
THIS SUPPLEMENTAL CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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MicroPort Scientific Corporation

微創醫療科學有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00853)

SUPPLEMENTAL CIRCULAR
(1) CONNECTED TRANSACTION
CONVERTIBLE LOAN INVOLVING THE ISSUE OF CONVERSION SHARES
UNDER SPECIFIC MANDATE
AND
(2) SUPPLEMENTAL NOTICE OF ANNUAL GENERAL MEETING

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



This supplemental circular should be read together with the circular and notice of the Company dated 30 April 2024. The supplemental letter from the Board is set out on pages 10 to 35 of this supplemental circular.

The supplemental notice convening the Annual General Meeting of MicroPort Scientific Corporation to be held by way of on-site meeting at 1601 Zhangdong Road, Zhangjiang Hi-Tech Park, Shanghai 201203, the People's Republic of China on Wednesday, 22 May 2024 at 10:00 a.m. is set out in this supplemental circular.

A second proxy form for the Annual General Meeting is also enclosed. Whether or not you are able to attend the Annual General Meeting, please complete and sign the enclosed second form of proxy for use at the Annual General Meeting in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the Annual General Meeting (i.e. not later than 10:00 a.m. on Monday, 20 May 2024) or the adjourned meeting (as the case may be). Completion and return of the second proxy form will not preclude Shareholders from attending and voting in person at the Annual General Meeting if they so wish. If you attend and vote at the Annual General Meeting, the authority of your proxy will be revoked.

* *for identification purpose only*

6 May 2024

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	10
1. Introduction	10
2. Proposed Convertible Loan Involving the Issue of Conversion Shares under Specific Mandate	11
3. Supplemental Notice of Annual General Meeting and Second Proxy Form	33
4. Responsibility Statement	34
5. Recommendation	34
6. General	35
Letter from the Independent Board Committee	36
Letter from Gram Capital	38
Appendix I – General Information	64
Supplemental Notice of Annual General Meeting	72

DEFINITIONS

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

“2026 Convertible Bonds”	the zero coupon convertible bonds due 2026 (ISIN: XS2342920050) issued by the Company, of which approximately US\$448 million remains outstanding
“2028 Convertible Bonds”	the US\$220 million 5.75 per cent. convertible bond due 2028 (ISIN: XS2730502726) issued by the Company
“Accordion Increase Arrangement Deadline”	the date falling one month prior to the Final Repayment Date
“Accordion Increase Confirmation”	a confirmation substantially in the form set out in the Convertible Facility Agreement
“Accordion Increase Request”	a request substantially in the form set out in the Convertible Facility Agreement
“Accordion Option”	the option to increase the Total Commitments by up to US\$50,000,000 in accordance with the Convertible Facility Agreement
“Administrative Party”	the Agent, the Conversion Agent, the Calculation Agent or the Security Agent
“Agent”	Serica Agency Limited, a company incorporated under the laws of Hong Kong with limited liability
“Annual General Meeting”	the annual general meeting of the Company to be held by way of on-site meeting at 1601 Zhangdong Road, Zhangjiang Hi-Tech Park, Shanghai 201203, the People’s Republic of China on Wednesday, 22 May 2024 at 10:00 a.m., to consider and, if appropriate, to approve the resolutions contained in the notice of Annual General Meeting dated 30 April 2024 of the Company (the “ AGM Notice ”) and the resolution contained in the supplemental notice of Annual General Meeting which is set out on pages 72 to 73 of this supplemental circular, or any adjournment thereof
“Articles of Association”	the articles of association of the Company currently in force
“Available Facility”	the aggregate for the time being of each Lender’s available commitment
“Board”	the board of Directors of the Company

DEFINITIONS

“Business Day”	a day (other than a Saturday or Sunday) on which banks are open for general business in Hong Kong and New York
“Calculation Agent”	the person appointed or to be appointed as such in accordance with the Security Trust Deed
“Change of Control”	occurs when: (i) any Person or Persons, acting together, acquires control of the Company; or (ii) the Company consolidates with or merges into or sells or transfers all or substantially all of the Company’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 Company or the successor entity
“Circular”	the circular of the Company dated 30 April 2024
“close associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Company”	MicroPort Scientific Corporation, a company incorporated in the Cayman Islands with limited liability, the ordinary shares of which are listed on the main board of the Hong Kong Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Conversion Agent”	Serica Agency Limited, a company incorporated under the laws of Hong Kong with limited liability
“Conversion Price”	the price at which Conversion Shares will be issued upon conversion of a Convertible Loan which will initially be HK\$7.46 per Share and will be subject to adjustment in the manner provided in the Convertible Facility Agreement
“Conversion Shares”	the Shares to be allotted and issued by the Company to the relevant Lender upon a conversion of all or any portion of that Lender’s Loan Participation in accordance with the terms and conditions of the Convertible Facility Agreement
“Convertible Facility”	the convertible term loan facility made available under the Convertible Facility Agreement

DEFINITIONS

“Convertible Loan”	a loan made or to be made under the Convertible Facility or the principal amount outstanding for the time being of that loan
“Convertible Facility Agreement”	the convertible facility agreement dated 5 April 2024 and entered into between the Company, the Original Lenders, the Agent and the Conversion Agent
“Delegate”	any delegate, agent, attorney or co-trustee appointed by the Security Agent pursuant to the terms of the Security Trust Deed
“Director(s)”	director(s) of the Company
“Fee Letter”	any letter or letters referring to the Convertible Facility Agreement or the Convertible Facility between one or more Finance Parties and the Company setting out any fees
“Final Repayment Date”	the date falling 60 months from the first Utilisation Date
“Finance Documents”	the Convertible Facility Agreement, any Fee Letter, any Utilisation Request, an Accordion Increase Request, an Accordion Increase Confirmation, the Security Trust Deed, the US Guaranty, any Security Document, the Subordination Deed and any other document designated as such by each of the Agent and the Company
“Finance Party”	any Administrative Party or any Lender
“First Proxy Form”	the form of proxy sent together with the Circular
“Group”	the Company and its subsidiaries from time to time
“Guarantors”	the Specified Subsidiaries, and “Guarantor” means each one of them
“HK\$” or “Hong Kong Dollars”	the lawful currency of Hong Kong
“HK Business Day”	a day (other than a Saturday or Sunday) on which banks are open for general business in Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“Illegality Event”	at any time, it is or will become unlawful in any applicable jurisdiction for a Lender to perform any of its obligations as contemplated by the Convertible Facility Agreement or to fund or maintain its participation in any Convertible Loan or it is or will become unlawful for any affiliate of a Lender for that Lender to do so
“Independent Board Committee”	an independent board committee comprising the independent non-executive Directors to advise the Independent Shareholders as to the fairness and reasonableness of the Convertible Facility Agreement and the transactions contemplated thereunder and the grant of the Specific Mandate
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Convertible Facility Agreement and the transactions contemplated thereunder and the grant of the Specific Mandate
“Independent Shareholders”	the Shareholders not required under the Listing Rules to abstain from voting on the resolution(s) approving the Convertible Facility Agreement and the transactions contemplated thereunder including but not limited to the grant of the Specific Mandate for the allotment and issue of the Conversion Shares
“Initial Total Commitments”	US\$150,000,000
“Jumbo Glorious”	Jumbo Glorious Limited, a company incorporated under the laws of the British Virgin Islands and wholly owned by Mr. Brian Yale Chang (a family member of Dr. Zhaohua Chang who is the Chairman, executive Director and Chief Executive Officer of the Company)
“Lender”	(i) any Original Lender; and (ii) any bank, financial institution, trust, fund or other entity which has become a party in accordance with the Convertible Facility Agreement (including by way of a transfer by an Original Lender or the Accordion Option)

DEFINITIONS

“Latest Practicable Date”	26 April 2024, being the latest practicable date prior to the printing of this supplemental circular for ascertaining certain information in this supplemental circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Listed Subsidiary”	in relation to any company or corporation, any Subsidiary any class of shares carrying voting rights of which is listed, whether on the date of the Convertible Facility Agreement or in the future, on a Qualifying Exchange and any Subsidiary of a Listed Subsidiary
“Loan Participation”	all or any portion of a Lender’s participation(s) in the Convertible Loan
“Majority Lenders”	a Lender or Lenders whose commitments aggregate more than 50 per cent. of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated more than 50 per cent. of the Total Commitments immediately prior to the reduction)
“Maximum Increased Total Commitments”	US\$200,000,000 at the date of the Convertible Facility Agreement, consisting of (i) the Initial Total Commitments and (ii) the fully exercised Accordion Option
“NDRC”	the National Development and Reform Commission of the PRC or as the context may require, its relevant local branches
“NDRC Certificate”	the Registration Certificate of Foreign Debt Borrowed by Enterprise (企業借用外債審核登記證明), which was issued on 10 July 2023 pursuant to the Order 56
“Obligors”	the Company, the Guarantors, the US Propco and any other person designated as such by each of the Agent and the Company, and “Obligor” means each one of them
“Order 56”	the Administrative Measures for the Examination and Registration of Medium and Long-term Foreign Debts 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) issued by the NDRC on 5 January 2023 and effective on 10 February 2023 and any implementation rules as issued by the NDRC from time to time

DEFINITIONS

“Original Lenders”	Original Lender A, Original Lender B, Original Lender C and Jumbo Glorious
“Original Lender A”	HFTY I Holdings Pte. Ltd.
“Original Lender B”	HFTY II Holdings Pte. Ltd.
“Original Lender C”	HFTY III Holdings Pte. Ltd.
“Performance Breach”	in respect of the Company, any of the following (determined in accordance with the Convertible Facility Agreement): (i) a net loss of the Group for the full year ending 31 December 2024 exceeding US\$275,000,000; (ii) a net loss of the Group for the half year ending 30 June 2025 exceeding US\$110,000,000; (iii) a net loss of the Group for the full year ending 31 December 2025 exceeding US\$55,000,000; (iv) a net profit of the Group for the half year ending 30 June 2026 being less than US\$45,000,000; or (v) a net profit of the Group for the full year ending 31 December 2026 being less than US\$90,000,000
“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 Company’s directors or any other governing board and does not include the Company’s direct or indirect subsidiaries
“Qualifying Exchange”	either (i) the New York Stock Exchange, the London Stock Exchange, the Hong Kong Stock Exchange, 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 U.S. Securities Exchange Act of 1934) or a designated offshore securities market (as such term is defined in Rule 902(b) under the US Securities Act of 1933, as amended)

DEFINITIONS

“Redemption Premium Amount”	<p>in respect of a Lender’s Loan Participation being repaid or prepaid:</p> <ul style="list-style-type: none">(i) in the case of repayment on the Final Repayment Date or prepayment as a result of a Borrower Prepayment Event, 40 per cent. flat on that Lender’s participation in that Convertible Loan being repaid or prepaid; and(ii) in the case of repayment or prepayment as a result of an Illegality Event, a Relevant Event, a Lender Prepayment Event, a Performance Breach, the receipt of cash proceeds in connection with any Relevant Disposal, other mandatory prepayment provisions in the Security Trust Deed or an event of default under the Convertible Facility Agreement, 30 per cent. flat on that Lender’s participation in that Convertible Loan being repaid or prepaid
“Relevant Disposal”	<p>a sale, lease, transfer or other disposal (or part thereof) by the Company or any of its subsidiaries (other than any Listed Subsidiary and any Guarantor) of any asset (whether through a single transaction or a series of transactions and whether voluntary or involuntary) which is not permitted under the Convertible Facility Agreement without the prior written consent of the Agent (acting on the instructions of the Majority Lenders)</p>
“Relevant Event”	<p>occurs:</p> <ul style="list-style-type: none">(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; or(ii) when there is a Change of Control
“Second Proxy Form”	<p>the second form of proxy sent together with this supplemental circular</p>
“Security Agent”	<p>the person appointed or to be appointed as such in accordance with the Security Trust Deed</p>

DEFINITIONS

“Secured Liabilities”	all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each Obligor to any Secured Party under each Finance Document
“Secured Party”	a Finance Party, a Receiver or any Delegate
“Security Trust Deed”	<p>a security trust deed entered or to be entered into between, among others, the Company, the Guarantors, the Original Lenders, the Agent, the Conversion Agent, the Calculation Agent and the Security Agent, which includes, among other things, provisions relating to:</p> <ul style="list-style-type: none">(i) the appointment of the Security Agent and the Calculation Agent;(ii) guarantees to be granted by the Guarantors in favour of each Finance Party;(iii) account control arrangements in relation to the custodian account(s) of one or more transaction obligors; and(iv) certain financial covenants and arrangements in relation to each Guarantor
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	ordinary share(s) of the Company, having a par value of US\$0.00001 each in the share capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Specific Mandate”	the specific mandate to be granted by the Independent Shareholders at the Annual General Meeting to allot and issue the Conversion Shares
“Specified Subsidiaries”	certain subsidiaries of the Company principally engaged in investment holding

DEFINITIONS

“Subordinated Creditors”	any member of the Group which is party to or has acceded to the Subordination Deed as a junior finance party.
“Subordination Deed”	the subordination deed entered or to be entered into between among others, (i) the Company as original junior finance party, (ii) the Company and the Guarantors as original debtors, (iii) the Agent and (iv) the Security Agent
“substantial shareholder(s)”	has the same meaning ascribed to it under the Listing Rules
“Receiver”	a receiver or receiver and manager or administrative receiver of the whole or any part of the security assets
“Total Commitments”	at any time the aggregate of the Lenders’ commitments under the Convertible Facility Agreement (being the Initial Total Commitments at the date of the Convertible Facility Agreement), subject to any increase pursuant to the exercise of the Accordion Option
“US” or “United States”	the United States of America
“US\$” or “US Dollars”	United States dollars, the lawful currency of the United States
“US Guaranty”	a nonrecourse secured guaranty agreement executed or to be executed by the US Propco as guarantor
“US Propco”	MicroPort Aston Properties LLC, a company incorporated under the laws of Delaware with limited liability
“Utilisation”	a utilisation of the Convertible Facility
“Utilisation Date”	the date of a Utilisation, being the date on which the relevant Convertible Loan is to be made
“Utilisation Request”	a notice substantially in the form set out in the Convertible Facility Agreement
“%”	per cent

LETTER FROM THE BOARD



MicroPort Scientific Corporation

微創醫療科學有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00853)

Executive Director:

Dr. Zhaohua Chang (*Chairman*)

Non-executive Directors:

Mr. Hiroshi Shirafuji

Mr. Norihiro Ashida

Ms. Weiqin Sun

Dr. Qiyi Luo

Mr. Bo Peng

Independent Non-executive Directors:

Mr. Jonathan H. Chou

Dr. Guoen Liu

Mr. Chunyang Shao

Registered Office:

P.O. Box 309, Uglan House

Grand Cayman, KY1-1104

Cayman Islands

Head Office in PRC:

1601 Zhangdong Road

Zhangjiang Hi-Tech Park

Shanghai 201203

The People's Republic of China

Principal Place of Business in

Hong Kong:

5/F, Manulife Place

348 Kwun Tong Road

Kowloon

Hong Kong

6 May 2024

To the Shareholders

Dear Sir/Madam,

**(1) CONNECTED TRANSACTION
CONVERTIBLE LOAN INVOLVING THE ISSUE OF CONVERSION SHARES
UNDER SPECIFIC MANDATE
AND
(2) SUPPLEMENTAL NOTICE OF ANNUAL GENERAL MEETING**

1. INTRODUCTION

Reference is made to the announcement of the Company dated 5 April 2023 in relation to, among others, the entering into of the Convertible Facility Agreement involving the issue of the Conversion Shares, which constitutes a connected transaction on the part of the Company under Chapter 14A of the Listing Rules.

The purpose of this supplemental circular is to provide you with further information regarding (i) the resolution to be proposed at the Annual General Meeting relating to the Convertible Facility Agreement and the transaction contemplated thereunder and the grant of

* *for identification purpose only*

LETTER FROM THE BOARD

the Specific Mandate; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Convertible Facility Agreement involving the issue of the Conversion Shares and the grant of the Specific Mandate; and (iii) the letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders in relation to the Convertible Facility Agreement and the transactions contemplated thereunder and the grant of the Specific Mandate, and to give you a supplemental notice of Annual General Meeting and the Second Proxy Form.

2. PROPOSED CONVERTIBLE LOAN INVOLVING THE ISSUE OF CONVERSION SHARES UNDER SPECIFIC MANDATE

To repay the 2026 Convertible Bonds (of which approximately US\$448 million remains outstanding), the Board is pleased to announce that on 5 April 2024, the Company entered into the Convertible Facility Agreement with, among others, the Original Lenders pursuant to which the Original Lenders agreed to make available to the Company a US Dollars convertible term loan facility in an aggregate principal amount of US\$150,000,000 at an interest rate of 5.75% per annum, with the Accordion Option to increase the Total Commitments by an aggregate principal amount of up to US\$50,000,000 (the Total Commitments will be US\$200,000,000 if the Accordion Option is exercised in full).

Meanwhile, the Company has also been actively engaged in negotiations with several financial institutions. The Board further announces that, as at the Latest Practicable Date, the Company is expected to obtain more than US\$300 million credit support provided by financial institutions for the repayment of all outstanding amounts of the 2026 Convertible Bonds.

Set forth below are the principal terms of the Convertible Facility Agreement:

Date: 5 April 2024

Parties:

- (i) the Company, as borrower
- (ii) the Original Lenders, as lenders
- (iii) the Agent, as agent of the Finance Parties (other than itself); and
- (iv) the Conversion Agent, as conversion agent

Certain members of the management of the Company (including director(s) of subsidiaries of the Company and thus a connected person(s) of the Company) may also directly or indirectly participate as one of the Lenders and assume commitments under the Convertible Facility Agreement in an aggregate amount of up to US\$5 million.

LETTER FROM THE BOARD

The identities of the Lenders under the Convertible Facility Agreement may change from time to time due to syndication, assignment or other transfer of rights and interest relating to the Convertible Facility in accordance with the provisions of the Convertible Facility Agreement.

Total Commitments: US\$150,000,000, subject to any increase pursuant to the Accordion Option.

Accordion Option: Original Lender A may, at any time after the first Utilisation Date but on or prior to the Accordion Increase Arrangement Deadline, arrange for the Total Commitments to be increased by an aggregate amount of up to US\$50,000,000 in accordance with, and subject to the terms of, the Convertible Facility Agreement.

Interest: The outstanding principal of each Convertible Loan will bear interest at a rate of 5.75% per annum. Interest period of a Convertible Loan shall be a period of six months in each case beginning on the Utilisation Date or (if a Convertible Loan has already been made) on the last day of the preceding interest period of such Convertible Loan. An interest period shall not extend beyond the Final Repayment Date. Accrued interest on each Loan shall be paid on the last day of each interest period or on the date falling five Business Days after the conversion date in respect of accrued interest on any Loan Participation in respect of which conversion rights have been exercised in accordance with the Convertible Facility Agreement.

Utilisation: The Company may utilise the Convertible Facility by delivering to the Agent, at least 12 Business Days prior to the proposed Utilisation Date, a Utilisation Request. The amount of the proposed Convertible Loan must be a principal amount equal to the Available Facility.

Conditions Precedent: Subject to the instructions of the Majority Lenders (including waiver of any of the following conditions precedent), the Company may not deliver a Utilisation Request unless the Agent has received, among other things:

- (i) a copy of certain board and shareholders resolutions evidencing the approval and authorisation of the terms of, and the transactions contemplated by, the Finance Documents by the parties thereto, and a copy of their respective constitutional documents and (if applicable) statutory register;

LETTER FROM THE BOARD

- (ii) a copy of each of the duly executed Finance Documents required by the Agent (acting on the instructions of the Majority Lenders) to be executed on or before the first Utilisation Date;
- (iii) certain legal opinions in relation to the laws of various jurisdictions addressed to each Finance Party;
- (iv) evidence that any process agent referred to in any Finance Document has accepted its appointment;
- (v) the audited consolidated financial statements of the Group for the financial year ended 31 December 2023 and the management accounts of each Guarantor for the financial year ended 31 December 2023;
- (vi) a copy of each of (i) the NDRC Certificate and (ii) an approval issued by the NDRC to the Company of an amendment to the NDRC Certificate pursuant to the Order 56 showing that the Company has obtained approval from the NDRC in relation to the borrowing of the Total Commitments and the Utilisations contemplated under the Convertible Facility;
- (vii) evidence that loans in an aggregate amount of US\$25,000,000 have been advanced by any Original Lender (other than Jumbo Glorious) and/or any of its affiliates to (A) certain members of the management of the Company (the “**Management**”) or their special purpose vehicles and (B) Jumbo Glorious to enable each Management, each such special purpose vehicle and/or Jumbo Glorious to fund its participation of the Convertible Loans, and certain credit enhancement arrangements in connection with such loans have been implemented;
- (viii) evidence that each Guarantor does not have material liabilities;
- (ix) evidence that Original Lender C has transferred all of its rights and obligations under the Finance Documents which relate to its commitment (or part thereof) under the Convertible Facility Agreement in an aggregate principal amount equal to US\$5,000,000 to the Management and/or their special purpose vehicles; and

LETTER FROM THE BOARD

- (x) evidence that the Company has freely and immediately available capital and/or has entered into committed and definitive financing arrangements in an aggregate principal amount that, when added to the amount of the Total Commitments, such amount is sufficient to repay all outstanding amounts under the 2026 Convertible Bonds in full and (in the case of any financing arrangement) any condition precedent to the availability of such financing arrangement has been satisfied.

As of the Latest Practicable Date, no conditions have been fulfilled or waived under the Convertible Facility Agreement.

The Lenders will only be obliged to make their respective participations in each Convertible Loan available if:

- (i) on the date of the Utilisation Request and on the proposed Utilisation Date:
 - (a) no default is continuing or would result from the proposed Convertible Loan and no Relevant Event has occurred; and
 - (b) certain representations and warranties made by each Obligor under the Convertible Facility Agreement remain true in all material respects; and
- (ii) the Agent has received:
 - (a) on or prior to the date falling two Business Days before the proposed Utilisation Date, a copy of the listing approval from the Hong Kong Stock Exchange for the Conversion Shares issuable upon a conversion pursuant to the terms of the Convertible Facility Agreement; and
 - (b) on or prior to the date falling three Business Days before the proposed Utilisation Date, evidence that the approval of the independent shareholders of the Company has been obtained at a general meeting of the Company by way of a poll for the entering into of the Convertible Facility Agreement and the transactions contemplated thereunder in accordance with the Listing Rules.

LETTER FROM THE BOARD

For the avoidance of doubt, the Company will not proceed with the transactions contemplated under the Convertible Facility Agreement unless the approval of the independent Shareholders has been obtained at a general meeting of the Company by way of a poll.

- Final Repayment Date: The date falling 60 months from the first Utilisation Date.
- Repayment: Subject to the terms of the Convertible Facility Agreement, the Company shall repay each Convertible Loan in full on the Final Repayment Date, together with all interest, any Redemption Premium Amount and any accrued but unpaid amounts payable to the Lenders under the Finance Documents.
- Prepayment: Without prejudice to certain clauses in the Convertible Facility Agreement, the Company shall:
- (i) following the occurrence of an Illegality Event, prepay the relevant Lender's participation in all outstanding Convertible Loans (together with all interest, any Redemption Premium Amount (only to the extent that such Illegality Event is caused by the Company) and any accrued but unpaid amounts payable to such Lender under the Finance Documents) in accordance with the Convertible Facility Agreement;
 - (ii) with no less than 10 Business Days' notice from the Agent, following the occurrence of a Relevant Event, if a Lender so requires and notifies the Agent in writing within 10 Business Days of the Company notifying the Agent of the Relevant Event, prepay the relevant Lender's participation in all Convertible Loans (together with all interest, any Redemption Premium Amount and any accrued but unpaid amounts payable to such Lender under the Finance Documents) in accordance with the Convertible Facility Agreement;
 - (iii) with no less than 10 Business Days' notice in writing from a Lender to the Agent and the Company, on the third anniversary of the first Utilisation Date, prepay the relevant Lender's participation in all Convertible Loans (together with all interest, any Redemption Premium Amount and any accrued but unpaid amounts payable to such Lender under the Finance Documents) in accordance with the Convertible Facility Agreement (being a "**Lender Prepayment Event**");

LETTER FROM THE BOARD

- (iv) with no less than 30 but not more than 60 days' written notice in writing from the Company to the Agent, at any time after the third anniversary of the first Utilisation Date but prior to the Final Repayment Date, prepay all outstanding Convertible Loans (together with all interest, any Redemption Premium Amount and any accrued but unpaid amounts payable to the Lenders under the Finance Documents) in accordance with the Convertible Facility Agreement, **provided that** the closing price of the Shares for each of any 20 trading days within a period of 30 consecutive trading days, the last of which occurs not more than 5 trading days prior to the publishing date of such notice, is at least 130 per cent of the Conversion Price, subject to further adjustments in accordance with the Convertible Facility Agreement (being a "**Borrower Prepayment Event**");
- (v) following the occurrence of a Performance Breach, if so required by the Agent (acting on the instructions of the Majority Lenders) by not less than 10 Business Days' notice to the Company, apply an amount equal to US\$50,000,000 towards prepayment of the Convertible Loans and payment of all accrued interest on the amount so prepaid and any Redemption Premium Amount, in accordance with the Convertible Facility Agreement; and
- (vi) upon receipt by the Company or any of its Subsidiaries of any cash proceeds in connection with any Relevant Disposal, within 10 Business Days from the date of its receipt of such cash proceeds, apply an amount equal to the net disposal proceeds in respect of that Relevant Disposal towards prepayment of the Convertible Loans, together with all accrued interest on the amount so prepaid and any Redemption Premium Amount, in accordance with the Convertible Facility Agreement.

The Company shall not repay or prepay all or any part of the Convertible Loans or cancel all or any part of the commitment except at the times and in the manner expressly provided for in the Convertible Facility Agreement or the other mandatory prepayment provisions in the Security Trust Deed.

LETTER FROM THE BOARD

Without prejudice to certain clauses in the Convertible Facility Agreement, the Company may, if any sum payable to any Lender by the Company is required to be increased in accordance with the tax gross-up provisions in the Convertible Facility Agreement, or any Lenders claims indemnification from the Company in accordance with the tax indemnity or increased costs provisions in the Convertible Facility Agreement, whilst the circumstance giving rise to the requirement for such increase or indemnification continues, give the Agent written notice of cancellation of the commitment of that Lender and its intention to procure the prepayment of that Lender's Loan Participations or give the Agent notice of its intention to replace that Lender in accordance with the Convertible Facility Agreement.

Conversion:

Subject to the terms of the Convertible Facility Agreement, each Lender has the right to convert all or any portion of its Loan Participation into Conversion Shares at the Conversion Price (initially being HK\$7.46 per Share, subject to adjustments as set out in the Convertible Facility Agreement) at any time on or after the relevant Utilisation Date up to (i) the close of business (being 3:00 p.m.) in Hong Kong on the tenth HK Business Day prior to the Final Repayment Date (both days inclusive) (but, subject only to the proviso below, in no event thereafter); (ii) (in respect of that Lender's conversion right) if the Company exercises its right of prepayment and cancellation in relation to that Lender to prepay any of that Lender's Loan Participation before the Final Repayment Date, then up to the close of business (being 3:00 p.m.) in Hong Kong on a date no later than 15 HK Business Days (both days inclusive) prior to the date fixed for prepayment thereof or (iii) (in respect of that Lender's conversion right) if notice requiring prepayment has been given by the Agent (for and on behalf of a Lender) in respect of that Lender's Loan Participation (or part thereof) in accordance with, and subject to the terms of, the Convertible Facility Agreement, then up to the close of business (being 3:00 p.m.) in Hong Kong on a date prior to the giving of such notice, provided that if (A) the Company defaults in making payment in full in respect of any Loan Participation of a Lender on the date fixed for payment or prepayment thereof in accordance with the terms of the Convertible Facility Agreement or (B) any Loan Participation of a Lender has become due and payable prior to the Final Repayment Date by reason of the occurrence of any of events of default under the Convertible Facility Agreement, that Lender may continue to exercise its right to convert all or any Loan Participation (or part thereof) up to and including the close of business (being 3:00 p.m.) in Hong Kong on the date upon which the full amount of the moneys payable in respect of that Loan Participation has been duly received by the Agent and notice of such receipt has been duly given to the Lenders.

LETTER FROM THE BOARD

The number of Conversion Shares issuable upon conversion of any Loan Participation (or part thereof) shall be determined by dividing the principal amount of such part of that Loan Participation to be converted (translated into Hong Kong Dollars at the fixed rate of HK\$7.8285 = U.S.\$1.00 (the “**Fixed Exchange Rate**”)) by the Conversion Price in effect on the relevant conversion date and if such number is not a whole number, it shall be rounded down to the nearest whole number of Conversion Shares.

Conversion Price:

The Conversion Price is initially HK\$7.46 per Share, subject to adjustments for, amongst others, consolidation, subdivision or reclassification of Shares, capitalisation of profits or reserves, distributions, rights issues of Shares or options over Shares at less than the then current market price, rights issues of other securities, issues of Shares or other options over Shares at less than the then current market price, issues of securities or other options over securities at less than the then current market price, modification of rights of conversion at less than the then current market price and other offers to Shareholders as set forth in the Convertible Facility Agreement. The Company may, at its own expense, request an independent investment bank, acting as expert, to ascertain the appropriate operation of the adjustment provisions under the Convertible Facility Agreement. Set forth below is the exhaustive list of the relevant adjustment events:

- (a) *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.

LETTER FROM THE BOARD

(b) *Capitalisation of Profits or Reserves:*

- (i) If and whenever the Company shall issue any Shares credited as fully paid to the holders of the Shares 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 the Convertible Facility Agreement), 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.

LETTER FROM THE BOARD

- (ii) In the case of an issue of Shares by way of a Scrip Dividend where the current market price (as defined in the Convertible Facility Agreement) 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.

LETTER FROM THE BOARD

(c) *Distributions:*

- (i) Subject to paragraph (b)(ii) above, if and whenever the Company 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 paragraph (b) 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 (as defined in the Convertible Facility Agreement) 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 the Convertible Facility Agreement.

- (ii) If and whenever the Company 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:

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

LETTER FROM THE BOARD

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.

- (d) *Rights Issues of Shares or Options over Shares:* If and whenever the Company 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 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

LETTER FROM THE BOARD

“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.

- (e) *Rights Issues of Other Securities:* If and whenever the Company 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.

LETTER FROM THE BOARD

- (f) *Issues at less than Current Market Price:* If and whenever the Company shall issue (otherwise than as mentioned in paragraph (d) 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 paragraph (d) 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 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 Company 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.

LETTER FROM THE BOARD

- (g) *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 the Convertible Facility Agreement if and whenever the Company or any of its subsidiaries (otherwise than as mentioned in paragraphs (d), (e) or (f) above or (at the direction or request of or pursuant to any arrangements with the Company or any of its subsidiaries), any other company, person or entity shall issue wholly for cash any securities which by their terms of issue carry rights of conversion into, or exchange or subscription for, Shares to be issued by the Company upon conversion, exchange or subscription at a consideration per Share which is less than 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 Company 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.

LETTER FROM THE BOARD

- (h) *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 paragraph (g) above (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 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.

- (i) *Other Offers to Shareholders:* If and whenever the Company 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 paragraphs (d), (e), (f) and (g) above, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before such issue, sale or distribution by the following fraction:

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

LETTER FROM THE BOARD

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 in the Convertible Facility Agreement), the date at which the IPO price 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.

Adjustment upon
Change of Control:

If a Change of Control shall have occurred, the Company shall give notice of that fact to the Lenders (the “**Change of Control Notice**”) 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 (1) the relevant Change of Control and (2) the date on which the Change of Control Notice is given to the Lenders, the Conversion Price shall be adjusted in accordance with the following formula:

$$NCP = OCP / (1 + (CP \times (c/t)))$$
, where:

NCP = the Conversion Price after such adjustment;

OCP = the Conversion Price in effect on the relevant conversion date;

CP (or Conversion Premium) = 25% expressed as a fraction;

c = the number of days from and including the date the Change of Control occurs to but excluding the Final Repayment Date; and

t = the number of days from and including the first Utilisation Date to but excluding the Final Repayment Date.

LETTER FROM THE BOARD

- Ranking of the Conversion Shares: The Conversion Shares issued upon conversion 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 the Convertible Facility Agreement, a holder of Shares issued on conversion shall not be entitled to any rights the record date for which precedes the relevant registration date.
- Guarantee: Each of the Guarantors and the US Propco will grant guarantee in connection with the Convertible Facility Agreement.
- Security: The Convertible Loans will be secured by, among others, the following:
- (i) assignment by way of security of certain intercompany loan(s) by the Company;
 - (ii) security over a property held by the US Propco; and
 - (iii) share mortgage in respect of all issued shares of each Guarantor by the Company.

Mandate to issue the Conversion Shares

The Conversion Shares will be allotted and issued pursuant to the Specific Mandate to be sought from the Shareholders at the Annual General Meeting.

Application for listing

Application will be made by the Company to the listing committee of the Hong Kong Stock Exchange for the listing of, and permission to deal in, the Conversion Shares on the Hong Kong Stock Exchange.

Use of proceeds

The net proceeds of the Convertible Facility (after deducting the fees and expenses in relation to the obtaining of the Convertible Facility) are estimated to be approximately US\$145.08 million (assuming no Accordion Option is exercised) or approximately US\$195.08 million (assuming the Accordion Option is exercised in full). On such basis, the net price received by the Company for each Conversion Share is approximately HK\$7.2151 (assuming no Accordion Option is exercised) or HK\$7.2763 (assuming the Accordion Option is exercised in full). The Company intends to use the net proceeds of the Convertible Facility to repay the outstanding amounts under the 2026 Convertible Bonds, pay all fees, costs and expenses under or in connection with the Finance Documents, and (if any proceeds of the Convertible Facility are available after payment of the above) fund the general corporate purposes of the Group.

LETTER FROM THE BOARD

Conversion Price and Conversion Shares

The initial Conversion Price of HK\$7.46 per Share represents:

- (i) a premium of approximately 10.19% over the closing price of HK\$6.77 per Share as quoted on the Hong Kong Stock Exchange on 5 April 2024 (being the date of the Convertible Facility Agreement) (the “**Last Trading Day**”);
- (ii) a premium of approximately 18.53% over the average closing price of HK\$6.294 per Share as quoted on the Hong Kong Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and
- (iii) a premium of approximately 14.89% over the average closing price of HK\$6.493 per Share as quoted on the Hong Kong Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day.

The initial Conversion Price of HK\$7.46 per Share was determined with reference to the prevailing market price of the Shares and the terms and conditions of the Convertible Facility Agreement and was negotiated on an arm’s length basis between the Company and the Lenders. The Directors consider that the Conversion Price is fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Effect on the share capital of the Company as a result of the conversion

Assuming that Convertible Loans in an aggregate principal amount equal to Initial Total Commitments of US\$150,000,000 (translated into Hong Kong dollars at the Fixed Exchange Rate) would be converted into Conversion Shares in full at the initial Conversion Price of HK\$7.46 per Share, such Convertible Loans are convertible into approximately 157,409,517 Conversion Shares, which represent approximately 8.58% of the issued share capital of the Company as at the Latest Practicable Date and approximately 7.90% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.

Assuming that the Accordion Option is exercised in full, Convertible Loans in an aggregate principal amount equal to the Maximum Increased Total Commitments (translated into Hong Kong dollars at the Fixed Exchange Rate) would be converted into Conversion Shares in full at the initial Conversion Price of HK\$7.46 per Share, such Convertible Loans are convertible into approximately 209,879,356 Conversion Shares, which represent approximately 11.44% of the issued share capital of the Company as at the Latest Practicable Date and approximately 10.27% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.

To the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, assuming that there is no change in the issued share capital of the Company prior to the conversion of Convertible Loans in an aggregate principal amount equal to the Initial Total Commitments or, as the case may be, the Maximum Increased Total Commitments, the shareholding structure of the Company (i) as at the Latest Practicable

LETTER FROM THE BOARD

Date; (ii) assuming conversion of Convertible Loans in an aggregate principal amount equal to the Initial Total Commitments at the initial Conversion Price of HK\$7.46 per Share and (iii) assuming conversion of Convertible Loans in an aggregate principal amount equal to the Maximum Increased Total Commitments at the initial Conversion Price of HK\$7.46 per Share, will be as follows:

Shareholder	Existing (as of the Latest Practicable Date)		Assuming Convertible Loans in an aggregate principal amount equal to the Initial Total Commitments are converted into Shares at the initial conversion price of HK\$7.46 per Share		Assuming Convertible Loans in an aggregate principal amount equal to the Maximum Increased Total Commitments are converted into Shares at the initial conversion price of HK\$7.46 per Share	
	No. of Shares	Approximate% of issued share capital of the Company	No. of Shares	Approximate% of issued share capital of the Company	No. of Shares	Approximate% of issued share capital of the Company
Directors and substantial shareholders <i>(Notes 3, 4 and 5)</i>						
Otsuka Medical Devices Co., Ltd <i>(Note 1)</i>	382,994,120	20.88	382,994,120	19.23	382,994,120	18.73
Maxwell Maxcare Science Foundation Limited (“Maxwell”) and its controlled corporations <i>(Note 2)</i>	290,444,827	15.83	290,444,827	14.58	290,444,827	14.21
Lenders	–	–	157,409,517	7.90	209,879,356	10.27
Other public Shareholders	<u>1,161,038,467</u>	<u>63.29</u>	<u>1,161,038,467</u>	<u>58.29</u>	<u>1,161,038,467</u>	<u>56.79</u>
Total	<u>1,834,477,414</u>	<u>100.00</u>	<u>1,991,886,931</u>	<u>100.00</u>	<u>2,044,356,770</u>	<u>100.00</u>

Notes:

- 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..
- 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 3,299,119 Shares. In addition to the foregoing, Maxwell is further interested in 58,271,736 underlying Shares of the Company by virtue of the options, which are not included for the purpose of presentation in the above table.
- Dr. Zhaohua Chang (an executive Director), Mr. Bo Peng (a non-executive Director), Dr. Guoen Liu (an independent non-executive Director) and Mr. Chunyang Shao (an independent non-executive Director) are interested in 49,047,671, 6,068,630, 161,290 and 161,290 underlying Shares of the Company respectively by virtue of the options granted to them under the share option scheme(s) of the Company.
- Dr. Qiyi Luo (a non-executive Director) is interested in (i) 3,393,729 underlying Shares of the Company by virtue of the options granted to him under the share option scheme(s) of the Company and (ii) 6,408,703 Shares of the Company; and Mr. Jonathan H. Chou (an independent non-executive

LETTER FROM THE BOARD

Director) is interested in (i) 161,290 underlying Shares of the Company by virtue of the options granted to him under the share option scheme(s) of the Company and (ii) 6,300 Shares of the Company.

5. The information set out in this table is for illustrative purpose only.

Reasons for and benefits of entering into the Convertible Facility Agreement

The net proceeds of the Convertible Loan will be fully utilised to repay the outstanding amounts under the 2026 Convertible Bonds, pay all fees, costs and expenses under or in connection with the Finance Documents, and (if any proceeds of the Convertible Facility are available after payment of the above) fund the general corporate purposes of the Group.

The Directors (including the independent non-executive Directors) consider that the terms of the Convertible Facility Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Equity fund raising activities of the Company in the past twelve months

The Company has not conducted any equity fund raising activities in the past twelve months prior to the Latest Practicable Date, except the issuance of the 2028 Convertible Bonds (as defined below), as disclosed in the announcements of the Company dated 6 December 2023 and 19 December 2023.

On 5 December 2023, the Company and J.P. Morgan Securities plc, China International Capital Corporation Hong Kong Securities Limited, Citigroup Global Markets Limited and Merrill Lynch (Asia Pacific) Limited entered into a subscription agreement (the “**Subscription Agreement**”) pursuant to which the Company agreed to issue 5.75 per cent convertible bonds due 2028 (the “**2028 Convertible Bonds**”) with an aggregate principal amount of US\$220 million. The 2028 Convertible Bonds may be convertible into Shares at the initial conversion price of HK\$12.7790 per Share. Assuming full conversion of the 2028 Convertible Bonds, the 2028 Convertible Bonds will be convertible into 134,537,601 Shares (the “**Conversion Shares of 2028 Convertible Bonds**”), representing approximately 7.3% of the issued share capital of the Company as at the date of the Subscription Agreement and approximately 6.8% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares of 2028 Convertible Bonds. The net issue price of the Conversion Shares of 2028 Convertible Bonds is approximately HK\$12.58 per Share. The net proceeds from the issue of the 2028 Convertible Bonds in the amount of approximately US\$216.6 million were mostly intended to be applied for refinancing the Company’s medium and long term offshore debts. The issue of the 2028 Convertible Bonds has been completed and the 2028 Convertible Bonds are listed on the Hong Kong Stock Exchange (Stock Code: 40168). As at the Latest Practicable Date, such proceeds were fully utilized for the intended purpose.

LETTER FROM THE BOARD

Information on the Group and the Parties to the Convertible Facility Agreement

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

Each of Original Lender A, Original Lender B and Original Lender C is a company incorporated under the laws of Singapore with limited liability. Each of them is solely managed and controlled by Hillhouse Investment Management, Ltd. (“**Hillhouse Investment**”). Founded in 2005, Hillhouse Investment is dedicated to investing in high-quality businesses for the long-term. With nearly two decades of experience, Hillhouse Investment collaborates with industry-defining enterprises, aiming to establish alignment with sustainable, forward-thinking companies across healthcare, business services, consumer, and industrial sectors. Hillhouse Investment is a diversified asset manager. The firm manages capital for global institutions, including non-profit foundations, endowments, and pensions.

Jumbo Glorious is principally engaged in investment holding. As at the Latest Practicable Date, Jumbo Glorious was wholly-owned by an associate of Dr. Zhaohua Chang who is the Chairman, executive Director and Chief Executive Officer of the Company.

The Agent and the Conversion Agent are principally engaged in the provision of trust, agency and escrow services in the Asia-Pacific market. To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, the Agent and the Conversion Agent and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

Listing Rules implications

As at the Latest Practicable Date, (i) each of Original Lender A, Original Lender B and Original Lender C is solely managed and controlled by Hillhouse Investment. Hillhouse Investment is also the sole management company of Hillhouse Fund IV, L.P., which in turns owns SPR-VI Holdings Limited. SPR-VI Holdings Limited is a substantial shareholder of MicroPort Cardiac Rhythm Management Limited, a non-wholly owned subsidiary of the Company, and thus a connected person of the Company. Accordingly, each of Original Lender A, Original Lender B and Original Lender C is an associate of SPR-VI Holdings Limited and thus a connected person of the Company; and (ii) Jumbo Glorious, being one of the Original Lender, was wholly-owned by an associate of Dr. Zhaohua Chang who is the Chairman, executive Director and Chief Executive Officer of the Company. Accordingly, Jumbo Glorious is an associate of Dr. Zhaohua Chang and thus a connected person of the Company.

Accordingly, the Convertible Facility Agreement and the transactions contemplated thereunder constitute connected transactions of the Company and are subject to reporting, announcement, annual review, circular (including independent financial advice) and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

3. SUPPLEMENTAL NOTICE OF ANNUAL GENERAL MEETING AND SECOND PROXY FORM

The Company will convene the Annual General Meeting at 1601 Zhangdong Road, Zhangjiang Hi-Tech Park, Shanghai 201203, the People's Republic of China on Wednesday, 22 May, 2024 at 10:00 a.m.. Since the AGM Notice and the First Proxy Form sent together with the Circular do not contain the proposed resolution relating to the Convertible Facility Agreement and the transactions contemplated thereunder and the issue of the Convertible Shares under the Specific Mandate, a supplemental notice of Annual General Meeting has been set out on pages 72 to 73 of this supplemental circular and the Second Proxy Form is enclosed with this supplemental circular to include such resolution.

Second Proxy Form

The Second Proxy Form for use at the Annual General Meeting is enclosed with this supplemental circular, and the Second Proxy Form is also published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (www.microport.com). The Second Proxy Form is the supplemental form of proxy for the purpose of the supplemental resolution set out in the supplemental notice of Annual General Meeting and only serves as a supplement to the First Proxy Form for the Annual General Meeting. It will not affect the validity of the First Proxy Form in respect of the resolutions set out in the AGM Notice which was enclosed with the Circular.

To be valid, the Second Proxy Form must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for the Annual General Meeting (i.e. not later than 10:00 a.m. on Monday, 20 May 2024) or the adjourned meeting (as the case may be). Completion and delivery of the Second Proxy Form will not preclude you from attending and voting at the Annual General Meeting if you so wish and in such event, your Second Proxy Form shall be deemed to be revoked.

Voting by Poll

Pursuant to the Listing Rules and the Articles of Association, any vote of Shareholders at a general meeting must be taken by poll except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands. Article 13.7 of the Articles of Association provides that, at any general meeting a resolution put to the vote of the meeting shall be decided on a poll. According to Article 14.1 of the Articles of Association, every Shareholder present in person or by proxy shall have one vote for each Share registered in his name in the register. An explanation of the detailed procedures of voting by poll will be provided to the Shareholders at the Annual General Meeting. The Company will publish an

LETTER FROM THE BOARD

announcement of the poll results on the websites of Hong Kong Exchanges and Clearing Limited and the Company after the Annual General Meeting in accordance with Rule 13.39(5) of the Listing Rules.

An Independent Board Committee comprising all the independent non-executive Directors has been established to consider, and to advise the Independent Shareholders regarding the Convertible Facility Agreement and the transactions contemplated thereunder and the grant of the Specific Mandate, and as to whether the Convertible Facility Agreement and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

As at the Latest Practicable Date, (i) Hillhouse Capital Advisors, Ltd. and its associates are interested in 153,694,000 Shares, representing approximately 8.38% of the total number of issued Shares and (ii) Dr. Zhaohua Chang is interested in 49,047,671 underlying Shares (representing approximately 2.67% of the total number of issued Shares) by virtue of the options granted to him under the share option schemes of the Company, and Dr. Zhaohua Chang and his associates are not otherwise interested in, nor do they hold, any other Shares. Save that Hillhouse Capital Advisors, Ltd., Dr. Zhaohua Chang and their respective associates, being interested in the transactions contemplated under the Convertible Facility Agreement, shall abstain from voting for the resolution to approve the Convertible Facility Agreement and the transactions contemplated thereunder and the grant of the Specific Mandate at the Annual General Meeting, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no other Shareholders are required to abstain from voting for the resolution regarding the Convertible Facility Agreement and the transactions contemplated thereunder and the grant of the Specific Mandate at the Annual General Meeting.

4. RESPONSIBILITY STATEMENT

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

5. RECOMMENDATION

Dr. Zhaohua Chang, Chairman, executive Director and Chief Executive Officer of the Company, has interests in the transactions contemplated under the Convertible Facility Agreement and thus has abstained from voting on the relevant resolutions of the Board approving the Convertible Facility Agreement. Except for Dr. Zhaohua Chang, none of the

LETTER FROM THE BOARD

other Directors has material interests in the transactions contemplated under the Convertible Facility Agreement and thus no Director has abstained from voting on the relevant resolutions of the Board approving the Convertible Facility Agreement. The Directors (including the independent non-executive Directors whose views have been set out in this supplemental circular after taking into consideration the advice of Gram Capital) are of the view that terms of the Convertible Facility Agreement were determined after arm's length negotiations, and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Accordingly, the Directors recommend the Shareholders to vote in favour of the supplemental resolution to be proposed at the Annual General Meeting as set out in the supplemental notice of Annual General Meeting on pages 72 to 73 of this supplemental circular.

6. GENERAL

Your attention is also drawn to the letter from the Independent Board Committee, the letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders, the additional information as set out in the Appendix I to this supplemental circular and the supplemental notice of Annual General Meeting.

Yours faithfully,
For and on behalf of the Board
Dr. Zhaohua Chang
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter of recommendation from the Independent Board Committee to the Independent Shareholders prepared for the purpose of inclusion in this supplemental 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)

6 May 2024

To Independent Shareholders

Dear Sir/Madam,

**CONNECTED TRANSACTION
CONVERTIBLE LOAN INVOLVING THE ISSUE OF CONVERSION SHARES
UNDER SPECIFIC MANDATE**

We refer to the supplemental circular dated 6 May 2024 (the “**Supplemental Circular**”) issued by the Company to its Shareholders of which this letter forms part. Terms defined in the Supplemental Circular shall have the same meanings herein unless the context otherwise requires.

We have been appointed as the Independent Board Committee to consider and to advise the Independent Shareholders on the terms of the Convertible Facility Agreement and the transactions contemplated thereunder and on the grant of the Specific Mandate as set out in the Supplemental Circular as to the fairness and reasonableness and to recommend whether or not the Independent Shareholders should approve the Convertible Facility Agreement and the transactions contemplated thereunder and the grant of the Specific Mandate as set out in the Supplemental Circular. Gram Capital has been appointed as the Independent Financial Adviser to provide advice and recommendation to the Independent Board Committee and the Independent Shareholders in this regard. Details of the independent advice of the Independent Financial Adviser, together with the principal factors and reasons the Independent Financial Adviser has taken into consideration, are set out on pages 38 to 63 of the Supplemental Circular.

We wish to draw your attention to the Letter from the Board and the Letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders which contains its advice to us in respect of the Convertible Facility Agreement and the transactions contemplated thereunder and the grant of the Specific Mandate. Your attention is also drawn to the additional information set out in the Appendix I to the Supplemental Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the terms of the Convertible Facility Agreement and the transactions contemplated thereunder, the advice of the Independent Financial Adviser and the relevant information contained in the Letter from the Board, we consider that the Convertible Facility Agreement and the transactions contemplated thereunder (including the issue of Conversion Shares) are not in the ordinary and usual course of business of the Group, but are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution for approving the Convertible Facility Agreement and the transactions contemplated thereunder and the grant of the Specific Mandate to issue the Conversion Shares to be proposed at the Annual General Meeting.

Yours faithfully,
The Independent Board Committee of
MicroPort Scientific Corporation

Mr. Jonathan H. Chou
*Independent Non-executive
Director*

Dr. Guoen Liu
*Independent Non-executive
Director*

Mr. Chunyang Shao
*Independent Non-executive
Director*

LETTER FROM GRAM CAPITAL

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



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

6 May 2024

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

Dear Sir/ Madam,

CONNECTED TRANSACTION

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Convertible Facility Agreement and the transactions contemplated thereunder (including the grant of the Specific Mandate) (the “**Transactions**”), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the supplemental circular dated 6 May 2024 issued by the Company to the Shareholders (the “**Supplemental Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Supplemental Circular unless the context requires otherwise.

On 5 April 2024 (the “**Agreement Date**”), the Company entered into the Convertible Facility Agreement with, among others, the Original Lenders pursuant to which the Original Lenders agreed to make available to the Company a US Dollars convertible term loan facility in an aggregate principal amount of US\$150,000,000 at an interest rate of 5.75% per annum, with the Accordion Option to increase the Total Commitments by an aggregate principal amount of up to US\$50,000,000 (i.e., the Maximum Increased Total Commitments of US\$200,000,000 if the Accordion Option is exercised in full). Other than the Convertible Facility Agreement and Fee Letter, other documents included as the Finance Documents had not been executed as at the Latest Practicable Date.

With reference to the Board Letter, the Transactions constitute a connected transaction of the Company and are subject to reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM GRAM CAPITAL

The Independent Board Committee comprising Mr. Johnathan H. Chou, Dr. Guoen Liu and Mr. Chunyang Shao (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Transactions are on normal commercial terms and are fair and reasonable; (ii) whether the Transactions are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the Transactions at the Annual General Meeting. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

INDEPENDENCE

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

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Supplemental Circular and the information and representations as provided to us by the Company. We have assumed that all information and representations that have been provided by the Company, for which it is solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Supplemental Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Supplemental Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/ or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Transactions. We consider that we have taken sufficient and necessary steps (including review of the Convertible Facility Agreement and Fee Letter, financial statements of the potential Guarantors and the US Propco, annual results announcement of the Company for the year ended 31 December 2023; analyses of relevant terms of Convertible Facility Agreement by comparing with relevant terms of CB Comparables (as defined below)) on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

LETTER FROM GRAM CAPITAL

The Supplemental Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Supplemental Circular and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in the Supplemental Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Supplemental Circular, the omission of which would make any statements therein or the Supplemental Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Supplemental Circular, save and except for this letter of advice.

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

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

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

1. Background of and reasons for the Transactions

Information on the Group

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

LETTER FROM GRAM CAPITAL

Financial performance

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

	For the year ended 31 December 2023	For the year ended 31 December 2022	Change from 2022 to 2023
	<i>US\$'000</i>	<i>US\$'000</i>	<i>%</i>
Revenue	950,725	840,831	13.07
– Cardiovascular devices <i>business</i>	147,236	134,130	9.77
– Orthopedics devices <i>business</i>	237,340	223,555	6.17
– Cardiac rhythm <i>management business</i>	207,016	204,239	1.36
– Endovascular and <i>peripheral vascular devices business</i>	167,983	133,179	26.13
– Neurovascular devices <i>business</i>	93,885	79,900	17.50
– Heart valve business	47,134	36,808	28.05
– Surgical robot business	11,015	3,092	256.24
– Surgical devices <i>business</i>	7,581	4,511	68.06
– Others	31,535	21,417	47.24
Loss for the year	(649,157)	(588,115)	10.38
Non-HKFRS adjusted net loss for the year	(434,553)	(502,478)	(13.52)

Note: The non-HKFRS adjusted net loss for the year was adjusted after taking into account share-based compensation expenses; gain on disposal of subsidiaries and equity-accounted investees; net realised and unrealised loss on financial instruments carried at FVPL; impairment losses of non-current asset; and interest expenses on preferred shares issued by subsidiaries. Please refer to sub-section headed "Non-HKFRS Measures" in the 2023 Annual Results for details.

HKFRS herein means Hong Kong Financial Reporting Standards

LETTER FROM GRAM CAPITAL

As depicted in the above table, the Group's revenue increased from approximately US\$841 million for the year ended 31 December 2022 ("FY2022") to approximately US\$951 million for the year ended 31 December 2023 ("FY2023"), representing an increase of approximately 13.07%. With reference to the 2023 Annual Results, such increase was attributable to:

- (i) market share of independent listed subsidiaries of the Group further increased and rapid growth in their sales were achieved, driven by the launch of new products and commercialization promotion. Among which, revenue from Shanghai MicroPort Endovascular MedTech (Group) Co., Ltd. (stock code: SH688016) which engaged in the endovascular and peripheral vascular devices business, grew by approximately 32% year-on-year; revenue from MicroPort NeuroTech Limited (stock code: 2172) which engaged in neurovascular devices business, grew by approximately 22% year-on-year; revenue from MicroPort CardioFlow Medtech Corporation (stock code: 2160) which engaged in the heart valve business grew by approximately 33% year-on-year; and Shanghai MicroPort MedBot (Group) Co., Ltd. (stock code: 2252) which engaged in the surgical robot business also achieved a year-on-year growth by approximately 258% (such revenue growth rates had excluded the foreign exchange impact and were the growth rate for revenue from external customers of the Group);
- (ii) other major businesses within the Group have further consolidated their competitive advantages and achieved a steady growth in revenue; and
- (iii) as commercialization continued to make progress, revenue from emerging businesses recorded an exponential growth.

Despite that the Group recorded loss of approximately US\$649 million for FY2023, representing an increase of approximately 10.38% as compared to that for FY2022, the Group recorded a decrease of approximately 13.52% in non-HKFRS adjusted net loss for FY2023 as compared to that for FY2022. The Group believed that the presentation of non-HKFRS measures when shown in conjunction with the corresponding HKFRS measures facilitates a comparison of its operating performance from period to period by eliminating potential impacts of items that the management does not consider to be indicative of its operating performance.

With reference to the 2023 Annual Results, the decrease in non-HKFRS adjusted net loss for FY2023 was mainly attributable to (i) the improvement in profitability resulting from the significant increase in revenue from the Group's major businesses; and (ii) the Group's proactive implementation of resource focus and cost control measures to continuously improve operational efficiency and profitability.

LETTER FROM GRAM CAPITAL

As at 31 December 2023, the Group's cash and cash equivalents and net assets were approximately US\$1,020 million (or approximately US\$280 million excluding those held by listed members (as subsidiaries) of the Company) and US\$1,403 million respectively.

Material uncertainty related to going concern

With reference to the 2023 Annual Results, given that (i) the Company had convertible bonds issued by the Company with principal amount of approximately US\$448 million which are due for redemption in June 2024 and short-term bank borrowings of approximately US\$295 million which are due for repayment in 2024; and (ii) the Group incurred a net loss of approximately US\$649 million and a net operating cash outflow of approximately US\$232 million for FY2023, the liquidity of the Group is primarily dependent on its ability to obtain external financing to meet the redemption requirement from the convertible bonds holders before June 2024 and its ability to renew or refinance existing banking facilities and to utilize its cash and cash equivalent available to the Group for repayment of its borrowings. These conditions indicate the existence of material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

In view of the above circumstances, the Group have been taking certain plans and measures to mitigate the liquidity pressures and to improve its financial position which include, but not limited to, the followings:

- (1) The Group has planned or implemented various strategies to improve the liquidity of the Group including to maintain more stringent cost control measure, substantially reduce the budget for research and development costs, defer the plan for discretionary capital expenditure, and plan to realise additional cash from disposal of certain assets or certain equity interests in subsidiaries/equity-accounted investees of the Group;
- (2) The Group are actively engaged in negotiation with a number of banks and certain potential investors to refinance the convertible bonds issued by the Company; and
- (3) The Group are in active discussions with banks for the renewal of existing bank borrowings and obtaining new banking facilities.

If the above plans and measures are successful, the Group will be able to generate sufficient financing and operating cash flows to meet its liquidity requirements for at least the next twelve months from 31 December 2023.

LETTER FROM GRAM CAPITAL

Information on the Original Lenders, the Agent and the Conversion Agent

Each of Original Lender A, Original Lender B and Original Lender C is a company incorporated under the laws of Singapore with limited liability. Each of them is solely managed and controlled by Hillhouse Investment Management, Ltd. (“**Hillhouse Investment**”). Founded in 2005, Hillhouse Investment is dedicated to investing in high-quality businesses for the long-term. With nearly two decades of experience, Hillhouse Investment collaborates with industry-defining enterprises, aiming to establish alignment with sustainable, forward-thinking companies across healthcare, business services, consumer, and industrial sectors. Hillhouse Investment is a diversified asset manager. The firm manages capital for global institutions, including non-profit foundations, endowments, and pensions. Each of Original Lender A, Original Lender B and Original Lender C is an associate of SPR-VI Holdings Limited (being a substantial shareholder of a non-wholly owned subsidiary of the Company) and thus a connected person of the Company.

Jumbo Glorious is principally engaged in investment holding. As at the Latest Practicable Date, Jumbo Glorious was wholly-owned by an associate of Dr. Zhaohua Chang who is the Chairman, executive Director and Chief Executive Officer of the Company. Jumbo Glorious is an associate of Dr. Zhaohua Chang and thus a connected person of the Company.

The Agent and the Conversion Agent are principally engaged in the provision of trust, agency and escrow services in the Asia-Pacific market. To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, the Agent and the Conversion Agent and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

As confirmed by the Directors, as at the Latest Practicable Date, none of the Original Lenders are bondholders of 2026 Convertible Bonds and 2028 Convertible Bonds.

Reasons for and benefits of the Transactions and use of proceeds

As at the Latest Practicable Date, the Group had three convertible bonds in issue, comprising (i) convertible bonds with principal amount of US\$90 million issued by MicroPort Cardiac Rhythm Management Limited (the “**CRM Convertible Bonds**”) to several external investors; (ii) convertible bonds with principal amount of US\$700 million issued by the Company (i.e. the 2026 Convertible Bonds and approximately US\$448 million remained outstanding as at the Latest Practicable Date); and (iii) the convertible bonds with principal amount of US\$220 million issued by the Company (i.e. the 2028 Convertible Bonds). Both of the 2026 Convertible Bonds and 2028 Convertible Bonds were listed on the Hong Kong Stock Exchange.

LETTER FROM GRAM CAPITAL

Pursuant to the terms of the 2026 Convertible Bonds, on 11 June 2024 (the “**Put Option Date**”), the holder of each 2026 Convertible Bonds will have the right, at such holder’s option, to require the Company to redeem all or some only of the 2026 Convertible Bonds of such holder on the Put Option Date at early redemption amount. To exercise such right, the holder of the relevant 2026 Convertible Bonds must complete, sign and deliver to paying agent a duly completed and signed notice of redemption together with the certificate evidencing the 2026 Convertible Bonds to be redeemed not earlier than 60 days and not later than 30 days prior to the Put Option Date. Given that (i) the 2026 Convertible Bonds are interest-free and unsecured; and (ii) the closing prices of the Shares ranged from HK\$5.41 per Share to HK\$20.55 per Share for the last 52 weeks whereas the conversion price of the 2026 Convertible Bonds is HK\$92.8163 per Share, we concur with the Directors that (i) the aforesaid put option rights of the 2026 Convertible Bonds will more likely than not be exercised by holders of the 2026 Convertible Bonds upon the Put Option Date; and (ii) the conversion rights of the 2026 Convertible Bonds will highly unlikely to be exercised by holders of the 2026 Convertible Bonds.

As mentioned in the sub-section headed “Financial performance” above, the Group’s cash and cash equivalents was approximately US\$280 million excluding those held by listed members (as subsidiaries) of the Company as at 31 December 2023. However, with reference to the 2023 Annual Results, the Company had convertible bonds issued by the Company with principal amount of approximately US\$448 million which are due for redemption in June 2024 (not to mention that there were approximately US\$295 million short-term bank borrowings of the Company which are due for repayment in 2024).

As mentioned in the sub-section headed “Material uncertainty related to going concern” above, those conditions as mentioned thereof indicate the existence of material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. One of the Company’s plans and measures being taken to mitigate the liquidity pressures and to improve financial position of the Group is that the Group is actively engaged in negotiation with a number of banks and certain potential investors to refinance the convertible bonds issued by the Company.

We understood that the Company intended to use the net proceeds of the Convertible Loan to repay all outstanding amounts under the 2026 Convertible Bonds, pay all fees, costs and expenses under or in connection with the Finance Documents, and (if any proceeds of the Convertible Facility are available after payment of the above) fund the general corporate purposes of the Group.

Based on the above, we are of the view that the issue of the Convertible Loan could serve the purpose for the repayment of partial outstanding amounts of the 2026 Convertible Bonds and is in line with the Company’s plan/measure to mitigate the liquidity pressures of the Group.

LETTER FROM GRAM CAPITAL

Financing alternatives

We understood from the Directors that the Company considered the feasibility of other fund raising alternatives to the Convertible Facility, including other means of debt financing (such as borrowings from banks or financial institutions) and equity financing (such as rights issue or open offer to existing Shareholders, subscription or placing of new Shares).

In respect of debt financing, the Company has also been actively engaged in negotiations with several financial institutions. As advised by the Directors, as at the Latest Practicable Date, the Company is expected to obtain more than US\$300 million credit support provided by banks for the repayment of all outstanding amount of the 2026 Convertible Bonds.

In respect of other equity financing:

- Both rights issue and open offer would involve lengthy preparation and issue of a relatively more detailed prospectus, therefore a relatively longer timeframe to complete.
- Subscription and placing of new Shares would result in immediate dilution of the existing Shareholders.
- Based on the Directors' understanding, it would be difficult for the Company to conduct equity fund raising exercise with terms favorable to the Company under current market conditions. Based on the preliminary discussion between the Company and a financial institution after considering, among other things, the financial performance and conditions of the Company, a substantial discount on the placing/subscription price may be necessary to increase the attractiveness for investors to participate in the equity fund raising exercise.
- Based on our independent research on placing transactions, rights issue and open offer conducted by other listed companies in Hong Kong indicated that placing of new shares, open offer and rights issue are often conducted at discount to recent closing price or average closing price of shares.

Furthermore, we noted from the Company's announcements dated 6 December 2023 and 19 December 2023 that, the Company had conducted and completed the issuance of the 2028 Convertible Bonds with the net proceeds of approximately US\$216.6 million, most of which were intended to be applied for refinancing the Group's medium and long term offshore debts (with reference to the 2023 Annual Results, US\$214.83 million were utilized for the repayment of partial 2026 Convertible Bonds).

Based on the above, we are of the view that the Convertible Facility is an appropriate financing means currently available to the Company.

LETTER FROM GRAM CAPITAL

Having considered that (i) the Convertible Facility is an appropriate financing means currently available to the Company; and (ii) the issue of the Convertible Loan could serve the purpose for the repayment of partial outstanding amounts of the 2026 Convertible Bonds and is in line with the Company's plan/measure to mitigate the liquidity pressures of the Group, we are of the view that although the Transactions are not conducted in the ordinary and usual course of business of the Group, the Transactions are in the interest of the Company and the Shareholders as a whole.

2. Principal terms of the Transactions

Set out below are the principal terms of the Transactions, details of which are set out under the section headed "2. PROPOSED CONVERTIBLE LOAN INVOLVING THE ISSUE OF CONVERSION SHARES UNDER SPECIFIC MANDATE" of the Board Letter:

Date

5 April 2024

Parties

- (i) the Company, as borrower
- (ii) the Original Lenders, as lenders
- (iii) the Agent, as agent of the Finance Parties (other than itself), and
- (iv) the Conversion Agent, as conversion agent

Certain members of the management of the Company (including director(s) of subsidiaries of the Company and thus a connected person(s) of the Company) may also directly or indirectly participate as one of the Lenders and assume commitments under the Convertible Facility Agreement in an aggregate amount of up to US\$5 million.

The identities of the Lenders under the Convertible Facility Agreement may change from time to time due to syndication, assignment or other transfer of rights and interest relating to the Convertible Facility in accordance with the provisions of the Convertible Facility Agreement.

Total commitment

US\$150,000,000, subject to any increase pursuant to the Accordion Option.

LETTER FROM GRAM CAPITAL

Accordion Option

Original Lender A may, at any time after the first Utilisation Date but on or prior to the Accordion Increase Arrangement Deadline, arrange for the Total Commitments to be increased by an aggregate amount of up to US\$50,000,000 in accordance with, and subject to the terms of, the Convertible Facility Agreement.

Conversion Price

The Conversion Price is initially HK\$7.46 per Share, representing:

- (i) a premium of approximately 26.44% over the closing price of HK\$5.90 per Share as quoted on the Hong Kong Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 10.19% over the closing price of HK\$6.77 per Share as quoted on the Hong Kong Stock Exchange on 5 April 2024 (being the date of the Convertible Facility Agreement) (the “**LTD Premium**”);
- (iii) a premium of approximately 18.53% over the average closing price of HK\$6.294 per Share as quoted on the Hong Kong Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day (the “**5 Days Premium**”); and
- (iv) a premium of approximately 14.89% over the average closing price of HK\$6.493 per Share as quoted on the Hong Kong Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day (the “**10 Days Premium**”).

With reference to the Board Letter, the initial Conversion Price of HK\$7.46 per Share was determined with reference to the prevailing market price of the Shares and the terms and conditions of the Convertible Facility Agreement and was negotiated on an arm’s length basis between the Company and the Lenders. The Directors consider that the Conversion Price is fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

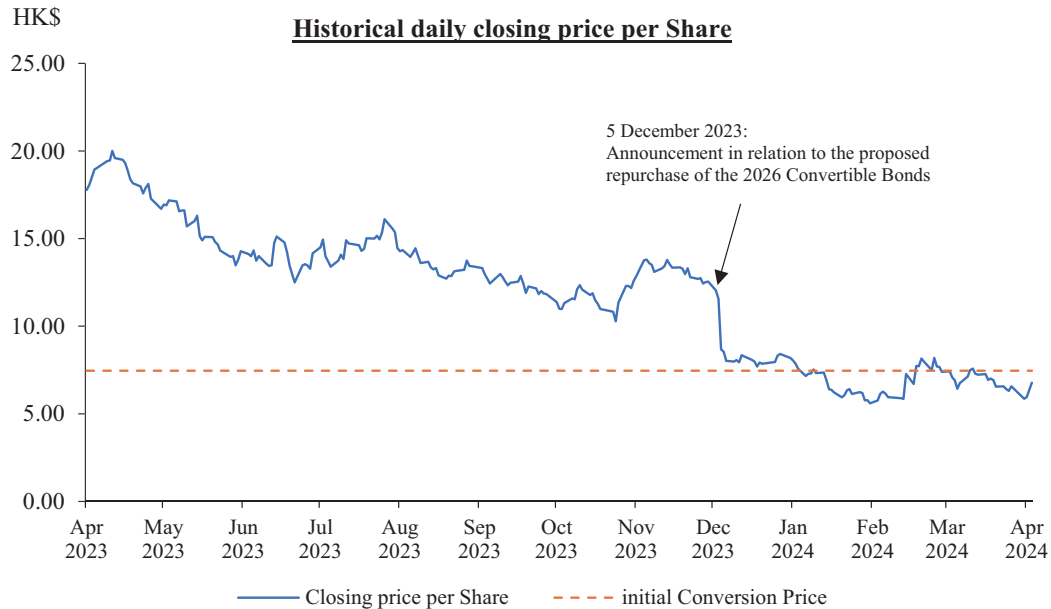
Analysis on the initial Conversion Price

In order to assess the fairness and reasonableness of the initial Conversion Price, we performed the following analyses.

LETTER FROM GRAM CAPITAL

Historical price performance of the Shares

We reviewed the daily closing price of the Shares as quoted on the Hong Kong Stock Exchange from 1 April 2023 up to and including the Agreement Date (the “**Review Period**”), being a period of approximately one year prior to the Agreement Date. The comparison of daily closing prices of the Shares and the Conversion Price is illustrated as follows:



Source: the Hong Kong Stock Exchange's website

At the beginning of 2023, the closing price of Shares continuously moved in an increasing trend and reached its peak in the recent two years of HK\$27.45 per Share on 16 January 2023. Afterwards, the closing price of Shares moved in a decreasing trend until 3 April 2023 (HK\$17.78 per Share). The movement of Share prices experienced a short-term recovery to 13 April 2023 (HK\$20.00 per Share) and turn to a decreasing trend thereafter until end of October 2023. Thereafter, the closing prices of Shares rebounded and fluctuated between HK\$11.50 per Share to HK\$13.80 per Share up until 5 December 2023 (HK\$11.56 per Share). However, the closing prices of Shares dropped sharply on 6 December 2023 (a discount of approximately 25% as compared to closing price on 5 December 2023) after the publication of the Company announcement dated 5 December 2023 in relation to its intention on the repurchase of the 2026 Convertible Bonds in whole. The closing prices of Shares fluctuated in the level of HK\$6.00 per Share to HK\$8.00 per Share for most of the trading days during the period from 7 December 2023 to the Agreement Date.

LETTER FROM GRAM CAPITAL

During the Review Period, the highest and lowest closing prices of the Shares as quoted on the Hong Kong Stock Exchange were HK\$20.00 per Share recorded on 13 April 2023 and HK\$5.60 per Share recorded on 2 February 2024. The initial Conversion Price of HK\$7.46 per Share is within the aforesaid closing prices range during the Review Period.

Although the initial Conversion Price is close to the low-end of the range of closing prices of Shares during the Review Period, it is worth to mention that (i) the closing prices of the Shares followed a general decreasing trend during the Review Period; (ii) the initial Conversion Price is above the closing prices of the Shares for most of the trading days during the period from 7 December 2023 to the Agreement Date following the sharp decrease in closing price of Shares on 6 December 2023 (i.e. a discount of approximately 25% to the closing prices of the Shares recorded in the previous trading day).

Comparison with other CB Comparables

As part of our analysis, we also identified transactions in relation to the placing/subscription of convertible bonds/notes (excluding A shares convertible bonds/notes) as first announced by companies listed on the main board of the Hong Kong Stock Exchange that (i) were for cash consideration or set-off of debt (excluding consideration issue); and (ii) were not lapsed or terminated as at the Agreement Date, during the Review Period, being a period of approximately one year prior to and including the Agreement Date (the “**CB Comparable(s)**”). We consider a one-year research period would allow sufficient, fair and representative comparable cases to be identified to demonstrate market practice prior to the Agreement Date. To the best of our knowledge and as far as we are aware of, we found 34 transactions which met the said criteria and the list of CB Comparables is exhaustive. Shareholders should note that the businesses, operations and prospects of the Company are not the same as the CB Comparables.

LETTER FROM GRAM CAPITAL

Company name (stock code)	Date of announcement	Principal amount	Maturity (Years)	Interest rate per annum (%)	Premium/(discount) of the conversion price over/to the date of agreement in relation to the convertible bonds/notes (%)	Premium/(discount) of the conversion price over/to average closing price per share for the five consecutive days prior to and including the date of agreement in relation to the convertible bonds/notes (%)	Premium/(discount) of the conversion price over/to average closing price per share for the 10 consecutive days prior to and including the date of agreement in relation to the convertible bonds/notes (%)	Yield to maturity (%) (Note 1)	Transaction fees
China Zenith Chemical Group Limited (362)	3 April 2023	HK\$44.1 million	2.00	3.00	(10.26)	(8.54)	(7.61)	3.00	1% of the principal amount
Ta Yang Group Holdings Limited (1991)	3 April 2023 and 4 April 2023	HK\$40 million	3.00	10.00	Nil	3.24	6.94	10.00	Nil
Global Sweeteners Holdings Limited (3889)	6 April 2023	RMB120 million	3.00	5.00	16.28	17.92	20.19	5.00	Nil
Hua Yin International Holdings Limited (989)	28 April 2023	HK\$150 million	3.00	6.00	Nil	0.23	0.23	6.00	2% of the principal amount
Quali-Smart Holdings Limited (1348)	8 May 2023	HK\$9 million	3.00	6.00	Nil	9.76	10.05	6.00	Nil
LVGEM (China) Real Estate Investment Company Limited (95)	11 May 2023	US\$20 million	2.00	6.00	21.21	21.51	20.26	6.00	2% per annum on the principal amount
USPACE Technology Group Ltd (1725), formerly known as Hong Kong Aerospace Technology Group Limited	12 May 2023 and 31 August 2023	HK\$700 million	1.00	0.50	(8.91) (Note 2)	3.08 (Note 2)	9.06 (Note 2)	0.51	Nil
China Anchu Energy Storage Group Limited (2399)	22 May 2023	HK\$26.2 million	2.00	8.00	26.92	27.41	27.17	8.00	Nil
Hybrid Kinetic Group Limited (1188)	29 May 2023	HK\$100 million	2.00	5.00	244.83 (Note 3)	233.33 (Note 3)	243.64 (Note 3)	5.00	Nil
China Asia Valley Group Limited (63)	6 June 2023	HK\$353.4 million	5.00	3.60	(33.33)	(31.41)	(29.33)	3.60	Nil
Unity Group Holdings International Limited (1539)	9 June 2023	US\$15 million	2.00	8.00	(19.51)	(18.32)	(16.03)	8.00	Nil
Viva Biotech Holdings (1873)	11 June 2023	HK\$470 million	0.40	2.00	5.26	14.03	22.62	13.52	Nil
Dingyi Group Investment Limited (508)	23 June 2023	HK\$980 million	3.00	5.50	440.54 (Note 3)	454.02 (Note 3)	446.45 (Note 3)	5.50	Nil
Luye Pharma Group Inc. (2186)	28 June 2023	US\$180 million	5.00	6.25	26.10	27.42	31.86	6.25	Unspecified
Ta Yang Group Holdings Limited (1991)	3 July 2023	HK\$40 million	3.00	10.00	2.80	0.78	1.86	10.00	Nil
iDreamSky Technology Holdings Limited (1119)	11 July 2023	HK\$386 million	5.00	5.00	7.69	2.25	3.20	5.00	Unspecified
Renaissance Asia Silk Road Group Limited (274)	18 July 2023	HK\$3 million	3.00	2.50	1.10	3.54	8.01	2.50	Nil

LETTER FROM GRAM CAPITAL

Company name (stock code)	Date of announcement	Principal amount	Maturity (Years)	Interest rate per annum (%)	Premium/(discount) of the conversion price over/to average closing price per share for the five consecutive days prior to and including the date of agreement in relation to the convertible bonds/notes (%)	Premium/(discount) of the conversion price over/to average closing price per share for the 10 consecutive days prior to and including the date of agreement in relation to the convertible bonds/notes (%)	Premium/(discount) of the conversion price over/to average closing price per share for the 10 consecutive days prior to and including the date of agreement in relation to the convertible bonds/notes (%)	Yield to maturity (%) (Note 1)	Transaction fees
Carrianna Group Holdings Company Limited (126)	25 July 2023	HK\$75.4 million	1.00	6.00	51.90	52.67	55.04	6.00	Nil
CCT Fortis Holdings Limited (138)	28 July 2023	HK\$57.9 million	1.00	4.50	Nil	3.76	3.65	4.50	2% of the principal amount
Television Broadcasts Limited (511)	16 August 2023	HK\$156 million	5.00	3.50	6.71	3.73	(1.96)	3.50	Nil
Mobile Internet (China) Holdings Limited (1439)	25 August 2023	HK\$496.3 million	2.00	2.00	(58.33)	(67.11)	(68.35)	2.00	Nil
Kua Hong International Holdings Limited (381)	29 August 2023	HK\$45 million	5.00	4.00	32.74	32.98	32.74	4.00	0.5% of the principal amount
New Sparkle Roll International Group Limited (970)	19 September 2023	HK\$64.5 million	3.00	Nil	5.56	0.85	1.39	Nil	1.5% of the principal amount
China Kingstone Mining Holdings Limited (1380)	22 September 2023	HK\$200 million	3.00	2.00	(44.24)	(43.56)	(40.65)	6.51	5.5% of the principal amount
Century Entertainment International Holdings Limited (959)	16 October 2023	HK\$32 million	3.00	Nil	13.27	10.73	4.75	Nil	Nil
Global New Material International Holdings Limited (6616)	5 November 2023	US\$50 million	2.00	9.00	99.48	100.32	103.05	9.00	Nil
National United Resources Holdings Limited (254)	16 November 2023	HK\$80.5 million	2.00	6.00	33.72	27.21	29.36	6.00	Nil
The Company	6 December 2023	US\$220 million	5.00	5.75	10.54	4.57	1.73	5.75	Nil
Wisdom Wealth Resources Investment Holding Group Limited (7)	23 January 2024	HK\$39 million	1.00	5.88	117.39	69.49	58.48	5.88	Nil
Changyou Alliance Group Limited (1039)	26 January 2024	HK\$126 million	3.00	8.00	342.11	306.19	273.00	8.00	3.5% per annum of the principal amount
Value Convergence Holdings Limited (821)	22 February 2024	HK\$84 million	3.00	Nil	1.69	2.39	1.35	Nil	3% of the principal amount
Grand Field Group Holdings Limited (115)	6 March 2024	HK\$101.9 million (Note 5)	3.00	6.00	5.69	3.34	5.95	6.00	Nil

LETTER FROM GRAM CAPITAL

Company name (stock code)	Date of announcement	Principal amount	Maturity (Years)	Interest rate per annum (%)	Premium/(discount) of the conversion price over/ to average closing price per share for the five consecutive days prior to and including the date of agreement in relation to the convertible bonds/ notes (%)	Premium/(discount) of the conversion price over/ to average closing price per share for the 10 consecutive days prior to and including the date of agreement in relation to the convertible bonds/ notes (%)	Premium/(discount) of the conversion price over/ to average closing price per share for the 10 consecutive days prior to and including the date of agreement in relation to the convertible bonds/ notes (%)	Yield to maturity (%) (Note 1)	Transaction fees
Huayi Tencent Entertainment Company Limited (419)	7 March 2024	HK\$120 million	2.00	10.00	0.40	0.20	(0.20)	10.00	Nil
Sino Oil and Gas Holdings Limited (702)	13 March 2024	HK\$1,323.4 million	7.00	8.00	(18.03)	(15.25)	(16.32)	12.00 (Note 6)	Nil
		Maximum (excluding outliers, if any);	7.00	10.00	117.39	100.32	103.05	13.52	
		Minimum (excluding outliers, if any);	0.40	Nil	(58.33)	(67.11)	(68.35)	Nil	
		Average (excluding outliers, if any);	2.89	5.09	9.48	8.36	8.98	5.68	
		Median;	3.00	5.63	5.62	3.75	6.44	5.94	
Convertible Facility		US\$150 million to US\$200 million (Subject to the Accordion Option)	5.00	5.75	10.19	18.53	14.89	11.46	2% of Total Commitment

Source: the Hong Kong Stock Exchange's website

LETTER FROM GRAM CAPITAL

Notes:

1. The yield to maturity (YTM) was calculated by $(C + (FV - PV) \div n) \div ((FV + PV) \div 2)$.

Where:

C = Annual coupon payment

FV = Face value of the convertible bonds/notes

PV = Present value of the convertible bonds/notes

n = number of compounding period

2. The conversion price of such CB Comparable shall be 95% of the volume weighted average price as traded on the Hong Kong Stock Exchange on the trading day immediately preceding the relevant conversion date. For illustrative purpose only, the conversion price adopted for the calculation of the premium/(discount) of such CB Comparable represents 95% of the volume weighted average price of shares of the subject company as traded on the Hong Kong Stock Exchange immediately preceding the date of the relevant subscription agreement in relation to the issuance of convertible notes.
3. The premium as represented by the conversion price of the relevant CB Comparables were exceptionally high and were considered as outliers.
4. The conversion price of such CB Comparable shall be 90% of the average closing price on any three consecutive business days as selected by the relevant noteholder during the 45 business days immediately preceding the relevant conversion date on which the shares of the subject company were traded on the Hong Kong Stock Exchange. For illustrative purpose only, the conversion price adopted for the calculation of the premium/(discount) of such CB Comparable represents 90% of the lowest average of the closing prices of three consecutive business days during the 45 business days on which the shares of the subject company were traded on the Hong Kong Stock Exchange immediately preceding the date of the relevant subscription agreement in relation to the issuance of convertible notes.
5. Based on the maximum principal amount to be subscribed by the subscriber of the relevant CB Comparable.
6. The subject company shall redeem all of the convertible bonds on the maturity date at such amount that would make up an aggregate internal return rate of 12% per annum on the convertible bonds.

LETTER FROM GRAM CAPITAL

According to the above table, the conversion price of the CB Comparables:

- ranged from a discount of approximately 58.33% to a premium of approximately 117.39%, with average of 9.48% premium and median of 5.62% premium over/to the respective closing price of the shares on the date of agreement in relation to the respective of convertible bonds/notes (excluding outliers as the case may be);
- ranged from a discount of approximately 67.11% to a premium of approximately 100.32%, with average of 8.36% premium and median of 3.75% premium over/to the respective average closing price of the shares for the last five consecutive days prior to and including the date of agreement in relation to the respective of convertible bonds/notes (excluding outliers as the case may be); and
- ranged from a discount of approximately 68.35% to a premium of approximately 103.05%, with average of 8.98% premium and median of 6.44% premium over/to the respective average closing price of the shares for the last 10 consecutive days prior and including the date of agreement in relation to the respective of convertible bonds/notes (excluding outliers as the case may be).

Despite the wide range of premium/discount (after excluding outliers) observed above, the LTD Premium, 5 Day Premium and 10 Day Premium falls within the above respective ranges and are above the average and median of the respective ranges (in particular, the median of the respective ranges of the CB Comparables will provide a more meaningful results as median is often used where there are extremities in a set of data which skewed the average).

Having also considered that (i) the initial Conversion Price is within the range of the lowest and highest closing prices of Shares during the Review Period; and (ii) the LTD Premium, 5 Days Premium and 10 Days Premium are above the average and median of respective ranges of the CB Comparable (excluding outliers as the case may be), we consider the initial Conversion Price is fair and reasonable.

Adjustment upon corporate actions and Change of Control

Pursuant to the Convertible Facility, the initial Conversion Price is subject to adjustments for, amongst others, consolidation, subdivision or reclassification of Shares, capitalisation of profits or reserves, distributions, rights issues of Shares or options over Shares at less than the then current market price, rights issues of other securities, issues of Shares or other options over Shares at less than the then current market price, issues of securities or other options over securities at less than the then current market price, modification of rights of conversion at less than the then current market price and other offers to Shareholders as set forth in the Convertible Facility Agreement.

LETTER FROM GRAM CAPITAL

If a Change of Control shall have occurred, the Company shall give notice of that fact to the Lenders (the “**Change of Control Notice**”) 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 (1) the relevant Change of Control and (2) the date on which the Change of Control Notice is given to the Lenders, the Conversion Price shall be adjusted in accordance with the following formula:

$NCP = OCP / (1 + (CP \times (c/t)))$, where:

NCP = the Conversion Price after such adjustment;

OCP = the Conversion Price in effect on the relevant Conversion Date;

CP (or Conversion Premium) = 25% expressed as a fraction;

c = the number of days from and including the date the Change of Control occurs to but excluding the Final Repayment Date; and

t = the number of days from and including the first Utilisation Date to but excluding the Final Repayment Date.

We noted the followings:

- the 2026 Convertible Bonds and 2028 Convertible Bonds (the holders of which are independent third parties to the Company), listed on the Hong Kong Stock Exchange, contained adjustment upon Change of Control mechanism.

The formulae for the adjustments of the 2026 Convertible Bonds and 2028 Convertible Bonds are the same as the formula above with Conversion Premium of 30% and 32.5% respectively;

- there were similar conversion price adjustment arrangements upon Change of Control scenario under the convertible bonds (a) issued by Luye Pharma Group Inc. (stock code: 2186) (the holders of which would be no less than six independent professional investors), which were listed on the Hong Kong Stock Exchange; and (b) issued by iDreamSky Technology Holdings Limited (stock code: 1119) (the holders of which would be no less than six independent individual, corporate and/or institutional investors), which were listed on the Official List of Singapore Exchange Securities Trading Limited. The formulae for the adjustments are the same as the formula above with Conversion Premium parameters of 26.1% and 17.5% respectively;

LETTER FROM GRAM CAPITAL

Given that there were similar conversion price adjustment arrangements under the above convertible bonds upon Change of Control, we are of the view that the mechanism on adjustment upon Change of Control is fair and reasonable.

Interest

The outstanding principal of each Convertible Loan will bear interest at a rate of 5.75% per annum. Interest period of a Convertible Loan shall be a period of six months in each case beginning on the Utilisation Date or (if a Convertible Loan has already been made) on the last day of the preceding interest period of such Convertible Loan. An interest period shall not extend beyond the Final Repayment Date. Accrued interest on each Loan shall be paid on the last day of each interest period or on the date falling five Business Days after the conversion date in respect of accrued interest on any Loan Participation in respect of which conversion rights have been exercised in accordance with the Convertible Facility Agreement.

As presented in the table above, the interest rate of the CB Comparables ranged from nil to 10% per annum, with an average of 5.09% and a median of 5.63%. The interest rate of the Convertible Loan falls within the aforesaid range and close to the median.

In addition, the interest rate of Convertible Loan is the same as the interest rate of the 2028 Convertible Bonds (being the latest convertible bonds issued by the Company prior to the Agreement Date).

Based on the above, we consider the interest rate to be justifiable.

Final Repayment Date

The Final Repayment Date is the date falling 60 months from the first Utilisation Date.

As presented in the table above, the term of the CB Comparables ranged from 0.4 year to 7 years. The Final Repayment Date, being the date falling 60 months from the first Utilisation Date, falls within the range of term of the CB Comparables. Furthermore, the term of the Convertible Loan is the same as the 2026 Convertible Bonds and the 2028 Convertible Bonds.

Repayment

Subject to the terms of the Convertible Facility Agreement, the Company shall repay each Convertible Loan in full on the Final Repayment Date, together with all interest, any Redemption Premium Amount and any accrued but unpaid amounts payable to the Lenders under the Finance Documents.

LETTER FROM GRAM CAPITAL

Pursuant to the Convertible Facility Agreement, in the case of repayment on the Final Repayment Date, 40 per cent. flat on that Lender's participation in that Convertible Loan being repaid (the "**HTM Redemption Amount**").

We noted that there were a few CB Comparables incorporated premium redemption mechanism in the terms of the relevant convertible bonds. To assess the fairness and reasonableness of the premium redemption mechanism as mentioned above, we analysed the yield to maturity ("**YTM**") of the Convertible Loan, which represented the total return expected on a bond if the bond is held until maturity; or the cost to the Company for the issuance of the Convertible Loan in other words.

According to the list of CB Comparable above, the YTM of the CB Comparables ranged from nil to 13.52%, with an average of 5.68% and a median of 5.94%. The YTM of the Convertible Loan of 11.46% falls within range of YTM of the CB Comparables.

Although the YTM of the Convertible Loan is close to the high-end of the YTM's of the CB Comparables, having considered (i) the Group's current financial performance and situation; and (ii) the YTM of the Convertible Loan falls within the range of YTM's of the CB Comparables, we are of the view that the HTM Redemption Amount to be justifiable in current situation.

Prepayment

Without prejudice to certain clauses in the Convertible Facility Agreement, the Company shall prepay the relevant Lender's participation in certain situations, details of which are set out under the clause of the Convertible Facility headed "Prepayment" in the Board Letter.

The Company shall not repay or prepay all or any part of the Convertible Loans or cancel all or any part of the commitment except at the times and in the manner expressly provided for in the Convertible Facility Agreement or the other mandatory prepayment provisions in the Security Trust Deed.

Without prejudice to certain clauses in the Convertible Facility Agreement, the Company may, if any sum payable to any Lender by the Company is required to be increased in accordance with the tax gross-up provisions in the Convertible Facility Agreement, or any Lenders claims indemnification from the Company in accordance with the tax indemnity or increased costs provisions in the Convertible Facility Agreement, whilst the circumstance giving rise to the requirement for such increase or indemnification continues, give the Agent written notice of cancellation of the commitment of that Lender and its intention to procure the prepayment of that Lender's Loan Participations or give the Agent notice of its intention to replace that Lender in accordance with the Convertible Facility Agreement.

LETTER FROM GRAM CAPITAL

Pursuant to the Convertible Facility Agreement, (i) in the case of repayment or prepayment as a result of an Illegality Event, a Relevant Event, a Lender Prepayment Event, a Performance Breach^(Note), the receipt of cash proceeds in connection with any Relevant Disposal, other mandatory prepayment provisions in the Security Trust Deed or an event of default under the Convertible Facility Agreement, 30 per cent. flat on that Lender's participation in that Convertible Loan being repaid or prepaid; and (ii) in the case of prepayment as a result of a Borrower Prepayment Event, 40 per cent. flat on that Lender's participation in that Convertible Loan being repaid or prepaid (the "**Prepayment Redemption Amount**").

We noted from the CB Comparables that if the convertible bonds/notes of the CB Comparables are allowed to be early redeemed in a certain circumstances, their early redemption amount will be no less than redemption amount at maturity date.

Given that (i) the Prepayment Redemption Amount is no more than the HTM Redemption Amount (which is justifiable as analysed above); and (ii) the Group's current financial performance and situation, we are of the view that the HTM Redemption Amount to be justifiable in current situation.

Conversion

Subject to the terms of the Convertible Facility Agreement, each Lender has the right to convert all or any portion of its Loan Participation into Conversion Shares at the Conversion Price (initially being HK\$7.46 per Share, subject to adjustments as set out in the Convertible Facility Agreement) at any time on or after the relevant Utilisation Date up to (i) the close of business (being 3:00 p.m.) in Hong Kong on the tenth HK Business Day prior to the Final Repayment Date (both days inclusive) (but, subject only to the proviso below, in no event thereafter); (ii) (in respect of that Lender's conversion right) if the Company exercises its right of prepayment and cancellation in relation to that Lender to prepay any of that Lender's Loan Participation before the Final Repayment Date, then up to the close of business (being 3:00 p.m.) in Hong Kong on a date no later than 15 HK Business Days (both days inclusive) prior to the date fixed for prepayment thereof or (iii) (in respect of that Lender's conversion right) if notice requiring prepayment has been given by the Agent (for and on behalf of a Lender) in respect of that Lender's Loan Participation (or part thereof) in accordance with, and subject to the terms of, the Convertible Facility Agreement, then up to the close of business (being 3:00 p.m.) in Hong Kong on a date prior to the giving of such notice, provided that if (A) the Company defaults in making payment in full

Note: in respect of the Company, any of the following (determined in accordance with the Convertible Facility Agreement):(i) a net loss of the Group for the full year ending 31 December 2024 exceeding US\$275,000,000; (ii) a net loss of the Group for the half year ending 30 June 2025 exceeding US\$110,000,000; (iii) a net loss of the Group for the full year ending 31 December 2025 exceeding US\$55,000,000;(iv) a net profit of the Group for the half year ending 30 June 2026 being less than US\$45,000,000; or (v) a net profit of the Group for the full year ending 31 December 2026 being less than US\$90,000,000.

LETTER FROM GRAM CAPITAL

in respect of any Loan Participation of a Lender on the date fixed for payment or prepayment thereof in accordance with the terms of the Convertible Facility Agreement or (B) any Loan Participation of a Lender has become due and payable prior to the Final Repayment Date by reason of the occurrence of any of events of default under the Convertible Facility Agreement, that Lender may continue to exercise its right to convert all or any Loan Participation (or part thereof) up to and including the close of business (being 3:00 p.m.) in Hong Kong on the date upon which the full amount of the moneys payable in respect of that Loan Participation has been duly received by the Agent and notice of such receipt has been duly given to the Lenders.

The number of Conversion Shares issuable upon conversion of any Loan Participation (or part thereof) shall be determined by dividing the principal amount of such part of that Loan Participation to be converted (translated into Hong Kong Dollars at the Fixed Exchange Rate of HK\$7.8285 = U.S.\$1.00) by the Conversion Price in effect on the relevant conversion date and if such number is not a whole number, it shall be rounded down to the nearest whole number of Conversion Shares.

Based on the number of issued Shares as at the Latest Practicable Date and:

- assuming that (i) there is no change in the issued share capital of the Company prior to the conversion of Convertible Loan; and (ii) the Convertible Loan in an aggregate principal amount equal to the Initial Total Commitments are converted into Shares at the initial Conversion Price of HK\$7.46 per Share, a total of 157,409,517 Shares shall be issued, representing 7.90% of the enlarged share capital of the Company.
- assuming that (i) there is no change in the issued share capital of the Company prior to the conversion of Convertible Loan; and (ii) the Convertible Loan in an aggregate principal amount equal to the Maximum Increased Total Commitments are converted into Shares at the initial Conversion Price of HK\$7.46 per Share, a total of 209,879,356 Shares shall be issued, representing 10.27% of the enlarged share capital of the Company.

Guarantee and security

Each of the Guarantors and the US Propco will grant guarantee in connection with the Convertible Facility Agreement.

As advised by the Directors, the Convertible Loans will be secured by (i) assignment by way of security of certain intercompany loan(s) by the Company; (ii) security over a property held by the US Propco (the “**Pledged Property**”); and (iii) share mortgage in respect of all issued shares of each Guarantor by the Company (the “**Share Mortgage**”, together with the Pledged Property, the “**Security**”).

LETTER FROM GRAM CAPITAL

Upon our request:

- we obtained the financial statement of holding company of the Pledged Property for the year ended 31 December 2023.;

In addition, the Directors advised us the identities of the potential Guarantors and provided us the financial statements of each potential Guarantor for the year ended 31 December 2023.

Based on the abovementioned financial statements and value of potential Guarantors' long-term investee companies, the value of the Security was approximately US\$627.9 million in aggregate (the "**Security Coverage**"). The Security Coverage represented approximately 314% over the Maximum Increased Total Commitments (the "**Security Coverage Ratio**"); and

- the Directors provided us a list of the Group's existing secured debts with details on the principal amount and the value of the collateral. From the aforesaid list, we noted the collateral coverage of the Group's existing secured debts ranged from approximately 13% to 242% in terms of value of collateral over the principal amounts of the relevant secured debts (the "**Existing Collateral Coverage Range**").

Although the Security Coverage Ratio is above the Existing Collateral Coverage Range, having considered the followings:

- almost all the existing secured debt were withdrawn before the publication of the Group's financial information for FY2022, where no "material uncertainty on going concern" was expressed by the Company's auditors; and
- as confirmed by the Directors, the Lenders will only be entitled to recover an amount up to the aggregate outstanding amount due under the Finance Documents from the proceeds of the Security upon realisation,

we are of the view that the Security arrangement is justifiable.

Conditions Precedent

Subject to the instructions of the Majority Lenders, the Company may not deliver a Utilisation Request unless the Agent has received certain documents/evidences, details of which are set out in the section headed "Conditions Precedent" of the Board Letter.

As of the Latest Practicable Date, no conditions have been fulfilled or waived under the Convertible Facility Agreement.

LETTER FROM GRAM CAPITAL

The Lenders will only be obliged to make their respective participations in each Convertible Loan available if:

- (i) on the date of the Utilisation Request and on the proposed Utilisation Date:
 - a. no default is continuing or would result from the proposed Convertible Loan and no Relevant Event has occurred; and
 - b. certain representations and warranties made by each Obligor under the Convertible Facility Agreement remain true in all material respects; and
- (ii) the Agent has received:
 - a. on or prior to the date falling two Business Days before the proposed Utilisation Date, a copy of the listing approval from the Hong Kong Stock Exchange for the Conversion Shares issuable upon a conversion pursuant to the terms of the Convertible Facility Agreement; and
 - b. on or prior to the date falling three Business Days before the proposed Utilisation Date, evidence that the approval of the independent shareholders of the Company has been obtained at a general meeting of the Company by way of a poll for the entering into of the Convertible Facility Agreement and the transactions contemplated thereunder in accordance with the Listing Rules.

Fees

Pursuant to the Convertible Facility Agreement, the Borrower shall pay to each Finance Party (for its own account) fees in the amount and at the times agreed in a Fee Letter. According to the Fee Letter, the fees referred to in the Facility Agreement includes, inter alia, a fee in the amount of US\$3,000,000. The Fees represented 2% of Total Commitment.

We noticed from the CB Comparable that the placing agents/subscribers of certain CB Comparable are entitled to a one-off fee ranged from 0.5% to 5.5% of their respective principal amounts of the CB Comparable.

As the ratio of fees to Total Commitments falls within the abovementioned fee range, we are of the view that the fee is justifiable.

LETTER FROM GRAM CAPITAL

Our conclusion on terms of the Transactions

Taking into account the principal terms of the Transactions as highlighted above, that no abnormal terms were observed, and the Group's current financial performance and conditions, we are of the view that the terms of the Transactions are on normal commercial terms and are fair and reasonable.

3. Possible dilution effect on the shareholding interests of the public Shareholders

Based on the information as disclosed in the Board Letter, the shareholding interests of the other shareholders of the Company (i.e. shareholders other than those who are substantial shareholders or being interested in the transactions contemplated under the Convertible Facility Agreement) would be diluted by approximately 4.34 percentage points (assuming the Convertible Loans in an aggregate principal amount equal to the Initial Total Commitments are converted in full at the initial Conversion Price of HK\$7.46 per Share) or approximately 5.64 percentage points (assuming the Convertible Loans in an aggregate principal amount equal to the Maximum Increased Total Commitments are converted in full at the initial Conversion Price of HK\$7.46 per Share) immediately after all allotment and issuance of the Conversion Shares in full upon exercise of the conversion rights under the Convertible Loan. In this regard, taking into account (i) the reasons for entering into the Convertible Facility Agreement; (ii) the terms of the Convertible Facility being fair and reasonable; and (iii) the Group's current financial performance and situation, we are of the view that the said level of dilution to the shareholding interests of the public Shareholders as a result of the entering into of the Convertible Facility Agreement is justifiable.

RECOMMENDATION

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

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

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

1. RESPONSIBILITY STATEMENT

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

2. SHARE CAPITAL**Authorised and issued share capital of the Company****(i) As at the Latest Practicable Date**

<i>Authorised:</i>		US\$
5,000,000,000	Shares of US\$0.00001 each	50,000
<i>Issued and fully paid:</i>		
1,834,477,414	Shares of US\$0.00001 each	18,344.77414

(ii) Immediately following the issue of the Conversion Shares assuming full conversion of the Convertible Loan at the initial Conversion Price of HK\$7.46 per Share

<i>Authorised:</i>		US\$
5,000,000,000	Shares of US\$0.00001 each	50,000
<i>Issued and fully paid:</i>		
2,044,356,770	Shares of US\$0.00001 each	20,443.5677

All the Shares in issue are fully-paid and rank pari passu in all respects including all rights as to dividends, voting and return of capital.

The Conversion Shares to be issued will be listed on the Hong Kong Stock Exchange. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Hong Kong Stock Exchange and no application is being made or is currently proposed or sought for the Shares or the Conversion Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, there is no arrangement under which future dividends are/will be waived or agreed to be waived.

As at the Latest Practicable Date, save for the 2026 Convertible Bonds, 2028 Convertible Bonds and the share (option) schemes adopted by the Company from time to time, the Company had no other outstanding warrants, options or convertible or exchangeable securities in issue which would otherwise confer any right to subscribe for, convert or exchange into Shares.

3. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests and short positions in shares and underlying shares

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executive of the Company and their associates in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) would have to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required to be entered in the register referred to therein pursuant to section 352 of the SFO; or (iii) were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code", Appendix C3 to the Listing Rules), were as follows:

(a.1) Interests and short positions in shares, underlying shares or debentures of the Company

Name of Director/ Chief Executive	No. of Shares	Notes	Capacity	Nature of interest	Approximate percentage of interest in the Company
Zhaohua Chang	49,047,671	1	Beneficial owner	Long position	2.67%
Qiyi Luo	9,802,432	2	Beneficial owner/ Interest of controlled corporation	Long position	0.53%
Bo Peng	6,068,630	1	Interest of controlled corporation	Long position	0.33%
Jonathan H. Chou	167,590	3	Beneficial owner	Long position	0.00%
Guoen Liu	161,290	1	Beneficial owner	Long position	0.00%
Chunyang Shao	161,290	1	Beneficial owner	Long position	0.00%

Notes:

- (1) Dr. Zhaohua Chang, Mr. Bo Peng, Dr. Guoen Liu and Mr. Chunyang Shao are interested in the underlying Shares of the Company by virtue of the options granted to them under the share scheme(s) of the Company.
- (2) Dr. Qiyi Luo is interested in (i) 3,393,729 underlying Shares of the Company by virtue of the options granted to him under the share scheme(s) of the Company and (ii) 6,408,703 Shares of the Company.

- (3) Mr. Jonathan H. Chou is interested in (i) 161,290 underlying Shares of the Company by virtue of the options granted to him under the share scheme(s) of the Company and (ii) 6,300 Shares of the Company.

(a.2) Interests and short positions in shares, underlying shares or debentures of the associated corporations of the Company

Name of Directors/ Chief Executive	Name of associated corporation	No. of shares	Notes	Capacity	Nature of interest	Approximate percentage of interest in the associated corporation
Zhaohua Chang	MicroPort CardioFlow Medtech Corporation	6,000,000	1	Beneficial owner	Long position	0.24%
Qiyi Luo	MicroPort CardioFlow Medtech Corporation	6,413,144	1	Beneficial owner	Long position	0.26%
	MicroPort Cardiac Rhythm Management Limited	177,932	2	Beneficial owner	Long position	0.10%
Bo Peng	MicroPort Cardiac Rhythm Management Limited	165,957	2	Beneficial owner	Long position	0.10%
Jonathan H. Chou	MicroPort CardioFlow Medtech Corporation	449,683	1	Beneficial owner	Long position	0.01%

Notes:

- (1) Dr. Zhaohua Chang, Dr. Qiyi Luo and Mr. Jonathan H. Chou are interested in the underlying shares of the associated corporation by virtue of the options granted to them under the share option scheme of MicroPort CardioFlow Medtech Corporation.
- (2) Dr. Qiyi Luo and Mr. Bo Peng are interested in the shares/underlying shares of MicroPort Cardiac Rhythm Management Limited.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

(b) Substantial shareholders' interests and short positions in shares and underlying shares

As at the Latest Practicable Date, so far as any Directors are aware, the interest or short positions owned by the following parties (other than the Directors or chief executive of the Company) in the Shares, underlying Shares or debentures of the Company which are required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO were as follows:

Name of Substantial Shareholder	Notes	No. of Shares	Capacity	Nature of interest	Percentage of total number of Shares in issue (%)
Otsuka Holdings Co., Ltd.	1	382,994,120	Interest of controlled corporation	Long Position	20.88
Otsuka Medical Devices Co., Ltd	1	382,994,120	Beneficial owner	Long Position	20.88
Maxwell Maxcare Science Foundation Limited	2	348,716,563	Interest of controlled corporation/ Beneficial owner	Long Position	19.01
		90,000,000	Interest of controlled corporation	Short Position	4.91
We'Tron Capital Limited	2	345,417,444	Beneficial owner	Long Position	18.83
		90,000,000	Beneficial owner	Short Position	4.91
IPMorgan Chase & Co.	3	240,305,100	Interest of controlled corporation/ Investment manager/Person having a security interest in shares	Long position	13.09
		131,437,936	Interest of controlled corporation	Short position	7.16
		5,619,068	Approved lending agent	Lending pool	0.30
Shanghai Zhangjiang (Group) Co., Ltd.	4	171,748,050	Interest of controlled corporation	Long Position	9.36
Shanghai Zhangjiang Hi-Tech Park Development Co., Ltd.	4	171,748,050	Interest of controlled corporation	Long Position	9.36
Shanghai Zhangjiang Science and Technology Investment Co.	4	171,748,050	Interest of controlled corporation	Long Position	9.36
Shanghai Zhangjiang Haocheng Venture Capital Co., Ltd.	4	171,748,050	Interest of controlled corporation	Long Position	9.36
Shanghai Zhangjiang Science and Technology Investment (Hong Kong) Company Limited	4	171,748,050	Interest of controlled corporation	Long Position	9.36
Shanghai (Z.J.) Holdings Limited	4	171,748,050	Interest of controlled corporation	Long Position	9.36
Shanghai ZJ Hi-Tech Investment Corporation	4	171,748,050	Interest of controlled corporation/ Beneficial owner	Long Position	9.36
Shanghai Zhangjiang Health Solution Holdings Limited	4	164,705,470	Beneficial owner	Long Position	8.97
Hillhouse Investment Management, Ltd.		188,891,653	Investment manager	Long Position	10.3
HFTY Holdings Pte. Ltd.		104,939,807	Beneficial owner	Long Position	5.72
Hillhouse Capital Advisors, Ltd.		153,694,000	Investment manager	Long Position	8.37
Gaoling Fund, L.P.		147,009,000	Beneficial owner	Long Position	8.01

Notes:

- (1) 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..
- (2) 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 3,299,119 Shares.

- (3) Capacity in which interests disclosed herein are held through:

Capacity	Nature of interest	Number of Shares	Approximate percentage of total number of Shares in issue (%)
Interest of controlled corporation	Long position	136,368,149	7.43
	Short position	131,437,936	7.16
Investment manager	Long position	2,032,571	0.11
Person having a security interest in shares	Long position	96,285,312	5.25
Approved lending agent	Long position	5,619,068	0.30

- (4) 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	8.97
Shanghai ZJ Hi-Tech Investment Corporation	<u>7,042,580</u>	<u>0.38</u>
Total	<u><u>171,748,050</u></u>	<u><u>9.36</u></u>

Save as disclosed above, as at the Latest Practicable Date, the Directors of the Company were not aware of any persons (who were not Directors or chief executives of the Company) who had an interest or short position in the Company's Shares or underlying Shares which would need to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

4. DIRECTORS' POSITIONS IN COMPANIES HAVING DISCLOSEABLE INTERESTS

Ms. Weiqin Sun, a non-executive Director of the Company, is currently the deputy general manager (in charge of overall management) of Shanghai Zhangjiang Technology Venture Capital Co., Ltd. (a subsidiary of Shanghai Zhangjiang (Group) Co., Ltd.) and the deputy director of the investment service center of Shanghai Zhangjiang (Group) Co., Ltd..

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

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered into any service contracts with any member of the Group which does not expire or is not terminable by such member of the Group within one year without payment of compensation (other than statutory compensation).

6. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors, directly or indirectly, had any interest in any assets which have been since 31 December 2023 (being the date to which the latest published audited financial statements of the Group were made up) acquired or disposed of by or leased to or by any member of the Group, or are proposed to be acquired or disposed of by or leased to or by any member of the Group.

7. INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, to the best knowledge of the Directors, none of the Directors or the controlling Shareholders or their respective associates had interests in any business which competes or may compete, either directly or indirectly, with the businesses of the Group or has or may have any other conflicts of interest with the Group pursuant to the Listing Rules.

8. MATERIAL LITIGATION AND CLAIMS

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

9. EXPERT AND CONSENT

The following sets out the qualification of the expert who has been named in this supplemental circular:

Name	Qualification
Gram Capital Limited	a licensed corporation to carry on Type 6 (advising on corporate finance) regulated activity under the SFO

Gram Capital has given and has not withdrawn its written consent to the issue of this supplemental circular with the inclusion herein of its letter or report (as the case may be) and references to its name, in the form and context in which they respectively appear.

As at the Latest Practicable Date, the above expert:

- (a) did not have any shareholding, either directly or indirectly, in any member of the Group;
- (b) did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (c) did not have any interest, either directly or indirectly, in any assets which have been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2023 (the date to which the latest published audited accounts of the Company were made up).

The letter from Gram Capital dated 6 May 2024 set out on pages 38 to 63 in this supplemental circular was given for incorporation in this supplemental circular.

10. NO MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, there had been no material adverse change in the financial or trading position of the Group since 31 December 2023, the date to which the latest published audited consolidated financial statements of the Group were made up.

11. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (www.microport.com) for a period of 14 days from the date of this supplemental circular:

- (a) the Convertible Facility Agreement;
- (b) the letter from the Board dated 6 May 2024, the text of which is set out on pages 10 to 35 of this supplemental circular;

- (c) the letter from the Independent Board Committee dated 6 May 2024, the text of which is set out on pages 36 to 37 of this supplemental circular;
- (d) the letter from Gram Capital dated 6 May 2024, the text of which is set out on pages 38 to 63 of this supplemental circular; and
- (e) the letter of consent from Gram Capital dated 6 May 2024 referred to in the above paragraph headed “9. Expert and Consent” in this appendix.

SUPPLEMENTAL NOTICE OF ANNUAL GENERAL MEETING



MicroPort Scientific Corporation

微創醫療科學有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00853)

SUPPLEMENTAL NOTICE OF ANNUAL GENERAL MEETING

References are made to the circular of MicroPort Scientific Corporation (the “**Company**”) dated 30 April 2024 (the “**Circular**”) and the notice of the annual general meeting of the Company (the “**Annual General Meeting**”) dated 30 April 2024 (the “**AGM Notice**”) which set out the details of the resolutions to be proposed for approval of the shareholders of the Company at the Annual General Meeting to be held at 1601 Zhangdong Road, Zhangjiang Hi-Tech Park, Shanghai 201203, the People’s Republic of China on Wednesday, 22 May 2024 at 10:00 a.m.. Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the Circular.

SUPPLEMENTAL NOTICE IS HEREBY GIVEN THAT the Annual General Meeting will be held at 1601 Zhangdong Road, Zhangjiang Hi-Tech Park, Shanghai 201203, the People’s Republic of China on Wednesday, 22 May 2024 at 10:00 a.m. or any adjournment thereof, for the purposes of considering, and if thought fit, passing the following supplemental resolution:

ORDINARY RESOLUTION

9. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“THAT

- (a) the convertible facility agreement (the “**Convertible Facility Agreement**”) dated 5 April 2024 and entered into between the Company as borrower and HFTY I Holdings Pte. Ltd., HFTY II Holdings Pte. Ltd., HFTY III Holdings Pte. Ltd., and Jumbo Glorious Limited (the “**Original Lenders**”) as lenders in relation to the convertible loan (the “**Convertible Loan**”) in the principal amount of US\$150,000,000 with an accordion option in the principal amount of up to US\$50,000,000 by the Company (a copy of the Convertible Facility Agreement having been produced to the Annual General Meeting and marked “A” and initialed by the chairman of the Annual General Meeting for the purpose of identification), and the transactions contemplated thereunder (including but not limited to the entering into of the Convertible Loan and the allotment and issue of the conversion shares (the “**Conversion Shares**”) upon exercise of conversion rights attaching to the Convertible Loan) be and are hereby approved, confirmed and ratified;

SUPPLEMENTAL NOTICE OF ANNUAL GENERAL MEETING

- (b) the Board of Directors be and is hereby granted a specific mandate to allot and issue the Conversion Shares upon exercise of the conversion rights attached to the Convertible Loan in accordance with the terms and conditions thereunder (the “**Specific Mandate**”); and
- (c) any one or more Director(s) and/or the company secretary of the Company be and is/are hereby authorised to implement and take all steps and do all acts and things and execute all such documents (including under seal, where applicable) which he/she/they consider(s) necessary, desirable or expedient to give effect to the Convertible Facility Agreement and the transactions contemplated thereunder and the issue of Conversion Shares under the Specific Mandate.”

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

Shanghai, the PRC, 6 May 2024

Notes:

1. Details of the above resolution are set out in the supplemental circular of the Company dated 6 May 2024 (the “**Supplemental Circular**”).
2. A second proxy form in respect of the above resolution is enclosed with the Supplemental Circular (the “**Supplemental Proxy Form**”).
3. To be valid, the Second Proxy Form must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority at the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for the Annual General Meeting (i.e. not later than 10:00 a.m. on Monday, 20 May 2024) or the adjourned meeting (as the case may be). Completion and delivery of the Second Proxy Form will not preclude you from attending and voting at the Annual General Meeting if you so wish and in such event, the Second Proxy Form shall be deemed to be revoked.

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