

24 November 2025

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

Dear Sir/ Madam,

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

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Transaction (including the issue of the New Shares under the Specific Mandate), details of which are set out in the letter from the Board (the “Board Letter”) contained in the circular dated 24 November 2025 issued by the Company to the Shareholders (the “Circular”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

On 29 September 2025, the Company, the Merger Sub (being an indirect wholly-owned subsidiary of the Company) and the Target Company entered into the Merger Agreement, pursuant to which the Company will acquire the Target Company by way of merger whereby, at the Effective Time, the Merger Sub and the Target Company shall merge and continue as one company, with the Target Company surviving the Merger as an indirect wholly-owned subsidiary of the Company at the Negotiated Value of the Target Company of US\$680 million, and in consideration therefor, the Company will allot and issue New Shares to the shareholders of the Target Company under the Specific Mandate.

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

The Independent Board Committee comprising Ms. Sun Zhixiang and Dr. Hu Bingshan (both being independent non-executive Directors who are not the directors of MicroPort®) has been formed to advise the Independent Shareholders on (i) whether the terms of the Transaction are on normal commercial terms and are fair and reasonable; (ii) whether the Transaction is in the interests of the Company and the Shareholders as a whole and is conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the Transaction at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, Gram Capital was engaged as the independent financial adviser in relation to (i) the continuing connected transactions as set out in the Company's circular dated 12 December 2023; (ii) the discloseable and connected transaction as set out in the Company's circular dated 30 August 2024 (the "Property Acquisition"); and (iii) the discloseable and connected transaction as set out in the Company's circular dated 5 June 2025. Save for the aforesaid engagements, there was no other service provided by Gram Capital to the Company relating to any transaction of the Company with executed agreement during the past two years immediately preceding the Latest Practicable Date.

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

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

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

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

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Transaction (including the issue of the New Shares under the Specific Mandate). We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

We have not made any independent evaluation or appraisal of the assets and liabilities of the Target Company, and we have not been furnished with any such evaluation or appraisal, save as and except for the valuation report on the market value of 100% equity interest in the Target Company prepared by JLL (the “**Valuation Report**”), as set out in Appendix V to the Circular. Since we are not experts in the valuation of assets or business, we have relied solely upon the Valuation Report for the market value of 100% equity interest in the Target Company as at 31 August 2025 (the “**Valuation**”).

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement therein or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

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

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

PRINCIPAL FACTORS AND REASONS CONSIDERED

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

Background of and reasons for the Transaction

Information on the Group

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

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

	For the six months ended 30 June 2025 ("1H2025") RMB'000 (unaudited)	For the six months ended 30 June 2024 ("1H2024") RMB'000 (unaudited)	Change from 1H2024 to 1H2025 %	For the year ended 31 December 2024 ("FY2024") RMB'000 (audited)	For the year ended 31 December 2023 ("FY2023") RMB'000 (audited)	Change from FY2023 to FY2024 %
Revenue	229,103	223,138	2.67	361,565	336,215	7.54
— the PRC	201,844	215,008	(6.12)	337,980	324,894	4.03
— Overseas	27,259	8,130	235.29	23,585	11,321	108.33
Gross profit	160,922	158,224	1.71	251,210	229,931	9.25
Profit/(loss) from operations	3,817	(28,480)	N/A	(62,620)	(313,651)	(80.04)
Loss attributable to the equity shareholders of the Company	(2,163)	(56,461)	(96.17)	(49,446)	(471,534)	(89.51)
		As at 30 June 2025 RMB'000 (unaudited)		As at 31 December 2024 RMB'000 (audited)	As at 31 December 2023 RMB'000 (audited)	
Total assets		2,667,508		2,675,762	2,577,108	
— Property, plant and equipment		479,330		505,964	196,973	
— Intangible assets		177,639		192,282	143,881	
— Interests in associates		252,041		165,762	143,089	
— Inventories		108,753		135,381	122,871	
— Trade and other receivables		274,734		179,966	144,785	
— Cash and bank balances (Note)		1,320,281		1,359,136	1,773,680	
— Other assets		54,730		137,271	51,829	
Total liabilities		450,547		454,073	242,245	
— Trade and other payables		144,559		358,569	152,864	
— Interest-bearing borrowings		255,027		41,500	Nil	
— Other liabilities		50,961		54,004	89,381	
Net current assets		1,458,234		1,240,592	1,847,753	
Net assets		2,216,961		2,221,689	2,334,863	
Net assets attributable to the Shareholders		2,182,511		2,187,212	2,334,863	

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

Comparison of financial performance between FY2023 and FY2024

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

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

Comparison of financial performance between 1H2024 and 1H2025

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

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

Financial position

The Group's property, plant and equipment increased significantly from approximately RMB197.0 million as at 31 December 2023 to approximately RMB506.0 million as at 31 December 2024, primarily due to the acquisition of entire equity interest of Shanghai Xinyong Medical Technology Co., Ltd. (上海心永醫療科技有限公司), which owns a state-owned land use right of a parcel of land for high-tech use with an area of 13,320 sq.m. located at 501 Niudun Road, Zhangjiang Science City, Pudong New Area, Shanghai, the PRC (中國上海市浦東新區張江科學城牛頓路501號) and three buildings with a gross floor area of 8,781.03 sq.m. constructed on the aforesaid land with consideration of approximately RMB380 million, and slightly decreased to approximately RMB479.3 million as at 30 June 2025.

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

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

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

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

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

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

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

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

Business outlook

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

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

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

Information on the Target Group

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

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

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

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

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

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

Notes:

1. Convertible bonds represent the Junior CBs and the Senior CBs.
2. Financial instruments with preferred rights represent the Target Preferred Shares.

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

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

- the increase in net loss for FY2023 as compared to that for FY2022 was mainly due to (1) the decrease in gross profit as aforementioned; (2) the increase in fair value loss on convertible bonds; (3) the increase in selling and marketing expenses as a result of the strengthening of Euro (which most of the Target Group's expenses were incurred under) against US\$ (being the presentation currency of the Target Group's financial statements) during FY2023; and (4) the increase in finance costs was primarily a result of the increase in interest on the Target Preferred Shares, partially offset by (i) the increase in other net income as a result of increase in interest on time deposits; and (ii) the decrease in R&D costs mainly attributable to the improved operational efficiency and the decrease in service fees due to different stages and investments in R&D projects.
- the decrease in net loss for FY2024 as compared to that for FY2023 was mainly due to (1) the increase in gross profit as aforementioned; (2) the decrease in R&D costs, selling and marketing expenses, administrative expenses and other operating costs primarily due to lower remuneration as a result of reduced headcount and, in particular for R&D costs, more targeted investment in new technology, partially offset by (i) the turnaround from other net income for FY2023 to other net loss for FY2024 mainly due to the significant net foreign exchange loss recognised during FY2024; (ii) the increase in fair value loss on convertible bonds; and (iii) the increase in finance costs, primarily a result of the increase in interest on the Target Preferred Shares.

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

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

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

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

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

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

With reference to the Board Letter:

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

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

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

Reasons for and benefits of the Transaction

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

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

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

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

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

- (b) Since 2024, the products of each of the Group's business and the Target Group's business are being marketed globally through direct sales and/or distributors, with ongoing cooperations between each business in certain regions, in addition to leveraging on the respective marketing and sales channels of each business. Through the Transaction, such global market resources can be further shared and aligned, creating synergistic effects, expanding the breadth and depth of the existing cooperation and facilitating the establishment of the Group's stronger foothold and market influence in the global markets and bringing the Group's products to more hospitals and patients.
- (c) Despite two distinct heart problems, structural heart diseases and cardiac rhythm conditions can be interconnected and correlated, and the increase in low and intermediate risk patients has indicated a demand for a comprehensive offering covering full-life cycle management. Thus, through knowledge sharing and technology transfer enabled by the Transaction, the Group can further enhance its R&D, upgrading features of existing products, or expanding into new disease areas not previously explored through new product development, to better address the market demand. As set out in the Prospectus, the Group has been focusing on advancing its product portfolio and strengthening its position in the transcatheter medical device market. The Transaction will enable the Enlarged Group to integrate the Group's strengths in advanced transcatheter delivery systems, complex cardiac structural implants, high-performance metal, polymer and bio-derived materials, and hemodynamics with the Target Group's expertise in miniature active implants, efficient and long-life motor and power management, and physiological sensing algorithms based on device data. Leveraging these combined capabilities, the Enlarged Group plans to expand into the heart failure domain, focusing on the development of implantable heart failure monitoring devices, implantable intelligent heart failure circulatory regulation devices, and percutaneous

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

- (d) With the Transaction, the respective supply chain resources can be shared, and with a much sizable scale in combination, the Group would gain greater bargaining power facing the suppliers, especially those capable of supplying to both the Group and the Target Group. In addition, for the overseas expansion, the Group could have easier access to local production facilities and local supplier resources if needed, to mitigate geo-political risk and avoid supply chain interruption.
- (e) The Transaction will also grant the Group access to the Target Group's full-suite local operation teams as well as established facilities, efficiently bridging the gap for its overseas operation. With existing local warehouses, as well as operation team to facilitate regulatory communication, clinical trials running, quality control, customer follow-ups, complaints handling, etc., the Group could realize overseas expansion with lesser investment, achieving more operational efficiencies.
- (f) Through the complementary synergies achieved by the Transaction, the business scale and growth potential of the business of the Target Group and the business of the Group as consolidated will be expanded, leading to enhancement in the revenue, profitability and cashflow of such consolidated business. The capital utilisation efficiency and capital raising capability can also be enhanced through unified financial management.
- (g) The promulgation of a heart disease product platform with diversified products and product pipelines to both the international and China markets can enhance the international capital market's recognition of the underlying value and growth potential of the consolidated business.

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

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

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

- Approximately 80% of the world's deaths from cardiovascular diseases occur in low- and middle-income countries as people living in low- and middle-income countries often do not have the benefit of primary healthcare programmes for early detection and treatment for cardiovascular diseases.
- Out of the 18 million premature deaths (under the age of 70) due to noncommunicable diseases in 2021, at least 37% were caused by cardiovascular diseases.
- The probability of dying young (aged between 30 to 69 years old) from cardiovascular disease is nearly five times as high in eastern Europe and central Asia compared to western Europe.
- WHO works to drive and support the implementation of effective actions for the prevention, management and control of cardiovascular diseases and their associated risk factors, especially in low- and middle-income countries, including (i) develop evidence-based guidelines and tools for the prevention and management of cardiovascular diseases; (ii) develops norms and standards for cardiovascular risk assessment, hypertension (medical term for high blood pressure) diagnosis and cardiovascular diseases care; (iii) raise awareness on the growing global burden of cardiovascular diseases; and (iv) conduct global surveillance on cardiovascular diseases and their key risk factors.

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

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

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

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

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

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

Having also considered the benefits of the Transaction as mentioned above, we are of the view that although the Transactions is not conducted in the ordinary and usual course of business of the Group, it is in the interests of the Company and Shareholders as a whole.

Principal terms of the Transaction

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

Date

29 September 2025

Parties

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

Merger

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

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

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

- (b) subject to any specific arrangements entered into by the relevant parties, the Target Company shall be liable for and subject, in the same manner as the Merger Sub, to all mortgages, charges or security interests, and all contracts, obligations, claims, debts, and liabilities of the Merger Sub, if any;
- (c) all proceedings pending by or against each of the Merger Sub and the Target Company may be continued by or against the Target Company;
- (d) any claim, conviction, ruling, order or judgement, due or to become due, in favor of or against each of the Merger Sub and the Target Company shall apply to the Target Company;
- (e) the shares and rights of the members in each of the Merger Sub and the Target Company shall be converted into the shares and rights provided for in the plan of merger in relation to the Merger to be made in accordance with the Cayman Companies Act, as set out under the section headed “Effect on the Securities” below; and
- (f) the Merger Sub shall be struck off by the Cayman Registrar.

Effect on the Securities

Implementation of the Pre-Closing Capital Restructuring

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

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

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

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

N/P

Where:

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

P is the Issue Price, being HK\$1.35.

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

Merger

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

Negotiated Value of the Target Company and basis

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

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

We (i) reviewed and enquired into the terms of engagement of the Valuer with the Company; (ii) interviewed the Valuer as to their qualification in relation to the preparation of the Valuation Report and their track records in valuation of enterprises; and (iii) reviewed the steps and due diligence measures taken by the Valuer for conducting the Valuation. From the mandate letter and other relevant information provided by the Valuer and based on our interview with them, we are satisfied with the terms of engagement and scope of work of the Valuer as well as their qualification, competence and experience for the preparation of the Valuation Report. The Valuer also confirmed that they are independent to the Group and the Target Group.

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

- (i) Market approach considers the prices recently paid for similar assets, with adjustments made to market prices to reflect condition and utility of the appraised assets relative to the market comparable. Although there are insufficient market transactions of assets similar to the Target Group as at the Valuation Date, the Valuer is able to identify sufficient companies comparable to the Target Group. As such, market approach is applicable for assessing the Valuation.
- (ii) Cost approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation or obsolescence to reflect its current conditions and it is applicable for assets without a known secondary market. However, as it does not capture the economic benefits contributed by the Target Group, in particular, those to be brought by the CRM solutions of the Target group, cost approach is not applicable for the Valuation.
- (iii) Income approach considers the value of the appraised assets based on the conversion of expected economic benefits of ownership during the forecast period as it is based on the principle that an informed buyer would pay no more for the project than an amount equal to the present worth of its anticipated future benefits from the same or substantially similar projects with similar risk profile. As income approach requires detailed operational information and long-term financial projection and such information with substantial objective supporting data is not available, income approach is not applicable for the Valuation.

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

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

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

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

- (i) that are publicly listed and searchable on Bloomberg;
- (ii) that are classified as medical device manufacturers by Bloomberg;
- (iii) with revenue from cardiovascular segments accounting for more than one-third of their total revenue;
- (iv) with product portfolio that are used for diagnosing, treating and managing heart rhythm disorders and heart failure; and
- (v) with sufficient data, including their EV/Sales Multiple as at the Valuation Date.

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

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

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

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

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

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

- The price multiples (i.e. P/E Multiple, P/B Multiple, P/S Multiple) overlook the costs structure of a company. As the Target Group had outstanding shareholder payables as at the Valuation Date, the capital structure of the Target Group differs from those of the Comparable Companies and thus the price multiples were not adopted in the Valuation.
- The EV multiples (i.e. EV/EBIT Multiple, EV/EBITDA Multiple and EV/Sales Multiple) are less affected by differences in capital structure of companies as compared to P/E Multiple, P/B Multiple and P/S Multiple, and allow direct comparison of companies regardless of their capital structure. However, as the Target Group recorded loss before interest and taxes and loss before interest, tax, depreciation and amortisation, both EV/EBIT Multiple and EV/EBITDA Multiple are not applicable for the Valuation.
- EV/Sales Multiple, being similar to the P/S Multiple, is commonly used to value early-stage or loss-making companies and also has the benefits of being less affected by difference in capital structure. Thus, EV/Sales Multiple was adopted in the Valuation.

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

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

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

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

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

- Kroll, LLC is a leading independent risk and financial advisory solutions firm established in 1932 that serves in 140 markets across nearly every industry and sector according to its website.
- Prof. Aswath Damodaran is a professor of finance at the Stern School of Business of New York University specialised in corporate finance and valuation. His papers have been published in the “Journal of Financial and Quantitative Analysis”, the “Journal of Finance”, the “Journal of Financial Economics” and the “Review of Financial Studies”.

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

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

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

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

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

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

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

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

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

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

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

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

New Shares

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

- (a) approximately 164% of the issued share capital of the Company as at the Latest Practicable Date; and
- (b) approximately 62% of the issued share capital of the Company as enlarged by the allotment and issue of the New Shares (assuming that there will be no change in the issued share capital of the Company other than the allotment and issuance of the New Shares from the Latest Practicable Date up to and until the Closing Date).

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

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

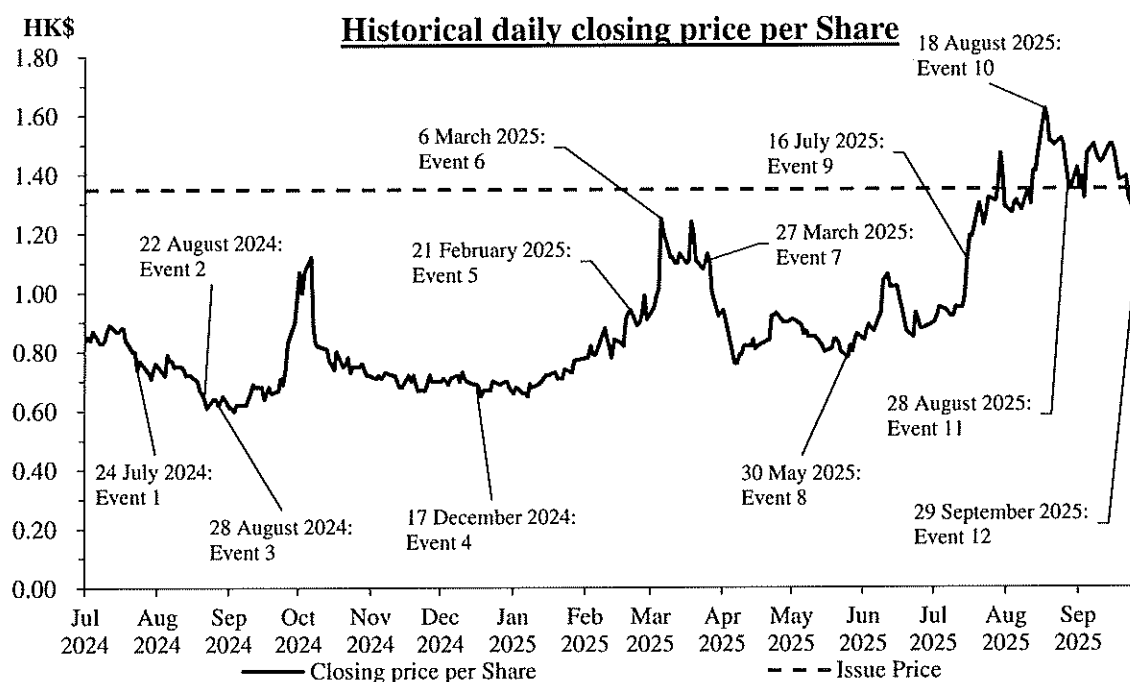
Issue Price

The Issue Price of HK\$1.35 per Share represents:

- (i) a premium of approximately 23.85% over the closing price of HK\$1.09 per Share as quote on the Stock Exchange as at the Latest Practicable Date;
- (ii) a premium of approximately 2.27% over the closing price of HK\$1.32 per Share as quoted on the Stock Exchange on the date of the Merger Agreement;
- (iii) a premium of approximately 4.49% over the average closing price of approximately HK\$1.29 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including the date of the Merger Agreement;
- (iv) a discount of approximately 5.11% to the average closing price of approximately HK\$1.42 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the date of the Merger Agreement;
- (v) a premium of approximately 13.14% over the average closing price of approximately HK\$1.19 per Share as quoted on the Stock Exchange for the last 90 consecutive trading days up to and including the date of the Merger Agreement;
- (vi) a premium of approximately 21.62% over the closing price of HK\$1.11 per Share as quoted on the Stock Exchange as at 16 July 2025 (being the date of the First Announcement) (the “**First Announcement Date Premium**”);
- (vii) a premium of approximately 37.20% over the average closing price of approximately HK\$0.98 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including the date of the First Announcement;
- (viii) a premium of approximately 43.16% over the average closing price of approximately HK\$0.94 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the date of the First Announcement;
- (ix) a premium of approximately 44.35% over the average closing price of approximately HK\$0.94 per Share as quoted on the Stock Exchange for the last 90 consecutive trading days up to and including the date of the First Announcement; and
- (x) a premium of approximately 33.56% over the unaudited net asset value per Share of approximately RMB0.92 (equivalent to approximately HK\$1.01) as at 30 June 2025 based on the 2,412,592,839 Shares in issue as at 30 June 2025 (the “**NAV Premium**”).

Historical closing price movement

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



Source: the Stock Exchange's website

Events:

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

8. *Discloseable and connected transaction in relation to the acquisition of the remaining 49% equity interest in Shanghai MicroPort CardioAdvent Co., Ltd.*
9. *First Announcement*
10. *Voluntary announcement in relation to the CE mark approval of Alwide Plus Balloon Catheter*
11. *Interim results announcement for 1H2025*
12. *Second Announcement*

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

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

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

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

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

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

Comparison with other consideration issue transaction

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

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

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

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

As depicted in the above table:

- (i) the Agreement Date Premium/Discount of the Comparable Acquisitions ranged from discount of approximately 33.33% to premium of approximately 33.58%, with average of approximately 0.70% in discount and median of approximately 2.45% in discount;
- (ii) the 5 Days Premium/Discount of the Comparable Acquisitions ranged from discount of approximately 37.50% to premium of approximately 48.67%, with average of approximately 1.06% in premium and median of approximately 2.27% in discount;
- (iii) the 30 Days Premium/Discount of the Comparable Acquisitions (excluding outlier) ranged from discount of approximately 34.43% to premium of approximately 12.18%, with average of approximately 4.77% in discount and median of approximately 1.14% in premium;
- (iv) the 90 Days Premium/Discount of the Comparable Acquisitions (excluding outlier) ranged from discount of approximately 26.19% to premium of approximately 13.64%, with average of approximately 4.69% in discount and median of approximately 2.44% in discount; and
- (v) the NAV Premium/Discount of the Comparable Acquisitions ranged from discount of approximately 70.33% to premium of 464.82%, with average of approximately 164.73% in premium and median of approximately 150.45% in premium.

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

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

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

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

Having considered:

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

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

Our conclusion on the Issue Price

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

Closing

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

Our conclusion on the terms of the Transaction

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

- (i) the Transaction, which shall be conducted by way of issue of the New Shares to the existing shareholders of the Target Company, to be on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole given:
 - (a) the reasons for and the benefits of the Transaction as detailed above;
 - (b) the prospect of the cardiovascular devices market;
 - (c) the Issue Price represented the First Announcement Date Premium and the NAV Premium; and
 - (d) the settlement of the consideration for the Transaction entirely by way of issue of the New Shares would not impose immediate burden to the Company's financial resources and would not result in any cash outflow, which would safeguard the Group's financial position;
- (ii) the Negotiated Value of the Target Company is fair and reasonable based on our independent work performed on the Valuation;
- (iii) the Issue Price is fair and reasonable based on our analysis on the Issue Price,

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

Possible financial effects of the Transaction

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

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

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

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

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

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

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

Possible dilution effects on the existing public Shareholders

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

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

- (i) the establishment of a heart disease product platform that offer diversified products and product pipelines (including solutions for structural heart diseases and cardiac rhythm disorders) which would achieve revenue stream diversification and enhance the Group’s global market development capability as detailed under the section headed “Reasons for and benefits of the Transaction” above;
- (ii) the synergy and economies of scale that could be achieved through the Merger as detailed under the section headed “Reasons for and benefits of the Transaction” above;
- (iii) the prospect of the cardiovascular devices market is generally positive as detailed under the section headed “Reasons for and benefits of the Transaction” above;
- (iv) the terms of the Transaction (including the Negotiated Value of the Target Company and the Issue Price) are fair and reasonable based on our independent work performed;
- (v) the consideration issue would not place any strain on the Group’s cash flow for the settlement of consideration; and
- (vi) the dilution effect on the existing public Shareholders is acceptable given that the Group had insufficient cash resources to settle the consideration for the Transaction,

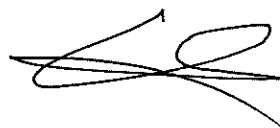
we are of the view that the level of dilution to the shareholding interests of the existing public Shareholders is acceptable.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Transaction are on normal commercial terms and are fair and reasonable; and (ii) although the Transaction is not conducted in the ordinary and usual course of business of the Group, the Transaction is in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the Transaction and we recommend the Independent Shareholders to vote in favour of the resolutions in this regard.

Yours faithfully,
For and on behalf of
Gram Capital Limited



Graham Lam
Managing Director

Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 30 years of experience in investment banking industry.