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**MicroPort Scientific Corporation**

**微創醫療科學有限公司\***

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

**(Stock code: 00853)**

**DISCLOSABLE TRANSACTION  
PROPOSED RESTRUCTURING AND DISPOSAL OF INTERESTS IN  
MICROPORT CARDIOFLOW MEDTECH**

**RESTRUCTURING OF SHAREHOLDING IN MP CARDIOFLOW**

On 22 March 2019, MP CardioFlow, the Original Shareholders, the Original Series B Investors, the Series C Investor, the Controlling Shareholder, the Target Company, CardioFlow BVI, CardioFlow HK and Shanghai Huahao entered into a framework agreement in relation to the restructuring of shareholding in MP CardioFlow (the “**Restructuring**”). Upon completion of the Restructuring (without consideration of the Series C Investment): (i) Shanghai MicroPort Limited (the “**Controlling Shareholder**”), a wholly-owned subsidiary of the Company, will directly hold approximately 64.7151% share capital of the Target Company; (ii) the Target Company will indirectly hold the entire issued share capital of CardioFlow HK through CardioFlow BVI, a wholly-owned subsidiary of the Target Company, while CardioFlow HK will directly hold the entire equity interest in MP CardioFlow; and (iii) the Original Shareholders and the Series B Investors will, directly or indirectly, hold shares of the Target Company in the same proportion to their (or their controlling shareholder’s) shareholding in MP CardioFlow before the Restructuring.

## **SERIES C INVESTMENT**

On 22 March 2019, the Target Company, CardioFlow BVI, CardioFlow HK, MP CardioFlow, the Controlling Shareholder, Chenxue Investment and the Investors, after independent negotiations at an arm's length basis, entered into the Share Purchase Agreement in relation to, among others, the Restructuring (including the Series C Investment), pursuant to which the Series C Investor agreed to subscribe for, and the Target Company agreed to sell and issue 12,500,000 preferred shares of the Target Company (the "**Series C Shares**", together with Series B Shares, the "**Purchased Shares**") to the Series C Investor at the price of US\$50,000,000 (the "**Series C Purchase Price**"). The Series C Shares represent 12.5000% of the enlarged share capital of the Target Company upon completion of the Restructuring (including the Series C Investment). The Target Company, CardioFlow BVI, CardioFlow HK, MP CardioFlow, the Controlling Shareholder, Shanghai MicroPort and the Investors also entered into the Shareholders Agreement on 22 March 2019, and agreed on the Restated Memorandum and Articles to be adopted upon Closing, under which the Investors will be granted the Put Options.

## **LISTING RULES IMPLICATION**

The completion of the Restructuring (without consideration of the Series C Investment) will not result in (i) any increase or decrease of the Group's interest in MP CardioFlow; or (ii) any additional consideration payable or receivable by the Group. The Series C Investment will result in a decrease of the Group's interest in MP CardioFlow. Upon completion of the Restructuring (including the Series C Investment), the equity interest in MP CardioFlow held by the Group will decrease from approximately 64.7151% to 56.6257%. Therefore, the issue of the Series C Shares under the Restructuring (including the Series C Investment) will be deemed as disposal of approximately 8.0894% equity interest in MP CardioFlow held by the Group at a consideration of US\$50,000,000.

In addition, as disclosed in the announcements of the Company dated 22 August 2017, 4 September 2017, 20 October 2017, 27 October 2017 and 8 February 2018, the Original Shareholders, MP CardioFlow and the Original Series B Investors have entered into two share transfer and capital increase agreements on 22 August 2017 and 20 October 2017 and a supplementary agreement on 8 February 2018 in relation to the Series B Investment. The issues of new capital by MP CardioFlow to Original Series B Investors under step I and step III of the Series B Investment are essentially deemed as disposals by the Group. Pursuant to Rules 14.22 and 14.23 of the Listing Rules, such disposals and the Series C Investment shall be aggregated as if they were one transaction since they are expected to be all completed within a 12-month period and involve the disposal of equity interest in the same company. As the highest applicable percentage ratio applied in accordance with Rule 14.07 of Listing Rules on an aggregated basis in respect of the Series C Investment and the Series B Investment is more than 5% but less than 25%, the Series C Investment is subject to announcement and reporting requirements, but exempt from independent shareholders' approval requirement under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.74(1) of the Listing Rules, as the Put Options are not exercisable at the Company's discretion, the Put Options will be classified as if they had been exercised at the time of granting. As the highest applicable percentage ratio applied in accordance with Rule 14.07 of Listing Rules in respect of the Put Options is more than 5% but less than 25%, the granting of Put Options is subject to announcement and reporting requirements, but exempt from independent shareholders' approval requirement under Chapter 14 of the Listing Rules.

We refer to the announcements of the Company dated 22 August 2017, 4 September 2017, 20 October 2017, 27 October 2017 and 8 February 2018 in relation to the investments in MP CardioFlow by the Original Series B Investors (the "**Series B Investment**").

## **RESTRUCTURING OF SHAREHOLDING IN MP CARDIOFLOW**

On 22 March 2019, MP CardioFlow, the Original Shareholders, the Original Series B Investors, the Series C Investor, the Controlling Shareholder, the Target Company, CardioFlow BVI, CardioFlow HK and Shanghai Huahao entered into a framework agreement in relation to the restructuring of shareholding in MP CardioFlow (the "**Restructuring**"). Upon completion of the Restructuring (without consideration of the Series C Investment): (i) Shanghai MicroPort Limited (the "**Controlling Shareholder**"), a wholly-owned subsidiary of the Company, will directly hold approximately 64.7151% share capital of the Target Company; (ii) the Target Company will indirectly hold the entire issued share capital of CardioFlow HK through CardioFlow BVI, a wholly-owned subsidiary of the Target Company, while CardioFlow HK will directly hold the entire equity interest in MP CardioFlow; and (iii) the Original Shareholders and the Series B Investors will, directly or indirectly, hold shares of the Target Company in the same proportion to their (or their controlling shareholder's) shareholding in MP CardioFlow before the Restructuring.

The Restructuring (without consideration of the Series C Investment) shall be principally carried out through the following steps:

- (i) CardioFlow HK shall (a) acquire approximately 64.7151% equity interest in MP CardioFlow held by Shanghai MicroPort; and (b) acquire approximately 7.6136% equity interest in MP CardioFlow held by Chenxue Investment.

- (ii) the Target Company, CardioFlow BVI, CardioFlow HK, MP CardioFlow, the Controlling Shareholder, Chenxue Investment, the Series B Investors and the Series C Investor shall enter into the Share Purchase Agreement, pursuant to which, among others, (a) the Target Company shall issue 6,661,901 ordinary shares of the Target Company to entit(ies) designated by Chenxue Investment (the “**Chenxue Entity**”); and (b) the Target Company shall issue a total of 24,212,383 preferred shares of the Target Company (the “**Series B Shares**”) to the Series B Investors in the amount as set forth below:

**Number of  
Shares in the  
Target Company  
to be Issued**

Shanghai Huahao	9,584,052
CICC Kangrui	9,079,611
Huatai Ruihe	3,026,535
SDIC Chuanghe	2,522,185

For each Series B Investor, its consideration payable for the issuance of Series B Shares (the “**Series B Investor Consideration**”) equals to the consideration paid by it (or its controlling shareholder) for its respective Series B Investment, which shall be exchanged from RMB into US Dollars at the reference rate permitted under the Overseas Approval.

The preferred shares of the Target Company shall be convertible, at the option of the holder thereof, at any time after the original issue date into certain number of fully paid and non-assessable ordinary shares of the Target Company. The initial conversion ratio for preferred shares of the Target Company to ordinary share of the Target Company shall be 1:1 as of the date of adoption of the Restated Memorandum and Articles and shall be adjusted from time to time for any split, reverse split, subdivision, combination, reclassification, share dividend, extraordinary cash dividend or other similar actions affecting the Target Company’s outstanding ordinary shares.

- (iii) On the date or the second business day to the date of issue of Series B Shares, CardioFlow HK shall enter into agreements to acquire from each of the Original Series B Investor, at the consideration equaling to its (or its subsidiary’s) Series B Investor Consideration, a total of approximately 27.6713% equity interest in MP CardioFlow held by the Original Series B Investors as set forth below:

**% of Equity  
Interest in MP  
CardioFlow to  
be Acquired**

Huajie	10.9532%
CICC Kangrui	10.3767%
Huatai Ruihe	3.4589%
SDIC Chuanghe	2.8825%

(iv) Chenxue Investment shall return to the Group the consideration it received for transferring 7.6136% equity interest in MP CardioFlow to CardioFlow HK (as described in step (i)(b) above).

The parties intend to carry forward the Restructuring including the Series C Investment as a whole transaction and the Restructuring including the Series C Investment will only be considered completed upon the completion of each of the steps. The completion of the Restructuring (without consideration of the Series C Investment) will not result in (i) any increase or decrease of the Group's interest in MP CardioFlow; or (ii) any additional consideration payable or receivable by the Group. Any gain or loss arising from exchange difference during the Restructuring shall be enjoyed or born by the Investors.

## **SERIES C INVESTMENT**

The Company is pleased to announce that on 22 March 2019, the Target Company, CardioFlow BVI, CardioFlow HK, MP CardioFlow, the Controlling Shareholder, Chenxue Investment and the Investors, after independent negotiations at an arm's length basis, entered into the Share Purchase Agreement in relation to, among others, the Restructuring (including the Series C Investment), pursuant to which the Series C Investor agreed to subscribe for, and the Target Company agreed to sell and issue 12,500,000 preferred shares of the Target Company (the "**Series C Shares**", together with Series B Shares, the "**Purchased Shares**") to the Series C Investor at the price of US\$50,000,000 (the "**Series C Purchase Price**"). The Series C Shares represent 12.5000% of the enlarged share capital of the Target Company upon completion of the Restructuring (including the Series C Investment). The Target Company, CardioFlow BVI, CardioFlow HK, MP CardioFlow, the Controlling Shareholder, Shanghai MicroPort and the Investors also entered into the Shareholders Agreement on 22 March 2019, and agreed on the Restated Memorandum and Articles to be adopted upon Closing, under which the Investors will be granted the Put Options.

## **PRINCIPAL TERMS OF THE SERIES C INVESTMENT**

**Date:** 22 March 2019

**Parties:**

- (1) the Target Company;
- (2) CardioFlow BVI;
- (3) CardioFlow HK;
- (4) MP CardioFlow;
- (5) the Controlling Shareholder;
- (6) Chenxue Investment;
- (7) Shanghai Huahao;
- (8) CICC Kangrui;
- (9) Huatai Ruihe;
- (10) SDIC Chuanghe; and
- (11) the Series C Investor

**Sale and Issuance of Series C Shares** Subject to the terms and conditions of the Share Purchase Agreement and in consideration of the purchase price set forth below, the Target Company agrees to sell, issue and allot to the Series C Investor, and the Series C Investor agrees to purchase and subscribe for from the Target Company, the Series C Shares at the Series C Purchase Price.

**Payment of Series C Purchase Price** The Series C Purchase Price is US\$50,000,000 payable by the Series C Investor in cash.

In the condition that (i) the Conditions Precedent have been fully fulfilled or waived in written, (ii) the relevant Group Companies have executed the purchase agreement in the form and substance as agreed in the Share Purchase Agreement to purchase the equity interest of MP CardioFlow under the Restructuring, (iii) each Series B Investor which has completed the ODI Registration has opened the assets realization account, and (iv) there shall have been no material adverse effect occurring in the business, condition, assets, operations or prospects of any Group Company or any subsidiary or affiliate of any Group Company, the Series C Investor shall pay or cause the payment of the Series C Purchase Price to the Target Company within ten business days after the date on which the said conditions have been fulfilled (or waived by the Series C Investor) or 31 July 2019 (whichever is later) by wire transfer of immediately available funds.

**Basis of Consideration** The consideration was determined after arm's length negotiations between the parties with reference to the valuation of MP CardioFlow (which will be the principal operating subsidiary of the Target Company) before the Restructuring. The valuation of MP CardioFlow was calculated with consideration of the current developing stage of MP CardioFlow and with reference to (i) the valuation of comparable companies at the similar developing stage in the market engaged in similar transcatheter aortic valve implantation ("TAVI") businesses with that of MP CardioFlow; (ii) the growth potential in global and PRC TAVI markets and the competition landscape of PRC TAVI market; and (iii) the valuation of MP CardioFlow proposed by other potential investors for their proposed investments in MP CardioFlow.

**Closing** The closing of the subscription and issuance of the Series C Shares shall take place within ten business days after the satisfaction or otherwise written waiver (to the extent waivable) of all of the Conditions Precedent (except for those conditions to be satisfied at the Closing, but subject to the satisfaction or waiver thereof), or at such other time and place as mutually agreed upon by the parties (the "Closing").

**Conditions Precedent  
to the Investors and  
the Target Company**

The obligation of the Investors to purchase the respective preferred shares of the Target Company at the Closing is subject to the fulfillment, or waiver by such Investor to the extent in compliance with applicable laws, of the following conditions:

- (i) For the obligation of the Series C Investor to purchase the Series C Shares, the representations and warranties of the Warrantors contained in the Share Purchase Agreement shall be true, correct, complete and not misleading on and as of the date of the Share Purchase Agreement and the Closing with the same force and effect as if they had been made on and as of such date, subject to changes contemplated by the Share Purchase Agreement; for the obligation of the Series B Investors to purchase the Series B Shares, the representations and warranties undertaken by the Warrantors to the Series B Investors contained in the Share Purchase Agreement shall be true, correct, complete and not misleading on and as of the date of the Share Purchase Agreement and the Closing with the same force and effect as if they had been made on and as of such date, subject to changes contemplated by the Share Purchase Agreement.
- (ii) Each Warrantor shall have performed and complied with all agreements, obligations and conditions contained in the Share Purchase Agreement that are required to be performed or complied with by it on or before the Closing, and shall have obtained all approvals, consents, waivers and qualifications necessary to complete the transactions contemplated under the Share Purchase Agreement.
- (iii) All corporate and other proceedings in connection with the transactions contemplated under the Share Purchase Agreement and all documents and instruments incident to such transactions to be passed, executed and/or delivered by the Group Companies shall be satisfactory in substance and form to the Series C Investor, and the Series C Investor shall have received all such counterpart originals or certified or other copies of such documents as they may reasonably request.
- (iv) Each Group Company shall have obtained any and all approvals, consents and waivers necessary for consummation of the transactions contemplated by the Share Purchase Agreement, including, but not limited to all permits, authorizations, approvals, consents or permits of any governmental authority or regulatory body.



- (v) Effective simultaneously with the Closing, one director designated by the Series C Investor, one director designated by Shanghai Huahao and one director designated by CICC Kangrui shall have been appointed to the board of the Target Company. However, in the event that any of Shanghai Huahao or CICC Kangrui fails to complete the ODI Registration and the Share Purchase Agreement is terminated between the Target Company and such Series B Investor in accordance with the Share Purchase Agreement, the right of such Series B Investor to appoint director shall be also terminated, and the director appointment by such Series B Investor shall cease to be a closing condition under this Conditions Precedent (v). The Target Company shall deliver to the Series C Investor (a) evidence of all necessary corporate action to elect such directors and (b) a copy of an updated register of directors to reflect the foregoing.
- (vi) There shall have been no material adverse effect occurring in the business, condition, assets, operations or prospects of any Group Company or any subsidiary or affiliate of any Group Company.
- (vii) The investment committee of the Series C Investor (if any) shall have approved the purchase of the Series C Shares contemplated under the Share Purchase Agreement.
- (viii) Each of the parties to the Transaction Documents shall have executed the Transaction Documents to which they are a party.
- (ix) Each Key Employee shall have entered into an employment agreement with a term of no less than three years and a non-compete agreement or an employment agreement containing non-compete provisions.



- (x) Each Series B Investor shall have completed the registration and other procedures required under applicable PRC laws relating to the overseas direct investment (“**ODI Registration**”), including filing with National Development and Reform Commission or its local counterparts regarding overseas direct investment project, registration with Ministry of Commerce or its local counterparts regarding enterprise established through overseas direct investment, and foreign exchange registration with commerce bank with foreign exchange business as authorized by State Foreign Exchange Bureau or its local counterparts. For avoidance of doubt, if Closing does not happen on or before 31 July 2019, but the Series C Investor elects to continue to invest in the Target Company pursuant to the Share Purchase Agreement, this Conditions Precedent (x) shall be automatically replaced with the following: MP CardioFlow shall have convened or caused to be convened a meeting of CardioFlow Supreme Authority, to discuss and unanimously adopt a written CardioFlow IPO Resolution in favor of initial public offering in global capital market.
- (xi) CardioFlow HK shall have purchased and acquired from Shanghai MicroPort and Chenxue Investment of all of their equity interest which in aggregate accounting for approximately 72.3287% of the total registered capital of MP CardioFlow and been registered as its shareholder (as evidenced by the updated business license or the registration information of MP CardioFlow available on the National Enterprise Credit Information Publicity System (the “**Credit Information System**”)).
- (xii) The Series C Investor and the Series B Investors shall have received from the Cayman Islands counsel for the Target Company, a written legal opinion, dated as of the Closing, that certifies, among other things, that the execution and delivery by the Target Company of the Share Purchase Agreement do not, and the performance by the Target Company of its obligations under Share Purchase Agreement will not, conflict with or result in a breach of any law, public rule or regulation applicable to the Target Company currently in force in the Cayman Islands.
- (xiii) The Series C Investor shall have completed a due diligence on the Group Company with a satisfactory conclusion.

(xiv) The chief executive officer of the Target Company shall deliver to the Series C Investor at the Closing a certificate certifying that the conditions specified in Conditions Precedent (i) through (iv) and Conditions Precedent (viii) through (xi) as set forth above have been fulfilled.

The obligations of the Target Company under the Share Purchase Agreement are subject to the fulfillment, or waiver by the Target Company to the extent in compliance with applicable laws, at or before the Closing of the following conditions:

- (a) The representations and warranties made by the Series C Investor in the Share Purchase Agreement shall be true and correct and complete on and as of the date of the Share Purchase Agreement and the Closing with the same force and effect as if they had been made on and as of such date, subject to changes contemplated by the Share Purchase Agreement.
- (b) The Series C Investor shall have performed and complied with all agreements, obligations and conditions contained in the Share Purchase Agreement that are required to be performed or complied with by them on or before the Closing.
- (c) All corporate and other proceedings in connection with the transactions contemplated under the Share Purchase Agreement and all documents and instruments incident to such transactions to be passed by the Series C Investor shall have been obtained prior to the Closing.

## **Non-Competition Covenants**

Subject to applicable laws, rules and regulations, so long as the Company is the ultimate controlling shareholder of the Group Companies, (a) The Controlling Shareholder covenants that he will, and the Warrantors shall cause each of the Key Employees to, devote his/her full time and attention to management of the Principal Business and will use his/her best efforts to develop the Principal Business and interest of the Group Companies. (b) Notwithstanding the other provisions, so long as the Controlling Shareholder and the Key Employees (each a “**Key Person**”) is a director, officer, employee or a direct or indirect holder of shares of a Group Company, the Controlling Shareholder shall not, and the Warrantors shall use their best effort to procure each such Key Person not to, either on his/her own account or through any of his/her affiliates, or in conjunction with or on behalf of any other person: (i) carry out, be actively engaged or invest, directly or indirectly, whether as shareholder, director, employee, partner, agent, in any direct competing business related to the Principal Business; (ii) provide service of any form to any entity engaged in any direct competing business related to the Principal Business; or (iii) solicit or entice away or attempt to solicit or entice away from any Group Company, any person, firm, company or organization who is a customer, client, representative, agent, employee or correspondent of such Group Company or in the habit of dealing with such Group Company. The Controlling Shareholder further covenants that the Group Companies are the only entities engaging in the Principal Business controlled by it, and it shall not engage in the Principal Business directly or indirectly through other related parties or provide financial support to any other entities engaging in the Principal Business (excluding the Group Companies).

## **Termination**

Unless otherwise provided in the Share Purchase Agreement, the Share Purchase Agreement may be terminated prior to the Closing (a) by mutual written consent of the parties of the Share Purchase Agreement, (b) by the Target Company in accordance with the Share Purchase Agreement upon default by the Series C Investor, or (c) by the Series C Investor with respect to its rights and obligations of the Share Purchase Agreement provided that Series C Investor is not a defaulting party, if neither the transactions contemplated herein nor the Alternative Investment are successfully completed on or before 31 December 2019.

If any Series B Investor fails to complete the ODI Registration upon the adoption of CardioFlow IPO Resolution, but the Series C Investor elects to continue to invest in the Target Company pursuant to the Share Purchase Agreement, the Share Purchase Agreement shall be automatically terminated between the Target Company and such Series B Investor, on which case (1) the purchase of any unissued Purchased Shares against such Series B Investor shall be abandoned and rescinded without further action by the parties hereto; (2) such Series B Investor shall be relieved of its duties and obligations arising under the Share Purchase Agreement, provided, however, that no such termination shall relieve any party from liability for any breach of the Share Purchase Agreement and the obligation under the section of Alternative Investment of the Share Purchase Agreement; (3) such termination shall not impact the validity of the Share Purchase Agreement among other parties other than the Series B Investor which fails to complete the ODI registration.

**Alternative Investment** In the event that the Conditions Precedent have not been waived or satisfied, or if the Conditions Precedent are satisfied or waived, but not all of the Original Series B Investors have transferred their respective equity interest in MP CardioFlow as of the date hereof to CardioFlow HK (as evidenced by the updated company registration information of MP CardioFlow available on the Credit Information System) on or before 31 July 2019, MP CardioFlow shall (and the Group Companies and the Controlling Shareholder Shall procure MP CardioFlow to) convene or cause to be convened a meeting of its board of directors or other similar corporate governance organ with supreme power (the “**CardioFlow Supreme Authority**”), to discuss and unanimously approve the plan for any initial public offering or listing concerning all or substantial operation assets of the MP CardioFlow in the PRC or global capital market, including selecting the listing exchange and approving listing structure thereof in writing which shall also include binding undertakings or similar documents signed by each of the Series B Investor that they agree to waive their preferential shareholders’ rights which according to the relevant listing rules cannot survive Qualified Public Offering upon the initial public offering (such resolution together with its attachments, the “**CardioFlow IPO Resolution**”) on or prior to 30 September 2019 (the “**Initial CardioFlow Discussion Period**”).

For the avoidance of doubt, if the MP CardioFlow has convened or caused to be convened a meeting of CardioFlow Supreme Authority to discuss the above items but fails to unanimously adopt written resolutions, the Initial CardioFlow Discussion Period will be extended to 31 October 2019 (the “**Extended CardioFlow Discussion Period**”, together with Initial CardioFlow Discussion Period, the “**CardioFlow Discussion Period**”) during which CardioFlow Supreme Authority may continue to discuss and unanimously adopt CardioFlow IPO Resolutions in writing. MP CardioFlow shall (and the Group Companies and the Controlling Shareholder Shall procure MP CardioFlow to) keep the Series C Investor informed of the progress of such meeting and resolutions adopted therein in a timely manner.

Notwithstanding the foregoing, if all of the Original Series B Investors have transferred their respective equity interest in MP CardioFlow as of the date hereof to CardioFlow HK (as evidenced by the updated company registration information on the Credit Information System) before 31 October 2019, any involved party shall be automatically released from the obligation to convene or cause to be convened a meeting of the CardioFlow Supreme Authority and/or to adopt the CardioFlow IPO Resolution.

The Series C Investor may in its sole discretion by serving a written notice (the “**Option Notice**”) to all other Parties to elect to during the period between 1 August 2019 and the fifth business day immediately following the expiration of the applicable CardioFlow Discussion Period (i) terminate the Share Purchase Agreement with respect to its rights and interest therein, if (x) CardioFlow HK has not purchased or acquired from Shanghai MicroPort and Chenxue Investment of all of their equity interests which in aggregate accounting for approximately 72.3287% of the total registered capital of MP CardioFlow or been registered as its shareholder on or before 31 July 2019; or (y) the CardioFlow IPO Resolution conflicts with the approval of the investment committee of the Series C Investor; (ii) continue to invest all of its Series C Purchase Price in the Target Company based on the US\$350,000,000 pre-money valuation subject to the terms and conditions as set forth in the Transaction Documents, if the CardioFlow IPO Resolution adopted by then is in favor of initial public offering in global capital market; or (iii) invest all of its Series C Purchase Price or RMB equivalent amount in MP CardioFlow either by itself or designated affiliates based on the US\$350,000,000 pre-money valuation subject to the substantially similar terms and conditions as set forth in the Transaction Documents (the “**Alternative Investment**”), if the CardioFlow IPO Resolution adopted by then is in favor of initial public offering in PRC capital market. Each of the Warrantors and Series B Investors undertakes to take (include procure its affiliates to take (if applicable)) any action to give full force and effect to the Alternative Investment.

## **PRINCIPAL TERMS OF THE SHAREHOLDERS AGREEMENT**

**Date:** 22 March 2019

**Parties:**

- (1) the Target Company;
- (2) CardioFlow BVI;
- (3) CardioFlow HK;
- (4) MP CardioFlow;
- (5) the Controlling Shareholder;
- (6) Shanghai MicroPort;
- (7) Shanghai Huahao;
- (8) CICC Kangrui;
- (9) Huatai Ruihe;
- (10) SDIC Chuanghe; and
- (11) the Series C Investor

## Board Representation

The Restated Memorandum and Articles shall provide that the Target Company's board of directors shall consist of no more than seven members, which maximum number of members shall not be changed except pursuant to an amendment to the Restated Memorandum and Articles.

- (i) The Controlling Shareholder shall have the right to appoint and remove four directors (the "**Controller Directors**"), and one of the Controller Directors shall be elected as the chairman of the Target Company's board of directors;
- (2) For so long as Shanghai Huahao holds no less than five percent of the total shares of the Target Company on a fully diluted and as converted basis, Shanghai Huahao shall have the right to appoint and remove one director;
- (3) For so long as CICC Kangrui holds no less than five percent of the total shares of the Target Company on a fully diluted and as converted basis, CICC Kangrui shall have the right to appoint and remove one director; and
- (4) For so long as the Series C Investor holds no less than five percent of the total shares of the Target Company on a fully diluted and as converted basis, the Series C Investor shall have the right to appoint and remove one director (together with the director appointed by Shanghai Huahao and CICC Kangrui, collectively, the "**Investor Directors**" and each, an "**Investor Director**").

Huatai Ruihe and SDIC Chuanghe shall have the right to respectively appoint an observer to the Target Company's board of directors to attend and speak at all meetings of the board in a non-voting observer capacity.



**Transfer Restriction  
on Controlling  
Shareholder and  
Chenxue Entity**

Except as otherwise provided in the Shareholder Agreement, (i) the Controlling Shareholder or any of the Chenxue Entity (collectively, the “**Selling Shareholders**”) shall not directly or indirectly sell, assign, transfer, pledge, hypothecate, or otherwise encumber or dispose of in any way or otherwise grant any interest or right with respect to all or any part of any interest (the “**Transfer**”) in any Restricted Shares, without the prior written consent of a majority of the voting power of the outstanding shares of the Target Company (which shall include the consent of all Major Investors); and (ii) the Controlling Shareholder shall not engage in a Transfer which results in the Controlling Shareholder losing control of the Target Company without the prior written consent of all the Investors. Notwithstanding the foregoing, the Selling Shareholders shall, in total, be entitled to Transfer up to 2.625% (the “**Free Proportion**”, such free proportion shall exclude the Transfer from any of the Chenxue Entity to the employees, officers, directors, contractors, advisors or consultants of the Target Company pursuant to share incentive plan) of the total issued and outstanding shares of the Target Company on a fully diluted and as converted basis as of the Closing Date, or Transfer without limitation all or any portion of equity securities to the related parties controlled by any such Selling Shareholder, regardless of the transfer restriction under this section (the “**Free Transfer**”). The parties further agree that, if the Target Company accomplishes a new round of financing with a pre-money valuation of no less than US Dollars equivalent of RMB4,192,707,186.00 and a total investment amount of no less than US Dollars equivalent of RMB720,000,000.00 before 22 August 2019, the Free Proportion shall be adjusted to 5.25%. The reference rate of RMB against US Dollars for exchanging and calculation shall be the corresponding reference rate permitted under the Overseas Approval.

If any Selling Shareholder proposes to Transfer any Restricted Shares directly or indirectly held, then the Selling Shareholder shall promptly give written notice (the “**Transfer Notice**”) to each ROFR and Co-Sale Right Holder and the Target Company prior to such Transfer. The Transfer Notice shall describe in reasonable detail the proposed Transfer, including without limitation, the number of Restricted Shares to be sold or transferred (the “**Offered Shares**”), the nature of such sale or transfer, the consideration to be paid, and the name and address of each prospective purchaser or transferee.

“**Restricted Shares**” means any ordinary shares of the Target Company now owned or subsequently acquired, directly or indirectly, by the Controlling Shareholder or any of the Chenxue Entity. “**ROFR and Co-Sale Right Holders**” means the Investors and their respective permitted assignees to whom their rights under the section of transfer restrictions of the Shareholders Agreement have been duly assigned, or any other person designated by the foregoing.

## **Transfer Restriction on Investors**

Except as otherwise provided in this section, each Investor may freely transfer any equity securities of the Target Company held by it with written notice to the Target Company ten business days prior to such Transfer; provided that (i) such Transfer is effected in compliance with all applicable laws; (ii) the transferee shall execute and deliver a joinder agreement to join in and be bound by the terms of the Shareholders Agreement as an “Investor” (if not already a party of the Shareholders Agreement) upon and after such Transfer; and (iii) no interest in any equity securities of the Target Company (or any voting rights attached thereto) now or hereafter owned or held by such Investor shall be transferred to any Target Company’s competitor. Notwithstanding the foregoing, any Investor holding less than 5% equity securities in the Target Company shall not be subject to the transfer restriction to any professional financial investor under this section, provided that such Transfer shall not result in any competing financial investor holding more than 5% equity interest of the Target Company.

## **Right of First Refusal**

Each ROFR and Co-Sale Right Holder shall have the right, exercisable upon written notice to the Selling Shareholders, the Target Company, and each other ROFR and Co-Sale Right Holder, within fifteen days following the date of the Transfer Notice (the “**First Refusal Period**”), to elect to purchase all or any part of its pro rata share of the Offered Shares equivalent to the product obtained by multiplying the aggregate number of the Offered Shares by a fraction, the numerator of which is the number of ordinary shares of the Target Company (calculated on an as-converted basis) held by such ROFR and Co-Sale Right Holder at the time of the transaction and the denominator of which is the total number of ordinary shares of the Target Company (calculated on an as-converted basis) owned by all the ROFR and Co-Sale Right Holders at the time of the transaction, at the same price and subject to the same material terms and conditions as described in the Transfer Notice.

A ROFR and Co-Sale Right Holder shall not have the right to purchase any of the Offered Shares unless it exercises its right of first refusal within the First Refusal Period to purchase up to all, or any of its pro rata share, of the Offered Shares.

Within ten days after expiration of the First Refusal Period, the Target Company will give written notice (the “**First Refusal Expiration Notice**”) to the Selling Shareholders and each ROFR and Co-Sale Right Holder specifying either (i) that all of the Offered Shares were purchased by the ROFR and Co-Sale Right Holders by exercising their rights of first refusal, or (ii) that the ROFR and Co-Sale Right Holders have not purchased all of the Offered Shares, in which case the First Refusal Expiration Notice will specify the Co-Sale Pro Rata Portion (as defined below) of the remaining Offered Shares for the purpose of their co sale rights described in the section of co-sale right below.

## Co-Sale Right

To the extent the ROFR and Co-Sale Right Holders have not exercised their right of first refusal with respect to all the Offered Shares, then each ROFR and Co-Sale Right Holder that has not exercised its right of first refusal provided in the section of right of first refusal above shall have the right, exercisable upon written notice to the Selling Shareholder, the Target Company and each other ROFR and Co-Sale Right Holder (the “**Co-Sale Notice**”) within fifteen days after receipt of the First Refusal Expiration Notice (the “**Co-Sale Right Period**”), to participate in such sale of the Offered Shares at the same price and subject to the same terms and conditions as set forth in the Transfer Notice. The Co-Sale Notice shall set forth the number of Company securities (on as-converted to ordinary shares basis) that such participating ROFR and Co-Sale Right Holder wishes to include in such sale or transfer, which amount shall not exceed the Co-Sale Pro Rata Portion (as defined below) of such ROFR and Co-Sale Right Holder. To the extent one or more of the ROFR and Co-Sale Right Holders exercise such right of participation in accordance with the terms and conditions set forth below, the number of Offered Shares that the Selling Shareholder may sell in the transaction shall be correspondingly reduced.

Each ROFR and Co-Sale Right Holder exercising its co-sale right may sell all or any part of that number of Ordinary Shares held by it (on an as-converted basis) that is equal to the product obtained by multiplying (x) the aggregate number of the Offered Shares subject to the co-sale right hereunder by (y) a fraction, the numerator of which is the number of ordinary shares of the Target Company (calculated on an as-converted basis) owned by such ROFR and Co-Sale Right Holder exercising their co-sale rights at the time of the sale or transfer and the denominator of which is the number of all ordinary shares (calculated on an as-converted basis) owned by the Selling Shareholder and all ROFR and Co-Sale Right Holders exercising their co-sale rights hereunder (“**Co-Sale Pro Rata Portion**”).

## **Exempt Transfers**

The right of first refusal and co sale right of the ROFR and Co-Sale Right Holders shall not apply to (a) any sale or transfer of the Restricted Shares to the Target Company pursuant to a repurchase right or right of first refusal held by the Target Company in the event of a termination of employment or consulting relationship; (b) any sale or transfer of the Restricted Shares from the Controlling Shareholder to any of the Chenxue Entity or from any of the Chenxue Entity to the employees, officers, directors, contractors, advisors or consultants of the Target Company pursuant to share incentive plan; (c) the Free Transfer described as above; or (d) any transfer of the Restricted Shares to the parents, children or spouse, or to trusts for the benefit of such persons of the Selling Shareholders for bona fide estate planning purposes, or to other related parties who control or are controlled by or are under the common control of the Controlling Shareholder, which shall not result in the change of control of the Target Company (collectively the “**Permitted Transferees**”, and each, a “**Permitted Transferee**”); provided that adequate documentation therefor is provided to the ROFR and Co-Sale Right Holders and that any such Permitted Transferee agrees in writing to be bound by the Shareholders Agreement in place of the relevant Selling Shareholder; and provided further, that such transferor shall remain liable for any breach by such Permitted Transferee of any provision hereunder. Notwithstanding the foregoing, the holders of preferred shares of the Target Company shall still be entitled to the right of first refusal in the event of (c) under this section.

## **Anti-Dilution**

The Target Company shall not issue any new securities for a consideration per share less than the applicable Purchase Price per share (the “**Dilution**”) of the Series B Investors or the Series C Investor (as adjusted in connection with share splits or share consolidation, reclassification or other similar event), without the prior consent of each Series B Investor or the Series C Investor (as the case may be).

Subject to the foregoing, the Target Company shall negotiate with the Series B Investors and the Series C Investor on an equity compensation arrangement in the event of Dilution, which shall be approved by (i) the holders of more than 75% of the voting power of the Series B Shares, (ii) the Series C Investor; and (iii) the Company (if required).

## **Non-Competition**

Subject to applicable laws, rules and regulations, so long as the Company is the ultimate controlling shareholder of the Group Companies, (a) each of the Controlling Shareholder and Shanghai MicroPort jointly and severally covenants that it will, and the Warrantors shall cause each of the Key Employees to, devote his/her full time and attention to the business of the Group Companies and will use his/her best efforts to develop the business and interest of the Group Companies. (b) Notwithstanding the other provisions, so long as the Controlling Shareholder and the Key Employees (each a “**Key Person**”) is a director, officer, employee or a direct or indirect holder of shares of a Group Company, such Key Person shall not, Shanghai MicroPort shall not, and the Warrantors shall cause each such Key Person not to, either on his/her own account or through any of his/her affiliates, or in conjunction with or on behalf of any other person: (i) carry out, be actively engaged or invest, directly or indirectly, whether as shareholder, director, employee, partner, agent, in any direct Principal Business; (ii) provide service of any form to any entity engaged in any direct Principal Business; or (iii) solicit or entice away or attempt to solicit or entice away from any Group Company, any person, firm, company or organization who is a customer, client, representative, agent, employee or correspondent of such Group Company or in the habit of dealing with such Group Company. The Company, as the ultimate controller of the Controlling Shareholder, shall execute and deliver the commitment letter on non-competition as set forth in the Shareholders Agreement to the Investors.

## **Purchase Obligation of Shanghai MicroPort**

The Investors will be granted the Put Options under the Restated Memorandum and Articles, the details of which are set forth below.

Shanghai MicroPort agrees and covenants to undertake joint liability of purchase of the Series B Shares under the Put Options as set forth in the Restated Memorandum and Articles.

## **Termination of Priority**

The priority right of the Investors in the Shareholders Agreement and the Restated Memorandum and Articles shall be automatically terminated upon the Qualified Public Offering.

## PUT OPTIONS

We refer to the announcement dated 8 February 2018 of the Company in relation to, among others, the restated shareholders' agreement of MP CardioFlow entered on 8 February 2018 (the "**MP CardioFlow Shareholders' Agreement**"), under which the Original Series B Investors were granted put options to require repurchase of their equity interest in MP CardioFlow.

On 22 March 2019, the Target Company, CardioFlow BVI, CardioFlow HK, MP CardioFlow, the Controlling Shareholder, Shanghai MicroPort and the Investors entered into the Shareholders Agreement, and agreed on the Restated Memorandum and Articles to be adopted upon Closing, under which the Investors will be granted the Put Options to require redemption of the Series B Shares or the Series C Shares. The MP CardioFlow Shareholders' Agreement between an Original Series B Investor and other parties, including the put options granted thereunder, shall be terminated upon the Original Series B Investor ceasing to be a direct shareholder of MP CardioFlow.

### **Series C Redemption by the Target Company**

If (i) a Qualified Public Offering or any Trade Sale Event does not occur before 18 October 2023, then within six (6) months after 18 October 2023, or (ii) the first generation product of Aortic Valve System ("**VitaFlow**") fails to acquire the relevant Medical Device Registration Certificate issued by National Medical Products Administration ("**NMPA**") before 31 December 2019, then within twelve (12) months after 31 December 2019, (iii) the Target Company fails to accomplish no less than ninety percent (90%) of the Business Commitment (as defined below) in any anniversary, or (iv) if the Controlling Shareholder fails to use its best efforts to eliminate the obstacle incurred by the Controlling Shareholder or its affiliates which causes the failure of the Qualified Public Offering before 18 October 2023, subject to the applicable laws of the Cayman Islands, the holder of the Series C Shares may give a written notice (the "**Series C Redemption Request**") by hand or letter mail or courier service to the Target Company at its principal executive offices requesting redemption of all or a portion of the holder's Series C Shares (the "**Redeeming Series C Shares**"), in which case the Target Company shall pay to the holder of the Series C Shares, in respect of each of such Redeeming Series C Shares, at a price (the "**Series C Redemption Price**") determined as set for the below:

$$\text{Series C Redemption Price} = C * (1 + 15\%)^T$$

WHERE:

C = one hundred percent (100%) of the Series C Issue Price.

T = the quotient determined by dividing the number of days commencing from the full payment date of the Series C Purchase Price to the date of the payment of the Series C Redemption Price by 365.

"**Series C Issue Price**" is initially US\$4 per share, as appropriately adjusted for share splits, share dividends, combinations, recapitalizations and similar events with respect to the Series C Shares.



Upon receipt of a Series C Redemption Request, the Target Company shall apply all of its assets to any such redemption to effect such redemption in full within such 90-day period after the date of the Series C Redemption Request, and to no other corporate purpose, except to the extent prohibited by the law governing distributions to members.

The Target Company and the Controlling Shareholder jointly warrant to the holder of Series C Shares that the sales volume of VitaFlow by the Target Company shall (the “**Business Commitment**”):

- a) be no less than 500 units from the date of the acquisition of the relevant Medical Device Registration Certificate issued by the NMPA for VitaFlow (the “**Approval Date**”) to the first anniversary of the Approval Date;
- b) be no less than 1,000 units from the first anniversary to the second anniversary of the Approval Date;
- c) be no less than 1,500 units from the second anniversary to the third anniversary of the Approval Date.

### **Series B Redemption**

(i) If a Qualified Public Offering or any Trade Sale Event does not occur before 18 October 2023, then within six (6) months after 18 October 2023, or (ii) if VitaFlow fails to acquire the relevant Medical Device Registration Certificate issued by the NMPA before 31 December 2019, then within twelve (12) months after 31 December 2019, or (iii) if the Controlling Shareholder or Shanghai MicroPort materially breaches its obligation of non-competition under the Shareholders Agreement or the Company (which is the ultimate controller of Shanghai MicroPort) materially breaches its covenant of non-competition under the Shareholders Agreement, or (iv) any holder of Series B Shares request in the period of Series B Redemption Period with a six months prior written notice, or (v) the Controlling Shareholder fails to use its best efforts to eliminate the obstacle incurred by the Controlling Shareholder or its affiliates which causes the failure of Qualified Public Offering before 18 October 2023, subject to the applicable laws of the Cayman Islands, each holder of Series B Shares may give a written notice (the “**Series B Redemption Request**”) to the Target Company, the Controlling Shareholder, Shanghai MicroPort and/or other entity (if any) controlled by the Company confirmed by such holder of Series B Shares (such entity, together with the Target Company, the Controlling Shareholder and Shanghai MicroPort, the “**Series B Redemption Obligor**”) requesting redemption or purchase of all or a portion of such holder’s Redeemable Series B Shares, in which case the Target Company shall promptly thereafter provide all of the other holders of Series B Shares a notice of the Series B Redemption Request and of their right to participate in such redemption or purchase, which right is exercisable by each such holder in its own discretion by delivering a written notice (each, a “**Series B Redemption Notice**”) by hand or letter mail or courier service to the Target Company and the Series B Redemption Obligor within five business days of the giving of such notice by the Target Company, requesting and specifying redemption or purchase of all or a portion of the Redeemable Series B Shares held by such holder (the “**Redeeming Series B Shares**”, together with the Redeeming Series C Shares, the “**Redeeming Shares**”). The Series B Redemption Obligor shall redeem or purchase the Redeeming Shares and pay to each holder of the Series B Shares for which a Series B Redemption Request or a Series B Redemption Notice has been timely submitted, in respect of the Redeeming Series B Shares, at a price (the “**Series B Redemption Price**”) determined as set for the below.



For purpose of the Put Options, the Series B Shares shall be divided into three parts and be defined respectively as Series B1 Shares, Series B2 Shares and Series B3 Shares. The Redeemable Series B Shares for each holder of the Series B Shares shall be the sum of the applicable Series B1 Shares and applicable Series B3 Shares. In particular, the Series B2 Shares held by each holder of the Series B Shares shall not be redeemed in accordance with the Put Options.

Immediately at the Closing:

The Series B Shares held by Shanghai Huahao shall be divided into 5,355,109 Series B1 Shares, 2,637,016 Series B2 Shares and 1,591,927 Series B3 Shares.

The Series B Shares held by CICC Kangrui shall be divided into 5,073,236 Series B1 Shares, 2,498,239 Series B2 Shares and 1,508,136 Series B3 Shares.

The Series B Shares held by Huatai Ruihe shall be divided into 1,691,105 Series B1 Shares, 832,692 Series B2 Shares and 502,738 Series B3 Shares.

The Series B Shares held by SDIC Chuanghe shall be divided into 1,409,330 Series B1 Shares, 693,902 Series B2 Shares and 418,953 Series B3 Shares.

$$\text{Series B Redemption Price} = B1 * V * (1 + N\%)^{T1} + B3 * V * (1 + N\%)^{T3}$$

WHERE:

B1=the number of Series B1 Shares required by such holder of the Series B Shares to be redeemed.

B3=the number of Series B3 Shares required by such holder of the Series B Shares to be redeemed.

V=Series B Issue Price.

“**Series B Issue Price**” shall be denominated in US Dollars and shall be calculated based on (i) the Series B Investor Consideration (being totally the US Dollars equivalent of RMB480,000,000 (which equals to the total consideration paid by the Original Series B Investors under the Series B Investment) to be exchanged from RMB into US Dollars at the reference rate permitted under the Overseas Approval); and (ii) the number of Series B Shares (being totally 24,212,383 shares of the Target Company to be issued). The Series B Price, as calculated in RMB, is initially approximately RMB19.8246 per share, as appropriately adjusted for share splits, share dividends, combinations, recapitalizations and similar events with respect to the Series B Shares.

For Shanghai Huahao, CICC Kangrui and Huatai Ruihe, T1 = the quotient determined by dividing the number of days commencing from 18 October 2017 to the date of the payment of the Series B Redemption Price by 365, T3 = the quotient determined by dividing the number of days commencing from 18 December 2018 to the date of the payment of the Series B Redemption Price by 365;

For SDIC Chuanghe, T1 = the quotient determined by dividing the number of days commencing from 27 November 2017 to the date of the payment of the Series B Redemption Price by 365, T3 = the quotient determined by dividing the number of days commencing from 18 December 2018 to the date of the payment of the Series B Redemption Price by 365;

N% = fifteen percent under the event of (i), (ii) and (v) as set forth above, and twelve percent under the event of (iii) and (iv) as set forth above.

Upon receipt of a Series B Redemption Request or a Series B Redemption Notice, the Series B Redemption Obligor shall apply all of its assets to any such redemption to effect such redemption in full within such 90-day period after the date of the Series B Redemption Request or a Series B Redemption Notice, and to no other corporate purpose, except to the extent prohibited by the law governing distributions to members. Subject to the forgoing, the holders of the Series B Shares and the Series B Redemption Obligor could negotiate to redeem the Redeeming Series B Shares with the stock of the Company, the ultimate controller of Shanghai MicroPort in lieu of cash. If the redemption with stock fails within four months of the negotiation, the Series B Redemption Obligor shall pay the Series B Redemption Price in cash. The redemption with stock of the Company, if applicable, will be conditional upon the internal approval for issuing shares by the Company.

Each holder of the Series B Shares shall only have the right to request the redemption from the Series B Redemption Obligor twice accumulatively according to the Put Options. If the Series B Redemption Obligor fails to fulfill the redemption obligation within twenty business days from the reasonable prompt in writing from the holder of the Series B Shares, such holder of the Series B Shares shall be entitled to request a double of interest as for the calculation of the Series B Redemption Price.

As defined in the Shareholders Agreement and the Restated Memorandum and Articles:

**“Qualified Public Offering”** means a firm underwritten public offering of the ordinary shares of the Target Company on an internationally or nationally recognized securities exchange or inter-dealer quotation system in the United States, Hong Kong or PRC, or in a similar public offering in another jurisdiction approved by the holder of the Series C Shares (provided that the holder of the Series C Shares holds no less than 5% of the total shares of the Target Company on a fully diluted and as converted basis) and the holders of no less than two-third voting power of the then outstanding Series B Shares (provided that the holders of the Series B Shares collectively hold no less than 5% of the total shares of the Target Company on a fully diluted and as converted basis), with an offering price (exclusive of underwriting commissions and expenses) that reflects the Minimum Capitalization. The **“Minimum Capitalization”** shall be determined as set for the below:

Minimum Capitalization =  $V \cdot (1 + 15\%)^T$

WHERE:

V = post-money valuation of the Target Company following the Closing of the transaction contained in the Share Purchase Agreement, that is US\$400,000,000,

T = the quotient determined by dividing the number of days commencing from the Closing Date to the consummation of a Qualified Public Offering by 365.

“**Trade Sale Event**” means (i) a consolidation or merger of the Target Company with or into any other business entity in which the shareholders of the Target Company immediately after such merger or consolidation hold shares representing less than a majority of the voting power of the outstanding share capital of the surviving business entity, (ii) an exclusive licensing of all or substantially all of the intellectual property rights of the Target Company to any third party, (iii) a sale, lease, transfer or other disposition of all or substantially all of the Target Company’s assets, or (iv) a sale, transfer or other disposition of a majority of the issued and outstanding share capital of the Target Company or a majority of the voting power of the Target Company. For the avoidance of doubt, any deal (1) with the written consent of all Major Investors, (2) where any Series B Investor has exercised (or waived in writing) its right of first refusal or co-sale right and (3) for the purpose of avoidance of horizontal competition in a Qualified Public Offering, shall not be deemed as a Trade Sale Event.

“**Series B Redemption Period**” means (i) for Shanghai Huahao, CICC Kangrui and Huatai Ruihe, the period from 18 October 2021 to 18 October 2023; (ii) for SDIC Chuanghe, the period from 27 November 2021 to 27 November 2023.

## CHANGE IN SHAREHOLDING STRUCTURE

The shareholding structure of MP CardioFlow as of the date of this announcement is set forth below:

	<b>% of total share capital in MP CardioFlow</b>
Shanghai MicroPort	64.7151%
Chenxue Investment	7.6136%
Huajie	10.9532%
CICC Kangrui	10.3767%
Huatai Ruihe	3.4589%
SDIC Chuanghe	2.8825%
<b>Total</b>	<b>100%</b>

For illustration purpose, the shareholding structure of the Target Company, which then indirectly holds the entire equity interest of MP CardioFlow, upon completion of the Restructuring (without considering the Series C Investment) is set forth below:

	<b>% of total share capital in the Target Company</b>
Controlling Shareholder	64.7151%
Chenxue Entity	7.6136%
Shanghai Huahao	10.9532%
CICC Kangrui	10.3767%
Huatai Ruihe	3.4589%
SDIC Chuanghe	2.8825%
	<hr/>
<b>Total</b>	<b>100%</b>
	<hr/> <hr/>

The shareholding structure of the Target Company, which then indirectly holds the entire equity interest of MP CardioFlow, upon completion of the Restructuring (including the Series C Investment) is set forth below:

	<b>% of total share capital in the Target Company</b>
Controlling Shareholder	56.6257%
Chenxue Entity	6.6619%
Shanghai Huahao	9.5841%
CICC Kangrui	9.0796%
Huatai Ruihe	3.0265%
SDIC Chuanghe	2.5222%
Series C Investor	12.5000%
	<hr/>
<b>Total</b>	<b>100%</b>
	<hr/> <hr/>

In addition, as disclosed above, the parties have agreed on the term of Alternative Investment under the Share Purchase Agreement. In the event the Series B Investors fail to complete the ODI Registration upon the adoption of the CardioFlow IPO Resolution, but the Series C Investor elects to continue to invest in the Target Company pursuant to the Share Purchase Agreement, then (for illustration purpose) upon completion of the investment by the Series C Investor: (i) each of the Controlling Shareholder, Chenxue Investment and the Series C Investor will hold 56,625,716, 6,661,901 and 12,500,000 shares in the Target Company, representing approximately 74.7163%, 8.7902% and 16.4935% of the total issued shares of the Target Company; and (ii) the shareholding structure of MP CardioFlow will be as set forth below:

	<b>% of total share capital in the MP CardioFlow</b>
Target Company (through CardioFlow HK)	72.3287%
Huajie	10.9532%
CICC Kangrui	10.3767%
Huatai Ruihe	3.4589%
SDIC Chuanghe	2.8825%
<b>Total</b>	<b><u><u>100%</u></u></b>

The Company will make further announcements to disclose the updates of the Restructuring in case of an Alternative Investment.

## FINANCIAL INFORMATION

The Target Company is established in January 2019 for purpose of the Restructuring. Therefore, it does not record financial statements for a whole year and currently possesses no substantial asset. Upon completion of the Restructuring (including the Series C Investment), MP CardioFlow will be the principal operating subsidiary of the Target Company.

Set out below is the unaudited financial information of MP CardioFlow for the years ended 31 December 2017 and 2018, respectively:

	<b>Financial year ended 31 December 2018</b>	Financial year ended 31 December 2017
	<b>(RMB'000)</b>	<b>(RMB'000)</b>
Net profit/(loss) before taxation and extraordinary items	<b>(51,355)</b>	(30,353)
Net profit/(loss) after taxation and extraordinary items	<b><u><u>(51,631)</u></u></b>	<b><u><u>(30,776)</u></u></b>

The unaudited net assets of MP CardioFlow as at 31 December 2018 was approximately RMB282,838,000.

Upon the completion of the Restructuring (including the Series C Investment), the Target Company and MP CardioFlow will remain subsidiaries of the Company.

## **REASONS FOR AND BENEFITS OF THE RESTRUCTURING**

The Restructuring, including the issuance of the Series C Shares to the Series C Investors, will introduce in additional external investor to MP CardioFlow, and will further optimize the shareholding structure of MP CardioFlow and bring in more market resources, which will provide MP CardioFlow the supplemented working capital required for its product research and development, manufacturing and market expansion, and effectively promote the development of MP CardioFlow as well as enhance its market competitiveness.

The Directors (including the independent non-executive Directors) consider that the Restructuring, the terms of the Share Purchase Agreement, the Shareholders Agreement, the Restated Memorandum and Articles and the transactions contemplated thereunder are fair and reasonable and on normal commercial terms and in the interest of the Company and the Shareholders as a whole.

As disclosed above, the Company, Shanghai MicroPort and the Controlling Shareholder have given covenants of non-competition (the “**Non-competition Covenants**”) under the Share Purchase Agreement and the Shareholders Agreement, and the Company has executed and delivered a commitment letter on non-competition as a deed (the “**Non-competition Deed**”) to the Investors. Pursuant to the Non-competition Deed and the mutual consent among all parties, the Non-competition Covenants will remain effective so long as (i) the Group Companies exist; and (ii) the Group Companies remain as subsidiaries of the Group. Each Investor’s full receipt of all the redemption payments pursuant to the Put Options (if applicable) shall be the sole and exclusive remedy of such Investor against the Company for any loss suffered as a result of any breach of the Non-competition Covenants. In no event shall the Company be liable to any Investor for any damage, or any incidental, consequential, special or punitive damage of any kind or nature arising out of the Non-competition Deed or the Non-competition Covenants. Given the financial results of the Group Companies would still be consolidated in the financial statement of the Company during the time that the Non-competition Covenants are effective and in the event that the Group Companies cease to be subsidiaries of the Company, the Company would still maintain the flexibility to explore and compete in the relevant market without being restricted, therefore the Company believes that such arrangement would not affect the interest of the shareholders of the Company.

## **FINANCIAL IMPACT ON THE COMPANY**

The Group expects to retain control over the Target Company after the completion of the Restructuring (including the Series C Investment). The Series C Shares, which contained redemption features, are expect to be recognized as financial liabilities.

## **USE OF PROCEEDS**

The net proceeds (after deducting relevant transaction costs and expenses) raised from the Series C Investment are expected to be approximately US\$49,849,557, which will be used as research and development expenses as well as general working capital of MP CardioFlow.

## **LISTING RULES IMPLICATION**

The completion of the Restructuring (without consideration of the Series C Investment) will not result in (i) any increase or decrease of the Group's interest in MP CardioFlow; or (ii) any additional consideration payable or receivable by the Group. The Series C Investment will result in a decrease of the Group's interest in MP CardioFlow. Upon completion of the Restructuring (including the Series C Investment), the equity interest in MP CardioFlow held by the Group will decrease from approximately 64.7151% to 56.6257%. Therefore, the issue of the Series C Shares under the Restructuring (including the Series C Investment) will be deemed as disposal of approximately 8.0894% equity interest in MP CardioFlow held by the Group at a consideration of US\$50,000,000.

In addition, as disclosed in the announcements of the Company dated 22 August 2017, 4 September 2017, 20 October 2017, 27 October 2017 and 8 February 2018, the Original Shareholders, MP CardioFlow and the Original Series B Investors have entered into two share transfer and capital increase agreements on 22 August 2017 and 20 October 2017 and a supplementary agreement on 8 February 2018 in relation to the Series B Investment. The issues of new capital by MP CardioFlow to Original Series B Investors under step I and step III of the Series B Investment are essentially deemed as disposals by the Group. Pursuant to Rules 14.22 and 14.23 of the Listing Rules, such disposals and the Series C Investment shall be aggregated as if they were one transaction since they are expected to be all completed within a 12-month period and involve the disposal of equity interest in the same company. As the highest applicable percentage ratio applied in accordance with Rule 14.07 of Listing Rules on an aggregated basis in respect of the Series C Investment and the Series B Investment is more than 5% but less than 25%, the Series C Investment is subject to announcement and reporting requirements, but exempt from independent shareholders' approval requirement under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.74(1) of the Listing Rules, as the Put Options are not exercisable at the Company's discretion, the Put Options will be classified as if they had been exercised at the time of granting. As the highest applicable percentage ratio applied in accordance with Rule 14.07 of Listing Rules in respect of the Put Options is more than 5% but less than 25%, the granting of Put Options is subject to announcement and reporting requirements, but exempt from independent shareholders' approval requirement under Chapter 14 of the Listing Rules.



## **INFORMATION OF THE PARTIES INVOLVED**

### **The Company**

The Company is incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange. The Company is a leading medical technology company that develops, manufactures and sells high-end interventional medical devices.

### **Shanghai MicroPort**

Shanghai MicroPort is a company incorporated in China with limited liability and a wholly-owned subsidiary of the Company as of the date of this announcement. Its primary businesses involve research and development, manufacture and distribution of minimally invasive interventional products as treatment of vascular disease.

### **Controlling Shareholder**

The Controlling Shareholder, Shanghai MicroPort Limited, is a limited liability company duly incorporated and validly existing under the laws of the British Virgin Islands and the wholly-owned subsidiary of the Company as of the date of this announcement. It was set up for the purpose of holding shares in the Target Company.

### **Group Companies**

The Target Company, MicroPort CardioFlow Medtech Corporation, is an exempted company duly incorporated with limited liability and validly existing under the laws of the Cayman Islands and a wholly-owned subsidiary of the Controlling Shareholder as of the date of this announcement. It is engaged in the business of research, production and sales of medical devices used in heart valve implantation interventional treatment through its subsidiaries.

CardioFlow BVI is a limited liability company duly incorporated under the laws of the British Virgin Islands and a wholly-owned subsidiary of the Target Company as of the date of this announcement. It was set up for the purpose of holding shares in CardioFlow HK.

CardioFlow HK is a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of CardioFlow BVI. It was set up for the purpose of holding equity interest in MP CardioFlow.

MP CardioFlow is a company incorporated in the PRC with limited liability, and is a leading company in the PRC engaged in the research, development and manufacturing of high-end cardiac valve intervention medical device. It has an extensive research and development layout of innovation cardiac valve intervention business. As of the date of this announcement, the Company controls approximately 64.7151% of its equity interest through Shanghai MicroPort.

## **Chenxue Investment**

Chenxue Investment is a limited partnership incorporated in the PRC. Its general partner is Shanghai Changlong Biomedical Technology Co., Ltd. (上海常隆生命醫學科技有限公司), and its limited partners are the Group's certain employees and other companies, which are all independent third parties of the Company to the best knowledge and belief of the Company. Its primary businesses involve investment management and investment consulting. As of the date of the announcement, Chenxue Investment holds approximately 7.6136% interest in MP CardioFlow.

## **Huajie and Shanghai Huahao**

Huajie is a limited partnership incorporated in the PRC. Its primary business activity is investment in medical equipment, medical services and pharmaceutical industry and its general partner is Tianjin Huajie Enterprise Management Advisors Partners, L.P. (天津華杰企業管理諮詢合夥企業(有限合夥)), an independent third party of the Company to the best knowledge and belief of the Company.

As of the date of this announcement, Huajie holds approximately 10.9532% interest in MP CardioFlow and is a substantial shareholder of MP CardioFlow. As MP CardioFlow is an insignificant subsidiary of the Company as defined under Rule 14A.09 of the Listing Rules, Huajie is not a connected person of the Company.

Shanghai Huahao is a limited partnership incorporated in the PRC, and an independent third party of the Company to the best knowledge and belief of the Company. Its primary business activity is enterprise management, business consulting and marketing, and its sole limited partner is Huajie and its general partner is Tianjin Huajie Enterprise Management Advisors Partners, L.P. (天津華杰企業管理諮詢合夥企業(有限合夥)).

## **CICC Kangrui**

CICC Kangrui is a limited partnership incorporated in the PRC. Its primary business activity is investment management and investment consulting and its general partner is CICC Kangzhi (Ningbo) Equity Investment Management Co., Ltd. (中金康智(寧波)股權投資管理有限公司), an independent third party of the Company to the best knowledge and belief of the Company.

As of the date of this announcement, CICC Kangrui holds approximately 10.3767% interest in MP CardioFlow and is a substantial shareholder of MP CardioFlow. As MP CardioFlow is an insignificant subsidiary of the Company as defined under Rule 14A.09 of the Listing Rules, CICC Kangrui is not a connected person of the Company.

## **Huatai Ruihe**

Huatai Ruihe is a limited partnership incorporated in the PRC. Its primary business activity is equity investment management, investment management and investment consulting and its general partners are Beijing Huatai Ruihe Investment Fund Management Partnership (Limited Partnership) (北京華泰瑞合投資基金管理合夥企業(有限合夥)) and Huatai Zijin Investment Co., Ltd. (華泰紫金投資有限責任公司), both of which are independent third parties of the Company to the best knowledge and belief of the Company.

As of the date of this announcement, Huatai Ruihe holds approximately 3.4589% interest in MP CardioFlow.

## **SDIC Chuanghe**

SDIC Chuanghe is a limited partnership incorporated in the PRC. Its primary business activity is investment management and investment consultancy and its general partner is SDIC Chuanghe Fund Management Co., Ltd. (國投創合基金管理有限公司), an independent third party of the Company to the best knowledge and belief of the Company.

As of the date of this announcement, SDIC Chuanghe holds approximately 2.8825% interest in MP CardioFlow.

## **Series C Investor**

The Series C Investor, Qianyi Investment I L.P., is a limited partnership organized under the laws of the Cayman Islands and an independent third party of the Company to the best knowledge and belief of the Company. Its primary business activity is investment and shareholding in medical industry and its general partner is Qianyi Investment Limited, an independent third party of the Company to the best knowledge and belief of the Company.

## **DEFINITIONS**

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

<b>“Alternative Investment”</b>	has the meaning as defined in the section headed “PRINCIPAL TERMS OF THE SERIES C INVESTMENT” in this announcement
<b>“Approval Date”</b>	has the meaning as defined in the section headed “PUT OPTIONS” in this announcement
<b>“Business Commitment”</b>	has the meaning as defined in the section headed “PUT OPTIONS” in this announcement

<b>“CardioFlow BVI”</b>	MicroPort CardioFlow Limited
<b>“CardioFlow Discussion Period”</b>	has the meaning as defined in the section headed “PRINCIPAL TERMS OF THE SERIES C INVESTMENT” in this announcement
<b>“CardioFlow HK”</b>	MicroPort CardioFlow China Corp. Limited
<b>“CardioFlow IPO Resolution”</b>	has the meaning as defined in the section headed “PRINCIPAL TERMS OF THE SERIES C INVESTMENT” in this announcement
<b>“CardioFlow Supreme Authority”</b>	the board of directors or other similar corporate governance organ with supreme power of MP CardioFlow
<b>“Chenxue Entity”</b>	has the meaning as defined in the section headed “RESTRUCTURING OF SHAREHOLDING IN MP CARDIOFLOW” in this announcement
<b>“Chenxue Investment”</b>	Shanghai Chenxue Investment Management Center (Limited Partnership) (上海琛雪投資管理中心(有限合夥))
<b>“CICC Kangrui”</b>	CICC Kangrui I (Ningbo) Equity Investment Limited Partners (Limited Partnership)* (中金康瑞壹期(寧波)股權投資基金合夥企業(有限合夥))
<b>“Closing”</b>	the closing of the subscription and issuance of the Series C Shares
<b>“Closing Date”</b>	the issuance date of the Purchased Shares
<b>“Company”</b>	MicroPort Scientific Corporation (微創醫療科學有限公司), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange
<b>“Conditions Precedent”</b>	the conditions precedent to the closing of the subscription and issuance of the Series C Shares as set out in the Share Purchase Agreement
<b>“Controller Directors”</b>	the directors of the Target Company to be appointed or removed by the Controlling Shareholder
<b>“Controlling Shareholder”</b>	the controlling shareholder of the Target Company, being Shanghai MicroPort Limited
<b>“Co-Sale Notice”</b>	has the meaning as defined in the section headed “PRINCIPAL TERMS OF THE SHAREHOLDERS AGREEMENT” in this announcement
<b>“Co-Sale Pro Rata Portion”</b>	has the meaning as defined in the section headed “PRINCIPAL TERMS OF THE SHAREHOLDERS AGREEMENT” in this announcement

<b>“Co-Sale Right Period”</b>	has the meaning as defined in the section headed “PRINCIPAL TERMS OF THE SHAREHOLDERS AGREEMENT” in this announcement
<b>“Credit Information System”</b>	the National Enterprise Credit Information Publicity System
<b>“Dilution”</b>	has the meaning as defined in the section headed “PRINCIPAL TERMS OF THE SHAREHOLDERS AGREEMENT” in this announcement
<b>“Directors”</b>	the director(s) of the Company
<b>“Extended CardioFlow Discussion Period”</b>	has the meaning as defined in the section headed “PRINCIPAL TERMS OF THE SERIES C INVESTMENT” in this announcement
<b>“Free Proportion”</b>	has the meaning as defined in the section headed “PRINCIPAL TERMS OF THE SHAREHOLDERS AGREEMENT” in this announcement
<b>“Free Transfer”</b>	has the meaning as defined in the section headed “PRINCIPAL TERMS OF THE SHAREHOLDERS AGREEMENT” in this announcement
<b>“First Refusal Expiration Notice”</b>	has the meaning as defined in the section headed “PRINCIPAL TERMS OF THE SHAREHOLDERS AGREEMENT” in this announcement
<b>“First Refusal Period”</b>	has the meaning as defined in the section headed “PRINCIPAL TERMS OF THE SHAREHOLDERS AGREEMENT” in this announcement
<b>“Group”</b>	the Company and its subsidiaries
<b>“Group Compan(ies)”</b>	the Target Company, CardioFlow BVI, CardioFlow HK, MP CardioFlow and the existing or future subsidiaries of, or entities controlled by or under common control of, any of the foregoing
<b>“Huajie”</b>	Huajie (Tianjin) Healthcare Capital Partners, L.P.* (華傑(天津)醫療投資合夥企業(有限合夥))
<b>“Huatai Ruihe”</b>	Beijing Huatai Ruihe Healthcare Investment Fund LLP* (北京華泰瑞合醫療產業投資中心(有限合夥))
<b>“Initial CardioFlow Discussion Period”</b>	has the meaning as defined in the section headed “PRINCIPAL TERMS OF THE SERIES C INVESTMENT” in this announcement
<b>“Investors”</b>	the Series B Investors and the Series C Investor
<b>“Investor Directors”</b>	a director of the Target Company to be appointed or removed by Shanghai Huahao, CICC Kangrui and the Series C Investor, respectively

<b>“Key Employee”</b>	each key employee of the Target Company as set out in the Share Purchase Agreement
<b>“Key Person”</b>	the Controlling Shareholder and the Key Employees
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
<b>“Major Investors”</b>	collectively, (1) the holder of the Series C Shares, provided that the total aggregate number of issued and outstanding Series C Shares is no less than 5% of the total number of all issued and outstanding shares of the Target Company on a fully diluted and as converted basis; and (2) the holders of more than 75% of the voting power of the Series B Shares, provided that the total aggregate number of issued and outstanding Series B Shares is no less than 5% of the total number of all issued and outstanding shares of the Target Company on a fully diluted and as converted basis
<b>“Minimum Capitalization”</b>	has the meaning as defined in the section headed “PUT OPTIONS” in this announcement
<b>“MP CardioFlow”</b>	MicroPort Shanghai CardioFlow Medtech Co., Ltd. (上海微創心通醫療科技有限公司)
<b>“MP CardioFlow Shareholders’ Agreement”</b>	the restated shareholders’ agreement of MP CardioFlow entered on 2 February 2018
<b>“NMPA”</b>	National Medical Products Administration
<b>“Non-competition Covenants”</b>	the non-competition covenants given by the Company, Shanghai MicroPort and the Controlling Shareholder under the Share Purchase Agreement and the Shareholders Agreement
<b>“Non-competition Deed”</b>	the commitment letter on non-competition executed and delivered by the Company as a deed to the Investors in relation to the Non-competition Covenants
<b>“ODI Registration”</b>	the registration and other procedures required under applicable PRC laws relating to the overseas direct investment to be completed by each Series B Investor under the Share Purchase Agreement
<b>“Offered Shares”</b>	has the meaning as defined in the section headed “PRINCIPAL TERMS OF THE SHAREHOLDERS AGREEMENT” in this announcement

<b>“Overseas Approval”</b>	the Certificate of Approval for Overseas Direct Investment issued by the Ministry of Commerce of the PRC to be obtained and held by the Series B Investors
<b>“Option Notice”</b>	has the meaning as defined in the section headed “PRINCIPAL TERMS OF THE SERIES C INVESTMENT” in this announcement
<b>“Original Series B Investors”</b>	Huajie, CICC Kangrui, Huatai Ruihe and SDIC Chuanghe
<b>“Original Shareholders”</b>	Shanghai MicroPort and Chenxue Investment
<b>“Permitted Transferee”</b>	has the meaning as defined in the section headed “PRINCIPAL TERMS OF THE SHAREHOLDERS AGREEMENT” in this announcement
<b>“Principal Business”</b>	the business of research, production and sales of medical devices used in heart valve implantation interventional treatment which the Group Companies are engaged in
<b>“Purchased Shares”</b>	the Series B Shares and the Series C Shares
<b>“Put Options”</b>	the put options which will be granted to the Investors under the Shareholders Agreement and the Restated Memorandum and Articles
<b>“Qualified Public Offering”</b>	has the meaning as defined in the section headed “PUT OPTIONS” in this announcement
<b>“Redeemable Series B Shares”</b>	the Series B Shares can be redeemed under the Put Options, which consist of Series B1 Shares and Series B3 Shares as described in the section headed “PUT OPTIONS” in this announcement
<b>“Redeeming Series B Shares”</b>	has the meaning as defined in the section headed “PUT OPTIONS” in this announcement
<b>“Redeeming Series C Shares”</b>	has the meaning as defined in the section headed “PUT OPTIONS” in this announcement
<b>“Redeeming Shares”</b>	the Redeeming Series B Shares and the Redeeming Series C Shares
<b>“Restated Memorandum and Articles”</b>	the First Amended and Restated Memorandum and Articles of Association of the Target Company to be adopted upon Closing
<b>“Restricted Share”</b>	has the meaning as defined in the section headed “PRINCIPAL TERMS OF THE SHAREHOLDERS AGREEMENT” in this announcement



<b>“Restructuring”</b>	the proposed restructuring of shareholding in MP CardioFlow, which principally consists of each step as described in the section headed “RESTRUCTURING OF SHAREHOLDING IN MP CARDIOFLOW” in this announcement and the Series C Investment
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC
<b>“ROFR and Co-Sale Right Holder”</b>	has the meaning as defined in the section headed “PRINCIPAL TERMS OF THE SHAREHOLDERS AGREEMENT” in this announcement
<b>“SDIC Chuanghe”</b>	SDIC Chuanghe National Leading Fund of Emerging Industries VC (Limited Partnership)* (國投創合國家新興產業創業投資引導基金(有限合夥))
<b>“Selling Shareholders”</b>	has the meaning as defined in the section headed “PRINCIPAL TERMS OF THE SHAREHOLDERS AGREEMENT” in this announcement
<b>“Series B Investment”</b>	the investment in MP CardioFlow by the Original Series B Investors under two share transfer and capital increase agreements entered on 22 August 2017 and 20 October 2017 and a supplementary agreement entered on 8 February 2018
<b>“Series B Investors”</b>	Shanghai Huahao, CICC Kangrui, Huatai Ruihe and SDIC Chuanghe
<b>“Series B Investor Consideration”</b>	the consideration payable by the Series B Investors for the sale and issue of the Series B Shares
<b>“Series B Issue Price”</b>	has the meaning as defined in the section headed “PUT OPTIONS” in this announcement
<b>“Series B Redemption Notice”</b>	has the meaning as defined in the section headed “PUT OPTIONS” in this announcement
<b>“Series B Redemption Obligor”</b>	has the meaning as defined in the section headed “PUT OPTIONS” in this announcement
<b>“Series B Redemption Price”</b>	has the meaning as defined in the section headed “PUT OPTIONS” in this announcement
<b>“Series B Redemption Period”</b>	has the meaning as defined in the section headed “PUT OPTIONS” in this announcement
<b>“Series B Redemption Request”</b>	has the meaning as defined in the section headed “PUT OPTIONS” in this announcement

<b>“Series B Shares”</b>	the preferred shares of the Target Company to be issued to the Series B Investors under the Restructuring in the manner as described in the section headed “RESTRUCTURING OF SHAREHOLDING IN MP CARDIOFLOW” in this announcement
<b>“Series C Investment”</b>	the subscription of 12,500,000 preferred shares of the Target Company by the Series C Investor under the Share Purchase Agreement
<b>“Series C Investor”</b>	Qianyi Investment I L.P.
<b>“Series C Issue Price”</b>	has the meaning as defined in the section headed “PUT OPTIONS” in this announcement
<b>“Series C Purchase Price”</b>	the consideration payable by the Series C Investor for the sale and issue of the Series C Shares
<b>“Series C Redemption Price”</b>	has the meaning as defined in the section headed “PUT OPTIONS” in this announcement
<b>“Series C Redemption Request”</b>	has the meaning as defined in the section headed “PUT OPTIONS” in this announcement
<b>“Series C Shares”</b>	a total of 12,500,000 preferred shares of the Target Company to be issued to the Series C Investor
<b>“Shanghai Huahao”</b>	Shanghai Huahao Enterprise Management Partnership (Limited Partnership)* (上海鐔浩企業管理合夥企業(有限合夥))
<b>“Shanghai MicroPort”</b>	Shanghai MicroPort Medical (Group) Co., Ltd. (上海微創醫療器械(集團)有限公司)
<b>“Share Purchase Agreement”</b>	the share purchase agreement entered among the Target Company, CardioFlow BVI, CardioFlow HK, MP CardioFlow, the Controlling Shareholder, Chenxue Investment and the Investors on 22 March 2019 in relation to, among others, the Restructuring (including the Series C Investment)
<b>“Shareholders Agreement”</b>	the shareholders agreement of the Target Company entered into among the Target Company, CardioFlow BVI, CardioFlow HK, MP CardioFlow, the Controlling Shareholder, Shanghai MicroPort and the Investors on 22 March 2019
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Target Company”</b>	MicroPort CardioFlow Medtech Corporation

<b>“Target Group”</b>	the Target Company and its subsidiaries
<b>“TAVI”</b>	transcatheter aortic valve implantation
<b>“Trade Sale Event”</b>	has the meaning as defined in the section headed “PUT OPTIONS” in this announcement
<b>“Transaction Documents”</b>	the Share Purchase Agreement, the Shareholders Agreement and any other agreements the execution of which is contemplated under the Share Purchase Agreement
<b>“Transfer”</b>	has the meaning as defined in the section headed “PRINCIPAL TERMS OF THE SHAREHOLDERS AGREEMENT” in this announcement
<b>“Transfer Notice”</b>	has the meaning as defined in the section headed “PRINCIPAL TERMS OF THE SHAREHOLDERS AGREEMENT” in this announcement
<b>“US Dollar” or “US\$”</b>	United States dollars, the lawful currency for the time being of the United States
<b>“VitaFlow”</b>	has the meaning as defined in the section headed “PUT OPTIONS” in this announcement
<b>“Warrantors”</b>	each of the Group Companies and the Controlling Shareholder

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

Shanghai, 22 March 2019

*As at the date of this announcement, the executive Director is Dr. Zhaohua Chang; the non-executive Directors are Mr. Norihiro Ashida, Mr. Hiroshi Shirafuji and Mr. Hongliang Yu; and the independent non-executive Directors are Mr. Jonathan H. Chou, Dr. Guoen Liu and Mr. Chunyang Shao.*

\* *for identification purpose only*