of operations and financial position.

**If our patents and other intellectual property rights do not adequately protect our products, we may lose market share to our competitors and be unable to operate our business profitably.**

Our success depends, in part, on our ability to protect our proprietary technologies. As of 30 June 2023, we (also through our equity-accounted investees) had approximately 9,500 patents (including those under application) around the world. Due to the different regulatory bodies and varying requirements in different jurisdictions, we cannot assure you that we will be able to obtain patent protection for all or any aspects of our products in all or any of these jurisdictions. The process of seeking patent protection can be lengthy and expensive, and we cannot assure you that our patent applications will result in patents being issued, or that our existing or future issued patents will be sufficient to provide us with meaningful protection or commercial advantage. We cannot assure you that our current or potential competitors, many of which have substantial resources and have made substantial investments in competing technologies, do not have, and will not obtain, patents that will prevent, limit or interfere with our ability to make, use or sell our products in either China or other countries, including the United States, the EU and other countries around the world.

We also rely on trade secrets, proprietary know-how and other non-patentable technology, which we seek to protect through non-disclosure agreements with employees and related parties. We cannot assure you that these non-disclosure agreements will not be breached, or that our employees have not disclosed, or will not disclose, any of our trade secrets, proprietary know-how or other non-patentable technology to our competitors or other third parties. We also cannot assure you that we will have adequate remedies for any breach, or that our trade secrets, proprietary know-how and other non-patentable technology will not otherwise become known to, or be independently developed by, our competitors.

The PRC intellectual property protection regime is different from those applied in other jurisdictions. Accordingly, we may experience difficulties seeking intellectual property rights and confidentiality protections in China which we may not encounter in jurisdictions such as Hong Kong or the United States. Policing unauthorised use of proprietary technology is difficult and expensive, and we may need to resort to litigation to enforce or defend patents issued to us or to determine the enforceability, scope and validity of our proprietary rights or those of others. Such litigation may require significant expenditure of financial and managerial resources and could have a material adverse impact on our business, financial condition and results of operation. An adverse determination in any such litigation will impair our intellectual property rights and may harm our business, prospects and reputation. In addition, given that the enforceability and scope of protection of proprietary rights in China are still evolving, we may choose not to litigate or spend significant resources in litigation to enforce our intellectual property rights or to defend our patents against challenges from others.

**If we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed. We may be subject to claims that our employees have wrongfully used or disclosed alleged trade secrets of their former employers.**

In addition to our issued patent and pending patent applications, we rely on trade secrets, including unpatented know-how, technology and other proprietary information, to maintain our competitive position and to protect our products and product candidates. We seek to protect these trade secrets, in part, by entering into non-disclosure and confidentiality agreements or include such undertakings in the agreement with parties that have access to them, such as our employees, corporate collaborators, outside scientific collaborators, sponsored researchers, contract manufacturers, consultants, advisers and other third parties. We also enter into employment agreements or consulting agreements with our employees and consultants that include undertakings regarding assignment of inventions and discoveries. However, non-disclosure agreements with employees, consultants, contractors and other parties may not adequately prevent disclosures of our trade secrets and other proprietary information. Any of these parties may breach such agreements and disclose our proprietary information, and we may not be able to obtain adequate remedies for such breaches. Enforcing a claim that a party illegally disclosed or misappropriated a trade secret can be difficult, expensive and time-consuming, and the outcome is unpredictable. If any of our trade secrets were lawfully obtained or independently developed by a competitor, we would have no right to prevent them from using that technology or information to compete with us and our competitive position would be harmed.

Furthermore, some of our employees, including our senior management, were previously employed at other medical device companies, including our competitors or potential competitors. Some of these employees may have executed proprietary rights, non-disclosure and non-competition agreements in connection with such previous employment. Although we try to ensure that our employees do not use the proprietary information or know-how of others in their work for us, we may be subject to claims that we or these employees have used or disclosed intellectual property, including trade secrets or other proprietary information, of any such employee's former employer. As at the date of this Offering Circular, we are not aware of any material threatened or pending claims related to these matters or concerning the agreements with our senior management, but in the future litigation may be necessary to defend against such claims if there would be any. If we fail in defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights or personnel. Even if we are successful in defending against such claims, litigation could result in substantial costs and be a distraction to our management.

In addition, while we typically require our employees, consultants and contractors involved in our research and development activities to execute agreements assigning all intellectual property rights to us, we may be unsuccessful in enforcing such an agreement with each party who in fact develops intellectual property that we regard as our own, which may result in claims by or against us related to the ownership of such intellectual property. If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights. Even if we are successful in prosecuting or defending against such claims, litigation could result in substantial costs and be a distraction to our management and scientific personnel.

**If we are unable to obtain adequate supplies of the required materials that meet our production standards at acceptable costs, our ability to deliver products with the required quality at the required time could be affected, which could materially and adversely affect our business, financial condition and results of operations.**

The main raw materials of our existing products include L605 tube, sirolimus, precious metal materials, extrusion tubes, forgings, castings and ceramics. The purchases from our top five suppliers accounted for a relatively high proportion of our total cost of sales, representing approximately 18.0%, 18.2%, 18.7% and 22.0% for the years ended 31 December 2020, 2021 and 2022 and six months ended 30 June 2023, respectively. The source of our main raw materials is fairly concentrated under its present production capacities, and any negative changes to the supplies of raw materials as provided by the abovementioned suppliers will affect our production and operations to a certain extent.

If we are unable to secure long-term contracts with such suppliers to fix the prices of raw materials, when there is a significant increase in the prices of any of the main raw materials and we otherwise fail to pass on such increase in costs to our customers, the profitability of our business may be adversely affected. We generally enter into supply agreements with our suppliers for a term of one year to two years. We cannot ensure that the existing suppliers will continue their long-term cooperation with us and supply raw materials we need on such price and terms and conditions acceptable to us. The supplies and market price of the raw materials may be subject to various factors that are beyond our control. We may also be unable to acquire alternative sources of supply in a timely and cost-effective manner. If the supply of raw materials is interrupted or we fail to acquire raw materials of required quality, our business, financial condition and results of operations may be adversely affected.

**Damages to our manufacturing and production facility may materially and adversely affect our business operation, revenue and profitability.**

We have relied on our primary manufacturing facility located at our headquarters at Zhangjiang Hi-Tech Park in Shanghai, manufacturing facilities in Suzhou, Jiaxing and Shenzhen in China and in the U.S., France, Italy and the Dominican Republic for the production of our principal products. Significant damage to our primary facilities from natural or other causes, such as floods, fires, earthquakes and typhoons, could be costly and time-consuming to repair and could disrupt our manufacturing activities. In such an event, we would be forced to rely on third-party manufacturers or seek alternative facilities, which would need to be approved by the NMPA and/or other relevant authorities in both cases in order to manufacture medical devices at such locations. Even if we are able to identify such alternative facilities, we may incur additional costs, and we may experience a disruption in the production of our products until those facilities are available and duly approved for manufacturing medical devices.

**We are exposed to potential product liability claims and our insurance coverage may be inadequate to protect us from all liabilities we may incur.**

The manufacture and sale of medical devices exposes us to potential risks of product liability claims, which are time-consuming and expensive to defend and may have a material adverse impact on our business, financial condition and results of operation. Defects or risks that we have not yet identified in our existing products may give rise to product liability claims. We maintain insurance coverage that is customary in the industry. If a product liability claim or series of claims is brought against us for uninsured liabilities or in excess of our insurance coverage and we are ultimately held liable for such claim or series of claims, our business, financial condition and results of operation will be materially and adversely affected. Additionally, we could experience a material design or manufacturing failure in our products, a quality system failure, other safety issues or heightened regulatory scrutiny that would cause us to cease manufacturing any such products. We may also, under our own initiative, recall a product if any material deficiency in a device is found. A recall of any of our products could also result in increased product liability claims. Further, we cannot ensure that physicians will follow our instructions on the proper usage of our products accurately. If our products are used incorrectly by physicians, injury may be incurred, which could give rise to product liability claims against us. Any losses that we may suffer from any liability claims, and the effect that any product liability litigation may have upon the reputation and marketability of our products, may divert management's attention from normal business operations and may have a material adverse impact on our reputation, business, financial condition and results of operation.

**Any product recall would damage our brand name and could have a material adverse effect on our reputation, business, financial condition and results of operation.**

Complex medical devices, such as our stents and balloon catheters, sometimes experience problems resulting from the performance of the products or the way doctors use such products, which in both cases require review and possible corrective action by the manufacturer. From time to time, we receive feedback from doctors relating to issues they have encountered while using our products, including technical difficulties in the delivery or placement of some of our products. We expect that we will continue to receive such feedback from time to time. Furthermore, component failures,



manufacturing errors or design defects could result in danger or injuries to patients. Any serious failures or defects could cause us to withdraw or recall products, which could result in significant costs such as repair and product replacement costs. The occurrence of any market withdrawals or product recalls of our products would damage our brand name and would have a material adverse effect on our business, financial condition and results of operation.

**If we are unable to recruit, hire and retain skilled and experienced personnel, our ability to effectively manage our operations and meet our strategic objectives will be harmed.**

Our future success depends, in large part, on the continued service of our officers and other key managerial, scientific, sales and technical personnel. In particular, we rely heavily on our officers and senior management to operate and grow our business. Moreover, engineering, sales, marketing and clinical research personnel with experience in the medical device industry are limited. Any loss or interruption of the services of any of our senior management or key personnel could significantly reduce our ability to effectively manage our operations and meet our strategic objectives because we cannot assure you that we would be able to locate suitable or qualified replacements. In addition, we may incur additional expenses and devote significant time to recruit and train new personnel, which could severely disrupt our business and growth.

Furthermore, as we expect to continue to expand our operations and develop new products, we will need to continue attracting and retaining experienced management and key personnel. Competition for personnel in the medical device manufacturing industry is intense, and the availability of suitable and qualified candidates is limited. We compete for such personnel with other medical device companies, academic institutions, government entities and other organisations, and we expect such competition in China to intensify as China's medical device industry grows. We may be unable to attract or retain the personnel required to achieve our business objectives, and failure to do so could materially and adversely impact our competitiveness, business, financial condition and results of operation.

**We may require additional capital in the future, which may not be available on terms acceptable to us, or at all.**

Our capital requirements depend on many factors, including the amount of expenditure on research and development and intellectual property and technologies, the number of clinical trials we conduct and new product development. In addition, our future capital requirements may be substantial as we seek to grow through acquisitions and investments. To the extent that our existing capital is insufficient to meet these requirements, we will need to raise additional funds. Any equity or debt financing, if available at all, may be on terms that are not favourable to us. Equity financings could result in dilution to our shareholders, and the securities issued in future financings may have rights, preferences and privileges that are senior to those of our shares. If our need for capital arises because of significant losses, the occurrence of these losses may make it more difficult for us to raise the necessary capital. If we fail to obtain necessary funding on acceptable terms or at all, we may be forced to delay research and development activities, clinical trials, potential acquisitions and investments or otherwise curtail or cease our operations.

**If physicians do not recommend our products, our sales may decline.**

Physician recommendation plays an important role in the sales of our products. Physician acceptance of our products depends on educating the medical community as to the distinctive characteristics, perceived benefits, safety, clinical efficacy and cost-effectiveness of our products compared with products of our competitors, and on training physicians in the proper application of our products. If physicians do not recommend our products, our sales may decline and our business, financial condition and results of operation may be materially and adversely affected.

To date, we have primarily focused on training and developing relationships with cardiologists, other vascular specialists and physicians in catheter laboratories in hospitals as a way of gaining market acceptance for stent products. As we expand our product offerings to include structured heart, orthopaedic and other medical devices, we also work with physicians specialising in those areas. We

may not be successful in convincing these or other medical professionals that our products are superior to those of our competitors or to alternate treatments, especially in our newer product areas where we are less known in the medical community.

**The sales of our medical devices through foreign distributors to Iran which is the subject of U.S. sanctions could result in negative media and investor attention and materially and adversely affect our business, reputation and your investment in the Bonds.**

Some of our medical devices were sold to Iran which is the subject of various United States economic sanctions regimes, in compliance with applicable laws and regulations. We currently sell our medical devices through one Iranian distributor to Iran. Although such activities represented less than 1.5% of our consolidated assets, revenues and gross profit for the years ended 31 December 2020, 2021 and 2022 and six months ended 30 June 2023 and are not in breach of any sanctions, such activities may have an adverse effect on our business, reputation and your investment in the Bonds. We cannot predict any changes in the interpretation or implementation of government policy at the U.S. federal, state or local levels with respect to any current or future sales to Iran that may materially and adversely affect our business, reputation and your investment in the Bonds.

It is possible that, as a result of activities by us or our affiliates to sell some of our medical devices through the Iranian distributor to Iran, we may be subject to negative media or investor attention, which may distract management, consume internal resources and negatively affect investors' perception of our company. Further, in recent years, the U.S. Government has implemented a number of sanctions targeting non-U.S. companies that engage in certain Iran-related transactions, including, but not limited to, the Comprehensive Iran Sanctions, the Accountability and Divestment Act of 2010, the National Defence Authorisation Act for Fiscal Year 2012, Executive Order 13622, and the Iran Threat Reduction and Syria Human Rights Act of 2012, all of which broadened the range of sanctionable Iran-related transactions. Under the Iran Freedom and Counter-Proliferation Act of 2012 and Executive Order 13645, moreover, wide-ranging sanctions against the energy, shipping, shipbuilding, and automotive sectors of Iran, as well as Iranian port operators and Iranian currency, became effective on 1 July 2013. Our activities to sell some of our medical devices through foreign distributors to Iran might be interpreted as activities targeted by the Iran Sanctions Act ("ISA") or other U.S. sanctions. We have engaged in such business activities since 2014 and may continue to conduct such business activities in the future. If it is determined that we did engage in activities targeted by the ISA or any of the laws and Executive Orders referenced above, or similar future U.S. laws, regulations, or Executive Orders, we could be subject to sanctions ranging from restrictions on U.S. exports or bank financing to outright blocking of our property within U.S. jurisdiction. If the most extreme sanction were applied to our property, including property of our controlled subsidiaries, we could be prohibited from engaging in business activities in the United States or with U.S. individuals or entities, and U.S. transactions in the Bonds and distributions to U.S. individuals and entities with respect to the Bonds could also be prohibited. We can give you no assurance that we will not be the subject of sanctions under the ISA or other U.S. laws in the future due to our activities to sell some of our medical devices through foreign distributors to Iran. If we were sanctioned under any such laws, it could materially and adversely affect the market price of the Bonds and you might be unable to sell, or receive distributions with respect to, the Bonds. In addition, certain U.S. state and local governments and colleges have restrictions on the investment of public funds or endowment funds, respectively, in companies with activities in certain countries that are the subject of U.S. sanctions, such as Iran. Such restrictions may also materially and adversely affect the liquidity of the Bonds.

## **RISKS RELATING TO OUR INDUSTRY**

**As part of its regulation of the medical industry, the PRC government has imposed reductions in the retail prices of our products periodically in the past and is expected to continue to do so. Ongoing decreases in the retail prices of our products or limitations on the profit margins we earn could materially and adversely affect our business, financial condition and results of operation.**



In China, the government maintains a high level of involvement in the determination of retail prices of medical devices, and public hospitals and healthcare institutions are required to purchase high value medical supplies, including our products, at prices established through a periodic tender process. Since 2004, the tender process has occurred at irregular intervals, and at each tender, the retail prices of tendered products, including our products, may be subject to price reduction.

The method for conducting the tender process in China has changed frequently in the last several years. In the first two tenders held in the beginning of 2005 and the second half of 2006, MOH and its counterparts in eight provinces and municipalities, including Beijing and Shanghai, organised and supervised the negotiation of retail prices with suppliers through a centralised bidding process to establish the retail prices for the healthcare institutions within these provinces and municipalities. Hospitals and healthcare institutions in other provinces and municipalities generally followed the prices established in these tenders. Subsequently, with the promulgation of the Notice Issued by MOH regarding Further Enhancing the Administration of Centralised Purchasing of Medical Devices (衛生部關於進一步加強醫療器械集中採購管理的通知) in June 2007, MOH conducted a nationwide tender in the second half of 2008 to set medical device retail prices for all hospitals and healthcare institutions in China until the next tender which MOH indicated would be held in 2009. However, no tender was held in 2009. Instead, MOH held a national tender only for new products which received NMPA approval following the last tender (including our peripheral stent system Crownus and our endovascular device Hercules B) in April 2010. Pursuant to a Notice issued by MOH regarding Centralised Purchasing of High Value Medical Supplies (衛生部辦公廳關於全國高值醫用耗材集中採購有關事項的通知) in January 2010, MOH announced that the tender process will be decentralised such that individual provinces and municipalities will be authorised to hold their own tenders, with the first round of these decentralised tenders to be completed by October 2010.

Moreover, in November 2009, the NDRC, MOH and the Ministry of Human Resources and Social Security jointly issued a Notice of Opinion on Reform of Pricing System of Pharmaceuticals and Medical Services (關於印發改革藥品和醫療服務價格形成機制的意見的通知), pursuant to which the NDRC will strengthen its intervention in the pricing of medical devices (including high value medical devices), limit the profit margins of the participants in the supply chain for medical devices and periodically announce market price information of medical devices. Accordingly, the NDRC may determine that our or our distributors' profit margins of some or all of our products are too high and therefore lower the retail prices of our products.

In March 2012, the State Council issued the Plan and Implementation Plan for Deepening the Reform of the Medical and Health System during the “Twelfth Five-year Plan” Period (國務院關於印發“十二五”期間深化醫藥衛生體質改革規劃暨實施方案的通知), which specified that high-value medical consumables in hospitals shall be purchased centrally. In December 2012, MOH and other five authorities issued the Regulations on the Centralised Procurement of High-value Medical Consumables (for Trial Implementation) (高值醫用耗材集中採購工作規範(試行)) to provide detailed regulations relating to the centralised procurement of high-value medical consumables. The Plan and Implementation Plan for Deepening the Reform of the Medical and Health System during the “Thirteenth Five-year Plan” Period (國務院關於印發“十三五”深化醫藥衛生體質改革規劃的通知) issued in December 2016 also specified the centralised procurement of high-value medical consumables. The PRC government may also issue price guidance in relation to our products and pipeline products, or introduce a tender process and exercise any control measures on the tendering process of any of our products and pipeline products, either at the national or provincial level by the hospital, medical institutions or governments, which may result in uncertainties regarding the timing of such procedures. In particular, our bids may not be successful and our products may not be chosen for a number of reasons, including, among others: (i) our prices are not competitive; or (ii) our product quality or any other aspect of our operation fails to meet the relevant requirements. Even if our products win the bids in the centralised procurement process, there is no guarantee that hospitals would purchase our products as they have the sole discretion in selecting between our products and other competing products. These may negatively affect the price of our products and therefore have a material adverse effect on our business and results of operations. Further, we may also face downward pricing pressure if our products are included in the medical insurance reimbursement list, even if such inclusion in the medical insurance reimbursement list is expected to increase the sales volume of our products. According to the Key Points of Rectifying Unhealthy Tendencies in Purchase and Sale of Medicines and Medical Services of 2020 (2020年糾正醫藥購銷領域和

醫療服務中不正之風工作要點) issued by NHC, and other nine authorities in May 2020, the pilot of volume-based procurement of high-value medical consumables would be promoted in local areas. The Opinions on Organising the Centralized Volume-Based Procurement of the Coronary Stents and Use of the Supporting Measures (關於國家組織冠脈支架集中帶量採購和使用配套措施的意見) issued by the NHSA in December 2020 provides that the selected products of the centralised procurement of coronary stents are paid for at the selected price, and the full amount is included in the scope of medical insurance payment, and the medical insurance fund pays for it according to the prescribed proportion. In April 2021, the NHSA and other seven authorities issued the Guidance on the Organising of the Development of Centralized Volume-Based Procurement and Use of High-value Medical Consumables by State (關於開展國家組織高值醫用耗材集中帶量採購和使用的指導意見), which specified that all public medical institutions including military medical institutions shall participate in the centralised volume-based procurement of high-value medical consumables in accordance with relevant regulations. The Work Program to Strengthen the Supervision of the Quality of the Medical Devices Selected in Centralized Banded Purchasing (加強集中帶量採購中選醫療器械品質監管工作方案) issued in September 2021 by the NMPA specified the supervision of the selected companies of the centralised procurement. Later in the same month, the State Council issued the Plan for Universal Healthcare Security during the 14th Five-year Plan Period (關於印發“十四五”全民醫療保障規劃的通知), which specified the continuation of expanding the scope of centralised procurement of high-value medical consumables. According to the Circular of Effectively Carrying out Centralized Drug Procurement and Price Management in 2023 (關於做好2023年醫藥集中採購和價格管理工作的通知) issued by the NHSA in March 2023, the centralised procurement of the new batch of high-value medical consumables is based on the principle of “one produce, one policy”.

In 2020, the PRC centralised volume-based procurement for coronary stents was rolled out, which caused a reshuffling of the domestic market. This involves combining bidding with purchasing, linking prices with volume, and implementing volume-based procurement of medical consumables for the ultimate purpose of establishing a nationwide procurement system. In the national centralised procurement for coronary stent products conducted in 2020, we were the only domestic company with two selected products and was granted the highest total intentional procurement volume among all players, thanks to our excellent product performance and diversified product portfolio. In 2022, the renewal of volume-based procurement contracts bidding for coronary stents in China was completed. We won the bid for three of our products, of which, the terminal prices of two previous bid-winning products recorded an increase in this renewal. Thanks to the significant increase of nearly 80% in total bid-winning volume this time, as compared with the first-year bid-winning volume in 2020, we have further consolidated our dominant market position in the cardiovascular interventional treatment area in the PRC. We are not sure how the national centralised procurement would be conducted in the future and if we need to reduce the price of our products further, and the impact of national centralised procurement on our financial condition, results of operations and business in the future.

In addition, NHC’s decision to decentralise the tender process will require us to devote additional resources in order to participate in the bidding process of each province, which may vary and have different procedures or requirements, and the agreed prices of our products may also vary from province to province. We cannot assure you that we will be able to meet the tender requirements of different provinces. In addition, if, for any reason, we are excluded from any future bidding process or our bids are not accepted, we may be unable to sell our products to public hospitals and healthcare institutions until the next tender is held in the applicable location. The tendering process remains highly uncertain and subject to change, and if retail prices or the prices paid by our distributors are subject to reductions, our revenue could decline and our business, financial condition and results of operation could be materially and adversely affected.

**Our sales depend to a large extent on the level of insurance reimbursement patients receive for treatments using our products.**

Our ability to sell our products depends to a large extent on the availability of governmental and private health insurance in China for treatments using our products. China has a complex medical insurance system that is currently undergoing reform. The governmental insurance coverage or reimbursement level in China for treatments using new medical devices is subject to significant uncertainty and varies from region to region, as local government approvals for such coverage must be

obtained in each geographic region in China. In addition, the PRC government may change, reduce or eliminate the governmental insurance coverage currently available for treatments using our products. Different products also have different insurance coverage or reimbursement levels.

A majority of our products are subject to reimbursement from governmental health insurers in most major provinces and municipalities in China. However, we cannot assure you that the insurers will not change, reduce or eliminate the coverage currently available for treatments using our products or extend their coverage to our new products. In addition, insurance companies in China often reimburse patients for a higher percentage of the product cost if they use a medical device manufactured by a Chinese domestic company as opposed to an imported device. We cannot be certain that insurers will continue to adopt this favourable policy in the future.

In the absence of sufficient medical insurance coverage for the use of our products, patients may choose alternative treatment methods, and hospitals may recommend such alternative treatments, which would reduce demand for our products and our sales, which could in turn materially and adversely affect our business, financial condition and results of operation.

**Our competitors may have substantially greater resources than we do and may be able to develop more effective products or offer their products at lower prices than we can, which could materially and adversely impact our business, financial condition and results of operation.**

We compete in a highly competitive market, which is significantly affected by the introduction of new products and price reductions by industry participants. We face intense competition across our product lines from both international and domestic companies.

Many of our competitors have already been selling products in China, and those that have not done so, as well as other device manufacturers, may begin selling products in China in the near future. These companies may have substantially greater capital resources, broader product lines, greater sales, marketing and management resources, larger research and development teams and larger production facilities than we do. As a result of the significant market opportunity for the products we produce and develop and the expected future growth of the Chinese market, these and other potential competitors have dedicated and are likely to continue to dedicate significant resources to promote their products in China, which is the primary market in which we compete. Moreover, the entry of additional domestic manufacturers, which usually have a lower cost structure than international manufacturers, into the Chinese market could drive down the retail prices of our products and reduce our profit margins. Our competitors may develop technologies and products that are safer, more effective, easier to use, less expensive or more readily accepted than ours. Their products could make our technology and products obsolete or non-competitive. If we are not able to compete effectively against current and future competitors, our business, financial condition and results of operation may be materially and adversely affected.

**The medical device industry in China is rapidly evolving, and we may be unable to maintain or enhance our market share in this industry for a variety of reasons.**

The medical device industry in China is rapidly evolving due to economic growth in China, changes in government policies and funding levels, increasing competition and other factors discussed in this Offering Circular. In an effort to maintain and enhance our market share in this highly competitive and changing environment, we implement special sales policies and discounts, as well as adjust our prices to distributors, from time to time depending on market conditions. We may be required to adopt additional sales incentives and/or lower the prices of our products in future periods to remain competitive in the markets in which we operate.

Our inability to adequately respond to changes in market conditions in a timely manner could have a material adverse effect on our business, financial condition, results of operation and return on capital expenditures, which could cause a decline in our growth rates, reduce our revenues and reduce our ability to maintain our current market share in the minimally invasive interventional device market or achieve our targeted market share in future periods. In addition, if we cannot maintain our market

position, our reputation and brand name may be materially and adversely affected which could adversely affect our relationships with physicians and hospital administrators and our long-term ability to effectively market and sell our products or conduct clinical trials for our new products.

**Our products and facilities are subject to extensive regulation, which may subject us to high compliance costs and expose us to penalties for non-compliance. We may not be able to obtain required regulatory approvals for our products in a cost-effective manner or at all.**

The production and marketing of our products and our ongoing research and development, preclinical testing and clinical trial activities are subject to extensive regulation and review by governmental authorities both in China and abroad. PRC and foreign regulations applicable to medical devices are wide-ranging and govern, among other things, the testing, pre-market review, packaging, advertising, exporting and labelling of new medical devices. They also regulate the manufacturing processes, tendering, reporting, and record-keeping procedures of medical device manufacturers.

We are required to obtain NMPA approval before we can market our products in China. Significant time, effort and expense are required to bring our products to market in compliance with the regulatory process, and we cannot assure you that any of our products will be approved for sale. In addition, as the PRC government has been increasing the level of regulatory control over the medical device industry in recent years, the NMPA approval process tends to take a longer time to complete than before. We are also required to report any serious or potentially serious incidents involving our products to the NMPA. Any failure to obtain, or delay in obtaining, regulatory approvals or clearances or to renew registrations for our products could prevent us from successfully marketing our products, which could materially and adversely affect our business, financial condition and results of operation.

In addition, before selling our products in international markets, we are required to obtain various governmental approvals in the relevant jurisdictions. Foreign regulations may vary from jurisdiction to jurisdiction and may be different from PRC regulations and NMPA requirements. For example, certain jurisdictions such as the EU may have more stringent requirements on clinical trials and clinical data than those of the NMPA. We cannot assure you that we will be able to meet regulatory requirements of different jurisdictions or that our products will be approved for sale in those jurisdictions. Additional time, effort and expense may be required to bring our products to the international markets in compliance with different regulatory processes. Any failure to obtain, or delay in obtaining, regulatory approvals or clearances or to renew registrations for our products could prevent us from successfully marketing our products in the international markets, which could materially and adversely affect our business, financial condition and results of operation. Our failure to comply with applicable regulatory requirements could result in governmental agencies in the relevant jurisdictions:

- imposing fines and penalties on us;
- preventing us from manufacturing or selling our products;
- bringing criminal charges against us;
- delaying the introduction of our new products into the market;
- recalling or seizing our products; or
- withdrawing or denying approvals or clearances for our products.

We could also be subject to civil liabilities if we fail to comply with applicable regulatory requirements.

If any or all of the foregoing were to occur, we may not be able to meet the demands of hospitals and physicians which use our products and they may cancel orders or purchase products from our competitors.

Even if regulatory approval or clearance of our products is granted, the approval or clearance could limit the uses for which our products may be labelled and promoted, which may in turn limit the market for our products. Further, for a marketed product, we and our facilities are subject to periodic reviews and inspections by the NMPA and by the relevant regulatory authority in any other jurisdictions where the product has been approved for sale. Subsequent discovery of problems with any of our products or facilities may result in restrictions being imposed on us, including withdrawal of a product from the market or other enforcement actions. In addition, regulatory agencies may not agree with the extent or speed of corrective actions we take in relation to product or manufacturing problems.

Because we are subject to extensive regulation in the jurisdictions in which we operate, including China, the Asia Pacific region, North America and Europe, we are subject to greater risk that regulations could change in a way that would expose us to additional costs, penalties or liabilities. If additional regulatory requirements are implemented in the countries in which we sell our products, the cost of developing or selling our products may increase.

## **RISKS RELATING TO THE PRC**

The preferential tax treatment for high and new technology enterprise we are currently entitled to may be discontinued due to the assessment conducted by the government.

Certain of our PRC subsidiaries have obtained the “High and New Technology Enterprise Certificate”(高新技術企業證書) issued by the local government authorities. As a result of the obtaining of the “High and New Technology Enterprise Certificate”, these PRC subsidiaries are entitled to enterprise income tax at a tax rate of 15% during the certified period.

However, failure to maintain our qualification as a high and new technology enterprise may prevent us from benefiting from the relevant enterprise preferential income tax policies and we shall be subject to the normal enterprise income tax at a rate of 25%, which may adversely affect our net profit.

**Changes in political or economic policies, and a slowdown in the economy of the PRC may have a material adverse impact on our business, financial condition and results of operation.**

Most of our assets are currently located in the PRC. Revenue generated from products manufactured and sold in the PRC has been the biggest contributor of our total revenue, and we expect this situation to continue in the near future. As a result, our business, financial condition, results of operation and future prospects are and will continue to be subject to political, economic and legal developments in the PRC to a significant degree. The PRC economy differs from the economies of most developed countries in many aspects, including the extent of government involvement, allocation of resources, capital reinvestment, level of development, growth rate and control of foreign exchange.

Historically, the PRC economy was centrally-planned, with a series of economic plans promulgated and implemented by the PRC government. Since 1978, the PRC government has been promoting economic and political reforms. The PRC has gradually shifted from a planned economy toward a market-oriented economy. A variety of policies and measures that could be taken by the PRC government to regulate the economy, including the introduction of measures to control inflation, deflation, or regulate economic growth, changes in the rates or methods of taxation, or the imposition of additional restrictions on currency conversions and remittances abroad, could materially and adversely affect our business, financial condition and results of operation.

**Changes in the PRC legal system may have a material adverse impact on our business, financial condition and results of operation.**

The PRC is still in the process of developing a comprehensive statutory framework. Since 1979, the PRC government has established a commercial law system, and significant progress has been made in promulgating laws and regulations relating to economic affairs and matters such as corporate organisation and governance, foreign investment, commerce, taxation and trade. However, many of these laws and regulations are relatively new, and the implementation and interpretation of these laws and regulations may involve significant uncertainties. For example, according to the Administration



Measures for the Examination and Registration of Medium and Long-term Foreign Debt of Enterprises (企業中長期外債審核登記管理辦法(國家發展和改革委員會令第56號)), or Order 56, domestic enterprises and their overseas controlled entities shall procure the registration of any debt securities with a term not less than one year issued outside the PRC with the NDRC prior to the issue of the securities, and notify the particulars of the relevant issues within the timeframe prescribed by the NDRC after the Issue Date. If we fail to complete such filing or reporting in accordance with the relevant requirements, we may be subject to penalties or other enforcement actions by relevant PRC government authorities. Furthermore, due to the limited volume of published cases and the non-binding nature of prior court decisions, the outcome of dispute resolution may not be predictable, which may limit the legal protection available to us. In addition, any litigation in the PRC may result in substantial costs the diversion of resources and management attention. Consequently, developments and changes in PRC laws and regulations, including their interpretation and enforcement, may have a material adverse effect on our business, financial condition and results of operation.

**Failure to comply with PRC regulations in respect of the registration of our PRC citizen employees' share options may subject such employees or us to fines and legal or administrative sanctions.**

In December 2006, PBOC promulgated the Administrative Measures for Individual Foreign Exchange (個人外匯管理辦法), which set forth the respective requirements for foreign exchange transactions by PRC individuals under either the current account or the capital account. The Implementation Rules of the Administrative Measures for Individual Foreign Exchange (個人外匯管理辦法實施細則), issued in January 2007 by SAFE and amended in May 2016, specify the approval requirements for PRC citizens who are granted shares or share options by an overseas listed company according to its employee stock ownership plan or stock option plan.

In February 2012, SAFE promulgated the Notice of the State Administration of Foreign Exchange on Issues Related to Foreign Exchange Administration in Domestic Individuals' Participation in Equity Incentive Plans of Companies Listed Abroad (國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知) (the “**Share Option Rule**”).

According to the Share Option Rule, PRC citizens who are granted shares or share options by an overseas listed company according to its employee share option or share incentive plan are required, through the PRC subsidiary of such overseas listed company, to appoint qualified PRC agents to register with SAFE and complete certain other procedures related to the employee share option or other share incentive plan. Foreign exchange income from the sale of shares or dividends distributed by the overseas listed company may be remitted into a foreign currency account of such PRC citizen or be exchanged into Renminbi. In addition, the qualified PRC agent is required to open dedicated foreign currency accounts to handle transactions relating to the employee share option scheme or other share incentive plan. We and our PRC citizen employees who have been and will be granted share options (“**PRC option holders**”) are subject to these rules. If we or our PRC option holders fail to comply with these rules in the future, we or our PRC option holders may be subject to fines and other legal or administrative sanctions.

**Our subsidiaries in China are subject to restrictions on paying dividends or making other payments to us, which may restrict our ability to satisfy our liquidity requirements.**

We are a holding company incorporated in the Cayman Islands, and we rely on dividends paid by our PRC operating subsidiaries, including Shanghai MicroPort Medical (Group) Co., Ltd. (上海微創醫療器械(集團)有限公司) (“**MP Shanghai**”), for our cash requirements, including the funds necessary to pay dividends and other cash distributions to our Shareholders, to service any debt we may incur, and to pay our operating expenses. Under PRC laws and regulations, our subsidiaries in China are required to set aside at least 10% of their respective after-tax profit each year, if any, to statutory reserve funds unless these reserve funds have reached 50% of the subsidiaries' registered capital. These statutory reserve funds are not distributable as cash dividends and dividends cannot be distributed until any losses from prior fiscal years have been offset. The calculation of distributable profits under PRC GAAP differs in many aspects from the calculation under HKFRS. As a result, our PRC subsidiaries may not be able to pay any dividend in a given year to our Company if they do not have distributable

profits as determined under PRC GAAP, even if they have profits for that year as determined under HKFRS. Accordingly, since we derive all of our profits from our PRC subsidiaries, we may not have sufficient distributable profits to pay dividends to our Shareholders, even if there is such an amount as shown in our accounts prepared under HKFRS.

If we are classified as a PRC resident enterprise for PRC enterprise income tax purposes, such classification could result in unfavourable tax consequences to us and our non-PRC shareholders and Bondholders. The EIT Law, which became effective on 1 January 2008, and amended on 24 February 2017 and 29 December 2018, and its implementation rules stipulate that if an entity is deemed to be a non-PRC resident enterprise an establishment or place of business in the PRC, or that have an establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, withholding tax at the rate of 10% will be applicable to any dividends paid to it by its PRC subsidiary, unless it is entitled to reduction or elimination of such tax, including by tax treaties.

Moreover, the EIT Law provides that, if an enterprise incorporated outside the PRC has its “de facto management organisation” located within the PRC, the enterprise may be recognised as a “PRC resident enterprise” and thus may be subject to enterprise income tax at the rate of 25% on its worldwide income. Under the implementation rules for the EIT Law, “**de facto management bodies**” is defined as the bodies that have material and overall management control over the business, personnel, accounts and properties of an enterprise. In April 2009, the PRC tax authority promulgated a circular to clarify the criteria for determining whether the “de facto management bodies” are located within the PRC for enterprises incorporated overseas with controlling shareholders being PRC enterprises. However, the relevant PRC laws and regulations remain unclear regarding how the PRC tax authorities will treat an overseas enterprise invested in or controlled by another overseas enterprise, as in our case. Most of our management team members reside in the PRC. If they continue to reside in the PRC, our Company may be deemed a PRC resident enterprise and therefore subject to the PRC enterprise income tax at a rate of 25% on our worldwide income, which excludes the dividends received directly from another PRC resident enterprise. In that case, our Company’s distributable profits may be adversely affected.

**Dividends and interest payable by us to our investors and gains on the sale of our Shares may become subject to withholding taxes under PRC tax laws.**

Under the EIT Law and its implementation rules, PRC withholding tax at the rate of 10% is applicable to dividends or interest payable to shareholders and Bondholders that are “non-resident enterprises” (and that do not have an establishment or place of business in the PRC, or that have an establishment or place of business but the relevant income is not effectively connected with the establishment or place of business) to the extent such dividends or interest have their source within the PRC. Similarly, any gain realised on the transfer of our Shares or Bonds by such shareholders and Bondholders that are non-resident enterprises is also subject to 10% PRC withholding tax if the gain is regarded as income derived from sources within the PRC. Furthermore, if we are deemed to be a PRC resident enterprise, dividends or interest paid to shareholders and Bondholders that are non-PRC individuals may be subject to a 20% withholding tax, and gain realised on the sale or disposition of our Shares or the Bonds may be subject to 20% withholding tax, if such income is considered as derived from within China. If we are considered a PRC “resident enterprise”, it is unclear whether the dividends we pay with respect to our Shares or Bonds, or the gain shareholders and Bondholders may realise from the transfer of our Shares or Bonds, would be treated as income derived from sources within the PRC and be subject to PRC tax. If we are required to withhold PRC withholding tax on our dividends or interest payable to our foreign shareholders and Bondholders, or if shareholders and Bondholders are required to pay PRC withholding tax on the transfer of their Shares or Bonds, the value of their investment in our Shares or the Bonds may be materially and adversely affected.



**We face uncertainty relating to PRC laws and regulations relating to transfers by a non-resident enterprise of assets of a PRC resident enterprise.**

On 3 February 2015, the STA issued the Public Announcement on Several Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises (關於非居民企業間接轉讓財產企業所得稅若干問題的公告), or Circular 7, which supersedes certain provisions in the Notice on Strengthening the Administration of Enterprise Income Tax on non-Resident Enterprises (關於加強非居民企業股權轉讓企業所得稅管理的通知), or Circular 698, which was previously issued by the STA on 10 December 2009 with retroactive effect from 1 January 2008, as well as certain other rules providing clarification on Circular 698. Circular 7 provides comprehensive guidelines relating to, and heightened the PRC tax authorities' scrutiny over, indirect transfers by a non-resident enterprise of assets (including equity interests) of a PRC resident enterprise (the **"PRC Taxable Assets"**).

For example, Circular 7 specifies that when a non-resident enterprise transfers PRC Taxable Assets indirectly by disposing of equity interests in an overseas holding company which directly or indirectly holds such PRC Taxable Assets, the PRC tax authorities are entitled to reclassify the nature of an indirect transfer of PRC Taxable Assets by disregarding the existence of such overseas holding company and considering the transaction to be a direct transfer of PRC Taxable Assets, if such transfer is deemed to have been conducted for the purposes of avoiding PRC enterprise income taxes and without any other reasonable commercial purpose.

Except as described above, transfers of PRC Taxable Assets under the following circumstances shall be automatically deemed as having no reasonable commercial purpose, and are subject to PRC enterprise income tax: (i) more than 75% of the value of the equity interest of the overseas enterprise is directly or indirectly attributable to the PRC Taxable Assets; (ii) more than 90% of the total assets (cash excluded) of the overseas enterprise are directly or indirectly composed of investment in China at any time during the year prior to the indirect transfer of PRC Taxable Assets, or more than 90% of the income of the overseas enterprise is directly or indirectly from China during the year prior to the indirect transfer of PRC Taxable Assets; (iii) the overseas enterprise and its subsidiaries directly or indirectly hold PRC Taxable Assets and have registered with the relevant authorities in the host countries (regions) in order to meet the local legal requirements in relation to organisation forms, yet prove to be inadequate in their ability to perform their intended functions and withstand risks to prove the existence of their economic substance; or (iv) the income tax from the indirect transfer of PRC Taxable Assets payable abroad is lower than the income tax in China that may be imposed on the direct transfer of such PRC Taxable Assets.

Although Circular 7 contains certain exemptions (including, (i) where a non-resident enterprise derives income from the indirect transfer of PRC Taxable Assets by acquiring and selling shares of a listed overseas holding company which holds such PRC Taxable Assets on a public market; and (ii) where there is an indirect transfer of PRC Taxable Assets, but if the non-resident enterprise had directly held and disposed of such PRC Taxable Assets, the income from the transfer would have been exempted from enterprise income tax in the PRC under an applicable tax treaty or arrangement), it remains unclear whether any exemptions under Circular 7 will be applicable to any future acquisition by us outside of the PRC involving PRC Taxable Assets, or whether the PRC tax authorities will reclassify such transaction by applying Circular 7.

Therefore, the PRC tax authorities may deem any future acquisition by us outside of the PRC involving PRC Taxable Assets to be subject to the foregoing regulations, which may subject us to additional PRC tax reporting obligations or tax liabilities.

**Fluctuations in the value of the Renminbi may have a material adverse effect on your investment.**

The value of the Renminbi against the U.S. dollar, Euro and other currencies may fluctuate and is affected by, among other things, changes in China's political and economic conditions. The conversion of Renminbi into foreign currencies, including U.S. dollars, has historically been set by PBOC. On 18 July 2005, the PRC government changed its policy of pegging the value of the Renminbi to the U.S. dollar. Under the new policy, the Renminbi is permitted to fluctuate within a band against a basket of certain foreign currencies, determined by PBOC, against which it can rise or fall by as much as 0.3%

each day. In May 2007, the PRC government further widened the daily trading band from 0.3% to 0.5%, effective on 21 May 2007. The floating band was further widened to 1.0% since April 2012 and 2.0% since March 2014. There remains significant international pressure on the PRC government to further liberalise its currency policy, which could result in a further and more significant appreciation in the value of the Renminbi against the U.S. dollar.

As we rely on dividends paid to us by our PRC subsidiaries, including MP Shanghai, any significant revaluation of the Renminbi may have a material adverse effect on our revenue and financial condition, and the value of any interest payable on our Bonds in foreign currency terms. In addition, even though a significant portion of our revenue and expenses are denominated in RMB, fluctuations in exchange rates may nonetheless in the future adversely affect the value of our net assets, earnings or any declared dividends. Also, any unfavourable movement in the exchange rate may lead to an increase in our costs or a decline in sales, which could materially and adversely affect our business, financial condition and results of operation.

**PRC regulation of direct investment and loans by offshore holdings companies to PRC entities may delay or limit us from using the proceeds of the Offering to make additional contributions or loans to our PRC subsidiaries.**

Any capital contributions or loans that we, as an offshore entity, make to our PRC subsidiaries, including from the proceeds of the Offering, are subject to PRC regulations. For example, on March 30, 2015, SAFE promulgated a Circular on the Reforming of Administrative Methods Regarding the Foreign Exchange Capital Settlement of Foreign-Invested Companies (國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知), or SAFE Circular No.19, which became effective on June 1, 2015 and replaced the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises (關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知), or SAFE Circular No.142. Previously, pursuant to SAFE Circular No.142, the registered capital of an foreign-invested enterprise, or FIE, settled in Renminbi converted from foreign currencies may only be used within the business scope approved by the applicable government authority and may not be used for equity investments in China, and the FIE may not change how it uses such capital without SAFE's approval, and may not in any case use such capital to repay Renminbi loans if they have not used the proceeds of such loans in accordance with SAFE's approval. Although SAFE Circular No.19 restates certain restrictions on the use of investment capital denominated in foreign currency by FIEs, it specifies that the registered capital of an FIE whose main business is investment, denominated in foreign currency can be converted into Renminbi at the discretion of such FIE and can be used for equity investment in China subject to the invested company's filing of a reinvestment registration with the relevant local SAFE. On June 9, 2016, SAFE issued the Circular on Reforming and Regulating the Administrative Policy of the Settlement under Capital Accounts (國家外匯管理局關於改革和規範資本項目結匯管理政策的通知), or SAFE Circular No.16, which became effective on the same date.

Although SAFE Circular No.16 further extends the reform to cover foreign currency income under capital account, including capital, foreign debt and proceeds from offshore offering and listing, an FIE's foreign currency income and such income settled in Renminbi under the capital account cannot be used directly and indirectly for any purposes out of the FIE's business scope or in areas prohibited by laws and regulations. According to the Circular on Further Promoting the Facilitation of Cross-Border Trade and Investment (國家外匯管理局關於進一步促進跨境貿易投資便利化的通知) promulgated by SAFE on October 23, 2019, or SAFE Circular No.28, non-investment FIEs are allowed to use their capital for equity investment in China **provided that** such investment is not in violation of the currently effective Special Administrative Measures for Foreign Investment Access (Negative List) (外商投資准入特別管理措施(負面清單)) and the target investment projects are truthful and compliant with relevant laws and regulations. According to the Circular on Optimising the Administration of Foreign Exchange to Support the Development of Foreign-related Business (國家外匯管理局關於優化外匯管理支持涉外業務發展的通知), or SAFE Circular No.8, issued by SAFE on April 10, 2020, eligible enterprises are allowed to make domestic payments using the income under their capital accounts generated from their capital, foreign debt and overseas listing, without providing materials evidencing the authenticity in advance, **provided that** the capital usage is authentic and compliant with the current capital account income

usage management regulations. The concerned bank is required to conduct spot checks in accordance with the relevant requirements. However, the interpretation and enforcement of SAFE Circular No.19, SAFE Circular No.16, SAFE Circular No.28 and SAFE Circular No.8 remain subject to uncertainty.

In light of the various requirements imposed by PRC regulations on loans to and direct investment in PRC entities by offshore holding companies, we cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans by us to our PRC subsidiaries or with respect to future capital contributions by us to our PRC subsidiaries. If we fail to complete such registrations or obtain such approvals, our ability to use the proceeds we received from our various offerings and to capitalise or otherwise fund our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

**The enforcement of the Labour Contract Law and other labor-related regulations in the PRC may materially and adversely affect our business, financial condition and results of operation.**

The labour laws and rules impose stringent requirements on employers in relation to entering into fixed term employment contracts, hiring of temporary employees and dismissal of employees. According to the Labour Contract Law (勞動合同法), which became effective on 1 January 2008 and was amended in December 2012, an employer is obligated to sign a non-fixed term labour contract with an employee if the employer continues to employ the employee after two consecutive fixed term labour contracts or the employee has already worked for the employer for ten years consecutively. The employer also has to pay compensation to the employee if the employer terminates a non-fixed term labour contract. Unless an employee refuses to extend an expired labour contract under the same terms or terms which are better than those in the original labour contract, compensation is also required when the labour contract expires and the employer does not extend the labour contract with the employee. A minimum wage requirement has also been imposed by the Labour Contract Law. In addition, under the Regulations on Paid Annual Leave for Employees (職工帶薪年休假條例), which became effective on 1 January 2008, employees who have served cumulatively for more than one year with an employer are entitled to a paid vacation ranging from five to 15 days, depending on the length of the employees' service. Employees who consent to waive such vacation at the request of employers shall be compensated at an amount equal to three times their normal salaries for each vacation day being waived. As a result, our labour costs may increase. There is no assurance that any dispute, work stoppage or strike will not arise in the future. Increases in our labour costs and future disputes with our employees could materially and adversely affect our business, financial condition and results of operation.

**We are subject to a wide variety of environmental regulations, and any failure to comply with these regulations or to control the associated costs could harm our business.**

We are required to comply with various and extensive environmental, health and safety laws and regulations promulgated by the PRC government and the governments of the overseas jurisdictions in which we operate. If we fail to comply with these laws and regulations, we could be exposed to penalties, fines, suspension or revocation of our licenses or permits to conduct business, administrative proceedings and litigation. Given the magnitude and complexity of these laws and regulations, the compliance with them or the establishment of effective monitoring systems may be onerous or require a significant amount of financial and other resources. As these laws and regulations continue to evolve, we cannot give assurance that the PRC government or the governments of other overseas jurisdictions in which we may have future operations will not impose additional or more onerous laws or regulations, compliance with which may cause us to incur significantly increased costs. Such events could materially and adversely affect our business, financial condition and results of operation.

**It may be difficult to effect service of process upon us or our Directors or senior management who reside in the PRC or to enforce against us or them judgments obtained from non-PRC courts.**

We are incorporated in the Cayman Islands. The majority of our Directors and senior management reside in the PRC. Almost all of our assets and some of the assets of those Directors and senior management are located within the PRC. Therefore, it may be necessary for Bondholders to effect

service of process upon us or those persons inside the PRC. The PRC has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by courts of most other jurisdictions. On 14 July 2006, Hong Kong and the PRC entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned (最高法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民事案件判決的安排) (the “**Arrangement**”) and revised on 3 July 2008, pursuant to which a party with a final court judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in the PRC. In addition, on 18 January 2019, the Supreme People’s Court of China (the “**SPC**”) and the Hong Kong Government signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region (關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排) (the “**New Arrangement**”). The New Arrangement extends the scope of judicial assistance, and the effective date of the New Arrangement shall be announced by SPC and Hong Kong after SPC has issued the judicial interpretation and Hong Kong has completed relevant procedures.

Similarly, a party with a final judgment rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of such judgment in Hong Kong. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Arrangement in which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it is not possible to enforce a judgment rendered by a Hong Kong court in China if the parties in dispute do not agree to enter into a choice of court agreement in writing. As a result, it may be difficult or impossible for Bondholders to effect service or process against our assets or Directors or senior management in China in order to seek recognition and enforcement for foreign judgments in China.

Furthermore, the PRC does not have treaties or agreements providing for the reciprocal recognition and enforcement of judgments awarded by courts of the United States, the United Kingdom, most other western countries or Japan. Hence, the recognition and enforcement in the PRC of judgments of a court in any of these jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or even impossible.

**We may be subject to acts of God, acts of war and epidemics which are beyond our control and which may cause damage, loss or disruption to our business.**

Our business is subject to general economic and social conditions in the PRC. Natural disasters, epidemics and other acts of God which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the PRC. Some cities in the PRC are under the threat of flood, earthquake, sandstorm, snowstorm, fire or drought. For instance, a serious earthquake and its successive aftershocks hit Sichuan province in August 2017, resulting in tremendous loss of lives and injury and destruction of assets in the region. Our business, financial condition and results of operation may be materially and adversely affected if such natural disasters occur. Certain areas of China were susceptible to epidemics, such as Severe Acute Respiratory Syndrome (“**SARS**”), the human swine flu, the H5N1 avian influenza, or the COVID-19 outbreak. A recurrence of SARS, an outbreak of swine or avian influenza, or any epidemic in China could result in material disruptions to our operations or a slowdown of China’s economy, which could materially and adversely affect our business, financial condition and results of operation. Acts of war and terrorism may also injure our employees, cause loss of lives, damage our facilities, disrupt our distribution channels and destroy our markets, any of which could materially and adversely impact our business, financial condition and results of operation. The potential for war or terrorist attacks may also cause uncertainty and cause our business to suffer in ways that we cannot predict. Our business, financial condition and results of operation may be materially and adversely affected as a result.

**Certain of our leasehold interests in leased properties have not been registered with the relevant PRC government authorities as required by PRC law, which may expose us to potential fines.**

Certain of our leasehold interests in leased properties have not been registered with the relevant PRC government authorities as required by PRC law, which may expose us to potential fines if we fail to remediate after receiving any notice from the relevant PRC government authorities. In case of failure to register or file a lease in accordance with the notices from the relevant PRC government authorities, the parties to the unregistered lease may be ordered to make rectifications (which would involve registering such leases with the relevant authority) before being subject to penalties. The penalty ranges from RMB1,000 to RMB10,000 for each unregistered lease, at the discretion of the relevant authority. We are unable to control whether and when the applicable lessors will complete or cooperate with us to complete the registration in a timely manner. In the event that a fine is imposed on both the lessor and lessee, and if we are unable to recover from the lessor any fine paid by us, such fine will be borne by us.

## **RISKS RELATING TO THE BONDS AND THE SHARES**

**The Bonds may not be a suitable investment for all investors.**

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the relevant Bonds, the merits and risks of investing in the relevant Bonds and the information contained or incorporated by reference in this Offering Circular;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Bonds and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Bonds;
- understand thoroughly the terms of the relevant Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

A potential investor should not invest in Bonds which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of such Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

**Legal investment considerations may restrict certain investments.**

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) the Bonds are legal investments for it, (b) the Bonds can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase of the Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.



**Holders will have no rights as holders of the Shares prior to conversion of the Bonds but are subject to changes made with respect to the Shares.**

Unless and until a Bondholder acquires Shares upon conversion of its Bonds, it will have no rights with respect to the Shares, including any voting rights or rights to receive any regular dividends or other distributions with respect to the Shares. However, such Bondholder is subject to all changes affecting the Shares. For example, in the event that an amendment is proposed to the Company's Memorandum and Articles of Association requiring shareholder approval, and the record date for determining the shareholders of record entitled to vote on the amendment occurs prior to the date of conversion of such Bondholder's Bonds for such Shares and (as applicable) the date of registration by the relevant Bondholder as the holder thereof, that Bondholder would not be entitled to vote on the amendment but would nevertheless be subject to any resulting changes in the powers, preferences or special rights that affect the Shares after conversion.

**The Company will follow the applicable corporate disclosure standards for debt securities listed on the Hong Kong Stock Exchange, which standards may be different from those applicable to companies in certain other countries.**

The Company will be subject to reporting obligations in respect of the Bonds to be listed on the Hong Kong Stock Exchange. The disclosure standards imposed by the Hong Kong Stock Exchange may be different from those imposed by securities exchanges in other countries or regions. As a result, the level of information that is available may not correspond to the level to which investors in the Bonds are accustomed.

**Bondholders may be subject to tax.**

Prospective investors of the Bonds are advised to consult their own tax advisers concerning the overall tax consequences of the purchase, ownership, disposition or conversion of the Bonds or the Shares. See "*Taxation*" for a discussion of tax consequences in certain jurisdictions.

**Conversion of the Bonds would dilute the ownership interest of existing shareholders and could also adversely affect the market price of the Shares.**

The conversion of some or all of the Bonds will dilute the ownership interests of existing shareholders of the Company. Any sales in the public market of the Shares issuable upon such conversion could adversely affect prevailing market prices for the Shares. In addition, the existence of the Bonds may facilitate short selling of the Shares by market participants.

**The Company may not have the ability to redeem the Bonds.**

Bondholders may require the Company, subject to certain conditions, to redeem for cash all or some of their Bonds upon an event constituting a Change of Control or a Delisting (in each case as defined in the Conditions) or otherwise as described under the heading "*Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation – Redemption for Delisting, Suspension of Trading or Change of Control*". The Company may not have sufficient funds or other financial resources to make the required redemption in cash at such time or the ability to arrange necessary financing on acceptable terms, or at all. The Company's ability to redeem the Bonds in such event may also be limited by the terms of other debt instruments. Failure to repay, repurchase or redeem tendered Bonds by the Company would constitute an event of default under the Bonds, which may also constitute a default under the terms or other indebtedness held by the Company.

**The Bonds may be redeemed at the option of the Company, which may adversely affect the trading price and liquidity of the Bonds and may subject Bondholders to reinvestment risks.**

Subject to certain conditions, the Bonds may be redeemed at the Company's option prior to the Maturity Date at of their outstanding principal amount together with interest accrued but unpaid up to but excluding the date of redemption. See "*Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation – Redemption at the Option of the Issuer*". As a result, the trading price of the Bonds

may be affected when this option of the Company becomes exercisable. Accordingly, Bondholders may not be able to sell their Bonds at an attractive price, thereby having a material adverse effect on the trading price and liquidity of the Bonds. In addition, the proceeds from the redemption of the Bonds may be reinvested by the Bondholders and the Bondholders may thereby be subject to additional risks associated to such reinvestment.

**The Bonds will be redeemable in the event of certain withholding taxes being applicable.**

No assurances are made by the Company as to whether or not payments on the Bonds may be made without withholding taxes or deductions applying from the Issue Date for or on account of any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Cayman Islands or Hong Kong or, in each case, any subdivision or authority therein or thereof having power to tax.

Although pursuant to the Conditions, the Company is required to gross up payments in respect of the Bonds on account of any such withholding taxes or deductions, the Company also has the right to redeem the Bonds at any time in the event it has or will become obliged to pay additional amounts on account of any existing or future withholding or deduction for any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the Cayman Islands or Hong Kong or, in each case, any subdivision or authority therein or thereof having power to tax as a result of any change in, or amendment to, the laws or regulations of the Cayman Islands or Hong Kong or, in each case, any subdivision or authority therein or thereof having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after 5 December 2023.

**The Company's subsidiaries are subject to restrictions on the payment of dividends and the repayment of intercompany loans or advances to the Company and its subsidiaries.**

As a holding company, the Company depends on the receipt of dividends and the interest and principal payments on intercompany loans or advances from its subsidiaries, including its PRC subsidiaries, to pay dividends to the Company's shareholders and to satisfy its obligations, including its obligations under the Bonds. The ability of the Company's subsidiaries to pay dividends and make payments on intercompany loans or advances to their shareholders is subject to, among other things, distributable earnings, cash flow conditions, restrictions contained in the articles of association of these subsidiaries, applicable laws and restrictions contained in the debt instruments or agreements of such subsidiaries. In addition, if any of the Company's subsidiaries raises capital by issuing equity securities to third parties, dividends declared and paid with respect to such equity securities would not be available to the Company to make payments due on the Bonds or pay dividends to its shareholders. These restrictions could reduce the amounts that the Company receives from its subsidiaries, which would restrict the Company's ability to meet its payment obligations under the Bonds.

As a result of the foregoing, there is no assurance that the Company will have sufficient cash flow from dividends or payments on intercompany loans or advances from its subsidiaries to satisfy its obligations under the Bonds.

**Any failure to submit the relevant reporting with the NDRC within the prescribed timeframe following the completion of the issuance of the Bonds may have adverse consequences for the Company and/or investors of the Bonds.**

Effective from 10 February 2023, the NDRC issued Order 56 which have superseded the Notice on Promoting the Reform of the Filing and Registration System for Issuance of Foreign Debt by Corporates (國家發展改革委關於推進企業發行外債備案登記制管理改革的通知) (Fa Gai Wai Zi [2015] No 2044). Under Order 56, the Issuer shall (i) obtain a Certificate of Review and Registration of Enterprise Borrowing of Foreign Debt from the NDRC (the "NDRC Review and Registration Certificate"), (ii) file or report or cause to be filed or reported with the NDRC or its competent local counterpart the requisite information and documents within ten PRC business days after each foreign debt issuance and the expiration of the NDRC Review and Registration Certificate in accordance with Order 56, (iii) file or report or cause to be filed or reported with the NDRC the requisite information and documents



within five PRC business days before the end of January and the end of July each year and (iv) file or report or cause to be filed or reported the requisite information and documents upon the occurrence of any material event that may affect the enterprise's due performance of its debt obligations.

The Issuer obtained an NDRC Review and Registration Certificate on 10 July 2023 in accordance with Order 56. Failure to comply with the NDRC post-issue and continuing obligations (such as post-issue reporting, pre-issuance approval expiration reporting, periodical reporting and major event reporting, etc.) under articles 24 and 26 of Order 56 may result in the relevant entities being ordered to make corrections within a time limit, and in the case of aggravating circumstances or in the case that such corrections are not made within the prescribed time limit, relevant entities and their main person-in-charge will be warned. The aforesaid regulatory violations committed by enterprises shall be publicised on the "Credit China" website and the national enterprise credit information publicity system, among others.

The Issuer will undertake to file or report or cause to be filed or reported the requisite information and documents within the relevant prescribed timeframes after the Issue Date to the NDRC in accordance with Order 56 (the "**NDRC Post-Issuance Reporting**") and comply with the continuing obligations under Order 56 and other applicable PRC laws and regulations in relation to the issue of the Bonds.

However, Order 56 is new, and its implementation may involve significant uncertainty. The administration and enforcement of Order 56 may be subject to executive and policy discretion of the NDRC.

**There may be filing or other requirements of the CSRC or other PRC government authorities in relation to our proposed issuance of the Bonds or further capital raise activities.**

On 17 February 2023, the CSRC released the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) and supporting guidelines (together, the "**CSRC Filing Rules**"), which came into effect on 31 March 2023. The CSRC Filing Rules will regulate both direct and indirect overseas offering and listing of PRC domestic companies' securities by adopting a filing-based regulatory regime. According to the CSRC Filing Rules, indirect overseas offering and listing of domestic companies refers to securities offerings and listings in an overseas market made under the name of an offshore entity but based on the underlying equity, assets, earnings or other similar rights of a company in mainland China that operates its main business in mainland China. The CSRC Filing Rules state that, any post-listing follow-on offering by an issuer in an overseas market, including issuance of shares, convertible bonds and other similar securities, shall be subject to filing requirement within three business days after the completion of the offering. In connection with the CSRC Filing Rules, on 17 February 2023 the CSRC also published the Notice on the Administrative Arrangements for the Filing of Overseas Securities Offering and Listing by Domestic Enterprises (《關於境內企業境外發行上市備案管理安排的通知》) (the "**Notice on Overseas Listing Measures**"). According to the Notice on Overseas Listing Measures, issuers that have already been listed in an overseas market by 31 March 2023, the date the Overseas Listing Measures became effective, are not required to make any immediate filing and are only required to comply with the filing requirements under the CSRC Filing Rules when it subsequently seeks to conduct a follow-on offering. We have been advised that we are required to go through filing procedures with the CSRC after the completion of this offering of the Bonds and for our future offerings and listing of our securities in an overseas market under the CSRC Filing Rules for this offering. The CSRC Filing Rules provide that an overseas offering and listing, including the follow-on offering of convertible bonds, is prohibited under any of the following circumstances: if (i) such securities offering and listing is explicitly prohibited by provisions in laws, administrative regulations and relevant state rules; (ii) the intended securities offering and listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (iii) the domestic company intending to make the securities offering and listing, or its controlling shareholder(s) and the actual controller, have committed relevant crimes such as corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy during the latest three years; (iv) the domestic company intending to make the securities offering and listing is currently under investigation for suspicion of criminal offences or major violations of laws and regulations, and no

conclusion has yet been made thereof; or (v) there are material ownership disputes over equity held by the domestic company's controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or actual controller (the **"Forbidden Circumstances"**). In addition, in the process of filing, where the issuer may be under any of the Forbidden Circumstances, the CSRC may solicit the opinions of the competent government authorities under the State Council.

We will comply with applicable filing requirements as appropriate. However, given that the CSRC Filing Rules were recently promulgated, there remains substantial uncertainty as to their interpretation, application and enforcement and how they will affect our operations and our future financing. We cannot assure you that we are able to meet such requirements, obtain such permit from the relevant government authorities, or complete such filing in a timely manner or at all. In addition, we cannot guarantee that new rules or regulations promulgated in the future will not impose any additional requirements on us. If it is determined that we are subject to any approval, filing, other governmental authorisation or requirements from the CSRC or other PRC government authorities, we may fail to obtain such approval or meet such requirements in a timely manner or at all. Such failure may subject us to fines, penalties or other sanctions which may have a material adverse effect on our business and financial condition.

**The insolvency laws of the Cayman Islands and other local insolvency laws may differ from those of other jurisdictions with which the holders of the Bonds are familiar.**

Because the Company is incorporated under the laws of the Cayman Islands, any insolvency proceeding relating to the Company may involve Cayman Islands insolvency laws, the procedural and substantive provisions of which may differ from comparable provisions of the local insolvency laws of jurisdictions with which the holders of the Bonds are familiar.

The Company conducts a substantial part of its business operations through PRC-incorporated subsidiaries in the PRC. The Company's PRC subsidiaries are subject to the bankruptcy and insolvency laws of the PRC. The PRC laws and regulations relating to bankruptcy and insolvency and the legal proceedings in that regard may significantly differ from those of other jurisdictions with which the holders of the Bonds are familiar. Investors should analyse the risks and uncertainties carefully before investing in the Company's Bonds.

**We may be unable to obtain and remit foreign exchange.**

Our ability to satisfy our obligations under the Bonds depends solely upon the ability of our subsidiaries in the PRC to obtain and remit sufficient foreign currency to pay dividends to us and to repay shareholder loans. Our PRC subsidiaries must present certain documents to SAFE, its authorised branch, or the designated foreign exchange bank, for approval before they can obtain and remit foreign currencies out of the PRC (including, in the case of dividends, evidence that the relevant PRC taxes have been paid and, in the case of shareholder loans, evidence of the registration of the loan with SAFE). Prior to payment of interest and principal on any shareholder loan we make to our PRC subsidiaries, the relevant PRC subsidiary must also present evidence of payment of the 10% withholding tax on the interest payable in respect of such shareholder loan. If any PRC subsidiary for any reason fails to satisfy any of the PRC legal requirements for remitting foreign currency payments, the PRC subsidiary will be unable to pay us dividends or interest and principal on our existing shareholder loans, which may affect our ability to satisfy our obligations under the Bonds. In addition, the PRC government may also at its discretion impose additional requirements to restrict access to foreign currencies in the future. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to satisfy our obligations under the Bonds.

**If the Company is unable to comply with the restrictions and covenants in its debt agreements, there could be a default under the terms of these agreements, which could cause repayment of its debt to be accelerated.**

If the Company is unable to comply with the restrictions and covenants in its current or future debt agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to the Company, accelerate repayment of the debt and declare all outstanding amounts due and payable or terminate the agreements, as the case may be. As a result, the Company's default under one debt agreement may cause the acceleration of repayment of not only such debt but also other debt, including the Bonds, or result in a default under its other debt agreements. If any of these events occur, there is no assurance that the Company's assets and cash flow would be sufficient to repay in full all of its indebtedness, or that the Company would be able to find alternative financing. Even if the Company could obtain alternative financing, there is no assurance that it would be on terms that are favourable or acceptable to the Company.

**An active trading market for the Bonds may not develop, and there are restrictions on resale of the Bonds.**

The Bonds will be a new issue of securities for which there is currently no trading market. Although application for the listing of the Bonds has been submitted to the Hong Kong Stock Exchange, there is no assurance that the Company will be able to maintain a listing on the Hong Kong Stock Exchange, or that, if listed, a liquid trading market will develop. If such a market were to develop, the Bonds could trade at prices that may be higher or lower than the initial issue price depending on many factors, including prevailing interest rates, the Group's business, and the trading prices of similar securities. The Joint Lead Managers are not obliged to make a market for the Bonds. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have an adverse effect on the market value of Bonds.

If an active trading market were to develop, the Bonds could trade at a price that may be lower than the initial offering price of the Bonds. Whether or not the Bonds will trade at lower prices depends on many factors, including:

- prevailing interest rates and the market for similar securities;
- general economic, market and political conditions;
- the Company's financial condition, financial performance and future prospects;
- the publication of earnings estimates or other research reports and speculation in the press;
- investment community in relation to the Company; and
- changes in the industry and competition affecting the Company.

**Securities laws restrictions on the resale and conversion of the Bonds and the resale of the Shares issuable upon their conversion may impact investors' ability to sell the Bonds.**

The Company has not registered the Bonds or the Shares issuable upon conversion of the Bonds under the Securities Act or other securities laws. Unless and until the Bonds and the Shares issuable upon conversion of the Bonds are registered, they may not be offered or sold or resold except in transactions that are exempt from the registration requirements of the Securities Act and hedging transactions may not be conducted unless in compliance with the Securities Act. The Bonds and the Shares issuable upon conversion of the Bonds thereof will not be freely tradable absent registration or an exemption from registration.

**The liquidity and price of the Bonds following the offering may be volatile.**

The price and trading volume of the Bonds may be highly volatile. Factors such as variations in the Group's revenues, earnings and cash flows, proposals for new investments, strategic alliances and/or acquisitions, changes in interest rates, fluctuations in price for comparable companies, government regulations and changes thereof applicable to its industry and general economic conditions nationally or internationally could cause the price of the Bonds to change. Any such developments may result in large and sudden changes in the trading volume and price of the Bonds. There is no assurance that these developments will not occur in the future.

**Holders will bear the risk of fluctuations in the price of the Shares.**

The market price of the Bonds at any time will be affected by fluctuations in the price of the Shares. The Shares are currently listed on the Hong Kong Stock Exchange. There can be no certainty as to the effect, if any, that future issues or sales of the Shares, or the availability of such Shares for future issue or sale, will have on the market price of the Shares prevailing from time to time and therefore on the price of the Bonds.

Sales of substantial numbers of Shares in the public market, or a perception in the market that such sales could occur, could adversely affect the prevailing market price of the Shares and the Bonds. The Company's results of operations, financial condition, future prospects and business strategy could affect the value of the Shares. The trading price of the Shares will be influenced by the Company's operational results and other factors, such as changes in the regulatory environment that may affect the markets in which the Company operates and capital markets in general. Corporate events such as share sales, reorganisations, takeovers or share buy-backs may also adversely affect the value of the Shares. Any decline in the price of the Shares would adversely affect the market price of the Bonds.

**The issuance of the Bonds may result in downward pressure on the market price of the Shares.**

Many investors in convertible bonds seek to hedge their exposure in the underlying equity securities, often through short selling the underlying equity securities or similar transactions. Any short selling or similar hedging activity could place significant downward pressure on the market price of the Shares, thereby having a material adverse effect on the market value of the Shares as well as on the trading price of the Bonds.

**Holders have limited anti-dilution protection.**

The Conversion Price (as defined in the Conditions) will be adjusted in the event that there is a sub-division, consolidation or redenomination, rights issues, bonus issue, reorganisation, capital distribution or other adjustment including an offer or scheme which affects Shares, but only in the circumstances and only to the extent provided in "*Terms and Conditions of the Bonds – Conversion – Adjustments to Conversion Rights*". There is no requirement that there should be an adjustment for every corporate or other event that may affect the value of the Shares. Events in respect of which no adjustment is made may adversely affect the value of the Shares and, therefore, adversely affect the value of the Bonds.

**The Trustee may request the Bondholders to provide an indemnity and/or security and/or prefunding to its satisfaction.**

In certain circumstances, including without limitation the giving of notice to the Company pursuant to Condition 10 (*Events of Default*) of the Conditions and/or the taking of any steps and/or actions and/or the instituting of enforcement proceedings pursuant to Condition 12 (*Enforcement*) of the Conditions, the Trustee may request Bondholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes actions on behalf of Bondholders. The Trustee shall not be obliged to take any such steps and/or actions or to institute any such proceedings if it is not first indemnified and/or secured and/ or pre-funded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such steps and/or actions can be taken and/or such proceedings may be instituted. The Trustee may not be

able to take steps and/or actions or to institute proceedings, notwithstanding the provision of an indemnity and/or security and/or pre-funding to it, in breach of the terms of the Trust Deed and/or the Conditions and in such circumstances, or where there is uncertainty or dispute as to the applicable laws or regulations, to the extent permitted by the agreements and the applicable law or regulations, it will be for the Bondholders to take such actions directly.

**The Bonds will be unsecured obligations.**

The Bonds will constitute direct, unconditional, unsubordinated and (subject to Condition 4(a) (*Negative Pledge*) of the Conditions) unsecured obligations of the Company ranking *pari passu* and without any preference among themselves. The payment obligations of the Company under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to Condition 4(a) (*Negative Pledge*) of the Conditions, rank at least equally with all its other unsecured and unsubordinated obligations. The repayment of the Bonds may be compromised if:

- (a) the Group enters into bankruptcy, liquidation, rehabilitation or other winding-up proceedings;
- (b) there is a default in payment under the Group's future secured indebtedness or other unsecured indebtedness; or
- (c) there is an acceleration of any of the Group's indebtedness.

If any of the above events occurs, the Group's assets may not be sufficient to pay amounts due on the Bonds.

**The Company's obligations under the Bonds may be subordinated to the secured obligations of the Company.**

The Conditions will provide that, so long as any Bond remains outstanding, the Company will not, and the Company will ensure that none of its Subsidiaries (other than Listed Subsidiaries) (as defined in the Conditions) will, create, or have outstanding, any Security Interests (as defined in the Conditions) upon the whole or any part of its or their present or future undertaking, assets or revenues to secure any Relevant Indebtedness (as defined in the Conditions), or any guarantee or indemnity in respect of any Relevant Indebtedness, or to secure any Guarantee of Relevant Indebtedness, without, at the same time or prior thereto, according to the Bonds the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity equally and rateably, or such other security as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

If the Issuer creates, or has outstanding, any Security Interest in respect of any indebtedness other than the Relevant Indebtedness, the rights and entitlements of the Bondholders under the Bonds may be subordinated to those of the holders or beneficiaries of those Security Interests.

**Modification and waivers of the Conditions may be made in respect of the Conditions and/or the Trust Deed by a majority of Bondholders or the Trustee, and decisions may be made on behalf of Bondholders that which are binding on all Bondholders and may be adverse to the interests of individual Bondholders.**

The Conditions will contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions will permit defined majorities to bind all Bondholders including those Bondholders who did not attend and vote at the relevant meeting and those Bondholders who voted in a manner contrary to the majority. There is a risk that the decision of the majority of the Bondholders may be adverse to the interests of individual Bondholders.

The Conditions will also provide that the Trustee may, without the consent of Bondholders, agree to:

- (a) any modification of any of the provisions of the Trust Deed, the Agency Agreement and/or the Conditions that is, in the Trustee's opinion, of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law; and
- (b) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Conditions, the Trust Deed and/or the Agency Agreement that is in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders.

**The Bonds will initially be represented by the Global Certificate and holders of a beneficial interest in the Global Certificate must rely on the procedures of the relevant Clearing System.**

The Bonds will initially be represented by the Global Certificate. Such Global Certificate will be deposited with a common depositary for Euroclear and Clearstream (each of Euroclear and Clearstream, a “**Clearing System**” and together the “**Clearing Systems**”). Except in the circumstances described in the Global Certificate, investors will not be entitled to receive definitive Bonds. The relevant Clearing System will maintain records of the beneficial interests in the Global Certificate. While the Bonds are represented by the Global Certificate, investors will be able to trade their beneficial interests only through the Clearing Systems.

While the Bonds are represented by the Global Certificate, the Company will discharge its payment obligations under the Bonds by making payments to the common depositary for the Clearing Systems, for distribution to their account holders. A holder of a beneficial interest in the Global Certificate must rely on the procedures of the relevant Clearing System to receive payments under the Bonds. None of the Company, the Trustee or the Agents or any of their respective affiliates, directors, officers, employees, representatives, agents or advisers or any person who controls any of them has any responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate.

Holders of beneficial interests in the Global Certificate will not have a direct right to vote in respect of the Bonds. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies.

**Further issuances, offers or sales of Shares or fluctuations in the price of the Shares could adversely affect the price of the Bonds.**

Further issuances, offers or sales of, or the real or perceived possibility of further issuances, offers or sales of a significant number of additional Shares or securities convertible or exchangeable into or exercisable for the Shares or any securities or financial instruments whose economic value is determined directly or indirectly by reference to the market price of the Shares could adversely affect prevailing market prices for the Shares and have an impact on the market price of the Bonds. It is difficult to predict the effect, if any, that sales of Shares, including sales or transfers of large positions held by institutional and corporate investors, or the availability of the Shares for future sale, will have on the market price of the Shares and the Bonds. In addition, the market price of the Bonds will at any time be affected by fluctuations in the price of the Shares. The price of the Shares may be adversely or positively influenced by, among other things, the Company's results of operations and other political, economic and financial factors that can affect the capital markets and general market sentiments. Any decline in the price of the Shares would adversely affect the secondary market price of the Bonds.



## **USE OF PROCEEDS**

The net proceeds from this offering of the Bonds, after deducting the fees and commissions and other estimated expenses payable by us in connection with this offering will be approximately U.S.\$216.6 million. We intend to apply most of the net proceeds from the issue of the Bonds for refinancing our medium and long term offshore debts.

## CAPITALISATION AND INDEBTEDNESS

The following table sets forth our consolidated capitalisation and indebtedness as of 30 June 2023 and adjusted to give effect to the issue of the Bonds after deducting the fees and commissions and other estimated expenses payable in connection with this offering. The following table should be read in conjunction with our consolidated financial information and related notes included elsewhere in this Offering Circular.

	As of 30 June 2023	
	Actual (unaudited)	As adjusted (unaudited)
	U.S.\$ (in thousands)	
<b>Cash and cash equivalents</b> . . . . .	843,430	1,059,998
<b>Current liabilities:</b>		
– Interest-bearing borrowings . . . . .	257,366	257,366
– Convertible bonds . . . . .	650,589	650,589
<b>Total short-term indebtedness</b> . . . . .	907,955	907,955
<b>Non-current liabilities:</b>		
– Interest-bearing borrowings . . . . .	417,298	417,298
– Convertible bonds . . . . .	98,083	98,083
– Share repurchase obligation . . . . .	203,181	203,181
– Bonds to be issued <sup>(1)</sup> . . . . .	–	216,568
<b>Total long-term indebtedness</b> . . . . .	718,562	935,130
<b>Total equity</b> . . . . .	1,540,656	1,540,656
<b>Total capitalisation<sup>(2)</sup></b> . . . . .	2,259,218	2,475,786

<sup>(1)</sup> In accordance with Hong Kong Accounting Standard 32, *Financial Instrument: Presentation*, the Bonds should be split into equity component and liability component. For illustrative purpose only, the net proceeds from this offering of the Bonds of approximately U.S.\$216.6 million have been represented as a liability in the table above.

<sup>(2)</sup> Total capitalisation represents total long-term indebtedness and total equity.

Subsequent to 30 June 2023, we continue to, in the ordinary course of business, enter into additional financial arrangements, to finance our business development and for general corporate purposes. Except as otherwise disclosed above, there has been no material adverse change in our capitalisation and indebtedness since 30 June 2023.

The below corporate structure chart sets forth our basic corporate structure, showing our major subsidiaries as of the date of this Offering Circular.



## BUSINESS

### OVERVIEW

We are a leading medical device group focusing on developing, manufacturing and marketing high-end medical devices globally. We are dedicated to offering trustworthy and world-class medical devices and solutions to people across the globe. As of 30 June 2023, we (also through our equity-accounted investees) had approximately 9,500 patents (including those under application) around the world, and our products were being used in over 20,000 hospitals in more than 100 countries and regions around the world. We also offered over 600 medical solutions to patients worldwide.

We have a comprehensive product portfolio covering eight major business segments, namely, cardiovascular devices, orthopaedic devices, cardiac rhythm management (“CRM”), endovascular and peripheral vascular devices, neurovascular devices, heart valve, surgical robot and surgical devices. For the first six months of 2023, we were able to achieve significant revenue growth in certain major business segments, such as our neurovascular, cardiovascular, heart valve and endovascular and peripheral vascular business segments, which recorded an increase in revenue for the first six months of 2023 of approximately 45.2%, 42.4%, 41.4% and 35.5% (excluding the foreign exchange impact) as compared to the revenue for the same period in 2022, respectively.

We take a market-oriented approach to product development, and have built a robust product pipeline after careful evaluation on market potential and benefits afforded to patients. We were able to achieve a number of critical milestones for certain products for the first six months of 2023. For example, Firefighter<sup>TM</sup> NC Pro balloon dilatation catheter was approved by the FDA for marketing; Alizea<sup>TM</sup> and Celea<sup>TM</sup>, the next generation of implantable Bluetooth(r) pacemakers equipped with the AutoMRI<sup>TM</sup> technology, were successfully approved by the FDA for marketing, and its related products, Vega<sup>TM</sup> Pacing Leads, SmartTouch XT<sup>TM</sup> Tablet-based Programmer and SmartView Connect<sup>TM</sup> Bluetooth® Home Monitor were also approved for marketing; FILAVENT<sup>TM</sup> Disposable Arteriovenous Cannula was approved by the NMPA for marketing, which filled up the gap in the field of domestically produced high-end extracorporeal life-supporting cannulae; and the MOBYBOX<sup>TM</sup> system, an extracorporeal life support product developed by Hemovent GmbH, a wholly-owned subsidiary of the Group, completed the CE MDR certification procedures. As a testament to our innovative R&D capabilities, we filed 587 patent applications and 177 trademark applications in the PRC and overseas markets in the first six months of 2023 and, as of 30 June 2023, we (also through our equity-accounted investees) held a total of over 9,500 patents (including those under application) around the world.

For the six months ended 30 June 2023, we had approximately 51.4% of our revenue generated from sales to the PRC market, and approximately 48.6% of our revenue generated from total sales to North America, Europe, Asia (excluding the PRC), South America and others. With a widespread global footprint, we have built an extensive product distribution network across different countries and hospital coverage for our products. We also have solid production capabilities with a proven track record, and a visionary management team that has stayed at the core of our Group and led our growth.

Attributable to the foregoing, our business remained competitive in the global market. For the years ended 31 December 2020, 2021 and 2022 and for the six months ended 30 June 2022 and 2023, our revenue was U.S.\$648.7 million, U.S.\$778.6 million, U.S.\$840.8 million, U.S.\$405.0 million and U.S.\$482.6 million, respectively.

### OUR STRENGTHS

#### **The Group is a leading innovative high-end medical device group**

We are a leading medical device group focusing on developing, manufacturing and marketing high-end medical devices and solutions. As of 30 June 2023, we had more than 500 varieties of medical devices and provided more than 600 medical solutions to over 20,000 hospitals in over 100 countries or regions. Our medical devices cover a wide range of areas and span across eight major business segments, namely, cardiovascular devices, orthopaedic devices, CRM, endovascular and peripheral vascular devices, neurovascular devices, heart valve, surgical robot and surgical devices. In the first six

months of 2023, our cardiovascular devices, orthopaedic devices and CRM businesses remained at the forefront of the global market, while our endovascular and peripheral vascular devices and neurovascular devices businesses continued to maintain their leading positions in the PRC market. We have continued to perform and grow a number of business segments, and also made strides in terms of R&D investments in emerging business segments for future growth.

For the six months ended 30 June 2023, we continued to innovate, market and invest in our products to expand our business. As a result, our neurovascular devices, cardiovascular devices, heart valve and endovascular and peripheral vascular devices business segments experienced rapid growth in revenue for the six months ended 30 June 2023 compared to the corresponding period of last year. Our neurovascular devices segment recorded revenue of U.S.\$42.6 million, representing a 45.2% increase (excluding the foreign exchange impact) as compared to that of the corresponding period in last year. Our cardiovascular devices segment recorded revenue of U.S.\$79.2 million, representing a 42.4% increase (excluding the foreign exchange impact) as compared to that of the corresponding period in last year. Our heart valve segment recorded revenue of U.S.\$25.0 million, representing a 41.4% increase (excluding the foreign exchange impact) as compared to that of the corresponding period in last year. Our endovascular and peripheral vascular devices segment recorded revenue of U.S.\$89.0 million, representing a 35.5% increase (excluding the foreign exchange impact) as compared to that of the corresponding period in last year.

At the same time, we continued to strengthen our cardiovascular devices, orthopaedic devices and CRM business segments as well as invest in endovascular and peripheral vascular devices business.

For our cardiovascular devices business, we were committed to offering integrated solutions for the treatment of coronary artery-related diseases around the world, and our industry-leading position as a “forerunner” was further cemented thanks to the growing presence and coverage of our product mix. For the six months ended 30 June 2023, the global revenue achieved a year-on-year growth of 42% (excluding the foreign exchange impact), of which the international business (non-PRC market) achieved a significant revenue growth of 94% (excluding the foreign exchange impact) due to the rapid increase in overseas penetration.

For our orthopaedic devices business, the global revenue achieved a year-on-year growth of 10% (excluding the foreign exchange impact) as driven by the huge increase of orthopaedic devices business in China. To cope with the short-term unmet market demand arising from the surging terminal surgeries in China after the Spring Festival, we capitalised on our excellent products to take over the market share resulting from the strategic withdrawal of importers. The implant volumes and the market share of joint products also increased rapidly. In the overseas market, we proactively enhanced the recognition of “Medial-Pivot Knee” concept in the global market and exerted the synergy effect of orthopaedic surgical robots, thus achieving a rapid revenue increase of related products. Meantime, in order to better solve the supply risk of key raw materials and important parts, we actively explored the selection of additional suppliers to ensure a stable and sustained supply chain.

For our CRM business, the global revenue achieved a year-on-year growth of 5% (excluding the foreign exchange impact) for the six months ended 30 June 2023. In the overseas market, the Group recorded a remarkable growth of high-performance product matrix, and the sales of Bluetooth<sup>®</sup> pacemakers and implantable cardioverter-defibrillators (“ICD”) increased by 49% and 13% year on year, respectively. We further deepened the “globalisation” process of such products to expand the high value-added market, including seeking for FDA approval for new-generation implantable Bluetooth<sup>®</sup> pacemaker and its supporting product portfolio and the launch of MRI-compatible ICD series products in Japan. In the PRC market, due to the full recovery of the cardiac pacemaker market, our self-developed Rega<sup>®</sup> pacemaker, currently the only home-made MRI-compatible pacemaker product, rapidly increased sales since its mass production, leading to a substantial revenue increase of 107% in the domestic market and further consolidating its leading position with the largest market share among domestic brands.

For our endovascular and peripheral vascular devices business, benefiting from the rapid recovery of hospital surgeries and the continuous penetration into lower-tier markets, we achieved a rapid year-on-year revenue growth of 36% (excluding the foreign exchange impact); of which, the

international business (non-PRC market) recorded a year-on-year revenue growth of 114% (excluding the foreign exchange impact), with its products sold in 28 overseas countries and regions including Europe, Latin America and Southeast Asia.

To further enhance the competitiveness of our comprehensive product portfolio and increase market share, we continued to make significant R&D investments and efforts in emerging business and the product portfolio covers interventional imaging, non-vascular intervention, rehabilitation treatment, ophthalmology and ENT, etc. We are committed to building a business loop covering the entire human life cycle from prevention and diagnosis to treatment and rehabilitation. At the same time, we have also been actively developing platform-based business to bridge the upstream industry chain, covering areas such as active pharmaceutical ingredients, smart manufacturing of medical devices, disinfection and sterilisation, to fully utilise the efficiency and synergy of our operations. In the interventional imaging field, we are committed to building an integrated imaging and diagnosis platform with comprehensive coverage of in-vitro and in-vivo interventional imaging. By virtue of the ultra-high resolution imaging system and exclusive “purge-free” catheter design, the shipments and market share of Argus™ intravascular OCT system and the disposable imaging catheter have increased significantly during the first six months of 2023. The first domestic medical digital subtraction angiography (“DSA”) system jointly developed with Siemens, was successfully installed. The OCT device of this segment was also registered and certified in Singapore during first six months of 2023. In the field of non-vascular interventions, we continued to improve our diversified strategic deployment in urology, respiratory, gastroenterology, gynaecology, etc. Currently, we have developed many urology-related competitive products, forming integrated solutions for urolithiasis; meanwhile, we have been rapidly promoting hospital coverage and channel construction, covering approximately 200 hospitals during the first six months of 2023. In order to better address various clinical pain points, we have actively promoted the development and registration of new products. The registration and clinical trial of the prostatic urethral lift system, a Green Path product, have been advancing steadily, while the endoscopic imaging product line of this segment has achieved milestone progress in the field of gastrointestinal endoscopy. In addition, our key products, the disposable biliary-pancreatic duct imaging catheter and the supporting image processing machine, have been approved by Zhejiang Medical Products Administration for marketing during the first six months of 2023. For rehabilitation treatment segment, we focus on providing rehabilitation equipment such as musculoskeletal and neurological rehabilitation and overall solutions for rehabilitation medical services. In the overseas market, TherMotion® Cryo-Thermo Compression Device has been successfully approved in the United States and Colombia during the first six months of 2023. Since the launch of the Cryo-Thermo Compression Device in the PRC, it has been sold to more than 150 hospitals, with the distribution channels covering major first- and second-tier cities nationwide. During the first six months of 2023, the “lower-limb rehabilitation robot-assisted system”, the first rehabilitation robot product, has entered the mass production stage successfully and will soon be available for sale in China. Regarding the construction of outpatient clinics, the Suzhou Rehabilitation Clinic has entered the official operation stage.

Our broad array of commercialised and developing solutions in a wide range of fields, combined with our advanced and integrated development, manufacturing and marketing capabilities, help us to transform innovative technologies into mass commercial products and remain competitive in the global market. We believe we have established a comprehensive product portfolio that will continue to help us capture additional market opportunities and competing with other market players at home and overseas.

**The Group has a diversified product portfolio in multiple high-end medical device areas to address huge unmet medical needs**

Over the years, we have built a diversified product portfolio with products in multiple high-end medical device areas and incubated product pipeline with great potential using our advanced technologies. Our products are generally classified into eight major business segments: cardiovascular devices, orthopaedic devices, CRM, endovascular and peripheral vascular devices, neurovascular devices, heart valve, surgical robot and surgical devices, amounting to more than 500 varieties of medical devices and providing more than 600 medical solutions to doctors and patients across the world as of 30 June 2023. We believe that many of the medical needs existing in the healthcare industries in the PRC and global markets are still unmet, and that, through our continuous efforts, strong R&D



efficiency and resource integration, we are capable of integrating cutting-edge technologies developed through our in-house platform into clinical trials to provide innovative and trustworthy medical solutions to address such a vast and underserved market.

Our product diversification is evidenced by balanced revenue mix on two fronts, by business segment and geographical layout. In terms of business segment, our three largest business segments in terms of revenue for the six months ended 30 June 2023 are orthopaedic devices (24.0%), CRM business (22.4%) and endovascular and peripheral vascular devices (18.4%), which were generally on par with the revenue mix from the same period in 2022, i.e. orthopaedic devices (26.6%), CRM business (25.8%) and endovascular and peripheral vascular devices (17.5%). In terms of geographical layout, the revenue generated from the PRC and other markets constituted approximately 51.4% and 48.6% of our total revenue for the six months ended 30 June 2023, respectively. Such balanced revenue mix has contributed to our stable and robust commercialised products and product pipeline for each of these three business segments, supporting vast growth opportunities in different geographic markets while reducing our reliance risk on limited number of products.

We believe our comprehensive product portfolio sets us apart from many of our competitors in the global market, as it enables us to offer world-class products or technologies in different medical fields to customers in many geographical markets, and expand our market share by doing so. We continued to develop innovative products to enrich our diversified product portfolio:

- For example, since 2023, we have made significant breakthroughs in the product mix of cardiovascular devices, and further diversified our commercial product portfolio due to the milestone registration of several access products. Among them, Firesorb<sup>®</sup> bioabsorbable stent system and other several key products were submitted for approval and registration, which will generate stable revenue. In terms of active products, we have completed the enrolment of patients for the pre-marketing clinical trial of the rotational atherectomy system and the shock wave balloon catheter system, and are conducting the follow-up of patients. Such active products are expected to solve the unmet clinical needs in the coronary field, and bring sustained benefits to patients.
- In the CRM business, we have strengthened the coverage of its high-end products in the global market, laying an important foundation for subsequent market development. Since 2023, Alizea<sup>™</sup> and Celea<sup>™</sup>, the next generation of Bluetooth<sup>®</sup> pacemakers, and their matching Vega<sup>™</sup> Pacing Leads were successfully approved by the FDA. Ulys<sup>™</sup>, an ICD with MRI compatible functionality, and Invicta<sup>™</sup> defibrillation leads were approved for marketing in Japan.
- In terms of the endovascular and peripheral vascular devices business, since 2023, we have stepped up the development of various new therapeutic and access products in this field. With the launch approval for Q-track<sup>®</sup> Microcatheter, Tigertriever<sup>®</sup> Revascularisation Stent, Veyronwire<sup>™</sup> Neurovascular Guidewires and W-track<sup>®</sup> Aspiration Catheter, we further deepened the gradient presence in three major areas of neurovascular diseases.
- In terms of the heart valve business, we promoted the CE registration application for VitaFlow Liberty<sup>®</sup> in an orderly manner and achieved milestone progress, which is expected to further expand our overseas footprint. Our self-developed world's first dry mitral valve replacement system, which has achieved excellent results for the one-year follow-up visits, successfully completed several human implantations and were highly recognised by patients.

Leveraging our strong and innovative capabilities and keeping an eye on serving unmet medical needs in the future, we continue to expand our diversified product portfolio, which we believe will help us to push ahead of our peers and gain greater market share in the global market.

## The Group has robust global product distribution capabilities and extensive hospital coverage

We are a well-recognised name in the global market with product offerings to more than 20,000 hospitals in over 100 countries and regions. For the first six months of 2023, while we had approximately 51.4% of our revenue generated from sales to the PRC market, we also had approximately 27.4%, 10.4%, 7.06%, 2.29% and 1.41% of our revenue generated from sales to Europe, North America, Asia (excluding the PRC), South America and others, respectively. With a widespread global footprint, we have built an extensive product distribution network across different countries and established long-term relationships with many major customers. Under our extensive product distribution network, we have continued to offer and expand local markets for a large number of products.

Our highly successful product distribution network is attributed to our capable sales and marketing force, which has exceptional academic promotion capabilities, among others. We have carefully selected and maintained successful relationships with major distributors across different regions over the years. In selecting our distributors, we mainly assess each distributor's business operations from a variety of aspects with consideration to their compatibleness with our business development plans and goals. We also regularly review such assessments to ensure the distributor's qualifications and contractual arrangements with us are mutually beneficial or updated according to refreshed business needs or development plans. In addition, for our new product launches, our sales and marketing force develops comprehensive marketing strategies with wide-ranging market knowledge that it has gained over the years. With targeted academic promotion campaigns and dedicated efforts to reach the largest possible number of audiences, we have achieved significant success with a number of products. We effectively communicate our product strengths and details with hospitals and doctors, who can then introduce and recommend our products to physicians and hospitals based on their assessments. For example, our Castor<sup>®</sup> Branched Aortic Stent Graft and Delivery System ("**Castor<sup>®</sup> Branched Stent**") has covered a cumulative of more than 950 terminal hospitals and implantation for over 18,000 cases; the Minos<sup>®</sup> Abdominal Aortic Stent Graft and Delivery System ("**Minos<sup>®</sup> Abdominal Aortic Stent**") has covered a cumulative of more than 700 terminal hospitals and implantation for over 5,000 cases. For another example, our various neurovascular devices including Tubridge<sup>®</sup> Flow-Diverting Stent and Bridge<sup>®</sup> Rapamycin Target Eluting Vertebral Artery Stent System have newly penetrated into over 200 hospitals, with a cumulative penetration of over 2,800 hospitals, further consolidating its leading position in the neurovascular device field. With such growing global reach, we will continue to increase our efforts to develop the international market and benefit patients around the world with better medical solutions.

Our solid product distribution network is supported by our equally strong manufacturing capabilities. To make better and more direct product offerings across the globe, we have set up and operated manufacturing facilities in various countries, including Shanghai, Jiaxing, Suzhou and Shenzhen in the PRC, Memphis in the United States, Clamart in France, Saluggia in Italy and Santo Domingo in the Dominican Republic. Our global manufacturing bases, with extensive in-house R&D resources, enable us to closely control the entire product manufacturing process, and to provide local support for business operations and expansion.

## Innovative R&D for global leading technologies and product pipeline to sustain long-term success

We have always been dedicated to the development of first-in-class and/or best-in-class medical devices and solutions through innovation. Through relentless commitment and concerted efforts, we have developed and built a comprehensive product portfolio including an enriched product pipeline that address a large number of medical needs across different fields. We have built an integrated R&D platform that is committed to offer high-quality and innovative products for doctors and patients worldwide. Our strong in-house R&D capabilities, as supported by a committed R&D team, allows us to closely manage all major aspects of the R&D process to increase the success rates and improve the quality of our products, which are further exhibited through the following aspects:

- *Marketable and targeted R&D ideas.* We invest in R&D ideas that come to us through market insight, academic and scientific studies and exchanges and deep industry knowledge. We assess the ideas with a particular eye on the estimated market demand, technical

feasibility and financial requirements. Every invested R&D idea has been carefully evaluated and studied by internal teams through a detailed and strenuous process before being approved and put into production.

- *Strong and specialised R&D team.* As of 30 June 2023, we had approximately 1,649 R&D personnel overall and we continue to attract talented R&D professionals across the PRC and the world. As we strive to provide state-of-the-art medical technologies and deliver new-generation medical devices and treatments for chronic ailments, our R&D team applies their expertise to ensure the sustained innovation of our latest products.
- *Continuous rollout of innovative products.* For the six months ended 30 June 2023, we obtained registration approvals from the NMPA for 18 of our medical devices, one of which had entered into the Green Path program of the PRC, which allows for fast-tracked review and approval for only innovative medical devices. As of 30 June 2023, we had a total of 30 products that have been approved to enter the Green Path, making us the company with the largest number of such approvals in eight consecutive years. For the six months ended 30 June 2023, we had 11 products that have obtained approval from the FDA in the United States and seven products that have obtained CE marks, a gold standard for health and safety in the overseas market, including the EU.
- *Collaboration with internationally recognised physicians and scientists.* We have established long-term collaborations with leading physicians and scientists in different medical fields to stay abreast of industry trends and better understand scientific developments.
- *Growing IP portfolio.* We consider intellectual property protection vital to our long-term success. For the six months ended 30 June 2023, we filed 587 patent applications and 177 trademark applications in the PRC and overseas markets. As of 30 June 2023, we (also through our equity-accounted investees) held a total of over 9,500 patents (including those under applications) from 35 countries and regions, and 4,721 trademarks (including those under application) from 66 countries and regions.
- *Detailed follow-up service to ensure quality.* We aim to refine our products through collecting and analysing detailed feedback gathered by a number of communication channels, such as our telemedicine and big-data service center, to regularly solicit and assess feedback on the performance and possible issues with our products and work with R&D team to further evaluate and address and refine our products to achieve better results.

We also possess global leading technologies to offer innovative products for long-term success. Within the year of 2023, we have achieved the following selected milestones:

- In terms of the cardiovascular devices business, since the Beyond Prefer™ Guide Wire was approved by the NMPA at the end of 2022, a number of our high value-added accessory products have reached registration and development milestones during the first six months of 2023: in China, the InterLumos™ Microcatheter and the AnchorV™ Anchor Balloon have been approved for marketing, the application for registration of Guide Catheter and the dual-lumen microcatheter has been submitted, and the enrolment of patients in respect of the pre-market clinical trial of Non-slip-element Balloon was about to be completed. We have also continued to facilitate the global registration of multiple products, and the Firefighter™ NC Pro PTCA balloon catheter was approved by the FDA. During the first six months of 2023, we announced the latest 12-month clinical results of the FUTURE-III study on the second-generation bioabsorbable vascular stent system, Firesorb® Bioresorbable Rapamycin Targeted Eluting Coronary Scaffold System (“**Firesorb® Stent**”), before its launch on the market. The data showed that the Target Lesion Failure of Firesorb® Stent met the study endpoint target in the primary endpoint. We have also completed the pre-marketing safety and effectiveness verification of the product and the primary endpoints of the FUTURE series of studies and the long-term data obtained met the requirements for submission for registration. In April 2023, we submitted an application to the NMPA for registration of the product. In terms of active products, we have developed multiple differentiated products for

the treatment of coronary artery calcification lesions. The enrolment of all patients in the pre-marketing clinical trial of the coronary rotational atherectomy system was completed in July 2023, and the product was also admitted in the Green Path during the first six months of 2023, which is expected to provide a new option for clinical interventional treatment of coronary artery calcification lesions, especially for moderate to severe calcification lesions. In August 2023, we also completed all patient enrollment for pre-market clinical study of the Intravascular Lithotripsy Balloon Catheter System. We have also been developing the Microcirculatory Pulse Reperfusion System for the percutaneous coronary intervention and postoperative microcirculation improvement, and the reduction of myocardial infarction area in patients with ST-segment elevation myocardial infarction.

- In terms of the orthopaedic devices business, during the first six months of 2023, we completed the 510(k) submission to the FDA for the Evolution<sup>®</sup> Hinge Knee. We have been actively promoting global registration of Procotyl<sup>®</sup> P Acetabular Cup after continuous recognition since its launch in Europe. During the first six months of 2023, we have completed the submission of the FDA 510(k) registration application for Procotyl P, for which a Dual Mobility version and a Revision solution will be commercialised following the initial release to complete the acetabular solution. In addition, we have also completed CE MDR registration for Profemur<sup>®</sup> Gladiator<sup>®</sup> and Profemur<sup>®</sup> Z Femoral Stem.
- In the CRM business, during the first six months of 2023, Alizea<sup>™</sup> and Celea<sup>™</sup>, the next generation of Bluetooth<sup>®</sup> pacemakers, and their matching Vega<sup>™</sup> Pacing Leads were successfully approved by the FDA. Such products, which are equipped with the AutoMRI<sup>™</sup> technology, are compatible with magnetic resonance imaging with 1.5/3.0T field strength. Meanwhile, SmartTouch XT<sup>™</sup> Tablet-based Programmer and SmartView Connect<sup>™</sup> Bluetooth<sup>®</sup> Home Monitor were also approved, which can strengthen the doctor-patient communication through a convenient way to ensure timely monitoring of diseases and follow-up visits of patients. The Ulys<sup>™</sup> ICD and the matching Invicta<sup>™</sup> high-voltage electrode leads were approved by the Japanese regulatory authorities, indicating that our MRI-compatible high-voltage product line has officially entered this high-value-added market. During the first six months, we submitted an application for CE registration of our Energys<sup>™</sup> and Talentia<sup>™</sup> Bluetooth<sup>®</sup>-enabled high-voltage products; such iterative products equipped with the new programmable control interface will further enhance the user experience. In the PRC market, we actively promoted the R&D and registration of MRI-compatible pacemaker products. The new generation whole-body MRI-compatible pacemaker system ENO<sup>™</sup> and its matching Vega MRI-compatible pacing lead have entered the stage of submission of supplementary information for registration. In terms of defibrillation products, we have continued to promote the import registration of high-voltage products, and Platinum<sup>™</sup> Cardiac Resynchronisation Therapy Defibrillator was successfully approved during the first six months of 2023, further replenishing the pipeline of high-voltage products. During the six months of 2023, we have been actively promoting the localisation of various products in China. Application for the BonaFire<sup>®</sup> whole-body MRI-compatible passive pacing lead, a self-developed Green Path product, has been submitted to the NMPA for registration, and the “China-made” SPACE-HP ICD was under type testing stage.
- In the endovascular and peripheral vascular devices business, a number of products have made gratifying progress during the first six months of 2023: in the field of aortic intervention, the new generation Cratos<sup>®</sup> Branched Aortic Stent Graft System has completed the enrolment of all patients in the pre-market clinical trial. Since the completion of enrolment of the first patient at the beginning of 2023, Aegis<sup>®</sup> II Abdominal Aortic Stent Graft System, which is based on the Aegis<sup>®</sup> Bifurcated Aortic Stent Graft after being fully upgraded and iterated, has accelerated the pre-market clinical implantation by virtue of our outstanding product strengths. The First-in-man (“FIM”) study on the Multi-branched Aortic Stent Graft System and the Fibered Occlusion System was implemented smoothly during the first six months of 2023. In the field of peripheral vascular intervention, the Green Path product Vflower<sup>®</sup> Iliac Venous Stent System has been formally submitted to the NMPA for registration; Vewatch<sup>®</sup> vena cava filter has fully completed the pre-market clinical

implantation; and we have also carried out the pre-market clinical implantation on Fishhawk® mechanical thrombectomy catheter steadily. In the field of tumor intervention, we have strategically deployed a variety of innovative products; during the first six months of 2023, the key product TIPS (transjugular intrahepatic portosystemic shunt) covered stent system has accelerated the pre-market clinical implantations, and the preclinical preparations for imaging embolisation microspheres were closely following.

- In the neurovascular devices business, as of August 2023, we had a total of 17 products which were approved and commercialised in China in this field, as well as 13 products under R&D at different development stage. With the self-developed Q-track® microcatheter being approved by the NMPA for marketing during the first six months of 2023, and Shentu Weilong™ Guide Wire being approved for marketing in August 2023, our access product portfolio was further enriched. In August 2023, we successfully promoted Tigertriever® Intracranial Thrombectomy Stent, a flagship product of our associate company Rapid Medical, to be approved by the NMPA for marketing. With the official incorporation of the world's first adjustable and fully visualised thrombectomy device into the commercial product portfolio, we have become the only Chinese company with stent thrombectomy devices compatible with blood vessels of different sizes; meanwhile, our self-developed W-track® Intracranial Aspiration Catheter was also approved for marketing in August 2023, marking our further improvement in its product layout in the field of acute ischemia, comprehensively covering the end-users' medical needs and fully realising the collaboration of hospital admission and sales. In 2023, new significant progress was made in many clinical projects for Tubridge® serial products: during the first six months of 2023, all patients were enrolled in the PARAT MINI study of Tubridge® for the treatment of intracranial wide-necked and small & medium-sized aneurysms, and the clinical study has fully entered the follow-up cycle at present, which is expected to further expand the clinical scope of use of Tubridge® in the future. In July 2023, all patients were also enrolled in the premarket clinical study PARAT PLUS on Tubridge® Plus Flow-Diverting Stent, an iterative product in this field.
- In the heart valve business, we have actively promoted the registration and R&D of multiple strategic products during the first six months of 2023: in terms of TAVI products, in the overseas markets, the CE registration of VitaFlow Liberty®, a second-generation TAVI product, has been going on smoothly, with a number of key registration nodes reached. In the PRC market, our self-developed third-generation TAVI products have become the world's first innovatively developed adjustable bending delivery system, which helps to significantly reduce the difficulty of crossing the arch, create ultra-high coaxiality in the delivery, and further enhance the positioning accuracy. During the first six months of 2023, the third generation TAVI completed the design finalisation; the improvement in the surgical efficiency and fault tolerance arising from product iteration will be more conducive to the subsequent promotion and marketing of the products in lower-tier markets, and bring easy-to-use experience to doctors. In terms of TMV products, the world's first dry mitral valve replacement system independently developed by us has been successfully implanted in many human bodies. As of July 2023, the first clinically applied patient has completed one-year follow-up visits. The patient's valve was in ideal condition, with good leaflet opening and closing status. There is no perivalvular leakage or obstruction in the left ventricular outflow tract, and the degree of mitral regurgitation has been fully reduced. In addition to independent development, we have also been actively engaging in international collaboration. The AltaValve™ Transcatheter Mitral Valve replacement product is about to complete an overseas early feasibility study, for which we have pre-submitted an IDE application to the FDA.
- In the surgical robot business, during the first six months of 2023, we steadily promoted the research and development and registration of multiple products under R&D, of which the registered clinical trial for Toumai® Single-arm Laparoscopic Surgical Robot progressed steadily, which could complete various complex operations through a single incision and synchronously empower doctors and patients with a flexible snake shaped surgical arm with higher flexibility and wider range of motion; SkyWalker™ quickly promoted the expansion



of its indications, and so far has completed the first total hip replacement surgery and the first unicondylar knee replacement surgery, marking that SkyWalker™ officially entered into the substantive clinical verification stage of its application in total hip replacement surgery, unicondylar replacement surgery and other fields; meanwhile, based on strict and sufficient technical and ethical argumentation, we accelerated the promotion of 5G remote robot-assisted surgery, promoting the expansion of high-end medical resources to remote areas. As of 30 June 2023, our surgical robot products assisted medical personnel in multiple regions to complete dozens of 5G remote surgeries. Among them, Toumai® consecutively set many “firsts” records in China and even globally, successively assisting in the completion of China’s first 5G ultra-remote hepatobiliary surgery, China’s first 5G remote robot radical gastrectomy for gastric cancer, the world’s first 5G remote robot radical prostatectomy and the world’s first 5G ultra-remote panhysterectomy + bilateral salpingo oophorectomy +Bilateral salpingectomy; R-ONE® Vascular Interventional Robot also assisted in completing China’s first 5G ultra-remote PCI surgery spanning 2,800 kilometers in July 2023, breaking the limitations of time and space, effectively saving medical time and improving treatment efficiency.

- In the surgical devices business, we have complete expertise in all the fundamental technologies in the extracorporeal membrane oxygenation (“ECMO”) system, we continuously promoted the innovation and iteration of the product, and constantly optimised blood pumps, oxygenators, intubation and monitoring technologies to enhance integration of the extracorporeal life support (ECLS) system. During the first six months of 2023, we have successfully promoted our self-developed FILAVENT™ Disposable Arteriovenous Cannula to be approved for registration by the NMPA. In the overseas markets, the MOBYBOX™ system, an extracorporeal life support product developed by Hemovent GmbH, a wholly-owned subsidiary of us, completed the CE MDR certification procedures during the first six months of 2023. As of August 2023, our self-developed pump head and host machine of the integrated ECMO have completed the pre-animal experiment and were about to enter the animal experiment stage.

We believe that our innovative and advanced R&D technologies and development competences will continue to enable us to consistently produce high-quality products and efficiently commercialise future products, yielding first-in-market and/or best-in-market products and achieving more sustainable market share in the long term.

### **Visionary and experienced management team supported by talented and global work force**

We are led by a visionary and experienced management team with solid industry background, market insight and extensive working experience in the medical device industry. Many core management team members have stayed with our Company for over 20 years, and their collective and in-depth industrial knowledge and know-hows have helped to guide our continuous growth, as evidenced by our business expansions and strong track record over the years. Our sustained global success is also in part attributable to a team of world-class and experienced management team members at different subsidiaries across the globe, including but not limited to, our management teams based in Clamart, France for CRM business, and Arlington, Tennessee, the United States for orthopaedic devices business.

Our talented work force located in different offices around the world, including but not limited to R&D, manufacturing, quality control, marketing and sales, finance, legal and other personnel, have cooperated together to not only develop and maintain a cohesive and collegial work culture that inspires and encourages innovation, but also created the dynamics among the global work force that are aimed to constantly motivate growth and driving market expansion. With a focus on our global business expansion, we aim to continue to attract talented professionals with experience and educate and cultivate our employees with training and advancement opportunities. Combined with the steady support for our business and product expansions from our substantial shareholders with which we have maintained stable relationships, we believe that our visionary and experienced management teams and talented and global work force have set a strong foundation for our long-term growth.



## OUR STRATEGIES

We aim to become a patient-orientated global enterprise that continuously innovates and provides high-quality medical solutions to help prolong and improve all lives. To achieve this goal, we intend to implement the following strategies:

### **Expand medical device markets in the PRC and abroad through enhanced marketing and sales efforts and mergers and acquisitions**

We plan to continue to strengthen our product marketing and sales and product development to further expand our presence in the medical device markets in the PRC and abroad. We will continuously deepen the globalised branding and operation strategy based on localisation by consistently implementing the operation model of “globalisation in operational strategy, localised implementation, deployment with diversification, and unified positioning”, thereby realising global deployment through effective integration of resources and markets around the world, which in turn will bring our products to more countries or regions and benefit patients and doctors around the world. For example, as of 30 June 2023, we are seeking for FDA approval for new-generation implantable Bluetooth<sup>®</sup> pacemaker and its supporting product portfolio and the launch of MRI-compatible ICD series products in Japan. For the six months ended 30 June 2023, approximately 51.4% of our revenue was generated from sales in the PRC, while 48.6% of our revenue came from sales to North America, Europe, Asia (excluding the PRC), South America and others. We believe there are still vast and underserved market needs and opportunities that remain untapped and that, through dedicated and successful efforts and development, our commercialised products and product pipeline can be well-positioned to meet such demands. To this end, we plan to further expand our marketing and sales efforts for new products to increase market penetration, such as in lower-tier markets in the PRC or new markets overseas.

In addition, we will also consider suitable merger and acquisition opportunities that may help us expand business scale and increase market share in certain business segments or geographical markets.

### **Further strengthen the stability of supply chain with proactive cost controls**

We are committed to fortify our supply chain management as a strategic approach to enhance operational efficiency and control costs. This involves actively exploring the selection of additional suppliers to ensure a stable and sustained supply chain and implementing systematic adjustment to supply chain organisation through actively bringing on secondary sources to cope with potential supply risks in the future. We also plan to establish stronger relationships with suppliers, enabling us to implement effective cost controls and leverage our global resources to further enhance operating efficiencies across the Group. We expect that the supply chain improvement will continue, and the growth trend of revenue will be gradually back to normal. As of 30 June 2023, the Group has taken sufficient actions to strengthen the stability of the supply chain, and it is expected that the overall production of raw materials will recover rapidly in the second half of the year.

### **Strengthen our R&D and production capabilities to further diversify our product portfolio**

We will further strengthen our R&D and production capabilities to better research, develop and manufacture various products to further diversify our product portfolio and meet demands in the PRC and global markets, particularly in the key areas of high-end medical devices. We intend to further invest in our experienced R&D team and advanced technologies, and offer integrated medical solutions to doctors and patients. We consider that continuous enhancements and improvements to our R&D and production capabilities will help us towards lower cost while producing world-class medical devices with competitive edge in the long-term. We will also continue to invest in collaboration with leading physicians and scientists to stay familiar with market trends and collect relevant feedback on our products. We will continue to develop new R&D ideas and carefully evaluate targets to determine their market potential and potential synergy with our existing product portfolio. In addition, we will also continuously advance clinical trials and pursue commercialisation of product candidates by leveraging

our in-house R&D, production and sales and market outreach capabilities to maximise or advance each of our products. Meanwhile, we will continue to seek adequate intellectual property protection for developed products, technologies and techniques.

### **Expand financing channels to support further growth**

We have a proven track record of raising external financing and applying the funds to support our business growth and innovation, including R&D activities, which are generally capital-intensive and relatively long-term investments. For the six months ended in 30 June 2023, we successfully raised nearly U.S.\$260 million in external financing including bank borrowing and equity financing. We have also successfully listed our subsidiaries such as Shanghai MicroPort Endovascular MedTech Co., Ltd. on the Science and Technology Innovation Board of the Shanghai Stock Exchange in 2019 and MicroPort CardioFlow Medtech Corporation on the Main Board of the Hong Kong Stock Exchange (stock code: 02160) in February 2021. We also established stable relationships with banks and obtained financing through bank loans. We believe that expanding available financing channels could enable us to further grow our operations in target markets and areas, providing us with greater flexibility in capital management and help us achieve long-term growth.

### **Continue to retain, train and attract quality management team members**

We believe our success is in part attributable to our experienced management team at the Company and subsidiary levels, many of whom have years of experience in the medical device industry. As we grow, we intend to hire the qualified professionals with experience in, among others, R&D, production, sales and marketing, to join our professional teams at different levels. We will continue to retain, train and attract talents through competitive compensation packages and share-based payment awards. Through such, we strive to foster a corporate culture of collective success.

## **RECENT DEVELOPMENTS**

### **Approvals and Certification of Products**

We continued to promote our globalisation strategic layout, accelerating the registration of new products in overseas markets. SkyWalker™ Hip and Knee Arthroplasty Surgical Robot have been approved by the NMPA in the third quarter 2023. Together with our associated companies we obtained approval on registration changes and initial registration including but not limited to registration change for Toumai® multidisciplinary application and the Columbus 3D EP Navigation System V4, as well as initial registration approved for IceMagic® Cryoablation Product Series, SkyWalker™ THA, Tigertriever® Revascularisation Device, WAVE-track™ Intracranial Aspiration Catheter, AccuSniper™ Double-layer Balloon Catheter and Interline™ Guide Catheter. In October 2023, we launched the ULYS™ Implantable Cardioverter Defibrillator (ICDs) and INVICTA™ defibrillation lead in Japan. Both devices are MRI conditional at 1.5T and 3T when implanted as a system. Our Firefighter™ NC Pro PTCA Balloon Catheter had also been approved by the FDA.

## **OUR BUSINESS**

We currently have eight main business segments, namely, cardiovascular devices, orthopaedic devices, CRM, endovascular and peripheral vascular devices, neurovascular devices, heart valve, surgical robot and surgical devices. We primarily sell medical devices in China, Europe, North America, Asia (excluding China) and South America. As of 30 June 2023, we had offered more than 500 varieties of medical devices and providing more than 600 medical solutions to doctors and patients across the world. For the years ended 31 December 2020, 2021 and 2022, and for the six months ended 30 June 2022 and 2023, our total revenue amounted to U.S.\$648.7 million, U.S.\$778.6 million, U.S.\$840.8 million, U.S.\$405.0 million and U.S.\$482.6 million, respectively. For the same periods, we recorded a net loss of U.S.\$223.3 million, U.S.\$351.3 million, U.S.\$588.1 million, U.S.\$253.3 million and U.S.\$219.9 million, respectively.

For the six months ended 30 June 2023, we generated revenue of U.S.\$482.6 million, of which U.S.\$79.2 million, representing 16.4% of our total revenue, was derived from the cardiovascular devices business; U.S.\$115.9 million, representing 24.0% of our total revenue, was generated from the orthopaedic devices business; U.S.\$108.3 million, representing 22.4% of our total revenue, was derived from the CRM business; U.S.\$89.0 million, representing 18.4% of our total revenue, was derived from the endovascular and peripheral vascular devices business; U.S.\$42.6 million, representing 8.8% of our total revenue, was derived from the neurovascular devices business; U.S.\$25.0 million, representing 5.2% of our total revenue, was derived from the heart valve business; U.S.\$4.9 million, representing 1.0% of our total revenue, was derived from the surgical robot business; and U.S.\$3.1 million, representing 0.6% of our total revenue, was derived from the surgical devices business.

For the six months ended 30 June 2023, revenue generated from our sales in the PRC amounted to U.S.\$248.2 million, accounting for 51.4% of our total revenue for the period. In our overseas market, we recorded U.S.\$132.1 million of revenue generated from Europe, accounting for 27.4% of our total revenue for the six months ended 30 June 2023; U.S.\$50.4 million from North America, accounting for 10.4% of our total revenue for the six months ended 30 June 2023; U.S.\$34.1 million from Asia (excluding China), accounting for 7.06% of our total revenue for the six months ended 30 June 2023; and U.S.\$11.1 million from South America, accounting for 2.29% of our total revenue for the six months ended 30 June 2023.

### **Cardiovascular Device Business**

The cardiovascular devices business offers integrated medical solutions for the treatment of coronary artery-related diseases, develops, manufactures and commercialises industry-leading coronary stents and related delivery systems, along with balloon catheters, passive accessories and active devices. It is committed to fulfilling the overall demands of patients worldwide and providing integrated, precise and intelligent cardiovascular solutions. we are committed to offering integrated solutions for the treatment of coronary artery-related diseases around the world, and our industry-leading position as a “forerunner” has been further cemented thanks to the growing presence and coverage of our product mix.

For the years ended 31 December 2020, 2021 and 2022, and for the six months ended 30 June 2022 and 2023, sales of cardiovascular devices amounted to U.S.\$144.8 million, U.S.\$139.5 million, U.S.\$134.1 million, U.S.\$60.7 million and U.S.\$79.2 million accounting for 22.3%, 17.9%, 16.0%, 15.0% and 16.4% of our total revenue, respectively. For the six months ended 30 June 2023, our cardiovascular devices business recorded revenue of U.S.\$79.2 million, representing an increase of 42.4% (excluding the foreign exchange impact) compared to the corresponding period of last year. Such increase in revenue was mainly attributable to: (i) the accelerated development of overseas markets in key regions of Asia Pacific, EMEA and Latin America, through bid wins, agent model optimisation, sales channels expansion and product iteration; (ii) continued China market growth attributable to increases in both volume and centralised procurement price of coronary stents. As of 30 June 2023, our cardiovascular business segment had 6 drug-eluting stents and 4 balloon products on sale, with its business presence in over 40 countries and regions around the world, and has become the global leader in the area of coronary interventional treatment.

In the overseas market (non-PRC market), the synergies of our products have brought increasingly significant brand advantages. During the first six months of 2023, we have continued to deepen the development of high-potential markets and rapidly increased its market share in regions with existing coverage. The business segment achieved sales revenue of approximately U.S.\$16.1 million, representing a significant increase of 93.7% excluding the foreign exchange impact as compared to the corresponding period of last year. In terms of regions, Asia (excluding China) and South America recorded a significant increase in sales, with revenue increased by 142% and 125% excluding the foreign exchange impact year on year respectively. In terms of products, the increase in overseas revenue was mainly attributable to the rapid growth in sales of coronary balloon and stent products during the first six months of 2023, with a year-on-year increase in product revenue of 130% and 59% respectively. During the first six months of 2023, through continuous construction and optimisation of the marketing teams and expansion and iteration of the distribution networks, our coverage of hospitals in various countries and regions increased significantly, with a correspond rapid increase in market

share; meanwhile, based on its strength in multi-product portfolio, our stent and balloon products have fully covered the demand in various markets, and benefiting from the increase in the sales volume of high-end products and the rapid increase in the market share in high unit price countries and non-standard markets, the gross profit margin for the segment increased by 4 percentage points year on year during the first six months of 2023. We continued to promote overseas channel expansion and newly developed channel distributors in six countries and regions during the first six months of 2023, mainly in the EMEA region; as of 30 June 2023, the sales of coronary stent products have covered 73 overseas markets and a total of 63 overseas markets for balloon products. In terms of product registration and certification, the coronary stents have obtained 5 initial registrations in 4 countries or regions, while the balloon products have obtained 1 initial registration in 1 country or region.

In the PRC market, the business segment achieved sales revenue of approximately U.S.\$63.1 million, representing a significant increase of 33.5% excluding the foreign exchange impact as compared to the corresponding period of last year. During the first six months of 2023, the domestic demand for cardiovascular intervention surgeries have gradually recovered, and our shipments of both coronary stents and balloon products continued to increase, with the market share ranking first in the PRC. In terms of access consumables, benefiting from the rapid growth in sales of high value-added products, the revenue increased significantly by 91.9% year on year. We will fully leverage our channel strengths in the field of cardiovascular intervention surgeries to facilitate the extension of its products and services, and actively promote the implementation of medical and healthcare reform policies, and continue to push forward the stable development of its business in compliance with the law. During the first six months of 2023, the formal implementation of the procurement price following the expiration of the agreement on coronary stents has helped enhance the overall profit level of the segment. Based on the large-scale digital production capacity and the continuous promotion of upstream and downstream integration, we will continue to guarantee the supply volume committed according to the required quality and quantity, and further consolidate its dominant market position in the field of cardiovascular interventions, while fulfilling our social responsibility and meeting the needs of patients. Since its launch in 2017, the “Swallow Program”, which focuses on developing the uncharted healthcare markets in lower-tier regions, has covered the minimally invasive business in over 1,000 county-level administrative areas nationwide, saving the lives of a total of more than 300,000 patients. Through the promotion of medical education, the construction of internet systems for lower-tier hospitals and improvement on patient management and referral capabilities, the program is committed to helping county-level hospitals increase their ability in precision interventional treatment, enabling patients in lower-tier regions to enjoy quality and affordable high-end medical solutions.

### ***Drug-eluting stents***

#### ***Firehawk®***

Firehawk®, as the first and only Target Eluting Stent (TES), features over 600 grooves on the stent strut surface, and a target release technology that allows for one third of the dosage versus conventional stents. We received NMPA approval in January 2014 and commercially launched Firehawk® in March 2014. Firehawk® provides a unique solution that combines the strength of both drug eluting stents and bare metal stents. With the continuous increase in the body of clinical evidence to demonstrate its “golden standard” in safety and efficacy, Firehawk® is establishing its status as an elite workhorse drug-eluting stent for clinics across the globe. In 2022, the results of the OCT clinical study of Firehawk® applied in high-risk populations were first announced at the Euro-PCR, further verifying its safety and effectiveness as the world’s lowest drug-loaded coronary stent in high-risk patients with complicated conditions.

#### ***FireCondor™***

FireCondor™, a coronary target eluting stent system (TES), is the fourth-generation drug-eluting stent launched in 2019 after the third generation Firehawk®. FireCondor™ consists of a balloon-expandable coronary stent, a groove-carrying single-sided drug coating, and a delivery system. Retaining the feature of targeted release of Firehawk®, FireCondor™ optimised its delivery system, thereby improving the crossability and pushability of the stent at the lesion area.

### *Firehawk Pro<sup>TM</sup>*

Firehawk Pro<sup>TM</sup>, consisting of a balloon-expandable coronary stent, groove-binding single-sided drug coating and a delivery system, can be used for symptomatic primary coronary artery lesions. The drug on the stent inhibits the proliferation of smooth muscle cells at the patient's lesion to a certain extent and supports the lesion while reducing restenosis. It can also reduce the occurrence of late stent thrombosis through the application of a biodegradable coating. While retaining the targeted drug release performance of its predecessor, Firehawk<sup>®</sup> Coronary Rapamycin Targeted Eluting Stent System, the design of the new delivery system optimises the rapid-exchange structure. The profile of the new product reduces significantly due to the use of a double-layer balloon, fluorinated guidewire lumen and a gradient stiffness outer tube, providing better crossability and pushability for vessel diameter between 2.25 mm and 4.00 mm and lesion length of 36 mm or less. This stent system improves the solutions for more complex lesions.

### *Firebird Pro+<sup>TM</sup>*

Firebird Pro+<sup>TM</sup> consists of a balloon-expandable coronary stent, drug-coated and delivery system, and is a rapamycin drug-eluting stent based on a cobalt-based metal platform with better biocompatibility, a double-layer SBS polymer coating, and an innovative delivery system.

### *Firebird2<sup>®</sup>*

Firebird2<sup>®</sup>, the first Chinese drug eluting stent with Cobalt-Chromium platform, has been widely used and recognised both in China and internationally to fulfill the need of treating patients with coronary artery disease. We received NMPA approval in 2008 and launched Firebird2<sup>®</sup> commercially in January 2009. Firebird2<sup>®</sup> is a rapamycin-eluting coronary CoCr stent system, with reliable durable polymer-Styrene Butylenes Styrene. In 2022, Firebird2<sup>®</sup> has newly penetrated into over 400 hospitals.

### *Firekingfisher<sup>TM</sup>*

Firekingfisher<sup>TM</sup> is an iterative drug-eluting stent that we launched in 2020 after the second-generation Firebird2<sup>®</sup>. Firekingfisher<sup>TM</sup> consists of a balloon-dilated coronary stent, a cobalt-chrome drug-loaded coating, and a delivery system. Retaining the design of Firebird2<sup>®</sup> stent platform and optimises its delivery system, Firekingfisher<sup>TM</sup> has better passability and pushability.

### ***PTCA balloon dilatation catheters***

PTCA balloon dilatation catheters are used to open blocked or narrowed coronary arteries during angioplasty procedures. PTCA balloon dilation catheters can also be used before or after the implantation of stents to open blocked or narrowed blood vessels. We use certain specific materials and coating for our PTCA balloon dilation catheters which we believe will enhance their flexibility, smoothness and delivery.

We currently market four types of PTCA balloon dilatation catheters, namely, Pioneer<sup>®</sup>, Foxtrot<sup>®</sup> NC PTCA, Firefighter<sup>TM</sup> PTCA and Firefighter<sup>TM</sup> NC. Pioneer is a PTCA balloon dilation catheter and is sold in China. Pioneer<sup>®</sup> is named as Scipio for sale in Japan. Foxtrot<sup>®</sup> NC PTCA is a PTCA balloon dilation catheter and is sold in Asia, South America and Europe. Firefighter<sup>TM</sup> PTCA is a PTCA balloon dilation catheter designed for use with patients whose coronary arteries have hardened and require catheters with higher pressure to open the blocked or narrowed arteries and is sold in Argentina, Brazil, Chile, France, Indonesia, Iran and Spain. Firefighter<sup>TM</sup> NC is a rapid exchange structure suitable for balloon dilation of coronary artery stenosis or coronary artery bypass graft stenosis to improve myocardial perfusion; It is also suitable for post-balloon dilation after stent implantation. We received NMPA approval in July 2017 and commercially launched Firefighter in May 2018. We commercially launched Pioneer, Foxtrot NC PTCA and Firefighter PTCA in 2010, 2017 and 2018, respectively. We received NMPA approval or the first regulatory approval from an overseas regulator for Pioneer, Foxtrot NC PTCA and Firefighter PTCA in September 2004, October 1999/September 2005 and September 2005, respectively. In July 2023, the Firefighter<sup>TM</sup> NC Pro balloon dilatation catheter was approved by FDA for marketing.



## PCI Accessories

We provide a number of accessories to support PCI interventions, including Beyond Prefer™ Guide Wire, angiography syringe, pressure monitoring tubing, Y-connector pack, manifold and inflation devices. We received NMPA approval at the end of 2022 for Beyond Prefer™ Guide Wire, which functions as endovascular diagnostic or interventional devices in percutaneous transluminal coronary angioplasty (PTCA) and percutaneous transluminal angioplasty (PTA) for coronary and peripheral vessels.

## Orthopaedic Devices Business

The orthopaedic devices business offers overall solutions for the treatment of orthopaedic problems, with an extensive range of orthopaedic products that include reconstructive joints, spine and trauma products, and other professional implants and instruments. Our orthopaedic devices business offers an extensive range of products that include reconstructive joints, spine and trauma, and other professional implants and equipment. In addition, the orthopaedics global supply chain center established in 2015 provides centralised purchasing and logistic distribution services of surgical instruments for joints, spine and trauma in order to optimise the management of surgical instruments and consumables used in the implantation of our products.

For the years ended 31 December 2020, 2021 and 2022, and for the six months ended 30 June 2022 and 2023, sales of orthopaedic devices amounted to U.S.\$201.6 million, U.S.\$215.6 million, U.S.\$223.6 million, U.S.\$107.7 million and U.S.\$115.9 million accounting for 31.1%, 27.7%, 26.6%, 26.6% and 24.0% of our total revenue, respectively. For the six months ended 30 June 2023, our orthopaedic devices business recorded revenue of U.S.\$115.9 million, representing an increase of 10.0% (excluding the foreign exchange impact). Such increase in revenue was mainly attributable to the widespread recognition of our unique knee prosthesis design among clinicians and patients in China and abroad and its promotion and application through combining with the new technologies such as surgical robots and navigation systems. The international (non-PRC) orthopaedics business recorded revenue of U.S.\$104.2 million, representing an increase of 7.7% as compared to the same period of the previous year (excluding foreign exchange impact). The China orthopaedics business recorded revenue of U.S.\$11.6 million, representing an increase of 51.1% as compared to the same period of the previous year (excluding foreign exchange impact).

In the overseas market, despite the supply chain issue caused by component shortage in the second quarter, our international (non-PRC) orthopaedics business still recorded a revenue of U.S.\$104.2 million, representing an increase of 7.7% excluding the foreign exchange impact as compared to the corresponding period of last year. In particular, owing to the continuous channel expansion, revenue in EMEA recorded a year-on-year increase of 18%. In terms of products, our Medial-Pivot Knee System has rapidly won recognition in the global market with our advanced implant design concept and long-term proven clinical evidence. Thanks to our strong sales growth of medial-pivot products, we recorded a 16% year-on-year growth in knee products. During the first six months of 2023, we have implemented systematic adjustment to supply chain organisation through actively bringing on secondary sources to cope with potential supply risks in the future. As of July 2023, the first batch of key components and castings was delivered and backorders have significantly decreased since the second half of 2023. We expect that the supply chain improvement will continue, and the growth trend of revenue will be gradually back to normal.

In the PRC market, demand for orthopaedic surgeries has surged since February 2023. During the first six months of 2023, the orthopaedics business in the PRC recorded revenue of U.S.\$11.6 million, representing an increase of 51.1% excluding the foreign exchange impact as compared to the corresponding period of last year, as driven by the rapid growth in terminal implantation volume. In terms of joint business, the strong recovery in demand for elective surgeries and the strategic contraction of imported manufacturers have released a large amount of blank market demand; thanks to the outstanding product advantages and continuous channel construction, our implantation volume of joints nearly doubled year on year during the first six months of 2023. Of which, the implantation volume of imported internal-axis knee grew particularly fast and fully took over the market share of foreign players, reaching nearly triple of the implantation volume as compared to the corresponding



period of last year. During the first six months of 2023, we further promoted the integration of the orthopaedics supply chain and optimised the utilisation of resources, resulting in a significant increase in gross profit margin by 16 percentage points. In terms of spine and trauma business, the national VBP results of spines and the provincial VBP results of trauma products in Jiangsu Province were officially implemented during the first six months of 2023, and the sales of this business suffered a temporary impact due to factors such as decrease in the unit price of products and the provision for impairment. Through continuous cost reduction and efficiency enhancement efforts, we have steadily reduced the cost of key products.

## **CRM business**

The CRM business is committed to creating the world's leading comprehensive CRM solutions, and principally engages in the development, manufacturing and marketing of products for the diagnosis, treatment, and management of heart rhythm disorders and heart failure, with products covering pacemakers, defibrillators, cardiac resynchronisation therapy devices and supporting lead products, as well as a portfolio of monitoring products used together.

For the years ended 31 December 2020, 2021 and 2022, and for the six months ended 30 June 2022 and 2023, the CRM business recorded revenue of U.S.\$180.3 million, U.S.\$220.4 million, U.S.\$204.2 million, U.S.\$104.4 million and U.S.\$108.3 million, accounting for 27.8%, 28.3%, 24.3%, 25.8% and 22.4% of our total revenue in the same years, respectively. CRM business recorded revenue of U.S.\$108.3 million for the six months ended 30 June 2023, representing an increase of 4.7% excluding the foreign exchange impact compared to the six months ended 30 June 2022, which was mainly attributable to: (i) an increase in the number of implants for major products resulting from the increase in elective surgeries during the first six months of 2023; (ii) continued growth of the new generation of pacemakers and defibrillators featuring Bluetooth® connectivity and MRI compatibility which has been widely recognised by local clinicians and patients since launch, despite temporary product availability issue during the first six months of 2023.

Since our acquisition of our CRM business from LivaNova on 30 April 2018, we have further implemented the globalisation strategy of CRM business, and it is conducive to the launch of domestic products and our competitiveness. For the years ended 31 December 2020, 2021 and 2022, and for the six months ended 30 June 2022 and 2023, the international (non-China) CRM business recorded revenue of U.S.\$172.2 million, U.S.\$206.8 million, U.S.\$191.1 million, U.S.\$98.9 million and U.S.\$100.5 million representing 95.5%, 93.8%, 93.6%, 94.7% and 92.8% of our revenue during the same years.

In the overseas market, the international (non-PRC) CRM business achieved revenue of U.S.\$100.5 million during the first six months of 2023, representing a year-on-year increase of 2.3% excluding the foreign exchange impact. The tight supply of upstream raw materials led to insufficient supply of leads in the first half of the year, affecting the shipments of pacemakers and defibrillators, and causing a certain impact on the overall sales. At present, we have taken sufficient actions to strengthen the stability of the supply chain, and it is expected that the overall production of leads will recover rapidly in the rest of the year. During the first six months of 2023, Bluetooth® pacemakers continued to accelerate penetration, recording a significant year-on-year increase of 49% in sales; despite the impact of insufficient supply of leads, our self-developed ICDs still achieved a year-on-year increase of 13%. In terms of regions, Eastern Europe, the Middle East and Africa (“EEMEA”) and the Asia Pacific region achieved a significant year-on-year increase of 73% and 63% in sales revenue respectively excluding the foreign exchange impact. During the first six months of 2023, we strategically promoted a number of key products which were approved for launch in high-potential markets: In the United States, Alizea™ and Celea™, the next generation of implantable Bluetooth® pacemakers equipped with the AutoMRI™ technology, were successfully approved by the FDA for marketing, and its related products, Vega™ Pacing Leads, SmartTouch XT™ Tablet-based Programmer and SmartView Connect™ Bluetooth® Home Monitor were also approved for marketing. With a comprehensive portfolio of high-performance products, we will significantly accelerate market promotion and penetration in the United States. In Japan, Ulys™, an ICDs with MRI compatible functionality, and Invicta™ defibrillation leads were approved for marketing. The approval of such high-value-added products will help us further open up the Japanese market. Meanwhile, we have also

submitted application for registration of a number of key products. The increasingly extensive product portfolio will be more conducive to our global promotion and add new momentum to sustainable business growth.

During the first six months of 2023, the pacemaker market in China saw a full-scale recovery, with a rapid release in demand for deferred elective surgeries. The CRM business in the PRC achieved revenue of U.S.\$7.8 million, representing a significant increase of 50.5% excluding the foreign exchange impact as compared to the corresponding period of last year. During the first six months of 2023, benefiting from the formal implementation of the VBP results of the Guangdong-led alliance for medical consumables of heart pacemakers, our pacemaker products were successfully admitted to and sold in leading hospitals, thus further increasing the market penetration rate. Rega<sup>®</sup>, our self-developed MRI conditional pacemaker, currently the only home-made pacemaker product compatible with magnetic resonance imaging, has rapidly increased sales since its mass production, driving our revenue in domestic pacemaker product portfolio to increase by 107% year on year, and further solidified our leading position with the largest market share among domestic players. During the first six months of 2023, by leveraging on its abundant pipeline advantages, we fully adjusted its product portfolio to respond to the price changes in the end market, actively promoted domestic brands, continued to enhance the recognition and influence of domestic brands and strived to accelerate the realisation of import substitution. We also continued to improve the automation and digitisation of production lines to satisfy the market demand in a timely manner with guaranteed quality and quantity, promote the localisation of materials and enhance the supply chain's capability to resist risks.

### ***Endovascular and Peripheral Vascular Devices Business***

The endovascular and peripheral vascular devices business focuses on providing integrated disease solutions for aortic and peripheral vascular diseases such as thoracic and abdominal aortic aneurysm, aortic dissection, atherosclerosis, and lower extremity arteriosclerotic occlusion.

For the years ended 31 December 2020, 2021 and 2022, and for the six months ended 30 June 2022 and 2023, the endovascular and peripheral vascular devices business recorded revenue of U.S.\$68.5 million, U.S.\$106.0 million, U.S.\$133.2 million, U.S.\$70.8 million and U.S.\$89.0 million, accounting for 10.6%, 13.6%, 15.8%, 17.5% and 18.4% of our total revenue in the same years, respectively. The endovascular and peripheral vascular devices business recorded revenue of U.S.\$89.0 million for the six months ended 30 June 2023, representing an increase of 35.5% excluding the foreign exchange impact compared to the six months ended 30 June 2022. Such increase was mainly attributable to (i) the rapid increase in surgeries and strong demand for major products resulting from the quick recovery to normal medical order for the hospitals across the country during the first six months of 2023; (ii) continuous efforts on the admission, promotion and sales of products in various regions under the market sinking strategy; (iii) the rapid growth of the new products Fontus<sup>®</sup> Branched Surgical Stent Graft System and Talos<sup>®</sup> Thoracic Stent Graft System in terms of hospital coverage and the number of implants.

In the PRC, we have firmly pushed forward the development of the lower-tier market, intensified marketing efforts in lower-tier hospitals, and rapidly increased the implantation volume of key products: as of August 2023, the Castor<sup>®</sup> Branched Aortic Stent Graft and Delivery System has covered a cumulative of more than 950 terminal hospitals and implantation for over 18,000 cases; the Minos<sup>®</sup> Abdominal Aortic Stent Graft and Delivery System has covered a cumulative of more than 700 terminal hospitals and implantation for over 5,000 cases. With the further promotion of the concept of “intervention without implantation”, the use of lower limb drug coated balloons has been increasingly recognised by surgeons and patients, and the Reewarm<sup>®</sup> PTX Drug Balloon Dilation Catheter has covered a cumulative of more than 750 hospitals and implantation for over 15,000 cases. In term of the newly launched products, the Talos<sup>®</sup> Thoracic Stent Graft System and Fontus<sup>®</sup> Branched Surgical Stent Graft System have shown a rapid growth trend in terms of hospital admissions and promotion, and have been admitted to a total of more than 200 hospitals and completed implantation in nearly 2,000 cases since it was launched in the market in 2022, helping us to further consolidate our leading market position in the field of aortic and peripheral vascular interventions.

In the overseas market (non-PRC market), thanks to the continued market expansion, the overseas business of this segment achieved sales revenue of U.S.\$6.0 million, representing a significant year-on-year increase of 114.3% (excluding the foreign exchange impact). As of August 2023, sales of products in this segment have covered 28 countries, with business being expanded to regions such as Europe, Latin America and Southeast Asia. In terms of products, the Castor<sup>®</sup> Branched Stent has entered a total of 14 countries, the Minos<sup>®</sup> Abdominal Aortic Stent has entered a total of 15 countries, and Hercules<sup>®</sup> Low Profile Straight Tube Stent Graft and Delivery System has been clinically applied in a total of 16 overseas countries. During the first six months of 2023, the Reewarm<sup>®</sup> PTX Drug Balloon was officially launched into the international market and completed its first clinical application overseas in Brazil. Meanwhile, Minos<sup>®</sup> Abdominal Aortic Stent and Hercules<sup>®</sup> -LP Straight Tube Stent were also approved by the Health Sciences Authority of Singapore for registration during the first six months of 2023. The efficient exportation of advantageous products helped to continuously enhance our brand influence globally and bring about overall solutions in this field.

### ***Low-voltage CRM devices***

We manufacture and sell multiple low-voltage CRM pacemakers including Alizea<sup>™</sup>, Borea<sup>™</sup>, ENO<sup>™</sup>, TEO<sup>™</sup>, Rega<sup>™</sup>, Reply<sup>™</sup> CRT-P, etc. Alizea<sup>™</sup> and Borea<sup>™</sup> are equipped with Bluetooth<sup>®</sup> technology, allowing cardiologists to monitor the devices remotely, saving patients the need to travel to hospital for a simple routine examination and thus reducing burden on the healthcare system. Alizea<sup>™</sup> and Borea<sup>™</sup> have been designed without compromising on size and battery longevity. Their volume is only 11cc and the projected lifespan is 13 years with full feature set on, including remote monitoring, saving many patients from having to experience a pacemaker change.

Our pacemakers such as Alizea<sup>™</sup> and Borea<sup>™</sup> are provided with a smart home monitor, SmartView Connect<sup>™</sup>, which is to be placed at the patient's bedside. The monitor allows cardiologists to automatically and regularly receive detailed reports on the functioning of the system, as well as timely alerts and transmissions triggered by the patients when they have symptoms. The SmartView Connect<sup>™</sup> home monitor is equipped with an interface that has been designed to be suitable for an elderly patient population, providing greater autonomy and involvement for this demographic regarding their therapy.

### ***High-voltage CRM devices***

Our high-voltage CRM devices, including Ulys<sup>™</sup>, Edis<sup>™</sup> and Platinum<sup>™</sup>, are equipped with AutoMRI<sup>™</sup> adaptive intelligence technologies. This allows our CRM devices to automatically adapt to the MRI scanning environment, ensuring that essential therapies are enabled and providing a seamless MRI pathway for our patients.

### ***Leads***

Our various leads, including Invicta<sup>™</sup>, Navigo<sup>™</sup>, SonRtip<sup>™</sup>, Vega<sup>™</sup>, Xfine<sup>™</sup> and Beflex<sup>™</sup> are designed to support our top-of-the-line cardiac devices. Invicta<sup>™</sup>, placed into the heart right ventricle via the central veins, is intended for connection to implantable cardioverter defibrillators (ICDs) and cardiac resynchronisation therapy defibrillators (CRT-Ds). Once implanted, it continuously senses electrical signals from the heart and delivers either pacing therapy if it is too slow or defibrillation shocks in the event of a life-threatening ventricular tachyarrhythmia. We received CE Mark approval for Invicta<sup>™</sup> family of defibrillation leads in July 2022.

### ***Arrhythmia diagnostic devices***

SpiderFlash<sup>™</sup>, compatible with Eventscope<sup>™</sup> analysis software, is a smart Event Loop Recorder combining the power and accuracy of Holter Monitoring with long duration recording benefits. Associated with the Synescope<sup>®</sup> software, Spider SAS<sup>™</sup> is a polygraph Holter allowing for both sleep apnea and arrhythmia detection in one single device.

## Neurovascular Devices Business

The neurovascular devices business specialises in providing overall solutions for the treatment of neurovascular diseases, including hemorrhagic stroke, cerebral atherosclerotic stenosis and acute ischemic stroke, and the R&D, production and commercialisation of neurovascular therapeutic and access devices.

For the years ended 31 December 2020, 2021 and 2022, and for the six months ended 30 June 2022 and 2023, the neurovascular devices business recorded revenue of U.S.\$32.9 million, U.S.\$ 59.1 million, U.S.\$ 79.9 million, U.S.\$ 31.3 million and U.S.\$ 42.6 million, accounting for 5.1%, 7.6%, 9.5%, 7.7% and 8.8% of our total revenue in the same years, respectively. For the six months ended 30 June 2023, the neurovascular devices business recorded revenue of U.S.\$42.6 million, representing an increase of 45.2% (excluding the foreign exchange impact) as compared to the corresponding period of last year, primarily attributable to (i) the continuous increase in the market penetration rate, the further consolidation of competitive advantages and maintenance of good growth trends for products with leading market share (including the Tubridge® Flow-Diverting Stent); (ii) continuous promotion of the admission of multiple new products launched in recent years (including NUMEN® Coil Embolisation System, Bridge® Rapamycin Target Eluting Vertebral Artery Stent System and U-track® Intracranial Support Catheter System), which helped explore uncharted markets; (iii) the acceleration of market expansion for products newly approved in 2022 (including Neurohawk® Intracranial Thrombectomy Stent and Diveer® Intracranial Balloon Dilatation Catheter).

During the first six months of 2023, the business segment newly penetrated into over 200 hospitals, with a cumulative penetration of over 2,800 hospitals, further consolidating our leading position in the neurovascular device field. The penetration rate of various products which were leader in market share increased rapidly, further consolidating our competitive advantages: the clinical use of Tubridge® Flow-Diverting Stent grew significantly. Sales performance of this product in primary hospitals was particularly impressive due to our strategic development and cultivation of the lower-tier markets. In addition, sales of multiple new products which have been launched on the market in recent years have increased significantly: with the increasing acceptance of the drug coated balloon stent treatment concept in lower-tier hospitals, the market acceptance of the Bridge® Rapamycin Target Eluting Vertebral Artery Stent System surged during the first six months of 2023, the new addition of over 230 hospitals contributed to a cumulative penetration of over 820 hospitals. With the continuous expansion of centralised procurement implementation areas and empowered by the powerful channel, the NUMEN® Coil Embolisation System newly penetrated into over 150 hospitals during the first six months of 2023, cumulatively realising the clinical application in over 730 hospitals. The U-track® Intracranial Support Catheter System, as a key surgical accessory in the treatment of aneurysm-related diseases, also saw a significant increase in usage based on the strategy of portfolio sales. We continued to accelerate the market expansion of newly approved products in 2023, as of 30 June 2023, Neurohawk® Intracranial Thrombectomy Stent and Diveer® Intracranial Balloon Dilatation Catheter were available for sale cumulatively in 27 and 29 provinces, respectively. Leveraging on our rich channel resources, the sales of new products have increased rapidly, which will continue to drive the overall growth in revenue.

During the first six months of 2023, we further expanded our overseas markets. The overseas revenue from the neurovascular devices segment increased by 27.3% year on year (excluding the foreign exchange impact). The first commercial implantation of NUMEN® Coil was achieved in 5 overseas countries and regions, including the United Kingdom and Ireland, which further broadened and deepened channel coverage, resulting in a rapid increase in sales; meanwhile, the new approval of the product for marketing in Colombia, Argentina, Australia and Saudi Arabia will bring incremental revenue for sales in the second half of the year. In April 2023, our coil series products were successfully approved to be included in the medical insurance of France, and the subsequent market demand in the region will be further released, which is expected to drive a significant increase in coil revenue overseas. During the first six months of 2023, we also successfully promoted its high-quality vascular access products to overseas markets successively. The commercialisation of the first batch of U-track® Intracranial Support Catheter System in Brazil marked further enrichment of our product portfolio for cerebrovascular diseases.

## ***Intracranial stents***

Intracranial stents are extremely small stents that are used to treat vascular disorders in the brain. Our first intracranial stent, APOLLO™, is a balloon-expandable stainless steel intracranial stent without a drug coating designed to treat brain strokes by opening up blocked or narrowed blood vessels in the brain. We received NMPA approval in November 2004 and commercially launched APOLLO™ in December 2004.

Willis® is a fiber-covered balloon-expandable cobalt-chromium intracranial stent graft without a drug coating and treats cerebral aneurysms by preventing the bursting of blood vessels in the brain. We received NMPA approval in February 2013 and commercially launched Willis in May 2013.

Tubridge® Vascular Reconstruction Device is a novel flow diversion device, with low porosity and high metal coverage. After placement, the flow diverter disrupts the blood flow at the aneurysm neck and diverts the blood flow away from the aneurysm sac, thus promoting intra-saccular thrombosis and endothelialisation at the aneurysm neck, eventually achieving healing. We received NMPA approval in March 2018 and commercially launched Tubridge® in May 2018.

NUMEN® Coil Embolisation System is designed for the treatment of neurovascular aneurysms. Depositing the platinum coil into the intracranial aneurysm could achieve reduction or blockage of the blood flow into the aneurysm to reduce the risk of the aneurysm rupture. With its three series (MicroFrame, MicroFill, MicroFinish), NUMEN® delivers coil conformability, softness and volume in a single product family. We received NMPA approval in September 2020 and commercially launched NUMEN® in May 2018.

U-track® Supporting Catheter is specifically designed for distal navigation and supports to precise delivery of a variety of neurovascular therapies. We received NMPA approval in December 2020.

We continued to accelerate the market expansion of newly approved products in 2023 and during the first six months of 2023, Neurohawk® Intracranial Thrombectomy Stent and Diveer® Intracranial Balloon Dilatation Catheter were available for sale cumulatively in 27 and 29 provinces, respectively. Bridge® Rapamycin Target Eluting Vertebral Artery Stent System is used for extracranial vertebral artery stenosis. Bridge® features grooves on the stent strut surface to control drug release. Its market acceptance surged during the first six months of 2023, with the new addition of over 230 hospitals contributing to a cumulative penetration of over 820 hospitals.

## **Heart Valve Business**

Our heart valve business includes three self-developed and commercialised products: VitaFlow® Transcatheter Aortic Valve Implantation and Delivery System (“VitaFlow®”), VitaFlow Liberty® Transcatheter Aortic Valve Implantation and Retrievable Delivery System (VitaFlow Liberty®) (including the procedural accessory products as their offerings), Alwide® Plus Balloon Catheter, and various transcatheter aortic valve implantation (“TAVI”) products, transcatheter mitral valve (“TMV”) products, transcatheter tricuspid valve (“TTV”) products, surgical valve products and procedural accessories at different development stage. Apart from these self-developed product portfolio for the valve business, we also promotes our cooperation with overseas business partners on certain TMV and TTV products, and have the exclusive right to commercialise of these products in the PRC.

For the years ended 31 December 2020, 2021 and 2022, and for the six months ended 30 June 2022 and 2023, the heart valve business recorded revenue of U.S.\$15.2 million, U.S.\$31.3 million, U.S.\$36.8 million, U.S.\$19.0 million and U.S.\$25.0 million, representing 2.3%, 4.1%, 4.4%, 4.7% and 5.2% of our total revenue during the same years, respectively. The heart valve business recorded revenue of U.S.\$25.0 million for the six months ended 30 June 2023, representing an increase of 41.4% excluding the foreign exchange impact compared to the six months ended 30 June 2022. Such increase was mainly attributable to the increased market recognition and sales volume for VitaFlow® and VitaFlow Liberty®.



In 2023, China's demand for in-hospital diagnosis and treatment recovered rapidly, and elective surgeries saw a particularly impressive recovery. During the first six months of 2023, the segment achieved a significant year-on-year increase of 46% in implantation volume, with monthly implantation figures reaching record highs, mainly driven by the increase in the market share of key regions and the rapid downward trend of surgical procedures. We continued to integrate its advantageous resources in the pan-cardiac treatment field. During the first six months of 2023, the VitaFlow<sup>®</sup> and VitaFlow Liberty<sup>®</sup> products have newly penetrated into approximately 70 hospitals across the country, with a cumulative penetration of over 500 hospitals. Meanwhile, we have continued to carry out the "High Quality Admission" program, which made targeted adjustments to marketing strategies and focused on tapping the in-hospital potentials, resulting in a significant year-on-year increase of 8 percentage points in terms of the contribution of a single center. In terms of market expansion, the valve business team continued to strengthen collaboration with the coronary business and the "Rosefinch Swallow" team and further promoted the penetration of the innovative transcatheter solutions for structural heart diseases to the lower-tier regions through medical education and marketing activities. During the first six months of 2023, driven by continuous penetration of TAVI intervention surgeries in low tier markets, implantation rose by 55% in primary centers, as compared to the corresponding period of last year, contributing to the overall increase in surgical volume and sales. In addition, the number of surgeons who can independently apply our TAVI products to complete the surgery has also climbed rapidly during the first six months of 2023, which will help to promote the further popularity of the TAVI surgery, and continue to fill up the gap in lower-tier healthcare market.

In the international market, revenue from the heart valve business significantly increased by 243.1% year on year (excluding the foreign exchange impact), mainly attributable to the rapid increase in surgical volume of VitaFlow<sup>®</sup> and VitaFlow Liberty<sup>®</sup> in the Latin American market. Based on the extensive overseas sales network of the coronary business, sales of TAVI products have increased rapidly since their launch, and their share in the local market has climbed rapidly. As of 30 June 2023, the heart valve business has successfully developed more than 60 overseas centers and recorded more than 100 cases of commercial implantation. In terms of registration, the application for CE Mark of VitaFlow Liberty<sup>®</sup> has been progressed in an orderly manner and continuously made progress to the next stage. VitaFlow Liberty<sup>®</sup> is expected to bring new device choices to surgeons with its unique mixed density stent and electric conveying system, and further expanded our overseas business landscape.

### **Surgical Robot Business**

The surgical robot business is dedicated to innovatively providing robotic intelligent surgical overall solutions that can prolong and reshape life by addressing the cutting-edge development needs of minimally invasive surgery. Relying on our strong industrial operation ability, since establishment, we have focused on the R&D of five core underlying technologies in relation to surgical robots, including robot ontology, control algorithm, electrical engineering, image-based navigation and precision imaging, with its differentiation covering the whole life cycle of surgical robot development.

For the years ended 31 December 2021 and 2022, and for the six months ended 30 June 2022 and 2023, the surgical robot business recorded revenue of U.S.\$0.3 million, U.S.\$3.1 million, U.S.\$0.2 million and U.S.\$4.9 million, representing 0.04%, 0.4%, 0.04% and 1.0% of our total revenue during the same years, respectively. The surgical robot business recorded revenue of U.S.\$4.9 million for the six months ended 30 June 2023, representing an increase of 3,110.2% excluding the foreign exchange impact compared to the six months ended 30 June 2022. It was mainly because: (i) the core product Toumai<sup>®</sup> Laparoscopic Surgical Robot began to expand its market share and rapidly increased the sales volume in 2023 after achieving its first commercialisation at the end of 2022; (ii) the flagship product DFVision<sup>®</sup> 3D Electronic Laparoscope further enhanced the market competitiveness and steadily increased its sales volume.

We are the only company in the global industry in the field covering five major and fast-growing surgical specialties, namely laparoscopic, orthopaedic, panvascular, natural orifice and percutaneous surgical procedures. During the first six months of 2023, with Toumai<sup>®</sup> entering a new stage of commercialisation, the successful and rapid market expansion of SkyWalker<sup>™</sup> in overseas markets, and the progress of the commercialisation process for DFVision<sup>®</sup> in an orderly manner, both the sales



volume and sales amount for our surgical robot products maintained a strong growth synchronously. The surgical robot business recorded revenue of U.S.\$4.9 million, representing a significant year-on-year increase of 3,110.2% excluding the foreign exchange impact, once again verifying our domestic leading position in the field of minimally invasive surgery in terms of market share, recognition and technological strength. By providing professional and efficient one-stop services including clinical education and training, customer service and clinical support in “high quality” manner to help major hospitals deepen clinical practice and theoretical research, our surgical robot products became increasingly accepted and recognised by clinical medical personnel. As of August 2023, the number of surgeries for Toumai<sup>®</sup> surpassed 1,200, comprehensively covering the more difficult and complex surgical procedures of the pelvic, abdominal and thoracic cavities, and creating a new record for the number of surgeries completed by domestic laparoscopic surgical robots. SkyWalker<sup>™</sup> cumulatively completed over 600 clinical validation surgeries, which included a number of first and more difficult robotic-assisted surgeries, demonstrating a highly stable auxiliary effect. During the first six months of 2023, we further improved our commercial product layout. By closely promoting medical and engineering collaboration and exchanges of ideas, we continued to promote the innovation and iteration of our products. During the first six months of 2023, the new generation of DFVision<sup>®</sup> 3D electronic laparoscope (“**DFVision<sup>®</sup>**”), which could be widely applied to urological surgery, general surgery, thoracic surgery, gynaecology and other multi-department surgeries, was approved for launch in China, adding many commonly used clinical functions, significantly improving product performance and usability, and helping to further strengthen our leading industry position in China.

During the first six months of 2023, we continued to accelerate our “globalisation” strategic layout, promoting innovative technologies to benefit more patients worldwide. SkyWalker<sup>™</sup> was successively approved for launch by regulatory agencies in Brazil and Australia in May and July 2023, and has so far been certified in five regions including China, the United States and the EU. Relying on the strong channel synergy with our “Medial-Pivot Knee” joint implant, we rapidly promoted the hospital admissions of SkyWalker<sup>™</sup> in overseas markets. As of 30 June 2023, this product was commercially installed in multiple US hospitals, including the Hollis Lighthouse Surgical Hospital in New Hampshire, the United States, and successfully completed its application in dozens of total knee replacement surgeries. In the rest of the year, we will also promote the installation of SkyWalker<sup>™</sup> in Europe, and the “internationalisation” process will continue to deepen. During the first six months of 2023, DFVision<sup>®</sup> successfully obtained the CE Mark, and gained access to the EU market; meanwhile, the segment also continued to promote its flagship product into overseas markets, and Toumai<sup>®</sup>, a domestically produced four-arm laparoscopic surgical robot, submitted its application for launch in the EU. With multiple products achieving overseas registration milestones successively, increasingly comprehensive surgical robot solutions will help provide high-quality and reliable medical technology services to more doctors and patients worldwide, and our brand influence is expected to be further strengthened.

## Surgical Devices Business

The surgical devices business is committed to providing overall solutions for cardiac surgery and emergency life support. Its main products include extracorporeal membrane oxygenation (“**ECMO**”) system for cardiopulmonary support, extracorporeal circulation series consumable products such as oxygenation system (artificial lungs), occlusion series products used in congenital heart disease treatment, and hernia patch series products for hernia repair.

For the years ended 31 December 2020, 2021 and 2022, and for the six months ended 30 June 2022 and 2023, the surgical devices business recorded revenue of U.S.\$4.6 million, U.S.\$4.7 million, U.S.\$4.5 million, U.S.\$2.4 million and U.S.\$3.1 million, representing 0.7%, 0.6%, 0.5%, 0.6% and 0.6% of our total revenue during the same years, respectively. The surgical devices business recorded revenue of U.S.\$3.1 million for the six months ended 30 June 2023, representing an increase of 39.4% excluding the foreign exchange impact compared to the six months ended 30 June 2022.

In the international market, geopolitical factors affected the supply of overseas manufacturers, resulting in keen demand for membrane oxygenators. We have actively grasped the opportunities to take up the excessive orders, resulting in a significant increase in the sales volume of relevant products. In the PRC, Vitasprings<sup>®</sup> integrated membrane oxygenator (“**Vitaspring<sup>®</sup>**”) has been admitted into

hospitals rapidly with product performance comparable to that of imported brands; meanwhile, the occluder business has also realised a steady increase in sales, leading to further growth in revenue. During the the first six months of 2023, FILAVENT™ Disposable Arteriovenous Cannula was approved by the NMPA for marketing, which filled up the gap in the field of domestically produced high-end extracorporeal life-supporting cannulae, and is expected to improve the current situation of a serious shortage of high-end cannulae in clinical practice, thereby providing patients with more high-quality clinical options.

## **Research and Development**

We believe that the success of our operations has depended and will continue to depend to a large extent on our ability to develop new or improved medical devices. We have a proven track record of independently developing and commercialising new or improved medical devices.

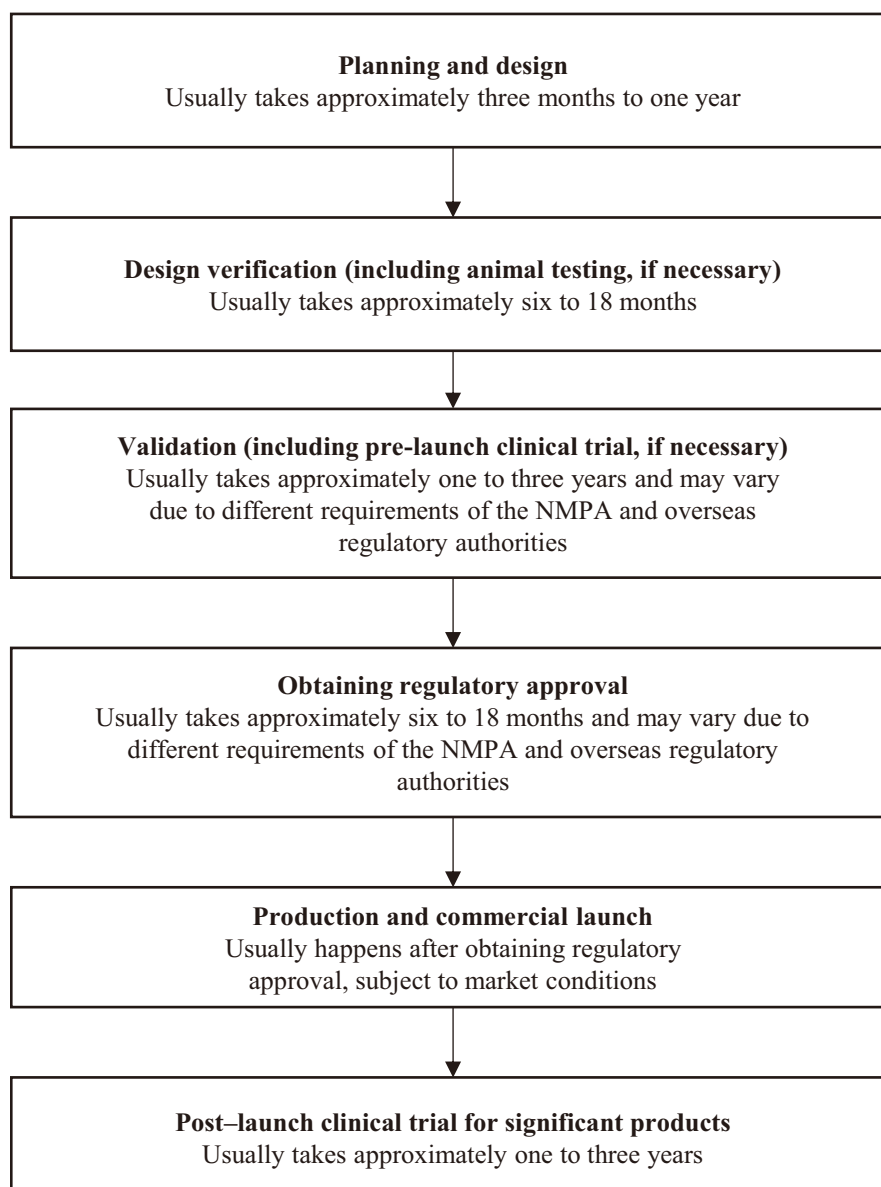
Excellent research and development capability and effective research and development are key drivers for our sustainable development as an innovative medical device company. Over the past 20 years, we have been pursuing the mission of “provide doctors with access to the best medical solutions for prolonging and reshaping the lives of patients”. With the goal of import substitution and building up Chinese brands, we are committed to innovation and research and development of global leading technologies, to create a technological innovation system by combining production, education and research, and to provide quality products and services to the global market. For the first six months of 2023, we obtained NMPA approvals for a total of 18 products and Green Path for one product. As of 30 June 2023, we had a total of 30 products that have been approved to enter the Green Path, making us the company with the largest number of such approvals in eight consecutive years. For the first six months of 2023, in the overseas markets, we obtained FDA approvals for 11 products and CE marking for seven products.

We believe that we maintain one of the largest highly skilled teams of research and development engineers and technicians in the medical device industry in China. We have a dedicated research and development department focusing on different areas of product lifecycle, including, but not limited to, technology support, product design, clinical studies and physician training.

Our research and development department is led by our chief technology officer, with the support of research and development directors and manager-level professionals and various engineers and technicians for each sub-group that focuses on a particular line of products. As of 30 June 2023, there were 1,649 employees in our research and development department, which accounted for approximately 19% of our employees. We believe that we are able to attract highly qualified personnel who have the requisite educational or technical backgrounds we need for our operations due to the reputation of our senior management and our market position in China in the interventional technology area. We also work in close cooperation with internationally recognised physicians and scientists worldwide, to develop a range of products that meet the highest quality and clinical standards. As we strive to provide state-of-the-art medical technologies and deliver new-generation medical devices and treatments for chronic ailments, our R&D team applies their expertise to ensure the sustained innovation of our latest products. With our global footprint and a strong focus on technological innovation, we (also through our equity-accounted investees) have established R&D and manufacturing facilities in Shanghai, Suzhou, Jiaxing, Shenzhen in China, Irvine, Memphis and Boston in the United States, Clamart in France, Saluggia in Italy, Aachen in Germany, Oxford in Britain, Santo Domingo in the Dominican Republic, Mumbai in India and San Jose in the Republic of Costa Rica with over 9,500 patents (including those under application), and a global workforce of nearly 9,000 as of 30 June 2023.

The cornerstone of our research and development platform is a core team of experienced engineers, many of whom were trained and held leadership roles at many of the major medical device companies in the world. We have engineers who focuses primarily on one product application and is involved in the entire research and development process from product design to testing and regulatory approval. Our engineers also have regular contact with the major hospitals which use our products, providing them with real-time information regarding their needs. This understanding of the entire product development process and customer needs provides a strong, flexible engineering platform which can be used to quickly develop innovative products for a wide range of medical device applications.

Our development process for a new product is typically as follows:



For the six months ended 30 June 2023, our research and development projects were carried out in an orderly manner. A total of 18 products gained NMPA approval and one product entered the Green Path. Since the establishment of the Green Path, 30 of our products has been granted access to the Green Path as of 30 June 2023.

### **Sales, Marketing and Distribution Network**

We focus on innovating, manufacturing and marketing high-end medical devices globally. We offer more than 500 varieties of medical devices and provided more than 600 medical solutions to over 20,000 hospitals in over 100 countries or regions. We generated 55.4%, 54.2%, 51.8%, 53.4% and 48.6% of our revenue from North America, Europe, Asia (excluding the PRC), South America and others for the years ended 31 December 2020, 2021 and 2022, and for the six months ended 30 June 2022 and 2023, respectively.

We use a combination of our own marketing teams and a network of independent distributors to market and sell our products in China. Our highly trained marketing teams focus on continuously interacting with physicians through regular visits to interventional cardiologists, radiologists, vascular surgeons and physicians by our marketing teams, on-site demonstration of our products to physicians, our sponsorship of conferences, seminars and physician education programs and other activities. By

providing professional and efficient one-stop services including clinical education and training, customer service and clinical support in “high quality” manner to help major hospitals deepen clinical practice and theoretical research, our surgical robot products became increasingly accepted and recognised by clinical medical personnel. As of August 2023, the number of surgeries for Toumai® surpassed 1,200, comprehensively covering the more difficult and complex surgical procedures of the pelvic, abdominal and thoracic cavities, and creating a new record for the number of surgeries completed by domestic laparoscopic surgical robots.

In line with market practice, we sell a majority of our products to distributors who then resell our products to hospitals. Our distributors make sales to hospitals including delivery of products and collection of payments, and conduct their own marketing of our products through their sales forces. Revenue from sales represents the invoiced value of goods, net of VAT, trade discounts, allowances and rebates. We recognise revenue when the customer takes ownership and assumes the risk of loss. For sales through distributors, transfer of ownership occurs at the time when our products are shipped or picked up by the distributors from our facility without any recourse.

### ***Sales and marketing***

We market our products directly to hospitals through our highly trained marketing teams. As of 30 June 2023, our marketing and sales department had 1,838 employees dedicated to marketing and managing and supporting our distributors. Our marketing and sales department consists of sub-groups, each of which focuses on a particular line of products, and covers both domestic and international markets.

Because purchasing departments of hospitals and physicians are key decision-makers with respect to our products, our marketing employees visit these purchasing personnel and doctors in the hospitals to educate them about our products and to introduce our new products. Our marketing employees also attend various medical conferences and seminars organised by hospitals and other medical professional organisations to promote our products, as well as participate in exhibitions and trade shows of medical devices. In addition, they gather market information on the competitive landscape and user feedback on the performance of our products as compared with our competitors’ products. We also sponsor doctors’ conferences and education programs. As part of our marketing campaign for a new product, we will invite on occasion well-known physicians to perform a medical procedure using the new product in public demonstrations for other doctors. We also advertise our products in industry and trade magazines and other publications. For the six months ended 30 June 2023, our distribution costs were U.S.\$169.8 million.

### ***Distribution network***

In line with market practice, we sell a majority of our products to distributors who then resell our products to hospitals. As of 30 June 2023, we sold our products to over 500 distributors across China and over 160 distributors overseas.

#### **Domestic distributors**

Our domestic distributors are primarily engaged in the medical device distribution business. We select our distributors based on their experience in the medical device industry and logistical infrastructure. In addition, they must possess the requisite business licenses and permits to sell medical devices in China and have established relationships with hospitals and physicians within their territory. Before we appoint a distributor, we assess its sales staff and management to ensure that they have the appropriate educational background and professional skills. We review the qualifications of our distributors when our contracts with them are due to be renewed. We generally enter into distribution agreements with our distributors in China for a one-year term which are renewable by mutual agreement. Pursuant to our contractual arrangements, our distributors may not distribute any other manufacturer’s products that directly compete with ours, but they are free to distribute other products, including medical devices, that we do not manufacture.

We review each of our distributors annually based on purchase order targets set before the beginning of the year and on feedback we receive from physicians regarding the quality of such distributor's services. Our marketing and sales department monitors, manages and supports the activities of our distributors to ensure that they comply with our guidelines, policies and procedures. See "*Risk Factors – Risks relating to our Company – Our business, prospects and brand may be harmed by actions taken by our distributors.*" in this Offering Circular.

We typically provide our principal distributors with proven credit history a credit term of 30 to 90 days, which may be extended to 180 days, and do not require them to pay us a portion of the purchase price upon their placement of an order. For other distributors, depending on our relationship with such distributors and their credit history, we typically allow them to pay 50% of the purchase price upon placement of an order with the remaining 50% due within 30 to 90 days of our delivery of the product, or ask them to pay the entire purchase price at the time of purchase. We typically require new distributors of our products to pay the entire purchase price at the time of purchase. Generally, we classify distributors with large sales volumes, proven credit histories and/or strong market positions and reputation with whom we believe we can develop long-term relationships as principal distributors and the remaining distributors as other distributors. We evaluate the classification approximately every six months.

#### International distributors

We sell a majority of our products in the international markets through distributors. As of 30 June 2023, we had over 160 international distributors. To the extent that we enter into exclusive distribution agreements with these distributors, the term of such distribution agreements generally range from one to five years. Each such distributor is the exclusive distributor of a category of our products for the specific country covered by it, and has a right of first refusal with regard to our other vascular products to be distributed in the specific country. Our selection criteria, and management and credit policies for international distributors are similar to that for domestic distributors.

#### Relationship with distributors

We have established long-term and stable business relationships with most of our principal distributors. We have been dependent on a limited number of distributors for a significant portion of our revenue. For the years ended 31 December 2020, 2021 and 2022, and for the six months ended 30 June 2023, the aggregate sales to our five largest distributors were U.S.\$120.0 million, U.S.\$192.0 million, U.S.\$218.6 million and U.S.\$139.4 million, representing 18.5%, 24.7%, 26.0% and 28.9% of our revenue, respectively. We believe that we will continue to generate a significant portion of our revenue from a limited number of distributors. See "*Risk Factors – Risks relating to our Company – We depend on a limited number of distributors for a significant portion of our revenue. If we lose one or more of these distributors and are unable to replace them quickly, we may be unable to effectively market and sell our products, which could materially and adversely affect our business, financial condition and results of operation.*" in this Offering Circular.

#### Customer service

We have a dedicated customer service department that handles customer complaints and customer queries.

#### Pricing

In China, the government maintains a high level of involvement in the determination of retail prices (i.e., the prices paid by public hospitals and healthcare institutions to distributors or medical device manufacturers, as the case may be) of medical devices, and public hospitals and healthcare institutions are required to purchase high-value medical supplies, including our vascular products, at prices established through a periodic tender process. NHC periodically publishes lists of which medical devices are subject to the tender process, with the criteria being the value of the device (higher value devices are included and lower value devices are excluded from the lists). Since we commercially launched our first drug-eluting stent, Firebird®, in 2004, the tender process has occurred at irregular

intervals, and at most of the tenders, the retail prices of all tendered products, including our products, have been reduced. For further details regarding the tender process, please see *“Risk Factors – Risks relating to our industry – As part of its regulation of the medical industry, the PRC government has imposed reductions in the retail prices of our products periodically in the past and is expected to continue to do so. Ongoing decreases in the retail prices of our products or limitations on the profit margins we earn could materially and adversely affect our business, financial condition and results of operation”* in this Offering Circular.

## **Raw Materials and Suppliers**

Our principal raw materials are polymer materials, metal materials, pharmaceutical chemicals, electronic components, etc. In line with market practice, we source a majority of our principal raw materials from international markets, including Europe, the United States and Hong Kong, with the remainder purchased in China.

We primarily use a limited number of suppliers for our principal raw materials. We generally enter into (i) framework agreements, which are renewed automatically every year unless terminated or amended by the parties, pursuant to which we place orders from time to time, or (ii) annual supply agreements which are renewed annually upon mutual agreement of the parties, with our principal suppliers. In line with market practice, our principal suppliers usually provide us a credit term of 30 to 60 days, and we also make prepayments. For the years ended 31 December 2020, 2021 and 2022, and for the six months ended 30 June 2023, the aggregate purchases from our five largest suppliers were U.S.\$38.0 million, U.S.\$52.2 million, U.S.\$63.5 million and U.S.\$42.7 million, representing 18.0%, 18.2%, 18.7% and 22.0% of our cost of sales, respectively. We have not had any material disputes with our suppliers as of 30 June 2023.

## **Manufacturing**

Our principal manufacturing facilities are located at our headquarters in Zhangjiang Hi-Tech Park, Shanghai, China. We also have major manufacturing facilities in Jiaxing, Suzhou and Shenzhen in China, Memphis in the United States, Clamart in France, Saluggia in Italy and Santo Domingo in the Dominican Republic. We manufacture our proprietary products in a controlled environment and have implemented quality management systems as part of our manufacturing processes, as described in *“–Quality control”* below.

For example, the manufacturing process for our stent products generally involves the following steps:

- laser cutting the metal for the stent frame, based on designs developed by our metallurgists and engineers;
- heat treating the cut metal to enhance the durability of the stent and reduce the chance of a stress fracture;
- polishing the metal;
- inspecting the stent;
- for our drug-eluting stents, mixing the polymer and combining it with the drug and solvent to coat the exterior of the stent; in the case of our stent grafts, we apply the outside cover to the stent at this stage; and
- sanitising and packaging.

Our integrated production process increases our production efficiency and reduces our dependence on third-party suppliers, which distinguishes us from our domestic competitors. This vertical integration also enables us to adjust our production quickly to respond to changes in market demand for our products.



We maintain separate manufacturing lines for each of our eight businesses. For catheters which are used as delivery systems for stents, our final production task is to attach the stent to the end of the catheter for later delivery into the patient.

## **Inventory**

Our inventories consist of raw materials, work in progress and finished goods. We generally maintain 3 months' to 12 months' supply of our raw materials, and such levels will vary according to the demand of our distributors, sales and production plans. We generally maintain three months to one year supply of our raw materials primarily because (i) we source a majority of our principal raw materials from overseas which may take a longer time for delivery in comparison to domestically-sourced raw materials, (ii) we spend a longer time on the inspection of inventory quality before acceptance as we require particularly high quality standards for our raw materials and (iii) we tend to order certain raw materials in relatively large batches to obtain better pricing from our suppliers. We store our inventories in our manufacturing facilities in various countries, including Shanghai, Jiaxing, Suzhou and Shenzhen in the PRC, Memphis in the United States, Clamart in France, Sluggia in Italy and Santo Domingo in Dominican Republic.

## **Quality Assurance**

Priority is given to "quality" in our values as we know that the quality of each of our products has a close bond with human life. We have an independent quality and regulatory affairs department and devote significant resources to quality management of our products through monitoring every stage of our quality control process, including research and development, product design, procurement of raw materials, manufacturing, product release, product feedback and risk management, so as to assure that the product quality meets our quality management standards and policies. As of 30 June 2023, our quality and regulatory affairs department had 819 employees. Our quality and regulatory affairs departments covers the following:

- *Quality assurance:* Our quality and regulatory affairs department ensures our product realisation process, including research and development, product designs, purchase of raw materials, manufacturing, product releases, product feedbacks and risk management, meet our quality management standards and policies.
- *Quality control:* Our quality and regulatory affairs department inspects our products both during and after the manufacturing process, including raw material inspection, manufacturing process inspection and final products delivery inspection.
- *Testing:* Our quality and regulatory affairs department conducts various tests of our products throughout the research and development and manufacturing processes, including metal and drug analyses and product fatigue tests.
- *Quality management:* Our quality and regulatory affairs department establishes, maintains and improves our quality management system to ensure that our system is in compliance with applicable regulations and standards.

In addition, our quality and regulatory affairs department is responsible for ensuring that we are in compliance with applicable regulations, standards and internal policies. Our senior management team is actively involved in setting quality management policies and managing internal and external quality performance.

## **Intellectual Property Rights**

We believe that in order to maintain a competitive advantage in the marketplace, we must develop and protect the proprietary aspects of our technologies. We have established an intellectual property management team under our legal department that devotes its efforts to protecting our intellectual property. Intellectual property rights are our important intangible assets, and also an inherent driver to enhance our core competitiveness in the medical devices market. Thus, while being devoted to

technological innovation, we also attach great importance to the patent application and intellectual property protection, which are conducive to our healthy and sustainable development in the long run. For the six months ended 30 June 2023, we filed 587 patent applications and 177 trademark applications domestically and internationally. As of 30 June 2023, we (also through our equity-accounted investees) had a total of over 9,500 patents (including those under application) covering 35 countries and 4,721 trademarks (including those under application) covering 66 countries and regions. We had received a total of 2,804 patents in China, including 724 invention patents, 1,715 utility model patents and 365 design patent, 243 patents in the EU, 560 patents in the United States, and 93 patents in Japan as of 30 June 2023. As of the date of this Offering Circular, we were not involved in any material proceedings in respect of, and we had not received notice of any material claims of infringement of, any intellectual property rights that are threatened or pending, in which we may be a claimant or a respondent.

## Competition

The market in which we compete is characterised by rapid changes resulting from technological advances and scientific discoveries. In addition, it is subject to changes in China's healthcare industry overall. We face intense competition across our product lines from both international and domestic companies. Some of our major competitors include Johnson & Johnson (through its subsidiary Depuy Synthes), Zimmer Biomet Holdings, Inc., Stryker Corporation, Medtronic Hong Kong Medical Ltd., Smith & Nephew Ltd., Abbott Laboratories Ltd., Boston Scientific Corporation, Biotronik Hong Kong Ltd., Acotec Scientific Holdings Ltd, Beijing Percutec Therapeutics Inc. and Intuitive Surgical Inc..

## Employees

We had 8,884 employees as of 30 June 2023. The following table sets forth the number of our employees categorised by function as of 30 June 2023.

Function	Number
Manufacturing. . . . .	3,310
Quality and regulatory affairs. . . . .	819
Research and development. . . . .	1,649
Marketing and sales. . . . .	1,838
General and administration. . . . .	1,268
Total: . . . . .	<u>8,884</u>

Our total staff costs for the years ended 31 December 2020, 2021 and 2022, and for the six months ended 30 June 2023 were U.S.\$382.4 million, U.S.\$480.2 million, U.S.\$565.1 million and U.S.\$279.4 million, respectively.

## Insurance

We maintain product liability insurance, clinical trial liability insurance, property damage, business interruption, Directors and Officers ("D&O"), cyber risk, travel and transportation, and civil liability insurance policies. We believe our insurance coverage is customary for our industry and operations.

## Properties and Facilities

As of 30 June 2023, we have received ownership certificates for an aggregate gross floor area of approximately 466,358 square meters for use as our manufacturing facilities, research center and office buildings.

## Safety

We have established work safety policies or procedures to ensure that all parts of our operations are in compliance with applicable laws and regulations. As of 30 June 2023, our manufacturing facilities complied with applicable laws, regulations and standards and we have obtained all necessary licenses in relation to safety.

## Environmental Matters

Our operations in the PRC are subject to, among other relevant environmental protection standards, the following environmental laws and regulations:

- Environmental Protection Law of the PRC (中華人民共和國環境保護法);
- Water Pollution Prevention Law of the PRC (中華人民共和國水污染防治法);
- PRC Law on the Prevention and Control of Air Pollution (中華人民共和國大氣污染防治法);
- PRC Law on the Prevention and Control of Environmental Pollution by Solid Waste (中華人民共和國固體廢物污染環境防治法);
- PRC Law on the Prevention and Control of Environmental Noise Pollution (中華人民共和國環境噪聲污染防治法); and
- Environmental Impact Assessment Law of the PRC (中華人民共和國環境影響評價法).

We do not operate in a high pollution generating industry, and our manufacturing process primarily produces waste water, waste liquid, solid wastes and noise. Waste water which we produce is treated in our waste water treatment facility which is managed and maintained by a professional institute. We then discharge the treated waste water to city waste water centralised disposal facilities and pay waste water disposal fees to the water supply company. Waste liquid and solid wastes produced are recycled and disposed of by waste disposal entities. Our PRC legal counsel, Global Law Offices, has advised that we have been in compliance in all material respects with applicable environmental laws and regulations as of 30 June 2023.

## Corporate Governance

Our business is governed at two levels: by our senior management, acting primarily through our executive committees, and by our Directors. We have three geographically distinctive operational committees which are Greater China Executive Committee, InterContinental Orthopaedics Committee and InterContinental CRM Committee and they serve as the overall leadership teams of our Company and coordinate and make decisions with regard to day-to-day administrative, operational and managerial matters of our business. Our Directors are responsible for overseeing the overall activities of the executive committees and making significant decisions with respect to our business, such as appointing executive officers, engaging in strategic planning and adopting or revising corporate policies.

## Legal Proceedings and Compliance

Our Directors confirm that we were not subject to any material claims or litigation concerning the quality of our products as of the date of this Offering Circular. As of the date of this Offering Circular, we are not a party to any material legal or administrative proceedings, and we are not aware of any pending or threatened legal or administrative proceedings against us that could have a material adverse effect on our business, financial condition, and results of operations.

We may from time to time become party to various legal or administrative proceedings arising in the ordinary course of our business. See *“Risk Factors – We are subject to a wide variety of environmental regulations, and any failure to comply with these regulations or to control the associated costs could harm our business.”* in this Offering Circular. As of 30 June 2023, we had obtained all requisite permits, licenses and approvals for our business operations.

## DIRECTORS AND MANAGEMENT

### DIRECTORS

Our board of directors comprises eight directors. The principal focus of the Board is overall strategic development, internal controls and risk management. The Board provides guidance on business plans and monitors the results of such plans implemented by the management and reviews and approves its financial objectives and major financial activities.

The members of the Board as of the date of this Offering Circular are as follow:

Name	Position	Age
Dr. Zhaohua Chang (常兆華)	Executive Director	60
Mr. Hiroshi Shirafuji (白藤泰司)	Non-Executive Director	79
Mr. Norihiro Ashida (蘆田典裕)	Non-Executive Director	69
Ms. Weiqin Sun (孫維琴)	Non-Executive Director	43
Dr. Qiyi Luo (羅七一)	Non-Executive Director	61
Mr. Bo Peng (彭博)	Non-Executive Director	55
Mr. Jonathan H. Chou (周嘉鴻)	Independent Non-Executive Director	59
Dr. Guoen Liu (劉國恩)	Independent Non-Executive Director	66
Mr. Chunyang Shao (邵春陽)	Independent Non-Executive Director	59

#### Executive Director

**Dr. Zhaohua Chang** (常兆華), born in 1963, is the Chairman, Executive Director and Chief Executive Officer of the Company. He has over 32 years' experience in the medical device industry, and currently also serves as a full professor at School of Medical Device, University of Shanghai for Science and Technology. Before establishing Shanghai MicroPort Medical (Group) Co., Ltd. (上海微創醫療器械(集團)有限公司) ("MP Shanghai") in 1998, from 1996 to 1997, Dr. Chang served as vice president of R&D at Endocare Inc., a NASDAQ listed medical device company based in California, U.S. From 1990 to 1995, he served as senior engineer, chief scientist, director of R&D and vice president of engineering at Cryomedical Sciences Inc., a public medical device company in Maryland U.S. Dr. Chang received his bachelor's degree in refrigeration engineering in 1983 and master's degree in cryogenic engineering in 1985, both from University of Shanghai for Science and Technology. In 1992, he received his doctoral degree in Biological Science from State University of New York (Binghamton). Dr. Chang has published extensively in biomedical fields and holds several dozens of patents in the United States and in China.

#### Non-Executive Directors

**Mr. Hiroshi Shirafuji** (白藤泰司), born in 1944, is a Non-Executive Director of the Company. Mr. Shirafuji is the Honorary Chairman of the Company and a consultant of the Group. Mr. Shirafuji had served as a non-executive Director of the Company from November 2006 to June 2020. Mr. Shirafuji was executive director of Otsuka Medical Devices Co. ("OMD") from January 2017 to March 2017. From February 2011 to January 2017, he served as the President and Representative director of OMD. Prior to joining OMD in February 2011, he was an executive director responsible for pharmaceuticals marketing at Otsuka Pharmaceutical Co., Ltd. ("Otsuka Pharmaceutical") from 1997 to 1998. Mr. Shirafuji joined Otsuka Pharmaceutical in 1967. Mr. Shirafuji received his bachelor's degree in economics from Doshisha University in Kyoto in 1967.

**Mr. Norihiro Ashida** (蘆田典裕), born in 1954, is a Non-Executive Director of the Company. Mr. Ashida has served as a Director since 1 November 2006. He is currently holding directorship in certain subsidiaries of the Group. Mr. Ashida has served as a director of J-Pharma Co., Ltd since June 2021. From February 2011 to June 2022, Mr. Ashida successively served as a director and adviser of OMD, a subsidiary of Otsuka Holdings Co., Ltd ("Otsuka Holdings"). Mr. Ashida was an Executive Operating Officer of Otsuka Holdings and the Director of its business development and planning department until 2015. Before joining Otsuka Pharmaceutical in April 2003, he was a general manager of Mizuho Corporate Bank Ltd. from 2002 to 2003. From 1999 to 2002, Mr. Ashida was a general manager of the

Industrial Bank of Japan (“IBJ”), where he headed the credit department for western Japan. From 1995 to 1999, Mr. Ashida served as Vice President responsible for business development at 3iBJ Ltd., a venture capital firm formed by 3i Group plc and IBJ. From 1989 to 1995, Mr. Ashida was a Senior Vice President of IBJ (Canada). He joined IBJ in 1977 in its Tokyo branch. Mr. Ashida received his bachelor’s degree in economics from the University of Tokyo in 1977.

**Ms. Weiqin Sun** (孫維琴), born in 1980, is a Non-Executive Director of the Company. Ms. Sun is currently the deputy general manager (in charge of overall management) of Shanghai Zhangjiang Technology Venture Capital Co., Ltd., the dean of Shanghai Zhangjiang Innovation Institute, and the deputy director of the investment service center of Shanghai Zhangjiang (Group) Co., Ltd.. Ms. Sun joined Shanghai Zhangjiang Group in July 2002. She has successively served as the assistant to the director of the incubator center of Shanghai Zhangjiang (Group) Co., Ltd., the executive deputy general manager (in charge of overall management), general manager of Shanghai Zhangjiang Business Incubator Management Co., Ltd., assistant general manager, deputy general manager of Shanghai Zhangjiang Technology Venture Capital Co., Ltd. Ms. Sun graduated from Shanghai University with a bachelor’s degree in Chinese language and literature in June 2002, and graduated from Fudan University with a master’s degree in business administration in January 2010.

**Dr. Qiyi Luo** (羅七一), born in 1962, is a Non-Executive Director of the Company. Dr. Luo was the chief technology officer and a member of the Greater China Executive Committee and Intercontinental Cardiac Rhythm Management Committee of the Company. Dr. Luo joined the Group in January 2003, and has been mainly responsible for the technology, and research and development of the Group. Dr. Luo was appointed as a non-executive director and the chairman of MicroPort CardioFlow Medtech Corporation (a subsidiary of the Group listed on the Hong Kong Stock Exchange, stock code: 2160) in August 2019 and January 2020, respectively, and resigned from these positions in August 2023. From June 2019 to August 2023, Dr. Luo also served as a director of Shanghai MicroPort EP MedTech Co., Ltd. (an associate of the Group listed on the Science and Technology Board of Shanghai Stock Exchange, stock code: 688351). Dr. Luo has over 32 years of experience in the medical device industry. He worked as the principal research and development engineer and a senior manufacturing/development engineer at Medtronic AVE Inc. from May 1995 to December 2002. From February 1991 to May 1995, he worked as a supervisor and an engineer of the angioplasty research and development team at Vas-Cath Inc., a subsidiary of C.R. Bard, Inc., a medical device manufacturing company listed on the New York Stock Exchange (ticker symbol: BCR). Dr. Luo received his bachelor’s degree in applied science from Yunnan University of Technology (雲南理工大學) in July 1983, his master’s degree in applied science from Queen’s University in Canada in December 1990 and his doctor’s degree in biomedical engineering from University of Shanghai for Science and Technology (上海理工大學) in March 2015. Dr. Luo has been the inventor or the co-inventor of over 300 patents in China, the United States, Japan and the EU.

**Mr. Bo Peng** (彭博), born in 1968, is a Non-Executive Director and a member of the Strategic Committee of the Company. From December 2021 to November 2023, he served as a non-executive director and chairperson of MicroPort NeuroTech Limited (a subsidiary of the Group listed on the Hong Kong Stock Exchange, stock code: 2172). From July 2018 to November 2023, Mr. Peng also has served as a director and chairperson of Shanghai MicroPort Endovascular MedTech (Group) Co., Ltd. (a subsidiary of the Group listed on the STAR Market of the Shanghai Stock Exchange, stock code: 688016) (the “**EV MedTech**”) since July 2018. Prior to current position, Mr. Peng was the chief marketing officer of the Company and the chairperson of Greater China Executive Committee of the Company. Mr. Peng joined the Group in 2001, and held various positions including market development manager, director of human resources and senior vice president of domestic sales and marketing department in the Group. Mr. Peng has over 24 years of experience in marketing and sales. Mr. Peng received his bachelor’s degree in Computer Science from Changchun University of Science and Technology in 1990 and his master’s degree in Business Administration from Shanghai University of Finance & Economics in 2003.



## Independent Non-Executive Directors

**Mr. Jonathan H. Chou** (周嘉鴻), born in 1964, was appointed as our Independent Non-Executive Director (“INED”) on 3 September 2010. He is a seasoned finance and operations executive with more than 32 years of professional experience from banking to various senior leadership positions with Fortune 500 companies. These companies include Honeywell International, Tyco (ADT), Lucent Technologies/Bell Labs, and Public Service Enterprise Group (PSEG). His publicly listed company CFO roles include CFO for Feihe International, where his efforts led to a successful listing on the Main Board of the New York Stock Exchange in 2009. He held the CFO plus other C-level roles from 2010 to 2018 for Kulicke & Soffa Industries, Inc. (NASDAQ: KLIC), a leading provider of semiconductor packaging and electronic assembly solutions supporting the global automotive, consumer, communications, computing, and industrial segments. More recently in January 2021, Mr. Chou was appointed as an Independent Non-Executive Director of MicroPort CardioFlow Medtech Corporation, a subsidiary of the Company, which gained successful listing on the Hong Kong Stock Exchange on 4 February 2021. Mr. Chou joined the Singapore headquartered UTAC Group in February 2021 as its CFO. The UTAC Group is an independent provider of assembly and test services for a broad range of semiconductor chips offering a full range of semiconductor assembly and test services. Mr. Chou holds an MBA from Duke University’s Fuqua School of Business and a B.A. from the University at Buffalo.

**Dr. Guoen Liu** (劉國恩), born in 1957, was appointed as our INED on 3 September 2010. Dr. Liu is a noted scholar in the fields of health and development economics, health reform and pharmaceutical economics. Dr. Liu currently serves as Peking University BOYA Distinguished Professor of Economics, Dean of Peking University Institute for Global Health and Development, MOH Yangtze River Scholar professor of economics at the Peking University National School of Development. From 2000 to 2006, Dr. Liu was a tenured associate professor of University of North Carolina at Chapel Hill. From 1994 to 2000, Dr. Liu was an assistant professor of University of Southern California. Dr. Liu also serves as an editor or associate editor in various journals in the field of health economics and pharmaceutical economics. Dr. Liu received his bachelor’s degree in mathematics from Southwestern University for Nationalities in 1981, his master’s degree in statistics from Southwestern University of Finance and Economics in 1985, his Ph.D. in economics from the City University of New York Graduate Center in 1991, and postdoctoral training in health economics from Harvard University in 1994.

**Mr. Chunyang Shao** (邵春陽), born in 1964, was appointed as our INED on 23 September 2016. Mr. Shao is currently a partner of JunHe LLP and a member of the All China Lawyers Association and Shanghai Bar Association. Mr. Shao specialises in practice such as corporate, foreign investment, real estate, mergers and acquisitions, securities, infrastructure and project finance. From July 1988 to October 1993, Mr. Shao worked in Anhui Foreign Economy Law Office. From November 1995 to March 2002, Mr. Shao worked in the London, Hong Kong and China offices of major international law firms, including in Simmons & Simmons as PRC legal counsel and Sidley Austin as a senior PRC legal consultant. Mr. Shao joined JunHe LLP in April 2002. From August 2018 to September 2021, Mr. Shao was an independent director of Changjiang & Jingong Steel Building (Group) Co., Ltd. (長江精工鋼結構(集團)股份有限公司), a company listed on Shanghai Stock Exchange (stock code: 600496)). Mr. Shao is currently an independent director of Zhejiang Aishida Electric Co., Ltd. (浙江愛仕達電器股份有限公司), a company listed on Shenzhen Stock Exchange (stock code: 002403)) and Pharma Resources Shanghai Co., Ltd. (上海泓博智源醫藥股份有限公司), a company listed on Shenzhen Stock Exchange, (stock code: 301230)), and Brite Semiconductor (Shanghai) Co., Ltd. (燦芯半導體(上海)股份有限公司). Mr. Shao received his bachelor’s degree in law from East China University of Political Science and Law in 1987, and was admitted to practice PRC law in 1988. From 1993 to 1994, Mr. Shao worked as a visiting lawyer in Sino-Britain Young Lawyers’ Exchange Program in the UK. In 2002, he received his master’s degree in law from East China University of Political Science and Law.

## Senior Management

We currently consist of three geographically distinctive operational units which are Greater China Executive Committee (“CEC”), InterContinental Orthopaedics Committee (“IOC”) and InterContinental CRM Committee (“ICC”). The above committees are under management of Dr. Zhaohua Chang (常兆華), Executive Director, the Founder, Chairman and CEO of the Company. Please refer to the section headed “*Directors-Executive Director*” above for the details of his biography.



The other members of the senior management as of the date of this Offering Circular are as follow:

#### **Greater China Executive Committee**

**Mr. Hongbin Sun**(孫洪斌), is the Chief Financial Officer of the Company, the Co-Chairperson of CEC and a member of ICC. Mr. Sun has over 25 years of finance experience. Mr. Sun was the Director and general manager of Otsuka China from 2006 to 2010. From 2004 to 2006, he served as a financial director of Otsuka China. From 1998 to 2003, Mr. Sun was an assistant manager of the Shanghai office of KPMG. Mr. Sun is a member of the Chinese Institute of Certified Public Accountants and is also a Chartered Financial Analyst. Mr. Sun received his bachelor's degree in Economics from Shanghai Jiao Tong University in 1998.

**Mr. Jie Zhang** (張劼), is the Acting Chief Technology Officer (the “CTO”) of the Company, the senior Vice President of the Engineering Research Institute and a member and the CTO of CEC. Mr. Zhang also provides in-house tutoring for master's degree students from Zhejiang University, East China University of Science and Technology, and University of Shanghai for Science and Technology. Mr. Zhang received his bachelor's degree in communication engineering Zhejiang University of Technology in 2002, his master's degree in Test and Measurement Technology and Instrumentation in 2007, and his Ph.D. in Biomedical Engineering in 2021, both from University of Shanghai for Science and Technology.

**Mr. Yimin Xu** (徐益民), is the Senior Executive Vice President of Regulatory Affairs & Property Management of MicroPort Sinica Co., Ltd. and a member of CEC. Prior to current position, Mr. Xu has served as Vice President of Quality and Regulatory of the Company. He has over 23 years of experience in medical device industry. Prior to joining us in 2000, Mr. Xu served as project manager in Shanghai Zhangjiang Hi-Tech Development Co., Ltd. and Shanghai Zhangjiang Hi-Tech Innovation Centre, from 1995 to 2000. Mr. Xu also served as quality engineer in Nanjing No.2 Air Compressor Factory from 1988 to 1992. Mr. Xu received his master's degree in Mechanical and Electronic Engineering from Shanghai Jiao Tong University in 1995.

**Dr. Chengyun Yue** (樂承筠), is the Executive Vice President of Business Development and Project Management of MicroPort Sinica Co., Ltd. and a member of CEC. Prior to current position, Dr. Yue has served as the Senior Vice President of Business Development and Project Management, Vice President of Planning and Project Management, Senior Director of Project Management Office, and Director of R&D Support of the Company. Before joining the Company, Dr. Yue worked in a Biotech company in Southern California for 7 years for developing islets transplantation product. Dr. Yue received both her bachelor's and master's degree from Nanjing University, Ph.D. in Material Science from University of Alabama, and conducted her postdoctoral research in Biomedical Engineering at the California Institute of Technology.

**Mr. Yiyun Que** (闕亦雲), is the Executive Vice President of Intelligent Manufacturing & Global Supply Chain of MicroPort Sinica Co., Ltd. and a member of CEC. Prior to current position, Mr. Que served as the First Vice President of Coronary Manufacturing and Engineering, Vice President of Manufacturing and Engineering of the Company and has over 17 years' experience in medical device industry. Prior to joining the Company in 2006, Mr. Que served as an engineering manager in Shanghai Lenovo Electronic Co., Ltd. Mr. Que received his bachelor's degree in Industrial Engineering from Sichuan University in 2001 and his master's degree in Biomedical Engineering from University of Shanghai for Science and Technology in 2015.

**Mr. Lei Jiang** (蔣磊), is the Chairman of the board of directors of Shanghai MicroPort Medical (Group) Co., Ltd. and a member of CEC. Mr. Jiang has over 25 years of experience in pharmaceutical and medical device industry. From 1998 to 2006, Mr. Jiang worked in Mitsubishi Chemical in Japan and Abbott Medical Vascular Intervention Department. He joined the Coronary Artery Marketing Department of Shanghai Medical (Group) Co., Ltd. In 2006. In 2010, Mr. Jiang was appointed as the Group's National coronary product Sales Director. In 2019, Mr. Jiang was appointed as Advanced Vice President of National coronary artery marketing. In 2020, Mr. Jiang was appointed as Senior Vice President of National marketing. In 2021, Mr. Jiang was appointed as the President of Shanghai

MicroPort Medical (Group) Co., Ltd. In December 2022, Mr. Jiang was appointed as the Chairman of the board of directors of Shanghai MicroPort Medical (Group) Co., Ltd. Mr. Jiang graduated from Nanjing Medical University in 1998 and obtained an EMBA degree from Shanghai Jiaotong University in 2020.

**Ms. Qing Hui (惠青)**, is the First Vice President of Organisational Ability of the Company, a member of CEC and a member of ICC. Prior to current position, Ms. Hui has worked for Boston Scientific for more than 12 years with various HR leadership roles in different countries and regions including China, Asia Pacific, Middle East and Canada. Before that, Ms. Hui has worked for banking and insurance industries for more than 10 years. Ms. Hui received her bachelor's degree in English from Shanghai Second Polytechnic University in 1992, Master of Business Administration from Shanghai University of Finance and Economic in 2002 and Executive Master in Consulting and Coaching for Change from INSEAD in 2017.

**Ms. He Li (李荷)**, is the First Vice President of Board Secretary and Legal Affairs of the Company and a member of CEC. Prior to current position, Ms. Li has worked for well-known global companies and has over 13 years of experience in accounting, financial analysis, risk control and strategic management and over 14 years of experience in corporate governance. Ms. Li received her bachelor's degree in Accounting from Xiamen University in 1992 and her master's degree in Business Administration from the Sauder School of Economics at the University of British Columbia in 2004.

### **Intercontinental Orthopaedics Committee**

**Mr. Jonathan Chen**, is the Chief International Business Officer (“CIBO”) of the Company, Chairperson of ICC and Co-Chairperson of IOC. Prior to current positions, he has served as the Executive Vice President of International Operations and Investor Relations of the Company. Mr. Chen's primary responsibilities include expanding the Company's International business in markets of the U.S, Europe, Asia Pacific and South America. Mr. Chen has over 26 years of experience in the medical device industry. Prior to joining the Company, Mr. Chen worked for Angiotech Pharmaceuticals, Inc. for 6 years, where he was senior vice president of business development & financial strategy. He led the management team to build a diversified medical products business through several transformational acquisitions and licensing transactions. Prior to joining Angiotech, Mr. Chen was a life sciences investment banker for Credit Suisse and Alex. Brown & Sons where he advised his clients on equity and debt capital raising as well as on Mergers & Acquisitions transactions. Mr. Chen holds a Bachelor of Arts degree in Economics and a bachelor of sciences degree with honours in Biological Sciences from Stanford University.

**Mr. Todd Smith**, is the Vice President of Finance of MicroPort Orthopedics Inc. and a member of IOC. Following the Company's asset purchase of Wright Medical Technology's OrthoRecon Business in January 2014, he had served as Vice President of Finance of MicroPort Orthopedics Inc. Prior to his current position, Mr. Smith had been Wright's senior director of strategic and financial planning from 2011 to 2014; from 2001 to 2010, he served as Wright's director and senior director of international finance. Prior to joining Wright, Mr. Smith was the vice president and finance controller of Vision America, Inc. and was an audit staff in the Memphis office of KPMG. He holds a Bachelor of Arts degree at Rhodes College and is a member of the American Institute of Certified Public Accountants (AICPA).

**Mr. Patrick Yu (俞天白)**, is the acting General Manager of MicroPort Orthopedics China, a member of IOC and a director of Suzhou MicroPort Orthopedics Scientific (Group) Co., Ltd.. Mr. Yu joined our Group in 2015, and has served as Vice General Manager of Suzhou MicroPort OrthoRecon Co. Ltd.. From May 2022, Mr. Yu has served as Executive General Manager of MicroPort Orthopedics China. Prior to joining in our Group, he was an engineering manager of Johnson & Johnson Medical (Suzhou) Ltd. and was a management trainee of DePuy Ace Sarl. Mr. Yu holds a master degree of Mechanical Manufacturing and Automation and a master degree of Business Administration at Zhejiang University.

**Mr. Robert Alan Cripe**, is the Chief Commercial Officer of MicroPort Orthopedics Inc. and a member of IOC. He joined the Group in November 2021 and is responsible for the marketing of the orthopaedics business in North America. Mr. Cripe has over 30 years of global management experience in medical devices industry, mainly managing the sales, marketing, product development and clinical affairs of large joints, hip joints and knee joints. Mr. Cripe had served in several well-known enterprises and start-ups, including Chief Commercial Officer in Integrated Endoscopy, Chief Marketing Officer and Consultant in Biogenix, Executive Vice President of North American Commercial Operations and Global Marketing in Freedom Innovations, Vice President of Marketing in Tibion, Senior Vice President of Strategic Marketing in DJO GLOBAL, Vice President of Marketing and Development of PEGASUS BIOLOGICS, Vice President of Marketing and Development of Global Hip Franchise in SMITH & NEPHEW, INC., Vice President of Marketing and Development in KINETIKOS MEDICAL, INC., Vice President of Marketing in INTERPORE CROSS, INTERNATIONAL and regional manager in BIOMET, INC. He holds a Bachelor of Science degree of Business Administration at Grace College.

**Mr. Jean Marc D'hondt**, is the Vice President of International Marketing of MicroPort Orthopedics Inc. and a member of IOC. Mr. D'hondt has served as Vice President of International Marketing of MicroPort Orthopedics Inc. since August 2019. Mr. D'hondt has comprehensive experience in the orthopaedics business, he has successively served as Vice President of International Marketing and Vice President of International Marketing & Medical Education of MicroPort Orthopedics Inc.. Prior to the Company's asset purchase of Wright Medical Technology's OrthoRecon Business in January 2014, Mr. D'hondt had been vice president of OrthoRecon Marketing in Europe, East Asia and Africa of Wright from 2011 to 2013, regional vice president of Sales in Northern Europe of Wright from 2010 to 2011 and managing director of Wright Medical Belgium from 2007 to 2011. Prior to joining Wright, he was sales manager of Stryker Belgium and sales representative of Innovex. Mr. D'hondt holds a Master's degree in Health Sciences and Physical Education.

#### **Intercontinental CRM Committee**

**Mr. Jonathan Chen**, CIBO of the Company, Chairperson of ICC and Co-Chairperson of IOC. Please refer to the above for the details of his biography.

**Mr. Benoît Clinchamps**, is President of MicroPort CRM and Co-Chairperson of ICC. Mr. Benoit Clinchamps has 24 years of experience in the medical device industry and 9 years of experience in the aerospace industry. Previously, Mr. Clinchamps served as Vice-President & General Manager of the CRM business in LivaNova and he served as Vice-President for Product Development & Regulatory Affairs, Vice President for Quality Assurance & Regulatory Affairs, Director of Plant Manager and Quality Assurance & Regulatory Affairs in Sorin group. Prior to joining Sorin group, Mr. Clinchamps spent 6 years at GE Healthcare and was the Director of Operations in Europe where he was 6 Sigma Champion. Before entering into the healthcare and medical product industry, Mr. Clinchamps served as Project Manager in several international projects in the aerospace industry. Mr. Clinchamps holds an Engineering Degree from ICAM Lille France (Institut Catholique des Arts et Métiers). He furthermore completed a Management Course in Aerospace in ENSAE Toulouse France (Ecole Nationale Supérieure de l'Aéronautique et de l'Espace) and in TUM Germany (Technische Universität München). He is a certified 6 Sigma Black Belt and also took an Executive Course at INSEAD Fontainebleau France.

**Mr. Hongbin Sun** (孫洪斌), is Chief Financial Officer of the Company, Co-Chairperson of CEC and a member of ICC. Please refer to the above for the details of his biography.

**Mr. Philippe Wanstok**, is Senior Vice President of Sales & Marketing & Customer Service & Market Access of MicroPort CRM and a member of ICC. Following the Company's asset purchase of LivaNova PLC's CRM business in May 2018, he has served as Senior Vice President of Global Sales of MicroPort CRM since August 2018. He has over 31 years of experience in medical device industry. He was acting as Chief Commercial Officer for CVRx. Before that, he served as the international general manager of Cardiac Rhythm Disease Management – Commercial Operations at Medtronic, leading an international team of near 3,000 colleagues generating more than \$2.4 billion of revenues in active markets of implantable devices. Mr. Wanstok participated in the establishment and development of cardiac rhythm business of Medtronic. He also worked at Guidant, where he served in a variety of

management roles during which he established successful country and regional operation personnel, sales organisation and distribution channels in France and Spain. After Guidant's merger with Boston Scientific, Mr. Wanstok served as the vice president of international marketing for Boston Scientific, where he established and launched global marketing strategies. Mr. Wanstok holds a master's degree in Economics from the University of Paris-Assas and a Ph.D in Finance and International Marketing from the University of Pantheon-Sorbonne.

**Mr. Paul Vodden**, is Vice President of Finance of MicroPort CRM and a member of ICC, roles he has had since the Company's asset purchase of LivaNova PLC's CRM Business in May 2018. From 2011 to 2018, Mr. Vodden was with the Sorin Group, latterly LivaNova, where as vice president of finance he held financial responsibility for its business in the European and Japanese markets as well as globally for CRM. From 2003 to 2011, he held European finance management roles within Boston Scientific. Prior to 2003, he worked in Hewlett Packard, in both the UK and France, with several roles including financial operations manager of the commercial desktop business. Mr. Vodden has worked in PricewaterhouseCoopers in the UK, where he qualified as a Chartered Accountant with ICAEW. Mr. Vodden graduated in Business Economics and Accounting from the University of Southampton.

**Mr. Xiaoming Zhu** (朱曉明), is the general manager ("GM") of MicroPort Soaring CRM (Shanghai) Co., Ltd, ("MSC") and a member of ICC. Prior to the GM position, he served as senior director of sales & marketing at MSC since 2014. Mr. Zhu has over 22 years of CRM experience. He was the marketing Director of Cardiac Rhythm & Heart Failure at Medtronic Great China from 2013 to 2014. From 2011 to 2013, Mr. Zhu served as senior marketing manager of Critical Care at Edwards Great China. From 2009 to 2011, Mr. Zhu was National Manager of Operation at St. Jude Medical China, and from 2006 to 2009, he was the head of Cardiac Rhythm Management Division business. Before that, he served as a manager of Vitatron business division at Medtronic China.

**Ms. Qing Hui** (惠青), is the First Vice President of Organisational Ability of the Company, a member of CEC and a member of ICC. Please refer to the above for the details of her biography.

## PRINCIPAL SHAREHOLDERS

As at 30 June 2023, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would need to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) (“SFO”) and recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of substantial shareholder	No. of shares	Capacity	Nature of interest	Percentage of total number of shares in issue (%)
Otsuka Holdings Co., Ltd. <sup>(1)</sup> . . . . .	382,994,120	Interest of controlled corporation	Long position	20.88
Otsuka Medical Devices Co., Ltd. <sup>(1)</sup> . . . . .	382,994,120	Beneficial owner	Long position	20.88
Maxwell Maxcare Science Foundation Limited <sup>(2)</sup> . . . . .	344,046,363	Interest of controlled corporation/ Beneficial owner	Long position	18.76
We’Tron Capital Limited <sup>(2)</sup> . . . . .	343,024,244	Beneficial owner	Long position	18.70
Shanghai Zhangjiang (Group) Co., Ltd. <sup>(3)</sup> . . . . .	171,748,050	Interest of controlled corporation	Long position	9.36
Shanghai Zhangjiang Hi-Tech Park Development Co., Ltd. <sup>(3)</sup> . . . . .	171,748,050	Interest of controlled corporation	Long position	9.36
Shanghai Zhangjiang Science and Technology Investment Co. <sup>(3)</sup> . . . . .	171,748,050	Interest of controlled corporation	Long position	9.36
Shanghai Zhangjiang Haocheng Venture Capital Co., Ltd. <sup>(3)</sup> . . . . .	171,748,050	Interest of controlled corporation	Long position	9.36
Shanghai Zhangjiang Science and Technology Investment (Hong Kong) Company Limited <sup>(3)</sup> . . . . .	171,748,050	Interest of controlled corporation	Long position	9.36
Shanghai (Z.J.) Holdings Limited <sup>(3)</sup> . . . . .	171,748,050	Interest of controlled corporation	Long position	9.36
Shanghai ZJ Hi-Tech Investment Corporation <sup>(3)</sup> . . . . .	171,748,050	Interest of controlled corporation/ Beneficial owner	Long position	9.36
Shanghai Zhangjiang Health Solution Holdings Limited <sup>(3)</sup> . . . . .	164,705,470	Beneficial owner	Long position	8.98
Hillhouse Capital Advisors, Ltd. . . . .	153,694,000	Investment manager	Long position	8.38
Gaoling Fund, L.P. . . . .	147,009,000	Beneficial owner	Long position	8.01

<sup>(1)</sup> Otsuka Holdings Co. Ltd. holds the entire issued share capital of Otsuka Medical Devices Co., Ltd., and therefore, is deemed to be interested in the same number of Shares held by Otsuka Medical Devices Co., Ltd.

<sup>(2)</sup> Maxwell Maxcare Science Foundation Limited (“Maxwell”) holds 100% interest of We’Tron Capital Limited, and therefore, is deemed to be interested in the same number of Shares and share interests held by We’Tron Capital Limited. Maxwell is also the beneficial owner of 1,022,119 Shares.

<sup>(3)</sup> Shanghai Zhangjiang (Group) Co., Ltd. is wholly-owned by the State-owned Assets Supervision and Administration Commission of the Shanghai Pudong New Area People’s Government. Shanghai Zhangjiang (Group) Co., Ltd. holds 100% interest in Shanghai Zhangjiang Science and Technology Investment Co., which in turn holds 100% interest in Shanghai Zhangjiang Science and Technology Investment (Hong Kong) Company Limited, which in turn holds 50% interest in Shanghai ZJ Hi-Tech Investment Corporation. Shanghai Zhangjiang (Group) Co., Ltd. also holds 50.75% interest in Shanghai Zhangjiang Hi-Tech Park Development Co., Ltd., which in turn holds 100% interest in Shanghai Zhangjiang Haocheng Venture Capital Co., Ltd., which in turn holds 100% interest in Shanghai (Z.J.) Holdings Limited, which in turn holds 50% interest in Shanghai ZJ Hi-Tech Investment Corporation. Shanghai ZJ Hi-Tech Investment Corporation holds 100% interest in Shanghai Zhangjiang Health Solution Holdings Limited. The interest in 171,748,050 Shares relates to the same block of Shares in long position held by the following companies:

Name of Controlled Corporation	No. of Shares	Approximate percentage of total number of Shares in issue (%)
Shanghai Zhangjiang Health Solution Holdings Limited . . . . .	164,705,470	8.98
Shanghai ZJ Hi-Tech Investment Corporation . . . . .	7,042,580	0.38
Total . . . . .	171,748,050	9.36

## RELATED PARTY TRANSACTIONS

The following discussion describes certain material related party transactions between us or our consolidated subsidiaries and our Directors, executive officers and Principal Shareholders. Each of our related party transactions was entered into in the ordinary course of business, on fair and reasonable commercial terms, in our interests and the interests of our shareholders.

### TRANSACTIONS WITH RELATED PARTIES

The table below sets forth certain material transactions between us and our related parties for the periods indicated for our sales of goods and rendering of services to:

	For the year ended 31 December			For the six months ended 30 June	
	2020	2021	2022	2022	2023
	(U.S.\$)				
	(in thousands)				
Subsidiaries of Otsuka					
Holdings Co., Ltd. . . . .	4,012	3,392	934	—	1,548
KISCO Co., Ltd. . . . .	412	—	—	—	—
Zhejiang Accupath Smart Manufacturing (Group) Co., Ltd. . . . .	—	1,512	5,592	—	—
Optimum Medical Device Inc. and Zhejiang AccuPath Smart Manufacturing (Group) Co., Ltd. . . . .	—	—	—	3,269	10,183
Shanghai MicroPort EP MedTech Co., Ltd. . . . .	751	—	759	—	—
Shanghai Horizon Medtech Co., Ltd. . . . .	223	—	232	—	—
Purple Medical Solutions Private Limited . . . . .	209	1,154	1,059	—	—

### COMPENSATION OF KEY MANAGEMENT PERSONNEL

The table below sets forth the remuneration of our key management for the periods indicated:

	For the year ended 31 December			For the six months ended 30 June	
	2020	2021	2022	2022	2023
	(U.S.\$)				
	(in thousands)				
Salaries and other benefits . . .	2,934	2,926	7,555	2,782	3,449
Discretionary bonuses . . . . .	177	981	4,426	2,000	2,537
Retirement scheme contributions . . . . .	89	130	126	80	461
Defined benefit plans costs . .	—	—	140	—	8
Equity-settled share-based payment expenses . . . . .	40,527	51,857	11,263	14,170	7,515
Cash-settled share-based payment expenses . . . . .	468	299	128	53	126
	<u>44,195</u>	<u>56,193</u>	<u>23,638</u>	<u>19,085</u>	<u>14,096</u>



## TERMS AND CONDITIONS OF THE BONDS

*The following, subject to amendment and save for the paragraphs in italics, are the Terms and Conditions of the Bonds, substantially as they will appear on the reverse of each of the definitive certificates representing the Bonds.*

The issue of the U.S.\$220,000,000 in aggregate principal amount of 5.75 per cent. convertible bonds due 2028 (the “**Bonds**”, which term shall include, unless the context requires otherwise, any further bonds issued in accordance with Condition 15 (*Further Issues*) and consolidated and forming a single series therewith) of MicroPort Scientific Corporation (the “**Issuer**”) and the right of conversion into Shares (as defined in Condition 6(a)(v) (*Meaning of “Shares”*)) was authorised by the board of directors of the Issuer on 30 November 2023. The Bonds are constituted by a trust deed (as amended and/or supplemented from time to time, the “**Trust Deed**”) dated 19 December 2023 (the “**Issue Date**”) made between the Issuer and The Bank of New York Mellon, London Branch as trustee for the holders (as defined below) of the Bonds (the “**Trustee**”, which expression shall include all persons for the time acting as trustee or trustees under the Trust Deed). These terms and conditions (these “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed. The Bondholders (as defined below) are entitled to the benefit of, and are bound by, and are deemed to have notice of, all of the provisions of the Trust Deed, and are deemed to have notice of those provisions applicable to them of the paying, conversion and transfer agency agreement dated 19 December 2023 (as amended and/or supplemented from time to time, the “**Agency Agreement**”) relating to the Bonds made between the Issuer, the Trustee, The Bank of New York Mellon, London Branch as principal paying agent and principal conversion agent (collectively in those capacities, the “**Principal Agent**”), The Bank of New York Mellon SA/NV, Dublin Branch as registrar (the “**Registrar**”) and transfer agent and the other paying agents, conversion agents and transfer agents appointed under it (each a “**Paying Agent**”, a “**Conversion Agent**”, or a “**Transfer Agent**”, as the case may be, and together with the Registrar and the Principal Agent, the “**Agents**”) relating to the Bonds. References to the “**Paying Agents**” and to the “**Conversion Agents**” each include the Principal Agent, and references to the “**Principal Agent**”, the “**Registrar**” and the “**Agents**” below are references to the principal agent, registrar and agents for the time being for the Bonds.

Copies of the Trust Deed and the Agency Agreement (i) are available for inspection following prior written request and proof of holding and identity to the satisfaction of the Trustee at all reasonable times during normal business hours (being between 9.00 a.m. and 3.00 p.m.) at the principal office for the time being of the Trustee (being as at the Issue Date at 160 Queen Victoria Street, London EC4V 4LA, United Kingdom) or (ii) may be provided by email to such holder requesting copies of such documents, in any such case following prior written request and proof of holding and identity to the satisfaction of the Trustee.

Unless otherwise defined, terms used in these Conditions have the meaning specified in the Trust Deed.

### 1. Status

The Bonds constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4(a) (*Negative Pledge*)) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Issuer under the Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable law and subject to Condition 4(a) (*Negative Pledge*), at all times rank at least equally with all of the Issuer’s other present and future unsecured and unsubordinated obligations.

### 2. Form, Denomination and Title

- (a) *Form and Denomination*: The Bonds are in registered form in the denomination of U.S.\$200,000 and integral multiples of U.S.\$100,000 in excess thereof (the “**Authorised Denomination**”). A bond certificate (each a “**Certificate**”) will be issued to each Bondholder

in respect of its registered holding of Bonds. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Bondholders (the “**Register**”) which the Issuer will procure to be kept by the Registrar.

*Upon issue, the Bonds will be represented by the Global Certificate registered in the name of a nominee of, and deposited with, a common depositary for Euroclear and Clearstream. The Conditions are modified by certain provisions contained in the Global Certificate. See “The Global Certificate”.*

- (b) *Title:* Title to the Bonds passes only by transfer and registration in the Register as described in Condition 3 (*Transfers of Bonds; Issues of Certificates*). The holder of any Bond will (except as otherwise required by law or ordered by a court of competent jurisdiction) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions “**Bondholder**” and (in relation to a Bond) “**holder**” means the person in whose name a Bond is registered (or in the case of a joint holding, the first named thereof).

### 3. Transfers of Bonds; Issue of Certificates

- (a) *Register:* The Issuer will cause the Register to be kept at the specified office of the Registrar outside Hong Kong and the United Kingdom in accordance with the terms of the Agency Agreement on which shall be entered the names and addresses of the holders of the Bonds and the particulars of the Bonds held by them and of all transfers of the Bonds. Each Bondholder shall be entitled to receive only one Certificate in respect of its entire holding of Bonds.
- (b) *Transfer:* Subject to Conditions 3(e) (*Closed Periods*) and 3(f) (*Regulations*) and the terms of the Agency Agreement, a Bond may be transferred by delivery of the Certificate issued in respect of that Bond, with the form of transfer on the back of such Certificate duly completed and signed by the holder or his attorney duly authorised in writing, to the specified office of either the Registrar or any of the Transfer Agents, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may require to prove the title of the transferor and the authority of the individuals who have executed the form of the transfer; *provided, however, that* a Bond may not be transferred unless the principal amount of the Bond transferred and (where not all of the Bonds held by the holder are being transferred) the principal amount of the balance of the Bonds not so transferred, is an Authorised Denomination. Where not all Bonds represented by the surrendered Certificate are the subject of the transfer, a new Certificate in respect of the balance of the Bonds will be issued to the transferor. No transfer of a Bond will be valid unless and until entered on the Register.

*Transfers of interests in the Bonds represented by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.*

- (c) *Delivery of New Certificates:* Each new Certificate to be issued upon a transfer or (if applicable) conversion of Bonds will, within five business days (as defined below) of receipt by the Registrar or, as the case may be, any Transfer Agent of the original Certificate and the form of transfer duly completed and signed, be made available for collection at the specified office of the Registrar or such other relevant Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder entitled to the Bonds (but free of charge to the holder and at the Issuer’s expense) to the address specified in the form of transfer.

*Except in the limited circumstances described herein (see “The Global Certificate”), owners of interests in the Bonds will not be entitled to receive physical delivery of Certificates. The Bonds are not issuable in bearer form.*

Where only part of a principal amount of the Bonds (being that of one or more Bonds) in respect of which a Certificate is issued is to be transferred, converted or redeemed, a new Certificate in respect of the Bonds not so transferred, converted or redeemed will, within five business days (as defined below) of delivery of the original Certificate to the Registrar or, as the case may be, any Transfer Agent, be made available for collection at the specified office of the Registrar or such other relevant Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder of the Bonds not so transferred, converted or redeemed (but free of charge to the holder and at the Issuer's expense) to the address of such holder appearing on the Register.

For the purposes of this Condition 3 (*Transfers of Bonds; Issue of Certificates*), Condition 5 (*Interest*) and Condition 6 (*Covenants*), “**business day**” shall mean a day other than a Saturday, Sunday or public holiday on which banks are open for business in Hong Kong and in the city in which the specified office of the Registrar (if a Certificate is deposited with it in connection with a transfer or conversion) or the Agent with whom a Certificate is deposited in connection with a transfer or conversion, is located.

- (d) *Formalities Free of Charge*: Registration of a transfer of Bonds and issuance of new Certificates will be effected without charge subject to (i) the person making such application for transfer paying or procuring the payment (or the giving of such indemnity as the Issuer, the Registrar or such Transfer Agent may require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer; and (ii) subject to Conditions 3(e) (*Closed Periods*) and 3(f) (*Regulations*).
- (e) *Closed Periods*: No Bondholder may require the transfer of a Bond to be registered (i) during the period of seven days ending on (and including) the dates for payment of any principal pursuant to the Conditions; (ii) after a Conversion Notice (as defined in Condition 6(g) (*Notice of Change in Conversion Price*)) has been delivered by such Bondholder with respect to a Bond; (iii) after a Relevant Event Redemption Notice (as defined in Condition 8(d) (*Redemption for Delisting, Suspension of Trading or Change of Control*)) or a Put Notice (as defined in Condition 8(e) (*Redemption at the Option of the Bondholders*)) has been deposited by such Bondholder in respect of such Bond pursuant to Conditions 8(d) (*Redemption for Delisting, Suspension of Trading or Change of Control*) or 8(e) (*Redemption at the Option of the Bondholders*) respectively; or (iv) during the period of seven days ending on (and including) any date of redemption pursuant to Conditions 8(b) (*Redemption for Taxation Reasons*) and 8(c) (*Redemption at the Option of the Issuer*). Each such period is a “**Closed Period**”.
- (f) *Regulations*: All transfers of Bonds and entries on the Register will be made subject to the detailed regulations concerning transfer of Bonds scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Trustee and the Registrar, or by the Registrar with the prior written approval of the Trustee. A copy of the current regulations will be made available for inspection by the Registrar as its specified office to any Bondholder following prior written request and proof of holding and identity to the satisfaction of the Trustee at all reasonable times during normal business hours (being between 9.00 a.m. and 3.00 p.m.).

#### **4. Negative Pledge and Other Covenants**

- (a) *Negative Pledge*: So long as any Bond remains outstanding (as defined in the Trust Deed), the Issuer shall not, and the Issuer shall procure that none of its Subsidiaries (other than Listed Subsidiaries) will, create or permit to subsist any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness, or to secure any Guarantee of Relevant Indebtedness without (i) at the same time or prior thereto securing the Bonds equally and rateably therewith to the satisfaction of the Trustee or (ii) providing such other security for the Bonds

as the Trustee may in its absolute discretion consider to be not materially less beneficial to the interests of the Bondholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of Bondholders.

- (b) *NDRC Review and Registration Certificate and NDRC Post-Issuance Reporting*: The Issuer has obtained a Certificate of Review and Registration of Enterprise Borrowing of Foreign Debt (the “**NDRC Review and Registration Certificate**”) from the National Development and Reform Commission of the PRC (the “**NDRC**”) on 10 July 2023 in accordance with the Administration Measures for the Examination and Registration of Medium and Long-term Foreign Debt of Enterprises (企業中長期外債審核登記管理辦法(國家發展和改革委員會令第56號)) (“**Order 56**”) issued by the NDRC with effect from 10 February 2023, and undertakes to file or report or cause to be filed or reported the requisite information and documents within the relevant prescribed timeframes after the Issue Date to the NDRC or its competent local counterpart in accordance with Order 56 (the “**NDRC Post-Issuance Reporting**”, which term for the avoidance of doubt, includes the Initial NDRC Post-Issuance Reporting (as defined in Condition 4(d) (*Notification of Submission of the Initial NDRC Post-Issuance Reporting and the Initial CSRC Post-Issuance Filing*) below)). The Issuer shall comply with all continuing obligations under Order 56 and other applicable PRC laws and regulations in relation to the issue of the Bonds.
- (c) *CSRC Post-Issuance Filings*: The Issuer undertakes to file or cause to be filed with the CSRC (as defined in Condition 4(f) (*Definitions*) below) within the relevant prescribed timeframes after the Issue Date the requisite information and documents in respect of the Bonds in accordance with the CSRC Filing Rules (as defined below) (the “**CSRC Post-Issuance Filings**”, which term for the avoidance of doubt, includes the Initial CSRC Post-Issuance Filing (as defined in Condition 4(d) (*Notification of Submission of the Initial NDRC Post-Issuance Reporting and the Initial CSRC Post-Issuance Filing*) below)) and comply with the continuing obligations under the CSRC Filing Rules and any implementation rules as issued by the CSRC from time to time.
- (d) *Notification of Submission of the Initial NDRC Post-Issuance Reporting and the Initial CSRC Post-Issuance Filing*: The Issuer (i) shall file or report or cause to be filed or reported (A) the initial NDRC Post-Issuance Reporting with the NDRC or its competent local counterpart of the information and documents relating to the issue of the Bonds that are required to be reported in accordance with Order 56 within ten PRC Business Days after the Issue Date (the “**Initial NDRC Post-Issuance Reporting**”) and (B) the CSRC Filing Report and other requisite information and documents in respect of the Bonds that are required to be filed with the CSRC within three PRC Business Days after the Issue Date in accordance with the CSRC Filing Rules (the “**Initial CSRC Post-Issuance Filing**”), and (ii) shall within ten PRC Business Days after the later of the submission of the Initial NDRC Post-Issuance Reporting and the submission of the Initial CSRC Post-Issuance Filing, provide the Trustee with a certificate (substantially in the form scheduled to the Trust Deed) in English signed by an Authorised Signatory (as defined in the Trust Deed) confirming (I) the obtainment of the NDRC Review and Registration Certificate; (II) the submission of the Initial NDRC Post-Issuance Reporting and the Initial CSRC Post-Issuance Filing; and (III) no Relevant Event, Event of Default or Potential Event of Default (as defined in the Trust Deed) has occurred (the “**Registration Certificate**”). In addition, the Issuer shall, within ten PRC Business Days after the Registration Certificate is delivered to the Trustee, give notice to the Bondholders (in accordance with Condition 16 (*Notices*)) confirming the submission of the Initial NDRC Post-Issuance Reporting and the Initial CSRC Post-Issuance Filing.

The Trustee may rely conclusively without verification or investigation on the Registration Certificate and any other document, confirmation, evidence and/or notice in relation to or in connection with the Post-Issuance Filings and shall have no obligation or duty to monitor or ensure that the Post-Issuance Filings are made as required by Conditions 4(b) (*NDRC Review and Registration Certificate and NDRC Post-Issuance Reporting*) and 4(c) (*CSRC Post-Issuance Filings*) and this Condition 4(e) (*Notification of Submission of the Initial NDRC Post-Issuance Reporting and the Initial CSRC Post-Issuance Filing*) or to assist with

the Post-Issuance Filings or to verify the accuracy, content, completeness, validity and/or genuineness of the Registration Certificate or any other document, confirmation, evidence and/or notice in relation to or in connection with the Post-Issuance Filings or any translation or certification thereof or to translate or procure that any Registration Certificate or other document, confirmation, evidence and/or notice in relation to or in connection with the Post-Issuance Filings is translated into English or to verify the accuracy or completeness of any English translation or to give notice to the Bondholders confirming the submission of the Initial NDRC Post-Issuance Reporting or the Initial CSRC Post-Issuance Filing or of any other Post-Issuance Filings, and shall not be liable to Bondholders or any other person for any of the foregoing and for not doing so.

(e) *Definitions:* In these Conditions:

“**CSRC**” means the China Securities Regulatory Commission;

“**CSRC Filing Rules**” means the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) and supporting guidelines issued by the CSRC on 17 February 2023, as amended, supplemented or otherwise modified from time to time;

“**CSRC Filing Report**” means the filing report of the Issuer in relation to the issuance of the Bonds which will be submitted to the CSRC within three PRC Business Days after the Issue Date pursuant to Articles 13 and 16 of the CSRC Filing Rules;

“**Guarantee**” means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

- (i) any obligation to purchase such Indebtedness;
- (ii) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;
- (iii) any indemnity against the consequences of a default in the payment of such Indebtedness; and
- (iv) any other agreement to be responsible for such Indebtedness;

“**Indebtedness**” means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

- (i) amounts raised by acceptance under any acceptance credit facility;
- (ii) amounts raised under any note purchase facility;
- (iii) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases (other than any liability in respect of a lease or hire purchase contract which would have been classified as an “operating lease” before the adoption of GAAP 16);
- (iv) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 60 days (other than trade payables incurred in the ordinary course of business); and
- (v) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;



**“Listed Subsidiary”** means, with respect to any Person, any Subsidiary any class of shares carrying Voting Rights of which is listed, whether on the Issue Date or in the future, on a Qualifying Exchange and any Subsidiary of a Listed Subsidiary;

**“Post-Issuance Filings”** mean the NDRC Post-Issuance Reporting and the CSRC Post-Issuance Filings;

**“PRC Business Day”** means a day, other than a Saturday, Sunday or public holiday on which commercial banks are open for business in Beijing, the PRC;

**“PRC”** means the People’s Republic of China, which, for the purposes of these Conditions, shall not include Hong Kong Special Administrative Region of the People’s Republic of China, the Macau Special Administrative Region of the People’s Republic of China and Taiwan;

**“Qualifying Exchange”** means either (i) the New York Stock Exchange, the London Stock Exchange, The Stock Exchange of Hong Kong Limited, the Nasdaq Stock Market, Singapore Exchange Securities Trading Limited, The Shanghai Stock Exchange or the Shenzhen Stock Exchange or (ii) a national securities exchange (as such term is defined in Section 6 of the Exchange Act) or a designated offshore securities market (as such term is defined in Rule 902(b) under the Securities Act);

**“Relevant Indebtedness”** means any Indebtedness (incurred outside the PRC) which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market but not any non-tradeable securities) (which shall not include any indebtedness under any transferrable loan facilities or agreements, bilateral loans or syndicated bank loans, drawing down of any existing credit lines or facilities of the Issuer or any of the Issuer’s Subsidiaries);

**“Security Interest”** means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction; and

**“Subsidiary”** means, in relation to any Person, any entity which is “controlled” and consolidated by such Person in accordance with applicable Hong Kong Financial Reporting Standards or International Financial Reporting Standards.

In this Condition 4 (*Negative Pledge and Other Covenants*), **“Person”** means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality.

## 5. Interest

The Bonds bear interest on their outstanding principal amount from and including the Issue Date at the rate of 5.75 per cent. per annum, payable semi-annually in arrear in equal instalments of U.S.\$5,750 per Calculation Amount (as defined below) on 19 June and 19 December in each year (each an **“Interest Payment Date”**), commencing on 19 June 2024.

Each Bond will cease to bear interest:

- (a) (subject to Condition 6(b)(iv) (*Interest Accrual*)) where the Conversion Right attached to it shall have been exercised by a Bondholder, from and including the Interest Payment Date immediately preceding the relevant Conversion Date (as defined in Condition 6(b)(i) (*Conversion Notice*)), or if none, the Issue Date (subject in any case as provided in Condition 6(B)(iv) (*Interest Accrual*)), or



- (b) where such Bond is redeemed or repaid pursuant to Condition 8 (*Redemption, Purchase and Cancellation*) or Condition 10 (*Events of Default*), from the due date for redemption or repayment thereof,

unless, upon due presentation thereof, payment of principal or premium (if any) is improperly withheld or refused. In such event, it will continue to bear interest at 2.0 per cent. per annum above the rate aforesaid (both before and after judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder, and (ii) the day falling seven days after the Trustee or the Principal Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each such successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an “**Interest Period**”.

Interest in respect of any Bond shall be calculated per U.S.\$200,000 in principal amount of the Bonds (the “**Calculation Amount**”). The amount of interest payable per Calculation Amount for any period shall, save as provided above in relation to equal instalments, be equal to the product of the annual rate of interest specified above in this Condition 5 (*Interest*), the Calculation Amount and the relevant day-count fraction determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

## 6. Conversion

### (a) *Conversion Right*

- (i) *Conversion Period*: Subject as hereinafter provided, the Bondholders have the right to convert their Bonds into Shares (as defined in Condition 6(a)(v) (*Meaning of “Shares”*)) at any time during the Conversion Period referred to below.

The right of a Bondholder to convert any Bond into Shares is called the “**Conversion Right**”.

Subject to and upon compliance with, the provisions of this Condition 6 (*Conversion*), the Conversion Right attaching to any Bond may be exercised, at the option of the holder thereof, at any time on or after 29 January 2024 (A) up to the close of business (at the place where the Certificate representing such Bond is deposited for conversion) on the tenth day prior to the Maturity Date (as defined in Condition 8(a) (*Maturity*)) (both days inclusive) (but except as provided in Condition 6(a)(iv) (*Revival and/or Survival after Default*), in no event thereafter); (B) if such Bond shall have been called for redemption by the Issuer before the Maturity Date, then up to the close of business (at the place aforesaid) on a date no later than 15 days (both days inclusive and in the place aforesaid) prior to the date fixed for redemption thereof; or (C) if notice requiring redemption has been given by the holder of such Bond pursuant to Condition 8(d) (*Redemption for Delisting, Suspension of Trading or Change of Control*) or Condition 8(e) (*Redemption at the Option of the Bondholders*) then up to the close of business (at the place aforesaid) on the business day (in the place aforesaid) prior to the giving of such notice (the “**Conversion Period**”).

Notwithstanding the foregoing, if the Conversion Date in respect of a Bond would otherwise fall during a period in which the register of shareholders of the Issuer is closed generally or for the purpose of establishing entitlement to any distribution or

other rights attaching to the Shares (a “**Book Closure Period**”), such Conversion Date shall be postponed to the first Stock Exchange Business Day (as defined in Condition 6(b)(i)) following the expiry of such Book Closure Period.

If the Conversion Date in respect of the exercise of any Conversion Right is postponed as a result of the foregoing provision to a date that falls after the expiry of the Conversion Period or after the relevant redemption date, such Conversion Date shall be deemed to be the final day of such Conversion Period or the relevant redemption date, as the case may be.

The number of Shares issuable upon conversion of any Bond shall be determined by dividing the principal amount of the Bond to be converted (translated into Hong Kong dollars at the fixed rate of HK\$7.8148 = U.S.\$1.00 (the “**Fixed Exchange Rate**”)) by the Conversion Price in effect on the Conversion Date (both as hereinafter defined). A Conversion Right may only be exercised in respect of one or more Bonds. If more than one Bond held by the same holder is converted at any time by the same holder, the number of Shares to be issued upon such conversion will be calculated on the basis of the aggregate principal amount of the Bonds to be converted by such holder rounded down to the nearest whole number of Shares.

- (ii) *Fractions of Shares*: Fractions of Shares will not be issued on conversion and no cash adjustments will be made in respect thereof. However, if a Conversion Right in respect of more than one Bond is exercised at any one time such that Shares to be issued on conversion are to be registered in the same name, the number of such Shares to be issued in respect thereof shall be calculated on the basis of the aggregate principal amount of such Bonds being so converted and rounded down to the nearest whole number of Shares. Notwithstanding the foregoing, in the event of a consolidation or re-classification of Shares by operation of law or otherwise occurring after 5 December 2023 which reduces the number of Shares outstanding, the Issuer will upon conversion of Bonds pay in cash (in U.S. dollars) a sum equal to such portion of the principal amount of the Bond or Bonds represented by the Certificate deposited in connection with the exercise of Conversion Rights, aggregated as provided in Condition 6(c)(ii)(A), as corresponds to any fraction of a Share not issued as a result of such consolidation or re-classification aforesaid if such sum exceeds U.S.\$10.00. Any such sum shall be paid not later than five Stock Exchange Business Days (as defined in Condition 6(b)(i)) after the relevant Conversion Date by the Issuer directly to the converting Bondholder by transfer to a U.S. dollar account maintained by the payee in accordance with instructions given by the relevant Bondholder in the relevant Conversion Notice.
- (iii) *Conversion Price*: The price at which Shares will be issued upon conversion (the “**Conversion Price**”) will initially be HK\$12.7790 per Share, but will be subject to adjustment in the manner provided in Condition 6(c) (*Adjustments to Conversion Price*) and Condition 6(d) (*Adjustment upon Change of Control*).
- (iv) *Revival and/or Survival after Default*: Notwithstanding the provisions of Condition 6(a)(i) (*Conversion Period*), if (A) the Issuer shall default in making payment in full in respect of any Bond which shall have been called or put for redemption on the date fixed for redemption thereof, (B) any Bond has become due and payable prior to the Maturity Date by reason of the occurrence of any of the events under Condition 10 (*Events of Default*), or (C) any Bond is not redeemed on the Maturity Date in accordance with Condition 8(a) (*Maturity*), the Conversion Rights attaching to such Bond will revive and/or will continue to be exercisable up to, and including, the close of business (at the place where the Certificate representing such Bond is deposited for conversion) on the date upon which the full amount of the moneys payable in respect of such Bond has been duly received by the Principal Agent or the Trustee and notice of such receipt has been duly given to the Bondholders and, notwithstanding the provisions of Condition 6(a)(i) (*Conversion Period*), any Bond in respect of which the

Certificate and Conversion Notice are deposited for conversion prior to such date shall be converted on the relevant Conversion Date (as defined below) notwithstanding that the full amount of the moneys payable in respect of such Bond shall have been received by the Principal Agent or the Trustee before such Conversion Date or that the Conversion Period may have expired before such Conversion Date.

- (v) *Meaning of “Shares”*: As used in these Conditions, the expression “**Shares**” means ordinary shares of par value U.S.\$0.00001 each of the Issuer or shares of any class or classes resulting from any subdivision, consolidation or re-classification of those shares, which as between themselves have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of the Issuer.

**(b) Conversion Procedure**

- (i) *Conversion Notice*: To exercise the Conversion Right attaching to any Bond, the holder thereof must complete, execute and deposit at his own expense during the normal business hours (being 9:00 a.m. to 3:00 p.m., Monday to Friday on which commercial banks are open for business in London) at the specified office of any Conversion Agent a notice of conversion (a “**Conversion Notice**”) in the form (for the time being current) obtainable from the specified office of each Agent, together with the relevant Certificate and confirmation that any amounts required to be paid by the Bondholder under Condition 6(b)(ii) (*Stamp Duty etc.*) have been so paid. Conversion Rights shall be exercised subject in each case to any applicable fiscal or other laws or regulations applicable in the jurisdiction in which the specified office of the Conversion Agent to whom the relevant Conversion Notice is delivered is located. Neither the Trustee nor any of the Agents shall have any obligation to calculate or verify the calculation of any amount payable under any Conversion Right or to verify the accuracy, validity and/or genuineness of any Conversion Notice or any information stated therein or any documents in relation to or in connection thereto or the exercise of any Conversion Right, and none of them shall be liable to the Bondholders or any other person for not doing so.

The conversion date in respect of a Bond (the “**Conversion Date**”) must fall at a time when a Conversion Right attaching to that Bond is expressed in these Conditions to be exercisable (subject to the provisions of Condition 6(a)(iv) (*Revival and/or Survival after Default*)) and will be deemed to be the Stock Exchange Business Day (as defined below) immediately following the date of the surrender of the Certificate in respect of such Bond and delivery of such Conversion Notice to the relevant Conversion Agent and, if applicable, the date of making any payment or giving any indemnity under these Conditions in connection with the exercise of such Conversion Right. A Conversion Notice deposited outside the hours specified above or on a day which is not a business day at the place of the specified office of the relevant Conversion Agent shall for all purposes be deemed to have been deposited with that Conversion Agent during the hours specified above on the next business day following such day. Any Bondholder who deposits a Conversion Notice during a Book Closure Period will not be permitted to convert the Bonds into Shares (as specified in the Conversion Notice) until the next Stock Exchange Business Day after the end of the Book Closure Period, which (if all other conditions to the conversion have been fulfilled) will be the Conversion Date for such Bonds notwithstanding that such date may fall outside the Conversion Period. A Conversion Notice once delivered shall be irrevocable and may not be withdrawn unless the Issuer consents in writing to such withdrawal or the Issuer fails to deliver Shares in accordance with these Conditions.

“**Stock Exchange Business Day**” means any day (other than a Saturday, Sunday or public holiday) on which The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) or the Alternative Stock Exchange (as defined in Condition 6(d) (*Adjustment upon Change of Control*) below), as the case may be, is open for the business of dealing in securities.

- (ii) *Stamp Duty etc.*: A Bondholder delivering a Certificate in respect of a Bond for conversion must pay directly to the relevant authorities (A) any taxes and capital, stamp, issue, documentary and registration duties arising on conversion (other than any taxes or capital or stamp duties payable in the Cayman Islands and Hong Kong and, if relevant, in the place of the Alternative Stock Exchange, in respect of the allotment and issue of Shares and listing of the Shares on the Hong Kong Stock Exchange or the Alternative Stock Exchange on conversion (“**Issuer Taxes**”), which shall be paid by the Issuer) and (B) all, if any, taxes arising by reference to any disposal or deemed disposal of a Bond in connection with such conversion ((A) and (B) together, “**Bondholder Taxes**”, and such Bondholder Taxes and Issuer Taxes, together in these Conditions, “**Taxes**”). The Issuer will pay all other expenses arising on the issue of Shares on conversion of Bonds. The Bondholder must declare in the relevant Conversion Notice that any Taxes payable to the relevant tax authorities pursuant to this Condition 6(b)(ii) have been paid. Neither the Trustee nor any Agent is under an obligation to determine whether the Issuer or a Bondholder is liable to pay any Taxes, duties or other amounts payable (if any) in connection with or as referred to in this Condition 6(b)(ii) or the amount thereof, and whether any Taxes, duties or other amounts have been paid or the sufficiency thereof and none of them shall be responsible or liable to any person (I) for any failure by the Issuer, any Bondholder or any other person to pay any such Taxes, duties or amounts as referred to in this Condition 6(b)(ii) to the relevant tax authorities or the sufficiency of any amounts so paid or (II) themselves to pay any such Taxes, duties or amounts as referred to in this Condition 6(b)(ii).
- (iii) *Registration*: As soon as practicable, and in any event not later than five Stock Exchange Business Days after the Conversion Date, the Issuer will, in the case of Bonds converted on exercise of the Conversion Right and in respect of which a duly completed Conversion Notice and the relevant Certificate have been delivered and amounts payable by the relevant Bondholder as required by Conditions 6(b)(i) (*Conversion Notice*) and 6(b)(ii) (*Stamp Duty etc.*) have been paid, (A) register the person or persons designated for the purpose in the Conversion Notice as holder(s) of the relevant number of Shares in the Issuer’s share register and (B) (x) if the Bondholder has also requested in the Conversion Notice and to the extent permitted under applicable law and the rules and procedures of the Central Clearing and Settlement System of Hong Kong (the “**CCASS**”) effective from time to time, take all necessary action to procure that Shares are delivered through the CCASS for so long as the Shares are listed on the Hong Kong Stock Exchange; or (y) make such certificate or certificates available for collection at the office of the Issuer’s share registrar in Hong Kong (currently Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong) notified to Bondholders in accordance with Condition 16 (*Notices*) or, if so requested in the relevant Conversion Notice, will cause its share registrar to mail (at the risk, and, if sent at the request of such person otherwise than by ordinary mail, at the expense, of the person to whom such certificate or certificates are sent) such certificate or certificates to the person and at the place specified in the Conversion Notice, together (in either case) with any other securities, property or cash required to be delivered upon conversion and such assignments and other documents (if any) as may be required by law to effect the transfer thereof, in which case a single share certificate will be issued in respect of all Shares issued on conversion of Bonds subject to the same Conversion Notice and which are to be registered in the same name.

If (I) the Registration Date in relation to the conversion of any Bond shall be on or after the record date for any issue, distribution, grant, offer or other event that gives rise to the adjustment of the Conversion Price pursuant to Condition 6(c) (*Adjustments to Conversion Price*) and (II) the Conversion Date in relation to such exercise shall be before the date on which such adjustment to the Conversion Price becomes effective under the relevant Condition (any such adjustment, a “**Retroactive Adjustment**”), upon the relevant adjustment to the Conversion Price becoming effective under the relevant

Condition, the Issuer shall procure the issue to the converting Bondholder (or in accordance with the instructions contained in the Conversion Notice (subject to applicable exchange control or other laws or other regulations)), such additional number of Shares as is, together with Shares to be issued on conversion of the Bonds, equal to the number of Shares which would have been required to be issued on conversion of such Bond if the relevant adjustment to the Conversion Price had been made and become effective on or immediately prior to the relevant Conversion Date and in such event and in respect of such Additional Shares references in this Condition 6(b)(iii) to the Conversion Date shall be deemed to refer to the date upon which the Retroactive Adjustment becomes effective (notwithstanding that the date upon which it becomes effective falls after the end of the Conversion Period).

The person or persons specified for that purpose in the Conversion Notice will become the holder of record of the number of Shares issuable upon conversion with effect from the date he is or they are registered as such in the Issuer's register of members (the "**Registration Date**"). The Shares issued upon conversion of the Bonds will be fully-paid and in all respects, subject to mandatory provisions of applicable law, rank *pari passu* with the Shares in issue on the relevant Registration Date. Save as set out in these Conditions, a holder of Shares issued on conversion of the Bonds shall not be entitled to any rights the record date for which precedes the relevant Registration Date. Upon delivery of Shares in satisfaction of the Conversion Right of any converting Bondholder and the completion of such registration in accordance with this Condition 6(b)(iii), the right of such converting Bondholder to any repayment of the principal, premium or any other amounts under the Bond so converted shall be extinguished.

- (iv) *Interest Accrual*: If any notice requiring the redemption of any Bonds is given pursuant to Condition 8(b) (*Redemption for Taxation Reasons*) or Condition 8(c) (*Redemption at the Option of the Issuer*) on or after the 15th Hong Kong business day prior to a record date which has occurred since the last Interest Payment Date (or in the case of the first Interest Period, since the Issue Date) in respect of any dividend or distribution payable in respect of the Shares where such notice specifies a date for redemption falling on or prior to the date which is 14 days after the Interest Payment Date next following such record date, interest shall (subject as hereinafter provided) accrue on the Bonds in respect of which Conversion Rights shall have been exercised and in respect of which the Conversion Date falls after such record date and on or prior to the Interest Payment Date next following such record date in each case from and including the preceding Interest Payment Date (or, if such Conversion Date falls before the first Interest Payment Date, from, and including, the Issue Date) to, but excluding, such Conversion Date; provided that no such interest shall accrue on any Bond in the event that the Shares issued on conversion thereof shall carry an entitlement to receive such dividend or distribution. Any such interest shall be paid not later than 14 days after the relevant Conversion Date by the Issuer directly to the converting Bondholder by transfer to a U.S. dollar account maintained by the payee in accordance with instructions given by the relevant Bondholder in the relevant Conversion Notice.

(c) *Adjustments to Conversion Price*

Upon the occurrence of any of the following events described below, the Conversion Price will be adjusted as follows but no adjustment shall be made which will cause the Conversion Price to be less than the par value of the Shares:

- (i) *Consolidation, Subdivision or Reclassification*: If and whenever there shall be an alteration to the nominal value of the Shares as a result of consolidation, subdivision or reclassification, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such alteration by the following fraction:

$$\frac{A}{B}$$

where:

“A” is the nominal amount of one Share immediately after such alteration; and

“B” is the nominal amount of one Share immediately before such alteration.

Such adjustment shall become effective on the date the alteration takes effect.

- (ii) *Capitalisation of Profits or Reserves*:

- (A) If and whenever the Issuer shall issue any Shares credited as fully paid to the holders of the Shares (the “**Shareholders**”) by way of capitalisation of profits or reserves including Shares paid up out of distributable profits or reserves and/or share premium account issued, save where Shares are issued in lieu of the whole or any part of a specifically declared cash dividend (the “**Relevant Cash Dividend**”), being a dividend which the Shareholders concerned would or could otherwise have received (a “**Scrip Dividend**”) and which would not have constituted a Distribution (as defined in this Condition 6 (*Conversion*)), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A}{B}$$

where:

“A” is the aggregate nominal amount of the issued Shares immediately before such issue; and

“B” is the aggregate nominal amount of the issued Shares immediately after such issue.

Such adjustment shall become effective on the date of issue of such Shares or if the number of such Shares is fixed on announcement and a record date is fixed therefor, immediately after such record date.



- (B) In the case of an issue of Shares by way of a Scrip Dividend where the Current Market Price of such Shares on the last Trading Day preceding the date of announcement of the terms of such issue exceeds the amount of the Relevant Cash Dividend or the relevant part thereof and which would not have constituted a Distribution, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the issue of such Shares by the following fraction:

$$\frac{A + B}{A + C}$$

where:

“A” is the aggregate nominal amount of the issued Shares immediately before such issue;

“B” is the aggregate nominal amount of Shares issued by way of such Scrip Dividend multiplied by a fraction of which (i) the numerator is the amount of the whole, or the relevant part, of the Relevant Cash Dividend and (ii) the denominator is the Current Market Price of the Shares issued by way of Scrip Dividend in respect of each existing Share in lieu of the whole, or the relevant part, of the Relevant Cash Dividend; and

“C” is the aggregate nominal amount of Shares issued by way of such Scrip Dividend;

Such adjustment shall become effective on the date of issue of such Shares or if a record date is fixed therefor, immediately after such record date.

(iii) *Distributions:*

- (A) Subject to Condition 6(c)(iii)(B), if and whenever the Issuer shall pay or make any Distribution to the Shareholders other than in cash only (except to the extent that the Conversion Price falls to be adjusted under Condition 6(c)(ii) (*Capitalisation of Profits or Reserves*) above), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such Distribution by the following fraction:

$$\frac{A - B}{A}$$

where:

“A” is the Current Market Price of one Share on the date on which the Distribution is publicly announced; and

“B” is the Fair Market Value on the date of such announcement of the portion of the Distribution attributable to one Share.

Such adjustment shall become effective on the date that such Distribution is actually made or, if later, the first date upon which the Fair Market Value of the Distribution is capable of being determined as provided in these Conditions.

- (B) If and whenever the Issuer shall pay or make any Distribution in cash only to the Shareholders, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such Distribution by the following fraction:

$$\frac{A - B}{A}$$

where:

“A” is the Current Market Price of one Share on the date on which the Distribution is publicly announced; and

“B” is the amount of cash so distributed attributable to one Share.

Such adjustment shall become effective on the date on which such Distribution in cash is actually made or if a record date is fixed therefore, immediately after such record date.

- (iv) *Rights Issues of Shares or Options over Shares:* If and whenever the Issuer shall issue Shares to all or substantially all Shareholders as a class by way of rights issue, or issue or grant to all or substantially all Shareholders as a class, by way of rights issue, of options, warrants or other rights to subscribe for or purchase any Shares, in each case at less than 95 per cent. of the Current Market Price per Share on the last Trading Day preceding the date of the announcement of the terms of the issue or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A + B}{A + C}$$

where:

“A” is the number of Shares in issue immediately before such announcement;

“B” is the number of Shares which the aggregate amount (if any) payable for the Shares issued by way of rights issue or for the options or warrants or other rights issued or granted by way of rights issue and for the total number of Shares comprised therein would subscribe, purchase or otherwise acquire at such Current Market Price per Share; and

“C” is the aggregate number of Shares issued or, as the case may be, comprised in the issue or grant.

Such adjustment shall become effective on the date of issue of such Shares or issue or grant of such options, warrants or other rights (as the case may be) or where a record date is set, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants as the case may be.

- (v) *Rights Issues of Other Securities*: If and whenever the Issuer shall issue any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares) to all or substantially all Shareholders as a class, by way of rights issue, or the grant to all or substantially all Shareholders as a class by way of rights issue, options, warrants or other rights to subscribe for, purchase or otherwise acquire any securities (other than Shares or options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue or grant by the following fraction:

$$\frac{A - B}{A}$$

where:

“A” is the Current Market Price of one Share on the date on which such issue or grant is publicly announced; and

“B” is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one Share.

Such adjustment shall become effective on the date of issue of the securities or the issue or grant of such rights, options or warrants (as the case may be) or where a record date is set, the first date on which the Shares are traded ex-rights, ex-options or ex-warrants as the case may be.

- (vi) *Issues at less than Current Market Price*: If and whenever the Issuer shall issue (otherwise than as mentioned in Condition 6(c)(iv) (*Rights Issues of Shares or Options over Shares*) above) any Shares (other than Shares issued on the exercise of Conversion Rights or on the exercise of any other rights of conversion into, or exchange or subscription for, Shares) or issue or grant (otherwise than as mentioned in Condition 6(c)(iv) (*Rights Issues of Shares or Options over Shares*) above) options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares, in each case at a price per Share which is less than 95 per cent. of the Current Market Price per Share on the date of announcement of the terms of such issue, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A + B}{C}$$

where:

“A” is the number of Shares in issue immediately before the issue of such additional Shares or the issue or grant of such options, warrants or other rights to subscribe for, purchase or otherwise acquire any Shares;

“B” is the number of Shares which the aggregate consideration receivable for the issue of such additional Shares would purchase at such Current Market Price per Share; and

“C” is the number of Shares in issue immediately after the issue of such additional Shares.

References to additional Shares in the above formula shall, in the case of an issue or grant by the Issuer of options, warrants or other rights to subscribe for, purchase or otherwise acquire Shares, mean such Shares to be issued assuming that such options, warrants or other rights are exercised in full at the initial exercise price (if applicable) on the date of issue or grant of such options, warrants or other rights.

Such adjustment shall become effective on the date of issue of such additional Shares or, as the case may be, the issue or grant of such options, warrants or other rights.

- (vii) *Other Issues at less than Current Market Price*: Save in the case of an issue of securities arising from a conversion or exchange of other securities in accordance with the terms applicable to such securities themselves falling within this Condition 6(c)(vii) if and whenever the Issuer or any of its Subsidiaries (otherwise than as mentioned in Condition 6(c)(iv) (*Rights Issues of Shares or Options over Shares*), 6(c)(v) (*Rights Issues of Other Securities*) or 6(c)(vi) (*Issues at less than Current Market Price*) or (at the direction or request of or pursuant to any arrangements with the Issuer or any of its Subsidiaries), any other company, person or entity shall issue wholly for cash any securities (other than the Bonds but excluding for this purpose any further bonds issued pursuant to Condition 15 (*Further Issues*)) which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Issuer upon conversion, exchange or subscription at a consideration per Share which is less than 95 per cent. of the Current Market Price per Share on the date of announcement of the terms of issue of such securities.

In such an event, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue by the following fraction:

$$\frac{A + B}{A + C}$$

where:

“A” is the number of Shares in issue immediately before such issue;

“B” is the number of Shares which the aggregate consideration (if any) receivable by the Issuer for the Shares to be issued on conversion or exchange or on exercise of the right of subscription attached to such securities would purchase at such Current Market Price per Share; and

“C” is the maximum number of Shares to be issued on conversion or exchange of such securities or on the exercise of such rights of subscription attached thereto at the initial conversion, exchange or subscription price or rate.

Such adjustment shall become effective on the date of issue of such securities.

- (viii) *Modification of Rights of Conversion etc.*: If and whenever there shall be any modification of the rights of conversion, exchange or subscription attaching to any such securities as are mentioned in Condition 6(c)(vii) (*Other Issues at less than Current Market Price*) (other than in accordance with the terms of such securities) so that the consideration per Share (for the number of Shares available on conversion, exchange or subscription following the modification) is less than 95 per cent. of the Current Market Price per Share on the date of announcement of the proposals for such modification.

In such an event, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such modification by the following fraction:

$$\frac{A - B}{A}$$

where:

“A” Current Market Price of one share on the date on which such modification is announced; and

“B” is the difference on a per Share basis between Fair Market Value of the modification on the date of such announcement and the consideration received for such modification (if any).

Such adjustment shall become effective on the date of modification of the rights of conversion, exchange or subscription attaching to such securities.

- (ix) *Other Offers to Shareholders*: If and whenever the Issuer or any of its Subsidiaries issues, sells or distributes any securities in connection with which an offer pursuant to which the Shareholders generally are entitled to participate in arrangements whereby such securities may be acquired by them (except where the Conversion Price falls to be adjusted under Condition 6(c)(iv) (*Rights Issues of Shares or Options over Shares*), Condition 6(c)(v) (*Rights Issues of Other Securities*), Condition 6(c)(vi) (*Issues at less than Current Market Price*) or Condition 6(c)(vii) (*Other Issues at less than Current Market Price*), the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue, sale or distribution by the following fraction:

$$\frac{A - B}{A}$$

where:

“A” is the Current Market Price of one Share on the date on which such issue, sale or distribution is publicly announced; and

“B” is the Fair Market Value on the date of such announcement of the portion of the rights attributable to one Share or, in relation to a Qualifying IPO (as defined below), the date at which the IPO Price (as defined below) is announced or if a record date is fixed therefor, immediately after such record date.

Such adjustment shall become effective on the date of issue, sale or delivery of the securities, or in relation to a Qualifying IPO, the date immediately after the date at which the IPO Price is announced, or, if later, the first date on which the Fair Market Value of the portion of the aggregate rights attributable to the Shares is capable of being determined as provided herein.

- (x) *Determination by the Issuer*: If the Issuer determines that an adjustment should be made to the Conversion Price as a result of one or more events or circumstances (whether or not referred to in Conditions 6(c)(i) (*Consolidation, Subdivision or Reclassification*) to 6(c)(ix) (*Other Offers to Shareholders*) above) (even if the relevant event or circumstance is specifically excluded in these Conditions from the operation of Conditions 6(c)(i) (*Consolidation, Subdivision or Reclassification*) to 6(c)(ix) (*Other Offers to Shareholders*) above), or that an adjustment should not be made (even if the relevant event or circumstance is specifically provided for in Conditions 6(c)(i) (*Consolidation, Subdivision or Reclassification*) to 6(c)(ix) (*Other Offers to Shareholders*) above), or that the effective date for the relevant adjustment should be a date other than that mentioned in Conditions 6(c)(i) (*Consolidation, Subdivision or Reclassification*) to 6(c)(ix) (*Other Offers to Shareholders*) above, the Issuer may, at its own expense, request an Independent Investment Bank, acting as expert, to determine as soon as practicable (i) what adjustment (if any) to the Conversion Price is fair and reasonable to take account thereto and is appropriate to give the result which the Independent Investment Bank considers in good faith to reflect the intentions of the provisions of this Condition 6(c) (*Adjustments to Conversion Price*); and (ii) the date on which such adjustment should take effect; and upon such determination such adjustment (if any) shall be made and shall take effect in accordance with such determination; *provided that* where the events or circumstances giving rise to any adjustment pursuant to this Condition 6(c) (*Adjustments to Conversion Price*) have already resulted or will result in an adjustment to the Conversion Price or where the

circumstances giving rise to any adjustment arise by virtue of events or circumstances which have already given rise or will give rise to an adjustment to the Conversion Price, such modification (if any) shall be made to the operation of the provisions of this Condition 6(c) (*Adjustments to Conversion Price*) as may be advised by the Independent Investment Bank to be in its opinion appropriate to give the intended result, *provided that* an adjustment shall only be made pursuant to this Condition 6(c) (*Adjustments to Conversion Price*) if it would result in a reduction to the Conversion Price.

**(d) Adjustment upon Change of Control:**

If a Change of Control (as defined in Condition 8(i) (*Definitions*)) shall have occurred, the Issuer shall give notice of that fact to the Bondholders (the “**Change of Control Notice**”) in accordance with Condition 16 (*Notices*) within 7 days after it becomes aware of such Change of Control. Following the giving of a Change of Control Notice, upon any exercise of Conversion Rights such that the relevant Conversion Date falls within the period of 30 days following the later of (i) the relevant Change of Control and (ii) the date on which the Change of Control Notice is given to Bondholders (such period, the “**Change of Control Conversion Period**”), the Conversion Price shall be adjusted in accordance with the following formula

$$\text{NCP} = \frac{\text{OCP}}{1 + (\text{CP} \times \text{c/t})}$$

where:

“**NCP**” means the Conversion Price after such adjustment;

“**OCP**” means the Conversion Price in effect on the relevant Conversion Date;

“**CP**”, or conversion premium, means 30 per cent. expressed as a fraction;

“**c**” means the number of days from and including the date the Change of Control occurs to but excluding the Maturity Date; and

“**t**” means the number of days from and including the Issue Date to but excluding the Maturity Date,

*provided that* the Conversion Price shall not be reduced pursuant to this Condition 6(d) below the level permitted by applicable laws and regulations from time to time (if any).

If the last day of a Change of Control Conversion Period shall fall during a Closed Period, the Change of Control Conversion Period shall be extended such that its last day will be the 15th day following the last day of the Closed Period.

For the purposes of these Conditions:

“**Alternative Stock Exchange**” means at any time, in the case of the Shares, if they are not at that time listed and traded on the Hong Kong Stock Exchange, the principal stock exchange or securities market on which the Shares are then listed or quoted or dealt in;

“**Closing Price**” for the Shares for any Trading Day shall be the price published in the Daily Quotation Sheet;

“**Current Market Price**” means, in respect of a Share at a particular time on a particular date, the average of the Closing Price quoted by the Hong Kong Stock Exchange or, as the case may be, by the Alternative Stock Exchange for one Share (being a Share carrying full entitlement to dividend) for each of the 20 consecutive Trading Days ending on the Trading



Day immediately preceding such date; *provided that* if at any time during the said 20 Trading Day period the Shares shall have been quoted ex-dividend and during some other part of that period the Shares shall have been quoted cum-dividend then:

- (i) if the Shares to be issued in such circumstances do not rank for the dividend in question, the quotations on the dates on which the Shares shall have been quoted cum-dividend shall for the purpose of this definition be deemed to be the Closing Price thereof reduced by an amount equal to the amount of that dividend per Share; or
- (ii) if the Shares to be issued in such circumstances rank for the dividend in question, the quotations on the dates on which the Shares shall have been quoted ex-dividend shall for the purpose of this definition be deemed to be the Closing Price thereof increased by such similar amount;

and *provided further that* if the Shares on each of the said 20 Trading Days have been quoted cum-dividend in respect of a dividend which has been declared or announced but the Shares to be issued do not rank for that dividend, the quotations on each of such dates shall for the purpose of this definition be deemed to be the amount thereof reduced by an amount equal to the Fair Market Value of that dividend per Share and provided further that:

- (A) if such Closing Prices are not available on each of the 20 Trading Days during the relevant period, then the arithmetic average of such Closing Prices which are available in the relevant period shall be used (subject to a minimum of two such Closing Prices); and
- (B) if only one or no such Closing Prices is available in the relevant period, then the Current Market Price shall be determined in good faith by two Independent Investment Banks.;

**“Daily Quotation Sheet”** means the daily quotation sheet published by the Hong Kong Stock Exchange or, as the case may be, the equivalent quotation sheet of an Alternative Stock Exchange;

**“Distribution”** means any dividend or distribution, whether of cash or assets in specie or other property by the Issuer for any financial period, and whenever paid or made and however described or declared after the Issue Date, and for these purposes a distribution of assets in specie includes without limitation an issue of shares or other securities credited as fully or partly paid (other than Shares credited as fully paid to the extent that an adjustment to the Conversion Price is made in respect thereof under Condition 6(c)(ii)(A) and a Scrip Dividend adjusted for under Condition 6(c)(ii)(B)) by way of capitalisation of reserves and including any Scrip Dividend to the extent of the Relevant Cash Dividend;

**“Fair Market Value”** means, with respect to any asset, security, option, warrant or other right on any date, the fair market value of that asset, security, option, warrant or other right as determined by an Independent Investment Bank; provided that (i) the fair market value of a cash dividend paid or to be paid per Share shall be the amount of such cash dividend per Share determined as at the date of announcement of such dividend; (ii) where options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined by such Independent Investment Bank) the fair market value of such options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights during the period of five Trading Days on the relevant market commencing on the first such Trading Day such options, warrants or other rights are publicly traded; (iii) where (a) all or substantially all Shareholders as a class are offered the option or right to subscribe for the shares in a Qualifying IPO of any of the Issuer’s Subsidiaries at or above the price per share equal to that offered to all or substantially all other prospective investors at the same time as the initial public offering or listing, and (b) such option or right cannot be transferred or traded, the fair market value of such option or right shall be zero; and (iv) where all or substantially all Shareholders as a class are offered

the option or right to subscribe for the shares in a Qualifying IPO of any of the Issuer's Subsidiaries at below the price per share equal to that offered to all or substantially all other prospective investors at the same time as the Qualifying IPO, the fair market value (if not expressed in Hong Kong dollars, translated into Hong Kong dollars at the Prevailing Rate on the Qualifying IPO date) of such option or right to subscribe attributable to one Share shall be determined by the following as at the date at which the IPO Price is announced:

$$\frac{(\text{IPO Price} - \text{Subscription Price for Shareholders}) \times n}{\text{Total number of the Issuer's Shares outstanding at the time of such offer}}$$

where:

“n” means number of such shares that can be allocated to subscribing Shareholders;

“**Independent Investment Bank**” means an independent investment bank of international repute, acting as an expert, selected and appointed by the Issuer and notified in writing to the Trustee;

“**IPO Price**” means the price per share at which all or substantially all prospective investors will subscribe to the shares in cash of any of the Issuer's Subsidiaries the subject of a Qualifying IPO and if not expressed in Hong Kong dollars, translated into Hong Kong dollars at the Prevailing Rate;

“**Qualifying IPO**” means an initial public offering, and a listing, of ordinary shares of a company on a Qualifying Exchange; provided that in the case that such listing is on a national securities exchange (as such term is defined in Section 6 of the Exchange Act) or a designated offshore securities market (as such term is defined in Rule 902(b) under the Securities Act), such listing shall result in a public float of no less than the percentage required by the applicable listing rules;

“**Subscription Price for Shareholders**” means the price per share at which Shareholders will subscribe to the shares of any of the Issuer's Subsidiaries the subject of a Qualifying IPO and if not expressed in Hong Kong dollars, translated into Hong Kong dollars at the Prevailing Rate; and

“**Trading Day**” means a day when the Hong Kong Stock Exchange or, as the case may be an Alternative Stock Exchange is open for dealing business, *provided that* for the purposes of any calculation where a Closing Price is required, if no Closing Price is reported for one or more consecutive dealing days, such day or days will be disregarded in any relevant calculation and shall be deemed not to have been dealing days when ascertaining any period of dealing days.

**(e) Conversion Price**

- (i) On any adjustment, the relevant Conversion Price, if not an integral multiple of one Hong Kong cent, shall be rounded down to the nearest Hong Kong cent. No adjustment shall be made to the Conversion Price where such adjustment (rounded down if applicable) would be less than one per cent. of the Conversion Price then in effect. Any adjustment not required to be made, and any amount by which the Conversion Price has not been rounded down, shall be carried forward and taken into account in any subsequent adjustment. Notice of any adjustment shall be given to Bondholders in accordance with Condition 16 (*Notices*) as soon as practicable after the determination thereof.
- (ii) The Conversion Price may not be reduced so that, on conversion of Bonds, Shares would fall to be issued at a discount to their par value or Shares would be required to be issued in any other circumstances not permitted by applicable laws then in force in Hong Kong and the Cayman Islands.

- (iii) Where more than one event which gives or may give rise to an adjustment to the Conversion Price occurs within such a short period of time that in the opinion of an Independent Investment Bank, the foregoing provisions would need to be operated subject to some modification in order to give the intended result, such modification shall be made to the operation of the foregoing provisions as may be advised by such Independent Investment Bank to be in its opinion appropriate in order to give such intended result.
- (iv) Notwithstanding any provision in Condition 6(c) (*Adjustments to Conversion Price*), when Shares or other securities (including rights or options) are issued, offered or granted to employees (including directors) of the Issuer or any Subsidiary of the Issuer pursuant to any Employee Share Scheme (as defined in the Trust Deed) (and which Employee Share Scheme is in compliance with the Listing Rules or, if applicable, the listing rules of an Alternative Stock Exchange), no adjustment will be made to the Conversion Price. No adjustment will be made to the Conversion Price involving an increase in the Conversion Price, except in the case of a consolidation or re-classification of the Shares as referred to in Condition 6(c)(i) (*Consolidation, Subdivision or Reclassification*) above or where there has been a proven manifest error in the calculation of the Conversion Price. The Issuer may at any time, following notice being given to the Trustee and the Principal Agent in writing and to the Bondholders in accordance with Condition 16 (*Notices*), reduce the Conversion Price, subject to Condition 6(e)(ii)).

Neither the Trustee nor the Agents shall be under any duty or obligation to monitor whether any event or circumstance has happened or exists which may require an adjustment to be made to the Conversion Price or to make any calculation (or verification thereof) in connection with the Conversion Price and will not be responsible to Bondholders for any loss arising from any failure by them to do so. All adjustments to the Conversion Price under Condition 6(c) (*Adjustments to Conversion Price*) shall be determined by the Issuer, and neither the Trustee nor the Agents shall be responsible for verifying such determinations.

**(f) Undertakings**

The Issuer has undertaken in the Trust Deed, inter alia, that so long as any Bond remains outstanding, save with the approval of an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders:

- (i) it will use its reasonable endeavours (a) to maintain a listing for all the issued Shares on the Hong Kong Stock Exchange, and (b) to obtain and maintain a listing for all the Shares issued on the exercise of the Conversion Rights attaching to the Bonds on the Hong Kong Stock Exchange, *provided that* if the Issuer is unable to obtain or maintain such listing or if the maintenance of such listing is unduly onerous, it will use its reasonable endeavours to obtain and maintain a listing for all the issued Shares on such Alternative Stock Exchange as the Issuer may from time to time select and notify to the Trustee and the Bondholders in accordance with Condition 16 (*Notices*) of the listing or delisting of the Shares (as a class) by any of such stock exchanges;
- (ii) it will use its reasonable endeavours to maintain a listing for the Bonds on the Hong Kong Stock Exchange *provided that* if the Issuer is unable to obtain or maintain such listing having used its reasonable endeavours or if the maintenance of such listing or trading is unduly burdensome or impractical, it will use its best endeavours to obtain and maintain admission to listing, trading and/or quotation for the Bonds on an Alternative Stock Exchange as the Issuer may from time to time decide and notify to the Trustee and the Bondholders in accordance with Condition 16 (*Notices*) of the listing or delisting Bonds by any of such stock exchanges; and

- (iii) it will pay the expenses of the issue of, and all expenses of obtaining listing for the Shares issued on the exercise of the Conversion Rights attaching to the Bonds and for the Bonds (other than Taxes payable by the relevant Bondholder, as defined in Condition 6(b)(ii) (*Stamp Duty etc.*)).

In the Trust Deed, the Issuer has also undertaken with the Trustee that so long as any Bond remains outstanding:

- (A) it will reserve, free from any other pre-emptive or other similar rights, out of its authorised but unissued ordinary share capital the full number of Shares liable to be issued on conversion of the Bonds from time to time remaining outstanding and shall ensure that all Shares delivered on conversion of the Bonds will be duly and validly issued as fully-paid;
- (B) it will not make any reduction of its ordinary share capital or any uncalled liability in respect thereof or of any share premium account or capital redemption reserve fund except, in each case, where the redemption or reduction is permitted by applicable law and results in (or would, but for the provisions of these Conditions relating to rounding or the carry forward of adjustments, result in) an adjustment to the Conversion Price in accordance with Condition 6 (*Conversion*) or is otherwise taken into account for the purposes of determining whether such an adjustment should be made;
- (C) it will comply with any law, rule, regulation, judgment, order, authorisation or decree of any government, governmental or regulatory body or court, domestic or foreign having jurisdiction over the Issuer or any Subsidiary or any of their respective assets and properties; and
- (D) it will not make any offer, issue, grant or distribute or take any action which would result in an adjustment of the Conversion Price if, after giving effect thereto, the Conversion Price would be reduced to such an extent that the Shares to be issued on the conversion of any Bond would be issued below the par value of the Shares of the Issuer,

*provided always that* the Issuer shall not be prohibited from purchasing its Shares to the full extent permitted by law.

The Issuer has also given certain other undertakings in the Trust Deed for the protection of the Conversion Rights.

**(g) *Notice of Change in Conversion Price***

The Issuer shall give notice to the Bondholders, the Trustee and the Principal Agent in accordance with Condition 16 (*Notices*) of any change in the Conversion Price. Any such notice relating to a change in the Conversion Price shall set forth the event giving rise to the adjustment, the Conversion Price prior to such adjustment, the adjusted Conversion Price and the effective date of such adjustment.

## **7. Payments**

**(a) *Principal***

Payment of principal, premium (if any) and interest and any other amount will be in U.S. dollars and will be made by transfer to the registered account of the Bondholder. Such payment will only be made after surrender of the relevant Certificate at the specified office of any of the Agents.

*Notwithstanding the foregoing, so long as the Global Certificate is held on behalf of Euroclear, Clearstream or any other clearing system, each payment in respect of the Global Certificate will be made to the person shown as the holder in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where “**Clearing System Business Day**” means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.*

**(b) Registered Accounts**

For the purposes of this Condition 7 (*Payments*), a Bondholder’s registered account means the U.S. dollar account maintained by or on behalf of it, details of which appear on the Register at the close of business on the second Payment Business Day (as defined below in Condition 7(f) (*Payment Business Day*)) before the due date for payment, and a Bondholder’s registered address means its address appearing on the Register at that time.

**(c) Fiscal Laws**

All payments in respect of the Bonds are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 9 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 9 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Bondholders in respect of such payments.

**(d) Payment Initiation**

Payment instructions (for value on the due date or, if that is not a Payment Business Day (as defined below in Condition 7(f) (*Payment Business Day*)), for value on the first following day which is a Payment Business Day) will be initiated on the due date for payment (or, if it is not a Payment Business Day, the immediately following Payment Business Day) or, in the case of a payment of principal, if later, on the Payment Business Day on which the relevant Certificate is surrendered at the specified office of an Agent.

**(e) Delay In Payment**

Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a Payment Business Day, if the Bondholder is late in surrendering its Certificate (if required to do so).

**(f) Payment Business Day**

In this Condition 7 (*Payments*), “**Payment Business Day**” means a day other than a Saturday, Sunday or public holiday on which commercial banks are open for business in New York City, London and Hong Kong and the city in which the specified office of the Principal Agent is located, in the case of the surrender of a Certificate, in the place where the Certificate is surrendered.

**(g) Partial Payment**

If an amount which is due on the Bonds is not paid in full, the Registrar will annotate the Register with a record of the amount (if any) in fact paid.

## 8. Redemption, Purchase and Cancellation

### (a) *Maturity*

Unless previously redeemed, converted or purchased and cancelled as provided herein, the Issuer will redeem each Bond at its principal amount together with accrued and unpaid interest thereon on 19 December 2028 (the “**Maturity Date**”). The Issuer may not redeem the Bonds at its option prior to that date except as provided in Condition 8(b) (*Redemption for Taxation Reasons*) or 8(c) (*Redemption at the Option of the Issuer*) below (but without prejudice to Condition 10 (*Events of Default*)).

### (b) *Redemption for Taxation Reasons*

- (i) The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days’ notice (a “**Tax Redemption Notice**”) to the Bondholders in accordance with Condition 16 (*Notices*) (which notice shall be irrevocable) and in writing to the Trustee and the Principal Agent, at their principal amount together with interest accrued but unpaid up to but excluding the date specified in the Tax Redemption Notice for redemption (the “**Tax Redemption Date**”), if immediately prior to the giving of such notice the Issuer satisfies the Trustee that (A) the Issuer has or will become obliged to pay Additional Tax Amounts as provided or referred to in Condition 9 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations or rulings (including a holding by a court of competent jurisdiction) of any Relevant Tax Jurisdiction (as defined in Condition 9 (*Taxation*)), or any change in the general application or official interpretation of such laws, regulations or rulings, which change or amendment becomes effective on or after 5 December 2023, and (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, *provided that* no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such Additional Tax Amounts were a payment in respect of the Bonds then due.
- (ii) Prior to the publication of any Tax Redemption Notice pursuant to this Condition 8(b), the Issuer shall deliver to the Trustee (a) a certificate signed by two directors of the Issuer (each of whom is an Authorised Signatory) stating that the obligation referred to in (A) above of Condition 8(b)(i) cannot be avoided by the Issuer taking reasonable measures available to it and (b) an opinion of independent legal or tax advisors of recognised standing to the effect that such change or amendment referred to in (A) above of Condition 8(b)(i) has occurred (irrespective of whether such amendment or change is then effective). The Trustee shall be entitled to accept and rely upon such certificate and opinion (without further investigation or enquiry) and it shall be conclusive and binding on the Bondholders. On the Tax Redemption Date, the Issuer (subject to Condition 8(b)(iii) below) shall redeem the Bonds at their principal amount, together with interest accrued but unpaid up to but excluding the Tax Redemption Date.
- (iii) If the Issuer gives a Tax Redemption Notice pursuant to Condition 8(b)(i), each Bondholder will have the right to elect that its Bond(s) shall not be redeemed and that the provisions of Condition 9 (*Taxation*) shall not apply in respect of any payment to be made in respect of such Bond(s) whereupon no Additional Tax Amounts shall be payable in respect thereof pursuant to Condition 9 (*Taxation*) and payment of all amounts shall be made subject to the deduction or withholding of any tax required to be deducted or withheld. To exercise a right pursuant to this Condition 8(b)(iii), the holder of the relevant Bond must complete, sign and deposit during normal business hours (being between 9:00 a.m. and 3:00 p.m.) at the specified office of any Paying Agent a duly completed and signed notice of exercise, in the form for the time being current, obtainable from the specified office of any Paying Agent (the “**Tax Option Exercise Notice**”) together with the Certificate representing the Bonds on or before the



day falling 10 days prior to the Tax Redemption Date. A Tax Option Exercise Notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer's consent.

*If the Issuer gives a Tax Redemption Notice pursuant to Condition 8(b)(i) and any Bondholder exercises its right to elect that its Bond(s) shall not be redeemed pursuant to Condition 8(b)(iii), such Bondholder will be required to request for the Issuer to issue individual definitive Certificates to it in respect of such Bond(s), as described in "The Global Certificate", before any payment on the Bonds can be made by the Issuer to such Bondholder.*

**(c) Redemption at the Option of the Issuer**

On giving not less than 30 nor more than 60 days' notice to the Bondholders in accordance with Condition 16 (*Notices*) (which notice will be irrevocable) and in writing to the Trustee and the Principal Agent, the Issuer:

- (i) may at any time after 2 January 2027 and prior to the Maturity Date redeem in whole, but not in part, the Bonds for the time being outstanding at their principal amount, together with interest accrued but unpaid up to but excluding the relevant date fixed for redemption *provided that* the Closing Price of the Shares (as derived from the Daily Quotations Sheet of the Hong Kong Stock Exchange or, as the case may be, the equivalent quotation sheet of an Alternative Stock Exchange and translated into U.S. dollars at the Prevailing Rate) for each of any 20 Trading Days within a period of 30 consecutive Trading Days, the last of which occurs not more than five Trading Days prior to the date upon which notice of such redemption is published, was at least 130 per cent. of the Conversion Price (translated into U.S. dollars at the Fixed Exchange Rate) then in effect; or
- (ii) may at any time prior to the Maturity Date redeem in whole, but not in part, the Bonds for the time being outstanding at their principal amount, together with interest accrued but unpaid up to but excluding the relevant date fixed for redemption *provided that* prior to the date upon which notice of such redemption is published at least 90 per cent. of the principal amount of the Bonds originally issued (including any further bonds issued pursuant to Condition 15 (*Further Issues*) and consolidated and forming a single series with the Bonds) has already been converted, redeemed or purchased and cancelled.

If there shall occur an event giving rise to a change in the Conversion Price during any such 20 Trading Day period, appropriate adjustments for the relevant days shall be made, as determined by an Independent Investment Bank, for the purpose of calculating the Closing Price for such days.

For the purpose of these Conditions:

**"Prevailing Rate"** means, in respect of any currency on any day, the spot rate of exchange between the relevant currencies prevailing as at or about 12:00 noon (Hong Kong time) on that date as appearing on or derived from the relevant page on Bloomberg or, if there is no such page, on Reuters or such other information service provider that displays the relevant information or, if such a rate cannot be determined at such time, the rate prevailing as at or about 12:00 noon (Hong Kong time) on the immediately preceding day on which such rate can be so determined.

**(d) Redemption for Delisting, Suspension of Trading or Change of Control**

Following the occurrence of a Relevant Event (as defined below), the holder of each Bond will have the right at such holder's option, to require the Issuer to redeem all or some only (subject to the principal amount of such holder's Bonds redeemed and the principal amount

of the balance of such holder's Bonds not redeemed being an Authorised Denomination) of such holder's Bonds on the Relevant Event Redemption Date at their principal amount together with interest accrued but unpaid up to but excluding such date. To exercise such right, the holder of the relevant Bond must deposit during normal business hours (being between 9:00 a.m. and 3:00 p.m.) at the specified office of any Paying Agent a duly completed and signed notice of redemption, substantially in the form as scheduled to the Agency Agreement, obtainable during normal business hours (being between 9:00 a.m. and 3:00 p.m.) from the specified office of any Paying Agent, specifying the number of Bonds to be redeemed and the Relevant Event that has occurred (a "**Relevant Event Redemption Notice**"), together with the Certificate representing the Bonds to be redeemed by not later than (i) 60 days following a Relevant Event, or, if later, (ii) 60 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 16 (*Notices*). The "**Relevant Event Redemption Date**" shall be the fourteenth day after the expiry of such period of 60 days as referred to in (i) and (ii) above of this Condition 8(d).

A Relevant Event Redemption Notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer's consent and the Issuer shall redeem the Bonds the subject of the Relevant Event Redemption Notice as aforesaid on the Relevant Event Redemption Date. The Issuer shall give notice to Bondholders in accordance with Condition 16 (*Notices*) by not later than 14 days following the first day on which it becomes aware of the occurrence of a Relevant Event, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Bonds pursuant to this Condition 8(d) and shall give brief details of the Relevant Event.

None of the Trustee or the Agents shall be required to monitor or take any steps to ascertain whether a Relevant Event or any event which could lead to a Relevant Event has occurred or may occur and each of them shall be entitled to assume that no such event has occurred until it has received written notice to the contrary from the Issuer. The Trustee and the Agents shall not be required to take any steps to ascertain whether the condition for the exercise of the rights in accordance with this Condition 8(d) has occurred. None of the Trustee or the Agents shall be responsible for determining or verifying whether a Bond is to be accepted for redemption under this Condition 8(d) and none of them will be responsible or liable to Bondholders or any other person for any loss arising from any failure by it to do so. None of the Trustee or the Agents shall be under any duty to determine, calculate or verify the redemption amount payable under this Condition 8(d) or have a duty to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection thereto, and none of them will be responsible or liable to Bondholders or any other person for any loss arising from any failure by it to do so.

A "**Relevant Event**" occurs:

- (i) when the Shares cease to be listed or admitted to trading or suspended (other than for a temporary suspension) for trading for a period equal to or exceeding 30 consecutive Trading Days on the Hong Kong Stock Exchange or, if applicable, the Alternative Stock Exchange (a "**Delisting**"); or
- (ii) when there is a Change of Control.

**(e) Redemption at the Option of the Bondholders**

On 21 December 2026 (the "**Put Option Date**"), the holder of each Bond will have the right, at such holder's option, to require the Issuer to redeem all or some only of the Bonds of such holder on the Put Option Date at their principal amount together with interest accrued but unpaid up to but excluding the Put Option Date. To exercise such right, the holder of the relevant Bond must complete, sign and deposit during normal business hours (being between 9:00 a.m. and 3:00 p.m.) at the specified office of any Paying Agent a duly completed and signed notice of redemption, substantially in the form as scheduled to the Agency Agreement, obtainable during normal business hours (being between 9:00 a.m. and

3:00 p.m.) from the specified office of any Paying Agent (a “**Put Notice**”) together with the Certificate representing the Bonds to be redeemed not earlier than 60 days and not later than 30 days prior to the Put Option Date.

A Put Notice, once delivered, shall be irrevocable (and may not be withdrawn unless the Issuer consents to such withdrawal) and the Issuer shall redeem the Bonds the subject of the Put Notices delivered as aforesaid on the Put Option Date.

**(f) Purchase**

The Issuer or any of its Subsidiaries may at any time and from time to time purchase Bonds at any price in the open market or otherwise. Any Bonds so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of, among other things, calculating quorums at meetings of the Bondholders or for the purposes of Conditions 10 (*Events of Default*), 12 (*Enforcement*) and 13 (*Meetings of Bondholders, Modification, Waiver and Substitution*).

**(g) Cancellation**

All Bonds which are redeemed or converted, or purchased by the Issuer or any of its Subsidiaries, will forthwith be cancelled. Certificates in respect of all Bonds cancelled will be forwarded to or to the order of the Registrar and such Bonds may not be reissued or resold.

**(h) Redemption Notices**

All notices to Bondholders given by or on behalf of the Issuer pursuant to this Condition 8 (*Redemption Purchase and Cancellation*) will specify (i) the Conversion Price as at the date of the relevant notice, (ii) the last day on which Conversion Rights may be exercised, (iii) the Closing Price of the Shares as at the latest practicable date prior to the publication of the notice, (iv) the date for redemption, (v) the applicable redemption amount and accrued interest payable (if any) and (vii) the aggregate principal amount of the Bonds outstanding as at the latest practicable date prior to the publication of the notice.

If more than one notice of redemption is given (being a notice given by either the Issuer or a Bondholder pursuant to this Condition 8 (*Redemption Purchase and Cancellation*)), the first in time shall prevail. Neither the Trustee nor the Agents shall be responsible for calculating or verifying any calculations of any amounts payable hereunder or have a duty to verify the accuracy, validity and/or genuineness of any documents in relation to or in connection thereto and none of them shall be liable to the Bondholders or any other person for not doing so.

*In the case of a partial redemption of Bonds represented by the Global Certificate, the Bonds to be redeemed will be selected on a pro rata basis in such place as the Trustee may approve and in such manner as the Trustee shall deem to be appropriate, in accordance with the rules of the clearing systems, not more than 60 and not less than 30 days prior to the date fixed for redemption.*

**(i) Definitions**

For the purposes of this Condition 8 (*Redemption Purchase and Cancellation*):

“**Capital Stock**” means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Issue Date or issued thereafter, including, without limitation, all Common Stock and Preferred Stock but excluding debt securities convertible into such equity;

a “**Change of Control**” occurs when:

- (i) any Person or Persons, acting together, acquires Control of the Issuer; or
- (ii) the Issuer consolidates with or merges into or sells or transfers all or substantially all of the Issuer’s assets to any other Person, unless the consolidation, merger, sale or transfer will not result in the other Person or Persons acquiring Control over the Issuer or the successor entity;

“**Control**” or used as a verb “**Control(s)**” means (i) the acquisition or holding of legal or beneficial ownership or control of more than 50.0 per cent. of the Voting Rights of the issued share capital of the Issuer, or (ii) the right to appoint and/or remove all or the majority of the members of the Issuer’s board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of Voting Rights, contract or otherwise;

“**Common Stock**” means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person’s common stock or ordinary shares, whether or not outstanding at the date of the Trust Deed, and include, without limitation, all series and classes of such common stock or ordinary shares;

“**Person**” includes any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organisation or government or any agency or political subdivision thereof but does not include the Issuer’s directors or any other governing board and does not include the Issuer’s direct or indirect subsidiaries; and

“**Voting Rights**” means the right generally to vote at a general meeting of shareholders of the Issuer (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency).

## 9. Taxation

All payments made by the Issuer under or in respect of the Bonds and the Trust Deed will be made free from any restriction or condition and be made without deduction or withholding for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by (a) any jurisdiction where the Issuer is organised or otherwise considered by a taxing authority to be resident for tax purposes or any political organisation or governmental authority thereof or therein having power to tax or (b) Hong Kong, or any political organisation or governmental authority thereof or therein having power to tax ((a) and (b) of this Condition 9 each, a “**Relevant Tax Jurisdiction**”), unless deduction or withholding of such taxes, duties, assessments or governmental charges is compelled by law. In such event, the Issuer will pay such additional amounts (the “**Additional Tax Amounts**”) as will result in the receipt by the Bondholders of the net amounts after such deduction or withholding equal to the amounts which would otherwise have been receivable by them had no such deduction or withholding been required except that no such additional amount shall be payable in respect of any Bond:

- (i) *Other connection:* to a Bondholder (or to a third party on behalf of a Bondholder) who is subject to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of his having some connection with a Relevant Tax Jurisdiction otherwise than merely by holding the Bond or by the receipt of amounts in respect of the Bond; or
- (ii) *Presentation more than 30 days after the relevant date:* (in the case of a payment of principal) if the Certificate in respect of such Bond is surrendered more than 30 days after the relevant date except to the extent that the holder would have been entitled to such Additional Tax Amount on surrendering the relevant Certificate for payment on the last day of such period of 30 days;

For the purposes hereof, “**relevant date**” means whichever is the later of (a) the date on which such payment first becomes due and (b) if the full amount payable has not been received by the Trustee or the Principal Agent on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Bondholders and payment made.

References in these Conditions to principal shall be deemed also to refer to any Additional Tax Amounts which may be payable under this Condition 9 or any undertaking or covenant given in addition thereto or in substitution therefor pursuant to the Trust Deed.

Neither the Trustee nor any Agent shall in any event be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 9 or for determining whether such amounts are payable or the amount thereof, and shall not be responsible or liable for any failure by the Issuer or the Bondholders or any other person to pay such tax, duty, charges, withholding or other payment in any jurisdiction or be responsible to provide any notice or information in relation to the Bonds in connection with payment of such tax, duty, charges, withholding or other payment imposed by or in any jurisdiction.

## **10. Events of Default**

If any of the following events (each an “**Event of Default**”) occurs, the Trustee at its sole discretion may, and if so requested in writing by the holders of not less than 25 per cent. in aggregate principal amount of the Bonds then outstanding, or if so directed by an Extraordinary Resolution, shall (subject in either case to being indemnified and/or secured and/or pre-funded to its satisfaction), give written notice to the Issuer that the Bonds are, and they shall immediately become due and repayable at their principal amount together with accrued and unpaid interest up to but excluding the date of payment (subject as provided below and without prejudice to the right of Bondholders to exercise the Conversion Right in respect of their Bonds in accordance with Condition 6 (*Conversion*)) if:

- (a) *Non-Payment*: there is a default in the payment of any principal or any interest due in respect of the Bonds on the due date for such payment and in the case of principal, such default continues for a period of 10 consecutive days and in the case of interest, such default continues for a period of 10 consecutive days;
- (b) *Breach of Other Obligations*: the Issuer does not perform or comply with one or more of its other obligations in the Bonds, the Trust Deed or the Agency Agreement, which default is incapable of remedy or, if capable of remedy, is not remedied within 30 days after written notice of such default shall have been given to the Issuer by the Trustee;
- (c) *Failure to deliver Shares*: the Issuer fails to deliver the Shares as and when such Shares are required to be delivered;
- (d) *Cross-default of Issuer or Subsidiary*:
  - (i) any Indebtedness of the Issuer or any of its Subsidiaries is not paid when due or (as the case may be) within any applicable grace period;
  - (ii) any such Indebtedness becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described); or
  - (iii) the Issuer or any of its Subsidiaries fails to pay when due any amount payable by it under any Guarantee of any Indebtedness,

*provided that* the aggregate amount of the relevant Indebtedness and Guarantees in respect of which one or more of the events mentioned above in this Condition 10(d) have occurred equals or exceeds U.S.\$30,000,000 or its equivalent in any other currency or currencies;

- (e) *Unsatisfied judgment*: one or more final judgment(s) or order(s) for the payment outstanding and not paid or discharged of an aggregate amount in excess of U.S.\$30,000,000 or its equivalent in any other currency or currencies is rendered against the Issuer or any of its Principal Subsidiaries and continue(s) unsatisfied and unstayed for a period of 30 days after the date(s) thereof or, if later, the date therein specified for payment during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;
- (f) *Security enforced*: a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or any substantial part of the undertaking, assets and revenues of the Issuer or any of its Principal Subsidiaries and is not discharged or stayed within 30 days;
- (g) *Insolvency, etc.*: (i) the Issuer or any of its Principal Subsidiaries becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator or liquidator is appointed (or application for any such appointment is made and such application is not discharged or stayed within 14 days) in respect of the Issuer or any of its Principal Subsidiaries or the whole or a substantial part of the undertaking, assets and revenues of the Issuer or any of its Principal Subsidiaries, (iii) the Issuer or any of its Principal Subsidiaries takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Indebtedness or any Guarantee of any Indebtedness given by it and such action is not discharged or stayed within 14 days or (iv) the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or any substantial part of its business (other than, in the case of a Principal Subsidiary of the Issuer, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent);
- (h) *Enforcement proceedings*: a distress, attachment, execution, seizure before judgment or other legal process is levied, enforced or sued out on or against any substantial part of the property, assets or revenue of the Issuer or any of its Principal Subsidiaries and is not discharged or stayed within 30 days;
- (i) *Winding up, etc.*: an order is made or an effective resolution passed for the liquidation, winding-up or dissolution, judicial management or administration of the Issuer or any its Principal Subsidiaries (except for a members' voluntary solvent winding up of a Subsidiary), or the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or a substantial part of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (i) on terms approved by an Extraordinary Resolution of the Bondholders, or (ii) in the case of a Principal Subsidiary, whereby the undertaking and assets of such Principal Subsidiary are transferred to or otherwise vested in the Issuer or another of its Principal Subsidiaries;
- (j) *Analogous event*: any event occurs which under the laws of the Cayman Islands has an analogous effect to any of the events referred to in Conditions 10(e) (*Unsatisfied judgment*) to 10(i) (*Winding up, etc.*) above;
- (k) *Failure to take action, etc.*: any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Bonds or the Trust Deed, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Certificates and the Trust Deed admissible in evidence in the courts of the Cayman Islands is not taken, fulfilled or done;
- (l) *Unlawfulness*: it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Bonds or the Trust Deed;



- (m) *Government intervention*: (i) all or a material part of the undertaking, assets and revenues of the Issuer or any of its Principal Subsidiaries is condemned, seized or otherwise appropriated by any person acting under the authority of any national, regional or local government or (ii) the Issuer or any of its Principal Subsidiaries is prevented by any such person from exercising normal control over all or a material part of its undertaking, assets and revenues; or
- (n) *Authorisation and consents*: any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Bonds, the Trust Deed and the Agency Agreement, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Bonds, the Trust Deed and the Agency Agreement admissible in evidence in the courts of the Cayman Islands is not taken, fulfilled or done.

For the purpose of this Condition 10, “**Principal Subsidiary**” means any Subsidiary of the Issuer:

- (i) whose revenue (consolidated in the case of a Subsidiary which has Subsidiaries) as shown by its latest audited statement of profit or loss is at least five per cent. of the consolidated gross revenues as shown by the latest audited consolidated statement of profit or loss of the Issuer;
- (ii) whose profit before taxation (consolidated in the case of a Subsidiary which itself has Subsidiaries) as shown by its latest audited statement of profit or loss is at least five per cent. of the consolidated profit before taxation as shown by the latest audited consolidated statement of profit or loss of the Issuer; or
- (iii) whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) as shown by its latest audited statement of financial position are at least five per cent. of the consolidated total assets as shown by the latest published audited consolidated statement of financial position of the Issuer,

*provided that*, in relation to sub-paragraphs (i), (ii) and (iii) above of this definition:

- (A) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest audited consolidated financial statements of the Issuer relate, the reference to the then latest audited consolidated financial statements of the Issuer for the purposes of the calculation above shall, until audited consolidated financial statements of the Issuer for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are prepared be deemed to be a reference to the then latest audited consolidated financial statements of the Issuer adjusted to consolidate the latest audited financial statements (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary in such financial statements;
- (B) if at any relevant time in relation to the Issuer or any Subsidiary which itself has Subsidiaries no consolidated financial statements are prepared and audited, the determination of whether or not a Subsidiary is a Principal Subsidiary shall be on the basis of *pro forma* consolidated financial statements prepared for this purpose by the Issuer for the purposes of preparing a certificate thereon to the Trustee;
- (C) if at any relevant time in relation to any Subsidiary, no financial statements are audited, the determination of whether or not a Subsidiary is a Principal Subsidiary shall be on the basis of *pro forma* financial statements (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by the Issuer for the purposes of preparing a certificate thereon to the Trustee; and

- (D) if the financial statements of any Subsidiary (not being a Subsidiary referred to in proviso (A) above) are not consolidated with those of the Issuer, then the determination of whether or not such subsidiary is a Principal Subsidiary shall be based on a *pro forma* consolidation of its financial statements (consolidated, if appropriate) with the consolidated financial statements (determined on the basis of the foregoing) of the Issuer; or
- (iv) to which is transferred the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transfer was a Principal Subsidiary, provided that the Principal Subsidiary which so transfers its assets shall forthwith cease to be a Principal Subsidiary and the Subsidiary to which the assets are so transferred shall cease to be a Principal Subsidiary at the date on which the first audited consolidated financial statements of the Issuer prepared as of a date later than such transfer are issued unless such Subsidiary would continue to be a Principal Subsidiary on the basis of such accounts by virtue of the provisions of paragraphs (i), (ii) or (iii) above of this definition.

In addition, any Subsidiary which is not itself a Principal Subsidiary shall nevertheless be treated as a Principal Subsidiary in respect of any of the events referred to in this Condition 10 (*Events of Default*) if its revenue, profit before taxation or total assets (or consolidated revenue, consolidated profit before taxation or consolidated total assets in the case of a Subsidiary which has subsidiaries) when aggregated with the revenue, profit before taxation or total assets of each other Subsidiary which is not itself a Principal Subsidiary (or consolidated revenue, consolidated profit before taxation or consolidated total assets in the case of a Subsidiary which has subsidiaries) with respect to which any of the events referred to this Condition 10 (*Events of Default*) has occurred during the preceding 12 months, exceeds five per cent. of the consolidated revenue, consolidated profit before taxation or consolidated total assets of the Issuer.

A certificate signed by two directors of the Issuer (each of whom is an Authorised Signatory) that, in their opinion, a Subsidiary is or is not or was or was not or would or would not have been, pursuant to the immediately preceding paragraph, treated as, at any particular time, a Principal Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties concerned. Each such certificate shall be accompanied by a report by a recognised firm of accountants of good repute addressed to the directors of the Issuer and to the Trustee as to proper extraction of the figures used by the Issuer in determining the Principal Subsidiaries of the Issuer and mathematical accuracy of the calculation. The Trustee shall be entitled to rely on such certificate without any further investigation or liability to Bondholders or any other person.

References to the audited statement of profit or loss and statement of financial position of a Subsidiary which has subsidiaries shall be construed as references to the audited consolidated statement of profit or loss and consolidated statement of financial position of such Subsidiary and its subsidiaries, if such are required by law to be produced, or if no such statement of profit or loss or statement of financial position is required by law to be produced, to a *pro forma* statement of profit or loss or statement of financial position, prepared for the purpose of such certificate. References to “**revenue**”, “**profit before taxation**”, “**total assets**”, consolidated or non-consolidated, shall include references to equivalent items in the relevant accounts as extracted from the financial statements audited by a recognised firm of accountants of good repute.

None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer and any other person appointed by the Issuer in relation to the Bonds of the duties and obligations on their part expressed in respect of the same and the Trustee and the Agents need not do anything to ascertain whether an Event of Default or any Potential Event of Default has occurred or is continuing or may occur and none of them will be responsible to Bondholders or any other person for any loss arising from any failure by it to do so, and unless the Trustee or any Agent has received express written notice from the Issuer to the contrary, the Trustee and each Agent shall be entitled to assume that the same are being duly performed.

## 11. Prescription

Claims in respect of amounts due in respect of the Bonds will become prescribed unless made within 10 years (in the case of principal) and five years (in the case of interest) from the relevant date (as defined in Condition 9 (*Taxation*)) in respect thereof.

## 12. Enforcement

At any time after the Bonds have become due and repayable, the Trustee may, at its discretion and without further notice, take such steps and/or actions or institute such proceedings against the Issuer as it may think fit to enforce repayment of the Bonds and to enforce the provisions of the Trust Deed but it will not be bound to take any such steps and/or actions or institute any such proceedings unless (a) it shall have been so requested in writing by the holders of not less than 25 per cent. in aggregate principal amount of the Bonds then outstanding or shall have been so directed by an Extraordinary Resolution of the Bondholders and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Bondholder will be entitled to proceed directly against the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable period and such failure shall be continuing.

## 13. Meetings of Bondholders, Modification, Waiver and Substitution

### (a) *Meetings*

The Trust Deed contains provisions for convening meetings of Bondholders (including meetings held by way of video or audio conference call) to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Bonds or the provisions of the Trust Deed and the Agency Agreement. Such a meeting may be convened by the Trustee or the Issuer and shall be convened by the Trustee following request in writing from Bondholders holding not less than 10 per cent. in aggregate principal amount of the Bonds for the time being outstanding and subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons holding or representing more than 50 per cent. in aggregate principal amount of the Bonds for the time being outstanding or, at any adjourned such meeting, two or more persons being or representing Bondholders whatever the principal amount of the Bonds so held or represented unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to modify the due date for any payment in respect of the Bonds or the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the amount of principal, any premium or interest payable in respect of the Bonds or changing the method of calculation of interest, (iii) to change the currency of payment of the Bonds, (iv) to modify (except by a unilateral and unconditional reduction in the Conversion Price) or cancel any of the Conversion Rights, or (v) to modify the provisions concerning the quorum required at any meeting of the Bondholders or the majority required to pass an Extraordinary Resolution (each a “**Reserved Matter**”), in which case the necessary quorum for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 75 per cent., or at any adjourned such meeting not less than 25 per cent., in aggregate principal amount of the Bonds for the time being outstanding.

An Extraordinary Resolution passed at any meeting of Bondholders will be binding on all Bondholders, whether or not they are present at the meeting.

The Trust Deed provides that a written resolution signed by or on behalf of the holders of not less than 90 per cent. of the aggregate principal amount of Bonds outstanding shall be as valid and effective as a duly passed Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

*So long as the Bonds are represented by the Global Certificate, Extraordinary Resolution includes a consent given by way of electronic consents through the relevant clearing system(s) by or on behalf of all the Bondholders of not less than 90 per cent in aggregate principal amount of the Bonds for the time being outstanding.*

**(b) *Modification and Waiver***

The Trustee may agree, without the consent of the Bondholders, to (i) any modification (except for Reserved Matters in Condition 13(a) (*Meetings*) above) to, or the waiver or authorisation of any breach or proposed breach of, the Bonds, the Agency Agreement or the Trust Deed which is, in the opinion of the Trustee not materially prejudicial to the interests of the Bondholders or (ii) any modification to the Bonds, the Agency Agreement or the Trust Deed which, in the Trustee's opinion, is of a formal, minor or technical nature or to correct a manifest error or to comply with mandatory provisions of law. Any such modification, waiver or authorisation will be binding on the Bondholders and, unless the Trustee agrees otherwise, any such modifications will be notified by the Issuer to the Bondholders as soon as practicable thereafter in accordance with Condition 16 (*Notices*).

**(c) *Directions from Bondholders***

None of the Trustee or any Agent shall be liable to any Bondholder or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Bondholders. The Trustee shall be entitled to rely on any direction, request or resolution of Bondholders given by holders of the requisite principal amount of Bonds outstanding or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed. Whenever the Trustee is required or entitled by the terms of the Trust Deed or these Conditions to exercise any discretion or power, take any action, make any decision or give any direction, the Trustee is entitled, prior to its exercising any such discretion or power, taking any such action, making any such decision, or giving any such direction, to seek directions or clarifications from the Bondholders by way of an Extraordinary Resolution, and the Trustee is not responsible or liable to Bondholders, the Issuer or any other person for any loss or liability incurred by any person as a result of any delay in it exercising such discretion or power, taking such action, making such decision, or giving such direction where the Trustee is seeking such directions or clarifications or in the event that no such directions or clarifications are received. The Trustee shall not be under any obligation to monitor compliance with the provisions of the Trust Deed or these Conditions.

**(d) *Interests of Bondholders***

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, authorisation, waiver or substitution) the Trustee shall have regard to the interests of the Bondholders as a class and shall not have regard to the consequences of such exercise for individual Bondholders and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim, from the Issuer or the Trustee, any indemnification or payment in respect of any tax consequences of any such exercise upon individual Bondholders except to the extent provided for in Condition 9 (*Taxation*) and/or any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

**(e) *Certificates/Reports***

Any certificate or report of any expert or other person called for by or provided to the Trustee (whether or not obtained by or addressed to the Trustee) in accordance with or for the purposes of these Conditions or the Trust Deed may be relied upon by the Trustee as sufficient evidence of the facts therein (and shall, in absence of manifest error, be conclusive and binding on all parties) notwithstanding that such certificate or report and/or engagement letter or other document entered into in connection therewith contains a monetary or other limit on the liability of the relevant expert or person in respect thereof.

#### **14. Replacement of Certificates**

If any Certificate is mutilated, defaced, destroyed, stolen or lost, it may be replaced at the specified office of the Registrar or any Transfer Agent upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer and/or the Registrar and/or such Transfer Agent may require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

#### **15. Further Issues**

The Issuer may from time to time, without the consent of the Bondholders, create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the timing for submitting the Post-Issuance Filings and the corresponding notification to the Trustee and the Bondholders thereof) so as to be consolidated and form a single series with the Bonds. Any further bonds consolidated into and forming a single series with the outstanding Bonds constituted by the Trust Deed or any deed supplemental to it shall be constituted by a deed supplemental to the Trust Deed.

#### **16. Notices**

All notices to Bondholders shall be validly given if mailed to them at their respective addresses in the Register maintained by the Registrar. Any such notice shall be deemed to have been given on the later of the date(s) of such publication(s) and the seventh day after being so mailed, as the case may be.

*So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or the Alternative Clearing System, notices to Bondholders may be given by delivery of the relevant notice to Euroclear or Clearstream or the Alternative Clearing System for communication by it to entitled account holders in substitution for notification as required by these Conditions.*

#### **17. Agents**

The names of the initial Agents and their specified offices are set out below. The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Agent and to appoint replacement or additional or other Agents. The Issuer will at all times maintain (a) a Principal Agent and (b) a Registrar which will maintain the Register outside Hong Kong and the United Kingdom. Notice of any such termination or appointment, of any changes in the specified offices of any Agent and of any change in the identity of the Registrar or the Principal Agent will be given promptly by the Issuer to the Bondholders and in any event not less than 45 days' notice will be given.

#### **18. Indemnification of the Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking actions or proceedings to enforce repayment unless indemnified and/or secured and/or pre-funded to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer or any Bondholder and any entity related (directly and/or indirectly) to the Issuer or any Bondholder without accounting for any profit.

#### **19. Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Bonds or any provision of the Trust Deed under the Contracts (Rights of Third Parties) Act 1999 but this shall not affect any right or remedy which exists or is available apart from such Act.

## **20. Governing Law and Submission to Jurisdiction**

The Bonds, the Trust Deed and the Agency Agreement and any non-contractual obligations arising out of or in connection with them are governed by the laws of England. In relation to any legal action or proceedings arising out of or in connection with the Trust Deed or the Bonds the Issuer has in the Trust Deed irrevocably submitted to the exclusive jurisdiction of the courts of Hong Kong.



## SUMMARY OF PROVISIONS RELATING TO THE BONDS IN GLOBAL FORM

*The Global Certificate will contain provisions which apply to the Bonds in respect of which the Global Certificate is issued, some of which will modify the effect of the terms and conditions of the Bonds (the “Conditions” set out in this Offering Circular. Terms defined in the Conditions have the same meaning in the paragraphs below. The following is a summary of those provisions:*

The Bonds will be represented by a Global Certificate which will be registered in the name of The Bank of New York Depository (Nominees) Limited as nominee for, and deposited with, a common depository for Euroclear and Clearstream.

Under the Global Certificate, the Issuer, for value received, will promise to pay such principal sum to the duly registered holder of the Bonds (the “**Holder**”) on 19 December 2028 or on such earlier date or dates as the same may become payable in accordance with the Conditions, and to pay interest (if any) on such principal sum in arrear on the dates and at the rate specified in the Conditions, save that the calculation is made in respect of the total aggregate amount of the Bonds represented by the Global Certificate, together with any additional amounts payable in accordance with the Conditions, all subject to and in accordance with the Conditions.

The Global Certificate will become exchangeable in whole, but not in part, for duly authenticated and completed individual certificates (“**Individual Certificates**”) if Euroclear or Clearstream is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business.

Whenever the Global Certificate is to be exchanged for Individual Certificates, such Individual Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Certificate within seven business days of the delivery, by or on behalf of the Holder, Euroclear and/or Clearstream, to the Registrar of such information as is required to complete and deliver such Individual Certificates (including, without limitation, the names and addresses of the persons in whose names the Individual Certificates are to be registered and the principal amount of each such person’s holding) against the surrender of the Global Certificate at the specified office of the Registrar. Such exchange will be effected in accordance with the provisions of the Agency Agreement and the regulations concerning the transfer and registration of Bonds scheduled thereto and, in particular, shall be effected without charge to any holder or the Trustee, but against such indemnity and/or security and/or pre-funding as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

In addition, the Global Certificate will contain provisions which will modify the Conditions as they apply to the Bonds represented by the Global Certificate. The following is a summary of certain of those provisions:

### **Conversion**

The Bonds will be convertible into fully-paid ordinary shares of par value U.S.\$0.00001 of the Issuer subject to and in accordance with the Conditions and the Trust Deed. Subject to the requirements of Euroclear and Clearstream (or any other clearing system (an “**Alternative Clearing System**”) as shall have been selected by the Issuer and approved in writing by the Trustee, the Principal Agent and the Registrar), the Conversion Rights (as defined in the Conditions) attaching to the Bonds may be exercised by the presentation of one or more Conversion Notices (as defined in the Conditions) duly completed by or on behalf of a holder of a book-entry interest in such Bonds. Deposit of the Global Certificate with the Principal Agent together with the relevant Conversion Notice(s) shall not be required. The exercise of the Conversion Right shall be notified by the Principal Agent to the Registrar and the holder of the Global Certificate.

## **Record Date**

Each payment made in respect of the Global Certificate will be made to the person shown as the Holder in the Register at the close of business (of the relevant clearing system) on the Clearing System Business Day before the due date for such payments, where “**Clearing System Business Day**” means a day (Monday to Friday, inclusive) except 25 December and 1 January.

## **Notices**

Notwithstanding Condition 16 (*Notices*) of the Conditions, so long as the Global Certificate is held on behalf of Euroclear, Clearstream or any Alternative Clearing System, notices to holders of Bonds represented by the Global Certificate may be given by delivery of the relevant notice to Euroclear, Clearstream or (as the case may be) such Alternative Clearing System rather than by mail or publication as aforesaid. Any such notice will be deemed to have been given at 1700 hours on the day the relevant clearing system receives such notice.

## **Determination of entitlement**

The Global Certificate will be evidence of entitlement only and is not a document of title. Entitlements are determined by the Register and only the Holder is entitled to payment in respect of the Global Certificate.

## **Exercise of Put Option**

In order to exercise the option contained in Condition 8(d) (*Redemption for Delisting, Suspension of Trading or Change of Control*) of the Conditions (a “**Put Option**”), the Holder must, within the period specified in the Conditions for the deposit of the relevant Certificate and put notice, give written notice of such exercise to the Principal Agent specifying the principal amount of Bonds in respect of which the Put Option is being exercised. Subject to the Conditions, any such notice shall be irrevocable and may not be withdrawn.

## **Exercise of Call Option**

In order to exercise the option contained in Condition 8(b) (*Redemption for Taxation Reasons*) or Condition 8(c) (*Redemption at the Option of the Issuer*) of the Conditions (each, a “**Call Option**”), the Issuer must give within the period specified in the Conditions notice of such exercise to the Bondholders, the Trustee and the Agents, specifying the principal amount of the Bonds in respect of which the Call Option is being exercised. Subject to the Conditions, any notice shall be irrevocable and may not be withdrawn.

## **Exercise of Bondholders’ Tax Option**

In order to exercise the option of Bondholders provided for in Condition 8(b)(iii) (*Redemption for Taxation Reasons*) of the Conditions, the Holder must present to or to the order of the Principal Agent of a duly completed Bondholder’s notice electing not to be redeemed (in the form for the time being current) within the time limit set out in and containing the information required by Condition 8(b)(iii) (*Redemption for Taxation Reasons*) of the Conditions. If any Bondholder exercises its right to elect not to have the Bonds redeemed as provided in Condition 8(b)(iii) (*Redemption for Taxation Reasons*) of the Conditions, such Bondholder will be required to request for the Issuer to issue Individual Definitive Certificates to it in respect of such Bond(s), before any payment on such Bond(s) can be made by the Issuer to such Bondholder.

## **Transfer**

Transfers of interests in the Bonds will be effected through the records of Euroclear and Clearstream (or any Alternative Clearing System) and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream (or any Alternative Clearing System) and their respective direct and indirect participants.

## DESCRIPTION OF THE SHARES

Set out below is certain selected information concerning the Company's share capital and certain provisions of its memorandum and articles. This summary does not purport to be complete and is qualified in its entirety by reference to the memorandum and the articles.

The following is a description of the Shares, including summaries of material relevant provisions of our Memorandum and the Articles of Association and the Companies Act (As Revised) of the Cayman Islands (the "**Companies Act**"). These summaries do not purport to be complete and are qualified in their entirety by reference to the full Memorandum and the Articles of Association.

### General

We were incorporated in the Cayman Islands as an exempted company with limited liability on 14 July 2006 under the Companies Act. Our current authorised share capital is U.S.\$50,000 divided into 5,000,000,000 ordinary shares with a nominal or par value of U.S.\$0.00001 each.

### Alteration of Capital

The Company may, in general meeting, from time to time, whether or not all the shares for the time being authorised shall have been issued and whether or not all the shares for the time being issued shall have been fully paid up, by ordinary resolution, increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts as the resolution shall prescribe.

The Company may from time to time by ordinary resolution:

- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Board may settle any difficulty which may arise as it thinks expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Board for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;
- (b) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled subject to the provisions of the Companies Act; and
- (c) sub-divide its shares or any of them into shares of smaller amount than is fixed by its Articles of Association, subject nevertheless to the provisions of the Companies Act, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as we have power to attach to unissued or new shares.

The Company may by special resolution reduce its share capital or any capital redemption reserve in any manner authorised and subject to any conditions prescribed by the Companies Act.

## Variation of rights of existing shares or classes of shares

If at any time its share capital is divided into different classes of shares, all or any of the rights attached to any class of shares for the time being issued (unless otherwise provided for in the terms of issue of the shares of that class) may, subject to the provisions of the Companies Act, be varied or abrogated with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. To every such separate meeting all the provisions of its Articles of Association relating to general meetings shall *mutatis mutandis* apply, but so that the quorum for the purposes of any such separate meeting and of any adjournment thereof shall be a person or persons together holding (or representing by proxy or duly authorised representative) at the date of the relevant meeting not less than one-third in nominal value of the issued shares of that class.

The special rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

## Transfer of Shares

Transfers of shares may be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve, which is consistent with the standard form of transfer as prescribed by the Exchange and approved by the Board. All instruments of transfer must be left at its registered office or at such other place as the Board may appoint and all such instruments of transfer shall be retained by the Company.

The instrument of transfer shall be executed by or on behalf of the transferor and by or on behalf of the transferee **Provided that** the Board may dispense with the execution of the instrument of transfer by the transferee in any case which it thinks fit in its discretion to do so. The instrument of transfer of any share shall be in writing and shall be executed with a manual signature or facsimile signature (which may be machine imprinted or otherwise) by or on behalf of the transferor and transferee **Provided that** in the case of execution by facsimile signature by or on behalf of a transferor or transferee, the Board shall have previously been provided with a list of specimen signatures of the authorised signatories of such transferor or transferee and the Board shall be reasonably satisfied that such facsimile signature corresponds to one of those specimen signatures. The transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register in respect thereof.

Notwithstanding the above, transfers of shares which are listed on the Exchange may be effected by any method of transferring or dealing in securities permitted by the Listing Rules and which has been approved by the Board for such purpose.

The Board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share which is not fully paid up or on which the Company has a lien.

If the Board shall refuse to register a transfer of any share, it shall, within two months after the date on which the transfer was lodged with the Company, send to each of the transferor and the transferee notice of such refusal.

The Board may also decline to register any transfer of any shares unless:

- (a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon registration of the transfer be cancelled) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;
- (b) the instrument of transfer is in respect of only one class of shares;
- (c) the instrument of transfer is properly stamped (in circumstances where stamping is required);

- (d) in the case of a transfer to joint holders, the number of joint holders to which the share is to be transferred does not exceed four;
- (e) the shares concerned are free of any lien in favour of the Company; and
- (f) a fee of such maximum as the Exchange may from time to time determine to be payable (or such lesser sum as the Board may from time to time require) is paid to the Company in respect thereof.

No transfer shall be made to an infant or to a person in respect of whom an order has been made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs or under other legal disability.

The registration of transfers may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as herein provided or by advertisement published in the newspapers, be suspended and the register closed at such times for such periods as the Board may from time to time determine, **provided always that** such registration shall not be suspended or the register closed for more than 30 days in any year (or such longer period as the members may by ordinary resolution determine **provided that** such period shall not be extended beyond 60 days in any year). In the event that there is an alteration of book closure dates, the Company shall give at least 5 business days' notice before the announced closure, or the new closure, whichever is earlier. If, however, there are exceptional circumstances (e.g. during a gale warning or black rainstorm warning) that render the giving of such publication of advertisement impossible, the Company shall comply with these requirements as soon as practicable.

#### **Power for us to purchase our own Shares**

The Company is empowered by the Companies Act and its Articles of Association to purchase its own shares subject to certain restrictions and the Board may only exercise this power on our behalf subject to the authority of our members in general meeting as to the manner in which they do so and to any applicable requirements imposed from time to time by the Exchange and the Securities and Futures Commission of Hong Kong.

#### **Power of any subsidiary of ours to own Shares**

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

#### **Annual general meetings**

The Company shall hold a general meeting as its annual general meeting in each financial year. The annual general meeting shall be specified as such in the notice calling it and shall be held at such time and place as the Board shall appoint. We may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of any one or more members of the Company deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionist(s), **provided that** such requisitionist(s) held together, as at the date of deposit of the requisition, shares representing not less than one-tenth of the voting rights, on a one vote per share basis of the Company which carries the right of voting at general meetings of the Company. If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

## **Notice of meetings and business to be conducted thereat**

An annual general meeting or any extraordinary general meeting called for the passing of a special resolution shall be called by not less than 21 days' notice in writing and any other extraordinary general meeting shall be called by not less than 14 days' notice in writing. Subject to the requirement under the Listing Rules, the notice shall be inclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, place, and agenda of the meeting, particulars of the resolutions to be considered at the meeting and in the case of special business, the general nature of that business. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. The notice of any general meeting (including a postponed or reconvened meeting held pursuant to Article 12.12 of the Articles of Association) at which Communication Facilities will be utilised (including any Virtual Meeting) must disclose the Communication Facilities that will be utilised, including the procedures to be followed by any member or other participant of the general meeting who wishes to utilise such Communication Facilities for the purpose of attending, participating and voting at such meeting. Notice of every general meeting shall be given to the Auditors and to all members other than such as, under the provisions hereof or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company.

Notwithstanding that a meeting of the Company is called by shorter notice than that referred to above, it shall be deemed to have been duly called if it is so agreed:

- (a) in the case of a meeting called as an annual general meeting, by all the members of the Company entitled to attend and vote thereat or their proxies; and
- (b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right.

If, after the notice of a general meeting has been sent but before the meeting is held, or after the adjournment of a general meeting but before the adjourned meeting is held (whether or not notice of the adjourned meeting is required), the Board, in its absolute discretion, considers that it is impractical or unreasonable for any reason to hold a general meeting on the date or at the time and place specified in the notice calling such meeting, it may change or postpone the meeting to another date, time and place in accordance with Article 12.12 of the Articles of Association.

The Board shall also have the power to provide in every notice calling a general meeting that in the event of a gale warning or a black rainstorm warning (or the equivalent in the location of the relevant meeting) is in force at any time on the day of the general meeting (unless such warning has been cancelled at least a minimum period of time prior to the general meeting as the Board may specify in the relevant notice), the meeting shall be postponed without further notice to be reconvened on a later date in accordance with Article 12.12 of the Articles of Association.

Where a general meeting is postponed in accordance with Article 12.10 of the Articles of Association or Article 12.11 of the Articles of Association:

- (a) the Company shall endeavour to cause a notice of such postponement, which shall set out the reason for the postponement in accordance with the Listing Rules, to be placed on the Company's Website and published on the Exchange's website as soon as practicable, provided that failure to place or publish such notice shall not affect the automatic postponement of a general meeting pursuant to Article 12.11 of the Articles of Association;
- (b) the Board shall fix the date, time and place for the reconvened meeting and at least seven clear days' notice shall be given for the reconvened meeting by one of the means specified in Article 31.1 of the Articles of Association; and such notice shall specify the date, time



and place at which the postponed meeting will be reconvened, and the date and time by which proxies shall be submitted in order to be valid at such reconvened meeting (provided that any proxy submitted for the original meeting shall continue to be valid for the reconvened meeting unless revoked or replaced by a new proxy); and

- (c) only the business set out in the notice of the original meeting shall be transacted at the reconvened meeting, and notice given for the reconvened meeting does not need to specify the business to be transacted at the reconvened meeting, nor shall any accompanying documents be required to be recirculated. Where any new business is to be transacted at such reconvened meeting, the Company shall give a fresh notice for such reconvened meeting in accordance with Article 12.5 of the Articles of Association.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

- (a) the declaration and sanctioning of dividends;
- (b) the consideration and adoption of the accounts and balance sheets and the reports of the Directors and Auditors and other documents required to be annexed to the balance sheet;
- (c) the election of Directors in place of those retiring;
- (d) the appointment of Auditors;
- (e) the fixing of, or the determining of the method of fixing of, the remuneration of the Directors and of the Auditors;
- (f) the granting of any mandate or authority to the Directors to offer, allot, grant options over, or otherwise dispose of the unissued shares of the Company representing not more than 20% (or such other percentage as may from time to time be specified in the Listing Rules) in nominal value of its then existing issued share capital and the number of any securities repurchased pursuant to sub-paragraph (g) below; and
- (g) the granting of any mandate or authority to the Directors to repurchase securities of the Company.

#### **Quorum for meetings and separate class meetings**

For all purposes the quorum for a general meeting shall be two members present in person (or in the case of a corporation, by its duly authorised representative) or by proxy **provided always that** if the Company has only one member of record the quorum shall be that one member present in person or by proxy. No business (except the appointment of a Chairman) shall be transacted at any general meeting unless the requisite quorum shall be present at the commencement of the business.

Any corporation which is a member of the Company may, by resolution of its directors or other governing body or by power of attorney, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of members of any class of shares of the Company and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member of the Company and where a corporation is so represented, it shall be treated as being Present at any meeting in person.

#### **Special resolution – majority required**

A “**special resolution**” is defined in the Articles of Association to have the meaning ascribed thereto in the Companies Act and shall include an unanimous written resolution of all members: for this purpose, the requisite majority shall be not less than three-fourths of the votes of such members of the Company as, being entitled to do so, vote in person or, where proxies are allowed, by proxy or, in the

case of corporations, by their duly authorised representatives, at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given and includes a resolution in writing (in one or more counterparts), including a special resolution, signed by all members for the time being entitled to receive notice of and to attend and vote at general meetings (or being corporations by their duly appointed representatives) shall be as valid and effective as if the same had been passed at a general meeting of the Company duly convened and held. Any such resolution shall be deemed to have been passed at a meeting held on the date on which it was signed by the last member to sign.

In contrast, an “**ordinary resolution**” is defined in the Articles of Association to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, where proxies are allowed, by proxy or, in the case of corporations, by their duly authorised representatives, at a general meeting held in accordance with these Articles of Association and includes an ordinary resolution approved in writing by all the members of us as aforesaid.

### **Voting rights**

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting every member present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote for each share registered in his name in our register of members. A member entitled to more than one vote is under no obligation to cast all his votes in the same way. For the avoidance of doubt, where one or more than one proxy is appointed by a recognised clearing house (or its nominee(s)), each such proxy is under no obligation to cast all his votes in the same way on a poll.

Where any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

Any person becoming entitled to a share in consequence of the death or bankruptcy or winding-up of a member may, upon such evidence as to his title being produced as may from time to time be required by the Board and subject as hereinafter provided, either be registered himself as holder of the share or elect to have some other person nominated by him registered as the transferee thereof, to be registered as a member may vote at any general meeting in respect thereof in the same manner as if he were the registered holder of such shares, **provided that** at least 48 hours before the time of the holding of the meeting or adjourned meeting (as the case may be) at which he proposed to vote, he shall satisfy the Board of his right to be registered as the holder of such shares or the Board shall have previously admitted his right to vote at such meeting in respect thereof.

Where there are joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding. Several executors or administrators of a deceased member in whose name any share stands shall be deemed joint holders thereof.

A member in respect of whom an order has been made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs may vote by any person authorised in such circumstances to do so, and such person may vote by proxy.

Save as expressly provided in the Articles of Association or as otherwise determined by the Board, no person other than a member duly registered and who shall have paid all sums for the time being due from him payable to the Company in respect of his shares shall be entitled to be present or to vote (save as proxy for another member), or to be reckoned in a quorum, either personally or by proxy at any general meeting.

No objection shall be raised as to the qualification of any person exercising or purporting to exercise any vote or to the admissibility of any vote except at the meeting or adjourned meeting at which the person exercising or purporting to exercise his vote or the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. In the case of any dispute as to the admission or rejection of any vote, the Chairman of the meeting shall determine the same and such determination shall be final and conclusive.

Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (who must be an individual) as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. Votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member may appoint any number of proxies to attend in his stead at any one general meeting (or at any one class meeting).

A vote given in accordance with the terms of an instrument of proxy or resolution of a member shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or power of attorney or other authority under which the proxy or resolution of a member was executed or revocation of the relevant resolution or the transfer of the share in respect of which the proxy was given, **provided that** no intimation in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Company at its registered office, or at such other place or at such other place as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case, in any document sent therewith, at least two hours before the commencement of the meeting or adjourned meeting at which the proxy is used.

Any corporation which is a member of the Company may, by resolution of its directors or other governing body or by power of attorney, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of members of any class of shares of the Company and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member of the Company and where a corporation is so represented, it shall be treated as being Present at any meeting in person.

If a recognised clearing house within the meaning of Part 1 of Schedule 1 to the Securities and Futures Ordinance of Hong Kong (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any general meeting of the Company or at any general meeting of any class of members of the Company **provided that**, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person so authorised pursuant to this provision shall be deemed to have been duly authorised without the need of producing any documents of title, notarised authorisation and/or further evidence for substantiating the facts that it is duly authorised and will be entitled to exercise the same rights and powers on behalf of the recognised clearing house (or its nominee(s)) which he represents as that recognised clearing house (or its nominee(s)) could exercise as if such person were an individual member of the Company holding the number and class of shares specified in such authorisation, notwithstanding any contrary provision contained in the Articles of Association.

At any general meeting a resolution put to the vote of the meeting is to be decided on a poll.

## **Proxies**

Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (who must be an individual) as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting.

Votes may be given either personally or by proxy. A proxy need not be a member of the Company. A member may appoint any number of proxies to attend in his stead at any one general meeting (or at any one class meeting).

### **Dividends and other methods of distributions**

Subject to the Companies Act and the Articles of Association, the Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Board.

The Company and its subsidiaries intend to strike a balance between maintaining sufficient capital to grow the business and rewarding the shareholders of the Company. In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account the Company's general financial condition, the actual and future operations and liquidity positions, the future cash requirements and availability, any restrictions on payment of dividends that may be imposed by the Company's lenders, the general market conditions, and any other factor that the Board deems appropriate. The dividends, interest and bonuses and any other benefits and advantages in the nature of income receivable in respect of the Company's investments, and any commissions, trusteeship, agency, transfer and other fees and current receipts of the Company shall, subject to the payment thereof of the expenses of management, interest upon borrowed money and other expenses which in the opinion of the Board are of a revenue nature, constitute the profits of the Company available for distribution.

Our Articles of Association provide that no dividend shall be declared or payable except out of the profits and reserves of the Company lawfully available for distribution including share premium. No dividend shall carry interest against the Company.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid *pro rata* according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For these purposes, no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Board may from time to time pay to the members such interim dividends as appear to the Board to be justified by the profits of the Company and, in particular (but without prejudice to the generality of the foregoing), if at any time the share capital of the Company is divided into different classes, the Board may pay such interim dividends in respect of those shares in the capital of the Company which confer on the holders thereof deferred or non-preferential rights as well as in respect of those shares which confer on the holders thereof preferential rights with regard to dividend and **provided that** the Board acts *bona fide*, the Board shall not incur any responsibility to the holders of shares conferring any preferential rights.

The Board may also pay half-yearly or at other intervals to be selected by it any dividend which may be payable at a fixed rate if the Board is of the opinion that the profits available for distribution justify the payment.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the Board may further resolve (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, **provided that** the members entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment or (b) that members entitled to such dividend shall be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

The Company may also upon the recommendation of the Board by ordinary resolution resolve in respect of any one particular dividend of the Company that a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Unless otherwise directed by the Board, any dividend, interest or other sum payable in cash to a holder of shares may be paid by cheque or warrant sent through the post to the registered address of the member entitled, or, in case of joint holders, to the registered address of the person whose name stands first in the register in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every cheque or warrant so sent shall be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares and shall be sent at his or their risk, and the payment of any such cheque or warrant by the bank on which it is drawn shall operate as a good discharge to the Company in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged.

The Board, with the sanction of the members in general meeting, may direct that any dividend be satisfied wholly or in part by the distribution of specific assets of any kind and in particular of paid up shares, debentures or warrants to subscribe securities of any other company, or in any one or more of such ways, and where any difficulty arises in regard to the distribution the Board may settle the same as it thinks expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets, or any part thereof, and may determine that cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Board and may appoint any person to sign any requisite instruments of transfer and other documents on behalf of the persons entitled to the dividend and such appointment shall be effective. Where required, a contract shall be filed in accordance with the provisions of the Companies Act and the Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend and such appointment shall be effective.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the exclusive benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof or be required to account for any money earned thereon. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the Board and shall revert to the Company and after such forfeiture no member or other person shall have any right to or claim in respect of such dividends or bonuses.

### **Inspection of register of members**

The Company shall as soon as practicable and on a regular basis record in the principal register all transfers of shares effected on any branch register and shall at all times maintain the principal register in such manner as to show at all times the members for the time being and the shares respectively held by them, in all respects in accordance with the Companies Act.

The register may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Exchange's website, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as herein provided or by advertisement published in the newspapers, be closed at such times and for such periods as the Board may from time to time determine, either generally or in respect of any class of shares, **provided that** the register shall not be closed for more than 30 days in any year (or such longer period as the members may by ordinary resolution determine **provided that** such period shall not be extended beyond 60 days in any year). The Company shall, on demand, furnish any person seeking to inspect the register or part thereof which is closed by virtue of Articles of Association with a certificate under the hand of the Secretary stating the period for which, and by whose authority, it is closed. In the event that there is an alteration of book closure dates, the Company shall give at least 5 business days' notice in accordance with the procedures set out in the Articles of Associations.

Any register held in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Board may impose) be open to inspection by a member without charge and any other person on payment of such fee not exceeding HK\$2.50 (or such higher amount as may from time to time be permitted under the Listing Rules) as the Board may determine for each inspection. Any member may require a copy of the register, or any part thereof, on payment of HK\$0.25, or such lesser sum as the Company may prescribe, for every 100 words or fractional part thereof required to be copied. The Company shall cause any copy so required by any person to be sent to that person within a period of 10 days commencing on the date next after the day on which the request is received by the Company.

### **Calls on Shares and forfeiture of Shares**

The Board may from time to time make such calls as it may think fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal amount of the shares or by way of premium or otherwise) and not by the conditions of allotment thereof made payable at fixed times. A call may be made payable either in one sum or by instalments. A call may be revoked or postponed as the Board may determine.

At least 14 days' notice of any call shall be given to each member specifying the time and place of payment and to whom such payment shall be made.

If the sum or any instalment payable in respect of any call is unpaid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 15% per annum as the Board shall determine from the day appointed for the payment thereof to the time of actual payment, but the Board may waive payment of such interest wholly or in part.

If a member fails to pay any call or instalment of a call on the day appointed for payment thereof, the Board may, at any time during such time as any part thereof remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice shall name a further day (not earlier than the expiration of 14 days from the date of service of the notice) on or before which, and the place where, the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which the call was made or instalment is unpaid will be liable to be forfeited. The Board may accept a surrender of any share liable to be forfeited hereunder and in such case, references to forfeiture shall include surrender. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited share, and not actually paid before the forfeiture. Any share so forfeited shall be deemed to be the property of the Company, and may be re-allotted sold or otherwise disposed of on such terms and in such manner as the Board thinks fit and at any time before a re-allotment, sale or disposition the forfeiture may be cancelled by the Board on such terms as it thinks fit. A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all moneys which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 15% per annum as the Board may prescribe, and the Board may enforce the payment thereof if it thinks fit, and without any deduction or allowance for the value of the shares forfeited, at the date of forfeiture. Any sum which, by the terms of issue of a share, is payable thereon at a fixed time which is subsequent to the date of forfeiture, whether on account of the nominal value of the share or by way of premium, shall notwithstanding that time has not yet arrived, be deemed to be payable at the date of forfeiture, and the same shall become due and payable immediately upon the forfeiture, but interest thereon shall only be payable in respect of any period between the said fixed time and the date of actual payment.



## **Rights of minorities in relation to fraud or oppression**

There are no provisions in the Articles of Association of the Company concerning the rights of minority shareholders in relation to fraud or oppression.

## **Procedure on liquidation**

If the Company shall be wound up (whether the liquidation is voluntary, under supervision or by the court) the liquidator may, with the authority of a special resolution of the Company and any other sanction required by the Companies Act divide among the members in specie or kind the whole or any part of the assets of the Company (whether the assets shall consist of property of one kind or shall consist of properties of different kinds) and may for such purpose set such value as he deems fair upon any property to be divided and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority or sanction vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members as the liquidator, with the like authority or sanction and subject to the Law, shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no member shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

If the Company shall be wound up, and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively. And if in a winding up the assets available for distribution amongst the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. This Article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.

## **Untraceable members**

Pursuant to the Articles of Association, the Company shall be entitled to sell any shares of a member or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if and **provided that**:

- (a) all cheques or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years;
- (b) the Company has not during that time or before the expiry of the three month period referred to below received any indication of the whereabouts or existence of the member or person entitled to such shares by death, bankruptcy or operation of law;
- (c) during the 12-year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and
- (d) upon expiry of the 12-year period, the Company has caused an advertisement to be published in the newspapers, or, subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means, giving notice of its intention to sell such shares, and a period of three months has elapsed since such advertisement and the Exchange has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds.

## MARKET PRICE INFORMATION

*The table below sets forth the closing prices and the daily average trading volume of the Shares on the Hong Kong Stock Exchange for the periods indicated:*

	Closing Share Price			Average Daily Trading Volume
	End	High	Low	
	(HK\$)			
<b>2020</b>				
First quarter . . . . .	17.52	18.98	8.45	13,921,816
Second quarter . . . . .	31.16	31.16	14.34	17,941,586
Third quarter . . . . .	30.71	43.20	29.22	15,888,029
Fourth quarter . . . . .	41.90	42.15	27.22	10,875,458
<b>2021</b>				
First quarter . . . . .	43.75	63.35	37.00	8,468,544
Second quarter . . . . .	69.65	71.70	48.30	6,500,900
Third quarter . . . . .	43.90	71.50	43.85	6,727,188
Fourth quarter . . . . .	28.40	43.85	26.90	6,193,442
<b>2022</b>				
First quarter . . . . .	17.78	28.75	13.44	7,879,296
Second quarter . . . . .	22.75	24.85	13.20	7,759,290
Third quarter . . . . .	13.52	24.70	13.50	6,742,836
Fourth quarter . . . . .	20.55	21.40	13.08	9,768,335
<b>2023</b>				
First quarter . . . . .	18.46	27.45	18.46	8,568,160
Second quarter . . . . .	14.16	20.00	12.50	5,839,075
Third quarter . . . . .	11.84	16.10	11.84	4,945,875
Fourth quarter from 1 October to 12 December . . . . .	8.06	13.80	7.98	8,277,795

Source: Hong Kong Stock Exchange

## DIVIDENDS

The table below sets out certain statistics on ordinary dividends paid on Shares since 2017:

<u>Year ended 31 December</u>	<u>Cash Dividend</u>	<u>Scrip Dividend</u>	<u>Total Dividend</u>
		USD'000	
2017 .....	2,295	1,215	3,510
2018 .....	3,582	1,075	4,657
2019 .....	3,430	2,521	5,951
2020 .....	6,661	5,062	11,723
2021 .....	6,423	3,641	10,064
2022 .....	—	—	—

## TAXATION

*The following summary of certain Cayman Islands, Hong Kong and PRC tax consequences of the purchase, ownership and disposition of the Bonds and Shares is based upon applicable laws, regulations, rulings and decisions in effect as of the date of this Offering Circular, all of which are subject to change (possibly with retrospective effect). This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds or Shares and does not purport to deal with consequences applicable to all categories of investors, some of which may be subject to special rules. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any holder of the Bonds or Shares or any persons acquiring, selling or otherwise dealing in the Bonds or Shares or on any tax implications arising from the acquisition, sale or other dealings in respect of the Bonds or Shares. Persons considering the purchase of the Bonds should consult their own tax advisers concerning the possible tax consequences of buying, holding, converting or selling any Bonds or Shares under the laws of their country of citizenship, residence or domicile.*

### Cayman Islands

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, we have obtained an undertaking from the Governor-in-Cabinet:

- That no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to us or our operations; and
- That no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by us:
  - (i) On or with respect to the shares, debentures or our other obligations; or
  - (ii) By way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (1999 Revision).

The concession shall be for a period of 20 years from the 13th day of July 2010.

As long as the holder of the Bonds is a non-Cayman resident, under the existing Cayman Islands Laws:

- (a) payments of interest and principal on the Bonds will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of interest and principal to any holder of the Bonds, nor will gains derived from the disposal of the Bonds be subject to Cayman Islands income or corporation tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax;
- (b) no stamp duty is payable with respect to the issue or transfer of the Bonds unless the Bonds are executed in or brought into the Cayman Islands; and
- (c) the Global Note representing the Bonds, in registered form, to which title is not transferable by delivery, should not be subject Cayman Islands stamp duty unless the Global Note is brought into the Cayman Islands. However, an instrument transferring title to the Bonds if brought to or executed in the Cayman Islands, would be subject to Cayman Islands stamp duty.

As long as the holder of the Bonds and the Shares issuable upon conversion of the Bonds is not resident of the Cayman Islands and the Company does not hold interests in land in the Cayman Islands, the Cayman Islands currently levies no tax on conversion of the Bonds into Shares, the receipt of any payments from the Company in respect of such Shares or on any gain derived from the disposal or transfer of such Shares, save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands.

## **Hong Kong**

### ***Withholding Tax***

No withholding tax in Hong Kong is payable on payments of principal in respect of the Bonds or in respect of any capital gains arising from the sale of the Bonds.

No tax is payable in Hong Kong by withholding or otherwise in respect of payments of dividends on the Shares.

### ***Profits Tax***

Hong Kong profits tax is chargeable on every person carrying on a trade, profession or business in Hong Kong in respect of profits arising in or derived from Hong Kong from such trade, profession or business (excluding profits arising from the sale of capital assets).

Interest on the Bonds may be deemed to be profits arising in or derived from Hong Kong from a trade, profession or business carried on in Hong Kong in the following circumstances:

- (i) interest on the Bonds is derived from Hong Kong and is received by or accrues to a corporation carrying on a trade, profession or business in Hong Kong;
- (ii) interest on the Bonds is derived from Hong Kong and is received by or accrues to a person, other than a corporation, carrying on a trade, profession or business in Hong Kong and is in respect of the funds of that trade, profession or business;
- (iii) interest on the Bonds is received by or accrues to a financial institution (as defined in the Inland Revenue Ordinance (Cap. 112) of Hong Kong (the “IRO”)) and arises through or from the carrying on by the financial institution of its business in Hong Kong; or
- (iv) interest on the Bonds is received by or accrues to a corporation, other than a financial institution, and arises through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO).

Sums received by or accrued to a financial institution by way of gains or profits arising through or from the carrying on by the financial institution of its business in Hong Kong from the sale, disposal or redemption of Bonds will be subject to Hong Kong profits tax. Sums received by or accrued to a corporation, other than a financial institution, by way of gains or profits arising through or from the carrying on in Hong Kong by the corporation of its intra-group financing business (within the meaning of section 16(3) of the IRO) from the sale, disposal or other redemption of Bonds will be subject to Hong Kong profits tax.

Sums derived from the sale, disposal or redemption of Bonds will be subject to Hong Kong profits tax where received by or accrued to a person, other than a financial institution, who carries on a trade, profession or business in Hong Kong and the sum has a Hong Kong source unless otherwise exempted. The source of such sums will generally be determined by having regard to the manner in which the Bonds are acquired and disposed of.

In addition, the Inland Revenue (Amendment) (Taxation on Specified Foreign-sourced Income) Ordinance 2022 of Hong Kong (the “**Amendment Ordinance**”) came into effect on 1 January 2023. Under the Amendment Ordinance, certain foreign-sourced interest on the Bonds accrued to an MNE entity (as defined in the Amendment Ordinance) carrying on a trade, profession or business in Hong Kong is regarded as arising in or derived from Hong Kong and subject to Hong Kong profits tax when it is received in Hong Kong. The Amendment Ordinance also provides for relief against double taxation in respect of certain foreign-sourced income and transitional matters.

In certain circumstances, Hong Kong profits tax exemptions (such as concessionary tax rates) may be available. Investors are advised to consult their own tax advisers to ascertain the applicability of any exemptions to their individual position.

### ***Stamp Duty***

No Hong Kong stamp duty will be chargeable upon the issue or transfer of a Bond, or issue of Shares upon conversion of the Bond.

Hong Kong stamp duty is payable on any transfer of Hong Kong stock required to be registered in Hong Kong and which is not otherwise exempt, including the transfer of the Shares to the holder of the Bonds upon the exchange. The duty is charged on each of the transferor and the transferee at the *ad valorem* rate of 0.1 per cent. of the consideration for, or (if greater) the value of, the Shares bought and sold. In other words, a total of 0.2 per cent. is currently payable on a typical transfer (i.e. sale and purchase transaction) of Shares.

In addition, any instrument of transfer (if required) will be subject to a flat rate of stamp duty of HK\$5. Where a transfer of Shares registered on a Hong Kong share register is effected by a person who is not resident in Hong Kong and any stamp duty payable thereon is not paid, the relevant instrument of transfer (if any) is chargeable with such duty in default and the transferee is liable to pay such duty.

If stamp duty is not paid, in general, both the seller and the purchaser may be liable jointly and severally to pay any unpaid stamp duty and also any penalties for late payment. If stamp duty is not paid on or before the due date (two days after the sale or purchase of any Hong Kong stock if effected in Hong Kong or 30 days if effected elsewhere) a penalty of up to 10 times the duty payable may be imposed.

### **PRC**

Under the EIT Law, an enterprise established outside the PRC with “de facto management bodies” within the PRC is considered a “tax resident enterprise” of the PRC. Under the implementing rules to the EIT Law, a “de facto management body” is defined as a body that has material and overall management and control over the manufacturing and business operations, personnel and human resources, finances and properties of an enterprise.

In addition, a circular issued by STA on 22 April 2009 specifies that certain offshore enterprises controlled by a PRC company or a PRC company group will be classified as resident enterprises if the following are located or resident in the PRC: the place where senior management personnel and departments that are responsible for daily production, operation and management perform their duties; financial and personnel decision-making bodies; key properties, accounting books, the company seal, and minutes of board meetings and shareholders meetings; and half or more of the senior management or directors having voting rights.

Most of our Directors and senior management are currently based inside China and we keep our books of account inside China. The above elements may be relevant for the tax authorities to determine whether we are a PRC resident enterprise for tax purposes.

Although it is unclear under PRC tax law whether we have a “de facto management body” located in China for PRC tax purposes, we currently intend to take the position that we are not a PRC resident enterprise for tax purpose. We cannot assure you that tax authorities will respect this position. Our PRC legal advisers, Global Law Office, has advised us that if we are deemed to be a PRC resident enterprise for enterprise income purpose, among other things, we would be subject to the PRC enterprise income tax at the rate of 25% on its worldwide income, possibly excluding dividends from PRC subsidiaries. Furthermore, if we were treated as a PRC resident enterprise, we would be obligated to withhold PRC income tax from payments of interest on the Bonds to investors that are non-resident enterprises, generally at the rate of 10%, and for investors that are non-resident individuals, generally at the rate of 20%. If we fail to do so, we may be subject to fines and other penalties. In addition, if we were treated



as a PRC resident enterprise, the gain realised by such non-resident enterprise investors from the transfer of the Bonds may be subject to PRC income tax at a rate of 10% to the extent that such gain is regarded as derived from sources within the PRC, unless an applicable treaty provides otherwise. In the case of income or gain of individuals, the tax (including withholding tax) rate would generally be 20%, unless an applicable treaty provides otherwise. Any PRC taxes may be reduced under applicable tax treaties. However, if we are not considered as a PRC resident enterprise for enterprise income purposes, non-resident enterprise investors are not likely to be subject to PRC income tax on any interest received on the Bonds or any gains realised from the transfer of the Bonds.

#### *VAT*

On 23 March 2016, the MOF and the STA issued the Circular of Taxation on Full Launch of the Pilot Scheme on Levying Value-Added Tax in Place of Business Tax (關於全面推開營業稅改徵增值稅試點的通知), or Circular 36, which confirms that since 1 May 2016, the income derived from the provision of financial services which attracted business tax has been entirely replaced by, and subject to, VAT.

According to Circular 36, the entities and individuals providing the services within China shall be subject to VAT. The services are treated as being provided within China where either the service provider or the service recipient is located in the PRC. The services subject to VAT include the provision of financial services such as the provision of loans. It is further clarified under Circular 36 that the “loans” refers to the activity of lending capital for another’s use and receiving the interest income thereon. Based on the definition of “loans” under Circular 36, the PRC Bondholders are likely to be treated as the holders of the Bonds located within China providing loans to us, which thus shall be regarded as providing financial services subject to VAT. Thus, the PRC Bondholders shall be subject to VAT under Circular 36 when receiving the interest payments under the Bonds.

In general, while still subject to the competent tax authority’s further clarification or interpretation, the provision of loans and the income therefrom will not be subject to VAT in the PRC **provided that** both the Bondholders and us are not within the PRC and the Bonds are not issued within the PRC. However, due to the lack of explicit tax rules, the risk may not be entirely ruled out that holders of the Bonds might be deemed to be providing financial services to us within the PRC and consequently, the amount of interest payable by us to any non-PRC resident holders may be subject to withholding VAT tax at the rate of 6% plus related surcharges.

Where a non-PRC resident individual resells the Bonds, VAT may be exempted according to Circular 36 if the resale of Bonds is treated as resale of financial products. Where a non PRC-resident enterprise holder resells the Bonds to an entity or individual located outside of the PRC, since neither the service provider nor the service recipient is located in the PRC, Circular 36 should not apply. However, where a non PRC-resident enterprise holder resells the Bonds, there is uncertainty as to the applicability of VAT if the buyer of Bonds is located inside the PRC.

The above statement may be subject to further change upon the issuance of clarification rules and/or different interpretation by the competent tax authority. There is uncertainty as to the application of Circular 36.

#### *Stamp duty*

No PRC stamp tax will be chargeable upon the issue or transfer of a Note, so long as the register of holders of the Bonds is maintained outside the PRC and the issuance and the sale of the Bonds is made outside the PRC.

## SUBSCRIPTION AND SALE

The Company has entered into a subscription agreement with the Joint Lead Managers dated 5 December 2023 (the “**Subscription Agreement**”), pursuant to which and subject to certain conditions contained therein, the Company has agreed to sell to the Joint Lead Managers, and the Joint Lead Managers have severally (and not jointly) agreed to subscribe and pay for, or to procure subscribers to subscribe and pay for, the Bonds in the amounts as set out below.

Joint Lead Managers	Principal amount of Bonds to be subscribed  U.S.\$
J.P. Morgan Securities plc. . . . .	110,000,000
China International Capital Corporation Hong Kong Securities Limited. . . . .	55,000,000
Citigroup Global Markets Limited . . . . .	33,000,000
Merrill Lynch (Asia Pacific) Limited . . . . .	22,000,000
<b>Total</b> . . . . .	<u>220,000,000</u>

The Company has agreed to indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Bonds. The Subscription Agreement provides that the obligations of the Joint Lead Managers are subject to certain conditions precedent, and entitles the Joint Lead Managers to terminate the Subscription Agreement in certain circumstances at any time up to the time when subscription moneys have been received and the Bonds issued.

The Joint Lead Managers and certain of their respective affiliates have, from time to time, performed, and may in the future perform, certain investment banking and advisory services for the Company and/or its affiliates for which they have received or will receive customary fees and expenses. The Joint Lead Managers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. In the ordinary course of their various business activities, the Joint Lead Managers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investments and securities activities may involve securities and instruments of the Company. The Joint Lead Managers and their respective affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the Bonds or the other financial instruments of the Issuer, and may recommend to their clients that they acquire long and/or short positions in the Bonds or other financial instruments.

The Joint Lead Managers or their respective affiliates may purchase the Bonds for their own account and enter into transactions, including (i) credit derivatives, such as asset swaps, repackaging and credit default swaps relating to the Bonds and/or other securities or (ii) equity derivatives and stock loan transactions relating to the Shares of the Company or its subsidiaries or associates at the same time as the offer and sale of the Bonds or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Bonds to which this Offering Circular relates (notwithstanding that such selected counterparties may also be purchasers of the Bonds). The Joint Lead Managers and certain of their respective subsidiaries or affiliates have performed certain commercial banking, investment banking and advisory services for the Company or the Group from time to time for which they have received customary fees and expenses. In addition to the transaction services for the Company or the Group, the Joint Lead Managers may, from time to time, engage in other transactions with and perform services for the Company or the Group in the ordinary course of business of the Company or the Group. In addition, the Joint Lead Managers and certain of their respective subsidiaries and affiliates may hold Shares as beneficial owners, on behalf of clients or in the capacity of investment advisers.

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Bonds is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

The Issuer has undertaken with the Joint Lead Managers that neither the Issuer nor any person acting on its or their behalf will (a) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares or securities of the same class as the Bonds or the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds, the Shares or securities of the same class as the Bonds, the Shares or other instruments representing interests in the Bonds, the Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing, in any such case without the prior written consent of the Managers between the date of the Subscription Agreement and the date which is 90 calendar days after the Issue Date except for (i) the Bonds and the New Shares issued on conversion of the Bonds and (ii) the Shares issued or options granted pursuant to the share option schemes and/or share scheme disclosed in the interim report of the Issuer for the six months ended 30 June 2023.

Each of Otsuka Medical Devices Co., Ltd., Maxwell Maxcare Science Foundation Limited, Shanghai ZJ Hi-Tech Investment Corporation and Shanghai Zhangjiang Health Solution Holdings Limited, each a shareholder of the Issuer, has executed a shareholder lock-up undertaking dated 5 December 2023. Each such shareholder has undertaken in favour of the Joint Lead Managers that for a period from the date of the Subscription Agreement up to the date falling 90 calendar days after the Issue Date, neither it nor any of its subsidiaries (if applicable) or affiliates or spouse (if applicable) or family members (if applicable) over which it exercises management or voting control, nor any person acting on its or their behalf will, without the prior written consent of the Joint Lead Managers, (a) issue, offer, sell, and it shall procure such entities to not, pledge, contract to sell, lend or otherwise transfer or dispose of, directly or indirectly, or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Lock-up Shares or any securities convertible into, exercisable or exchangeable for or which carry rights to subscribe or purchase the Lock-up Shares or other instruments representing interests in the Lock-up Shares, (b) enter into any hedging, swap or other agreement or transaction that transfers, in whole or in part, any of the economic consequences of the ownership of the Lock-up Shares, (c) enter into any hedging or other transactions or arrangements (including, without limitation, any short sale or the purchase or sale of, or entry into, any put or call option, or combination thereof, forward, swap or any other derivative transaction or instrument, however described or defined) with the same economic effect as, or which is designed or intended to, or which may reasonably be expected to lead to or result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Lock-up Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing. Solely in respect of the lock-up undertaking signed by Maxwell Maxcare Science Foundation Limited, the foregoing sentence shall not apply to the Lock-up Shares which are subject to the Securities Lending Agreement. “**Lock-up Shares**” means, in respect of Otsuka Medical Devices Co., Ltd., Maxwell Maxcare Science Foundation Limited, Shanghai ZJ Hi-Tech Investment Corporation and Shanghai Zhangjiang Health Solution Holdings Limited, the 382,994,120, 285,774,627, 7,042,580 and 164,705,470 shares of the Issuer held directly by it (or through nominees) or indirectly through companies controlled by it or its subsidiaries (or through nominees), respectively.

In connection with the proposed issue of the Bonds, J.P. Morgan Securities plc as Borrower has entered into a Securities Lending Agreement dated 4 December 2023 with WE'TRON Capital Limited (中國微創投資管理有限公司) as Lender, pursuant to which the Lender will lend, in aggregate, 90,000,000 Shares to the Borrower, upon and subject to the terms and conditions stated in the Securities Lending

Agreement, to facilitate hedging for the investors participating in the offering of the Bonds. According to the Securities Lending Agreement, such number of Shares are subject to adjustments in accordance with the terms and conditions in the Securities Lending Agreement.

## GENERAL

The distribution of this Offering Circular or any offering material and the offering, sale or delivery of the Bonds is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Offering Circular or any offering material are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Offering Circular may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

No action has been or will be taken in any jurisdiction by the Issuer or the Managers that would permit a public offering, or any other offering under circumstances not permitted by applicable law, of the Bonds, or possession or distribution of this Offering Circular, any amendment or supplement thereto issued in connection with the proposed resale of the Bonds or any other offering or publicity material relating to the Bonds, in any country or jurisdiction where action for that purpose is required. Accordingly, the Bonds may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material or advertisements in connection with the Bonds may be distributed or published, by the Issuer or the Managers, in or from any country or jurisdiction, except in circumstances which will result in compliance with all applicable rules and regulations of any such country or jurisdiction and will not impose any obligations on the Issuer or the Managers.

### United States

The Bonds and the Shares to be issued upon conversion of the Bonds have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Bonds are being offered and sold outside of the United States in reliance on Regulation S. In addition, until 40 days after the commencement of the offering of the Bonds, an offer or sale of Bonds within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Each Joint Lead Manager has represented, warranted and agreed that it has not offered or sold, and will not offer or sell, any Bonds constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf has engaged or will engage in any “**directed selling efforts**” with respect to the issuance of the Bonds.

Terms used in this paragraph have the meaning given to them by Regulation S.

### United Kingdom

Each Joint Lead Manager has represented, warranted and agreed that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the UK.

Each Joint Lead Manager has represented, warranted and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the UK. For the purposes of this provision, the expression “**retail investor**” means a person who is one (or more) of the following:

- (a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
- (b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

### **European Economic Area**

Each Joint Lead Manager has represented, warranted and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the EEA. For the purposes of this provision, the expression “**retail investor**” means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

### **Hong Kong**

Each Joint Lead Manager has represented, warranted and undertaken that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (a) to “**professional investors**” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (“**SFO**”) and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “**C(WUMP)O**”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

### **The People’s Republic of China**

Each Joint Lead Manager has represented, warranted and agreed that the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in the People’s Republic of China (for such purposes, not including the Hong Kong and Macau Special Administrative Regions of the People’s Republic of China or Taiwan), except as permitted by the applicable laws of the People’s Republic of China.

### **Singapore**

Each Joint Lead Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented and agreed that it has not offered or sold any Bonds or caused such Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell such Bonds or cause such Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Bonds, whether

directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the “SFA”) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

## **Japan**

The Bonds have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**Financial Instruments and Exchange Act**”) and, accordingly, the Lead Manager has represented, warranted and agreed that they have not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Bonds in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

## **The Cayman Islands**

Each Joint Lead Manager has represented, warranted and agreed that the public in the Cayman Islands has not been or will not be invited to subscribe directly or indirectly for the Bonds.

## **Important Notice to CMIs (including private banks) pursuant to Paragraph 21 of the Hong Kong SFC Code of Conduct**

This notice to CMIs (including private banks) is a summary of certain obligations the SFC Code imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks). Certain CMIs may also be acting as OCs for this offering and are subject to additional requirements under the SFC Code.

Prospective investors who are the directors, employees or major shareholders of the Company, a CMI or its group companies would be considered under the SFC Code as having an Association with the Company, the CMI or the relevant group company. CMIs should specifically disclose whether their investor clients have any Association when submitting orders for the Bonds. In addition, private banks should take all reasonable steps to identify whether their investor clients may have any Associations with the Company or any CMI (including its group companies) and inform the Joint Lead Managers accordingly.

CMIs are informed that the marketing and investor targeting strategy for this offering includes institutional investors, sovereign wealth funds, pension funds, hedge funds, family offices and high net worth individuals, in each case, subject to the selling restrictions set out elsewhere in this Offering Circular.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the Bonds (except for omnibus orders where underlying investor information may need to be provided to any OCs when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, may result in that order being rejected. CMIs should not place “X-orders” into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks as the case may be) in the order book and book messages.



CMIs (including private banks) should not offer any rebates to prospective investors or pass on any rebates provided by the Company. In addition, CMIs (including private banks) should not enter into arrangements which may result in prospective investors paying different prices for the Bonds.

The SFC Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Joint Lead Managers in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the Bonds, private banks should disclose, at the same time, if such order is placed other than on a “principal” basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a “principal” basis. Otherwise, such order may be considered to be an omnibus order pursuant to the SFC Code. Private banks should be aware that placing an order on a “principal” basis may require the relevant affiliated Manager(s) (if any) to categorise it as a proprietary order and apply the “proprietary orders” requirements of the SFC Code to such order.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks) that are subject to the SFC Code should disclose underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information may result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of:

- The name of each underlying investor;
- A unique identification number for each investor;
- Whether an underlying investor has any “Associations” (as used in the SFC Code);
- Whether any underlying investor order is a “Proprietary Order” (as used in the SFC Code);
- Whether any underlying investor order is a duplicate order.

Underlying investor information in relation to omnibus order should be sent to: Asian\_ECM\_Syndicate@jpmorgan.com; CICC\_Syndicate\_HK@cicc.com.cn; ECM.Omnibus@citi.com; bofa\_ecm\_syndicate\_pb\_orders@bofa.com; dg.ecm\_apac\_syndicate@bofa.com

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks) agree and warrant: (A) to take appropriate steps to safeguard the transmission of such information to any OCs; and (B) that they have obtained the necessary consents from the underlying investors to disclose such information to any OCs. By submitting an order and providing such information to any OCs, each CMI (including private banks) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by any OCs and/or any other third parties as may be required by the SFC Code, including to the Company, relevant regulators and/or any other third parties as may be required by the SFC Code, for the purpose of complying with the SFC Code, during the bookbuilding process for this offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in this offering. The Joint Lead Managers may be asked to demonstrate compliance with their obligations under the SFC Code, and may request other CMIs (including private banks) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks) are required to provide the relevant Joint Lead Manager with such evidence within the timeline requested.

## GENERAL INFORMATION

1. **Legal Entity Identifier:** The legal entity identifier of the Issuer is 5299009MK4VZID944A20.
2. **Clearing Systems:** The Bonds have been accepted for clearance through Euroclear and Clearstream under Common Code number 273050272 and the International Securities Identification Number for the Bonds is XS2730502726.
3. **Listing of Shares:** Application will be submitted to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Shares issuable on conversion of the Bonds, and listing is expected to become effective when such Shares are issued.
4. **Listing of Bonds:** Application will be submitted to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Bonds by way of debt issues to Professional Investors only, and listing is expected to become effective on or about 20 December 2023.
5. **Authorisations:** The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Bonds. The issue of the Bonds was authorised by resolutions of the Board of Directors of the Issuer passed on 30 November 2023.
6. **No Material Adverse Change:** There has been no material adverse change in the financial or trading position or prospect of the Issuer or the Group since 30 June 2023.
7. **Litigation:** Neither the Issuer nor any of its subsidiaries is involved in any litigation or arbitration proceedings which are material in the context of the Bonds nor is the Issuer aware that any such proceedings are pending or threatened.
8. **Audited Financial Statements and Interim Financial Statements:** The Company's audited consolidated financial statements as at and for the years ended 31 December 2021 and 2022 incorporated by reference in this Offering Circular have been audited by KPMG in accordance with the Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants, as stated in its report appended to such statements. The Company's unaudited consolidated financial statements as at and for the six months ended 30 June 2023 incorporated by reference in this Offering Circular have been reviewed by KPMG 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 Hong Kong Institute of Certified Public Accountants, as stated in its report appended to such statements.
9. **Documents:** Copies of the Company's Memorandum and Articles of Association and copies of the Trust Deed and the Agency Agreement will be available for inspection from the Issue Date, at the office of the Company at No.1601, Zhang Dong Road, Zhangjiang Hi-Tech Park, Shanghai, China. For so long as any of the Bonds is outstanding, copies of the Trust Deed and the Agency Agreement (a) will be available for inspection from the Issue Date at all reasonable times during normal business hours (being between 9.00 a.m. and 3.00 p.m.) at the principal office for the time being of the Trustee (being as at the Issue Date at 160 Queen Victoria Street, London EC4V 4LA, United Kingdom) following prior written request and proof of holding and identity satisfactory to the Trustee or (b) may be provided by email to such holder requesting copies of such documents, in any such case following prior written request and proof of holding and identity to the satisfaction of the Trustee.
10. **Cayman Islands Data Protection:** The Issuer has certain duties under the Data Protection Act (As Revised) of the Cayman Islands (the "DPA") based on internationally accepted principles of data privacy.

Prospective investors should note that, by virtue of making investments in the Bonds and the associated interactions with the Issuer and its affiliates and/or delegates, or by virtue of providing the Issuer with personal information on individuals connected with the investor (for example directors, trustees, employees, representatives, shareholders, investors, clients, beneficial owners

or agents) such individuals will be providing the Issuer and its affiliates and/or delegates with certain personal information which constitutes personal data within the meaning of the DPA. The Issuer shall act as a data controller in respect of this personal data and its affiliates and/or delegates, may act as data processors (or data controllers in their own right in some circumstances).

By investing in the Bonds, the Bondholders shall be deemed to acknowledge that they have read in detail and understood the Privacy Notice set out below and that such Privacy Notice provides an outline of their data protection rights and obligations as they relate to the investment in the Bonds.

Oversight of the DPA is the responsibility of the Ombudsman's office of the Cayman Islands. Breach of the DPA by the Issuer could lead to enforcement action by the Ombudsman, including the imposition of remediation orders, monetary penalties or referral for criminal prosecution.

## **Privacy Notice**

### Introduction

The purpose of this notice is to provide Bondholders with information on the Issuer's use of their personal data in accordance with the DPA. In the following discussion, "Issuer" refers to the Issuer, its affiliates and/or delegates, except where the context requires otherwise.

### Investor Data

By virtue of making an investment in the Issuer and a Bondholder's associated interactions with the Issuer (including any subscription (whether past, present or future), including the recording of electronic communications or phone calls where applicable) or by virtue of a Bondholder otherwise providing the Issuer with personal information on individuals connected with the Bondholder as an investor (for example directors, trustees, employees, representatives, shareholders, investors, clients, beneficial owners or agents), the Bondholder will provide the Issuer with certain personal information which constitutes personal data within the meaning of the DPA ("**Investor Data**"). The Issuer may also obtain Investor Data from other public sources. Investor Data includes, without limitation, the following information relating to a Bondholder and/or any individuals connected with a Bondholder as an investor: name, residential address, email address, contact details, corporate contact information, signature, nationality, place of birth, date of birth, tax identification, credit history, correspondence records, passport number, bank account details, source of funds details and details relating to the Bondholder's investment activity.

In the Issuer's use of Investor Data, the Issuer will be characterised as a "data controller" for the purposes of the DPA. The Issuer's affiliates and delegates may act as "data processors" for the purposes of the DPA.

### Who this Affects

If a Bondholder is a natural person, this will affect such Bondholder directly. If a Bondholder is a corporate investor (including, for these purposes, legal arrangements such as trusts or exempted limited partnerships) that provides the Issuer with Investor Data on individuals connected to such Bondholder for any reason in relation to such Bondholder's investment with the Issuer, this will be relevant for those individuals and such Bondholder should transmit the content of this Privacy Notice to such individuals or otherwise advise them of its content.

### How the Issuer May Use a Bondholder's Personal Data

The Issuer, as the data controller, may collect, store and use Investor Data for lawful purposes, including, in particular:

- (i) where this is necessary for the performance of the Issuer's rights and obligations under any subscription agreements or purchase agreements;
- (ii) where this is necessary for compliance with a legal and regulatory obligation to which the Issuer is subject (such as compliance with anti-money laundering and the Foreign Account Tax Compliance Act or the Common Reporting Standard requirements); and/or
- (iii) where this is necessary for the purposes of the Issuer's legitimate interests and such interests are not overridden by the Bondholder's interests, fundamental rights or freedoms.

Should the Issuer wish to use Investor Data for other specific purposes (including, if applicable, any purpose that requires a Bondholder's consent), the Issuer will contact the applicable Bondholder.

### Why the Issuer May Transfer a Bondholder's Personal Data

In certain circumstances the Issuer and/or its authorised affiliates or delegates may be legally obliged to share Investor Data and other information with respect to a Bondholder's interest in the Issuer with the relevant regulatory authorities such as the Cayman Islands Monetary Authority or the Tax Information Authority. They, in turn, may exchange this information with foreign authorities, including tax authorities.

The Issuer anticipates disclosing Investor Data to others who provide services to the Issuer and its affiliates (which may include certain entities located outside the Cayman Islands or the European Economic Area), who will process a Bondholder's personal data on the Issuer's behalf.

### The Data Protection Measures the Issuer Takes

Any transfer of Investor Data by the Issuer or its duly authorised affiliates and/or delegates outside of the Cayman Islands shall be in accordance with the requirements of the DPA.

The Issuer and its duly authorised affiliates and/or delegates shall apply appropriate technical and organisational information security measures designed to protect against unauthorised or unlawful processing of Investor Data, and against accidental loss or destruction of, or damage to, Investor Data.

The Issuer shall notify a Bondholder of any Investor Data breach that is reasonably likely to result in a risk to the interests, fundamental rights or freedoms of either such Bondholder or those data subjects to whom the relevant Investor Data relates.

<b>Registered Office</b>	<b>ISSUER Principal Place of Business in the PRC</b>	<b>Principal Place of Business in Hong Kong</b>
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**MicroPort Scientific  
Corporation**  
PO Box 309, Uglan House  
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**MicroPort Scientific  
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348 Kwun Tong Road  
Kowloon  
Hong Kong

**AUDITOR**

**KPMG**  
8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

**TRUSTEE**

**The Bank of New York Mellon,  
London Branch**  
160 Queen Victoria Street  
London EC4V 4LA  
United Kingdom

**REGISTRAR AND TRANSFER AGENT**

**The Bank of New York Mellon SA/NV,  
Dublin Branch**  
Riverside Two  
Sir John Rogerson's Quay  
Grand Canal Dock  
Dublin 2  
Ireland

**PRINCIPAL AGENT**

**The Bank of New York Mellon, London Branch**  
160 Queen Victoria Street  
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United Kingdom

**LEGAL ADVISERS**

*To the Issuer as to  
PRC law*  
**Global Law Office**  
27th Floor Tower B  
China Resources Land Building  
No. 9668 Shennan Avenue  
Nanshan District,  
Shenzhen, PRC

*To the Issuer as to  
Hong Kong law and English law*  
**Clifford Chance**  
27/F Jardine House  
One Connaught Place  
Central,  
Hong Kong

*To the Issuer as to  
Cayman Islands law*  
**Maples and Calder (Hong  
Kong) LLP**  
26th Floor, Central Plaza  
18 Harbour Road  
Wan Chai,  
Hong Kong

*To the Joint Lead Managers and the Trustee  
as to Hong Kong law and English law*

**Linklaters**  
11th Floor, Alexandra House  
Chater Road  
Hong Kong

*To the Joint Lead Managers as to PRC law*

**Jingtian & Gongcheng**  
45/F, K.Wah Centre  
1010 Huaihai Road (M)  
Xuhui District,  
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