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## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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### OVERVIEW

We are a medical device company in China focusing on the research, development and commercialization of innovative transcatheter and surgical solutions for valvular heart diseases. Our mission is to improve the lives of valvular heart disease patients by providing optimal and affordable medical solutions through continuous innovation. The history of our Group can be traced back to 2010 when we commenced early feasibility study for VitaFlow™ as an incubation project within the MicroPort Group. Since our Group's establishment, we have mainly focused on the R&D, manufacturing and sale of medical devices treating valvular heart diseases.

### KEY MILESTONES

The following is a summary of our Group's key corporate and business development milestones.

<u>Year</u>	<u>Event</u>
2010	Commenced early feasibility study for VitaFlow™.
2014	Commenced the pivotal clinical trial for VitaFlow™.
2015	Completed first implantation of VitaFlow™ for pivotal clinical trial in China. MP CardioFlow was established in Shanghai. Commenced feasibility study for VitaFlow™ II.
2016	Completed the pivotal clinical trial enrollment for VitaFlow™ in China. VitaFlow™ was admitted into the Green Path for Innovative Medical Device by NMPA.
2017	Commenced the Registration Clinical Trial for VitaFlow™ II in China. Met the primary endpoints of the clinical study of VitaFlow™ in China. 2017 Pre-IPO Investment.
2018	Completed the NMPA submission for VitaFlow™ for review. Completed first retrievable VitaFlow™ II implantation for Registration Clinical Trial in China. VitaFlow™ II was admitted into the Green Path for Innovative Medical Device by NMPA. Commenced the clinical trial for VitaFlow™ II in Europe for CE Mark. Invested in ValCare and 4C Medical.
2019	Our Company was incorporated in the Cayman Islands. Obtained marketing approval for VitaFlow™ from NMPA and completed the first VitaFlow™ implantation for commercialization. 2019 Pre-IPO Investment.
2020	2020 Pre-IPO Investment. Obtained marketing approval for VitaFlow™ from the National Administration of Drugs, Foods and Medical Devices of Argentina.

### OUR GROUP

Our Company is the holding company of our Group. Our Group carries out operations mainly through our wholly-owned PRC subsidiary, MP CardioFlow.

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### Our Company

Our Company was incorporated in the Caymans Islands under the Cayman Companies Act with limited liability on January 10, 2019. The initial authorized share capital of our Company was US\$50,000 divided into 500,000,000 ordinary shares with a par value of US\$0.0001 each. Upon the completion of the Restructuring, our Company became the holding company of our Group. See “—Major Shareholding Changes of Our Group—3. Restructuring” below for details.

### MP CardioFlow

MP CardioFlow is a limited liability company established in the PRC on May 21, 2015 and the principal operating subsidiary of our Company through which we conducted our business operations primarily.

### MAJOR SHAREHOLDING CHANGES OF OUR GROUP

#### 1. Establishment and initial shareholding changes of MP CardioFlow

On May 21, 2015, MP CardioFlow was established with an initial registered capital of RMB1 million. On November 4, 2015, the registered capital of MP CardioFlow was increased from RMB1 million to RMB8 million, which has been fully paid up in cash.

Pursuant to a capital increase agreement entered into among Shanghai MicroPort Medical, the then sole shareholder of MP CardioFlow, and Chenxue Investment, on February 1, 2016, Shanghai MicroPort Medical and Chenxue Investment subscribed for the increased registered capital of MP CardioFlow of RMB678,500 and RMB1,531,500, at a consideration of RMB9,000,000 and RMB20,330,000, respectively. The consideration of such subscription was determined through arm’s length negotiation between the parties with reference to the historical amounts invested in MP CardioFlow by Shanghai MicroPort Medical, and was fully settled in cash on February 28, 2017. Chenxue Investment is a shareholding platform established for employees and former employees of the MicroPort Group who were granted equity interests in MP CardioFlow as incentives. Immediately after such capital increase, the registered capital of MP CardioFlow was increased from RMB8 million to RMB10.21 million, which has been fully paid up in cash, and MP CardioFlow held as to 85% and 15% by Shanghai MicroPort Medical and Chenxue Investment, respectively.

Pursuant to a capital increase agreement entered into among MP CardioFlow, Shanghai MicroPort Medical, Chenxue Investment, Shanghai Jianyi Xinghe Investment Management Center (Limited Partnership) (上海健益興禾投資管理中心(有限合夥)) (“**Jianyi Xinghe**”), an Independent Third Party, on July 21, 2016, Jianyi Xinghe subscribed for the increased registered capital of MP CardioFlow of RMB1,021,000 at a consideration of RMB50,000,000, which was determined through arm’s length negotiation between the parties with reference to the valuation of comparable companies at the same developing stage in the market engaged in similar businesses with that of MP CardioFlow, and was fully settled in cash on August 5, 2016. Jianyi Xinghe is a limited partnership established in the PRC, focusing on venture capital investment and investment management businesses. The general partner of Jianyi Xinghe is Shanghai Xingze Investment Management Co., Ltd. (上海杏澤投資管理有限公司), an Independent Third Party. Immediately after such capital increase, the registered capital of MP CardioFlow increased from RMB10.21 million to RMB11.23 million, which has been fully paid

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up in cash, and MP CardioFlow was held as to 77.27%, 13.64% and 9.09% by Shanghai MicroPort Medical, Chenxue Investment and Jianyi Xinghe, respectively.

### 2. 2017 Pre-IPO Investment

On August 22, 2017, MP CardioFlow entered into a share transfer and capital increase agreement (the “**First 2017 Agreement**”) with Shanghai MicroPort Medical, Chenxue Investment, Jianyi Xinghe, Huajie, CICC Pucheng and Huatai Ruihe. On October 20, 2017, MP CardioFlow, Shanghai MicroPort Medical, Chenxue Investment and Jianyi Xinghe entered into a share transfer and capital increase agreement (the “**Second 2017 Agreement**”) with SDIC Chuanghe. Pursuant to the First 2017 Agreement and the Second 2017 Agreement, Huajie, CICC Pucheng, Huatai Ruihe and SDIC Chuanghe agreed to subscribe for certain interests to be newly issued in the enlarged share capital of MP CardioFlow at an aggregate consideration of RMB277,262,683 and to purchase certain interests in MP CardioFlow held by Chenxue Investment and Jianyi Xinghe at an aggregate consideration of RMB59,090,910 and RMB143,646,407, respectively. On February 8, 2018, MP CardioFlow, Shanghai MicroPort Medical, Chenxue Investment, Jianyi Xinghe, Huajie, CICC Pucheng, Huatai Ruihe and CICC Kangrui entered into a supplemental agreement to the First 2017 Agreement, pursuant to which CICC Pucheng agreed to transfer all of its rights, interests and obligations under the First 2017 Agreement to CICC Kangrui, and CICC Kangrui accordingly replaced CICC Pucheng as an investor of our Group.

Pursuant to the First 2017 Agreement and the Second 2017 Agreement, the 2017 Pre-IPO Investment was carried out through the following steps:

#### *Step 1:*

- Step 1-a: Chenxue Investment transferred 1.80%, 1.70% and 0.57% equity interests in MP CardioFlow held by it to Huajie, CICC Pucheng and Huatai Ruihe, respectively. After such transfer, Huajie, CICC Pucheng and Huatai Ruihe further subscribed for 4.90%, 4.64% and 1.55% equity interests newly issued by MP CardioFlow (representing RMB618,660, RMB586,096 and RMB195,365, respectively, of the enlarged registered capital of MP CardioFlow). After the completion of Step 1-a, on October 19, 2017, the registered capital of MP CardioFlow was increased from RMB11.23 million to RMB12.63 million, which has been fully paid up in cash.
- Step 1-b: Chenxue Investment transferred 0.42% equity interests in MP CardioFlow held by it to SDIC Chuanghe. After such transfer, SDIC Chuanghe further subscribed for 1.27% equity interests newly issued by MP CardioFlow (representing RMB162,818 of the enlarged registered capital of MP CardioFlow). After the completion of Step 1-b, on December 1, 2017, the registered capital of MP CardioFlow was increased from RMB12.63 million to RMB12.79 million, which has been fully paid up in cash.

The considerations for the transactions under Step 1 were determined based on the valuation of MP CardioFlow of RMB1,480.91 million and were fully settled in cash by November 17, 2017. Immediately after completion of Step 1, MP CardioFlow was held by Shanghai MicroPort Medical, Chenxue Investment, Jianyi Xinghe, Huajie, CICC Pucheng, Huatai Ruihe and SDIC Chuanghe as to approximately 67.83%, 7.98%, 7.98%, 6.42%, 6.08%, 2.03% and 1.69%, respectively.

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### Step 2:

Jianyi Xinghe transferred 3.16%, 2.99%, 1.00% and 0.83% equity interests in MP CardioFlow held by it to Huajie, CICC Kangrui, Huatai Ruihe and SDIC Chuanghe, respectively. The considerations for the transactions under Step 2 were determined based on the valuation of MP CardioFlow of RMB1,800.00 million and were fully settled in cash by February 8, 2018. Immediately after completion of Step 2, MP CardioFlow was held by Shanghai MicroPort Medical, Chenxue Investment, Huajie, CICC Kangrui, Huatai Ruihe and SDIC Chuanghe as to approximately 67.83%, 7.98%, 9.57%, 9.07%, 3.02% and 2.52%, respectively.

### Step 3:

Huajie, CICC Kangrui, Huatai Ruihe and SDIC Chuanghe further subscribed for RMB243,980, RMB231,138, RMB77,050 and RMB64,209, respectively, of the increased registered capital of MP CardioFlow. After the completion of Step 3, on December 20, 2018, the registered capital of MP CardioFlow was increased from RMB12.79 million to RMB13.41 million, which has been fully paid up in cash. The considerations for the transactions under Step 3 were determined based on the valuation of MP CardioFlow of RMB2,096.35 million and were fully settled in cash by December 7, 2018. Immediately after completion of Step 3, MP CardioFlow was held by Shanghai MicroPort Medical, Chenxue Investment, Huajie, CICC Kangrui, Huatai Ruihe and SDIC Chuanghe as to approximately 64.72%, 7.61%, 10.95%, 10.38%, 3.46% and 2.88%, respectively.

The total consideration paid by the 2017 Pre-IPO Investors for the transactions under the 2017 Pre-IPO Investment is RMB480,000,000, the details of which are set out below:

<u>Investor</u>	<u>Consideration paid to Chenxue Investment for transfer of equity interests under Step 1-a</u>	<u>Consideration paid to MP CardioFlow for subscription of newly issued equity interests under Step 1-b</u>	<u>Consideration paid to Jianyi Xinghe under Step 2</u>	<u>Consideration paid to MP CardioFlow under Step 3</u>	<u>Total consideration paid under the 2017 Pre-IPO Investment</u>
			(RMB)		
Huajie .....	23,390,152	71,609,848	56,860,036	38,139,964	<b>190,000,000</b>
CICC Kangrui .....	22,159,091	67,840,909	53,867,403	36,132,597	<b>180,000,000</b>
Huatai Ruihe .....	7,386,364	22,613,636	17,955,801	12,044,199	<b>60,000,000</b>
SDIC Chuanghe .....	6,155,303	18,844,697	14,963,167	10,036,833	<b>50,000,000</b>
<b>Total .....</b>	<b>59,090,910</b>	<b>180,909,090</b>	<b>143,646,407</b>	<b>96,353,593</b>	<b>480,000,000</b>

The considerations of the 2017 Pre-IPO Investment were determined through arm's length negotiations between the parties with reference to the valuation of MP CardioFlow before the 2017 Pre-IPO Investment, which was calculated with reference to the valuation of comparable companies at the same developing stage in the market engaged in similar businesses with that of MP CardioFlow.

Under each step of the 2017 Pre-IPO Investment, the average consideration per percentage of the enlarged share capital of MP CardioFlow paid by the 2017 Pre-IPO Investors was approximately RMB14,809,091, RMB18,000,000 and RMB20,963,536, respectively, and such differences reflected

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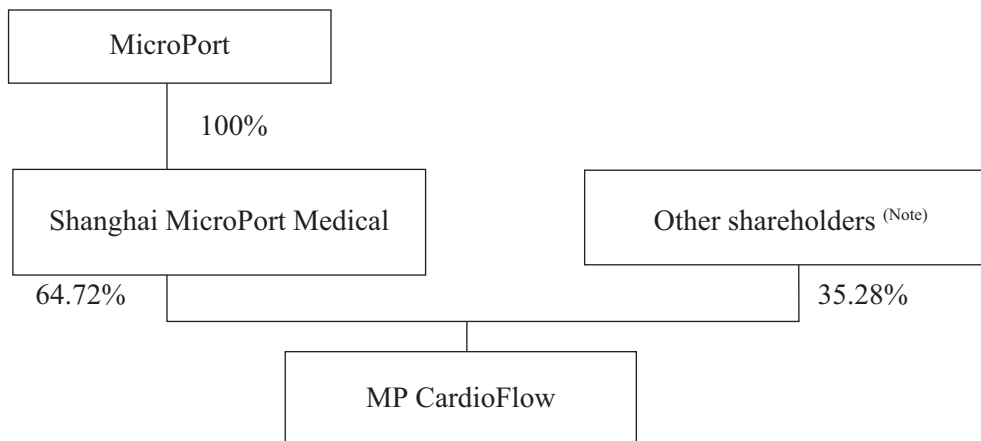
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(i) the differences in share capital of MP CardioFlow in different investment stages, as a result of the capital increase; and (ii) the differences in the valuation of MP CardioFlow at different investment stages due to the time difference of the investment stages.

### 3. Restructuring

In order to introduce additional external investors, further optimize our shareholding structure and bring in more market resources, our Group underwent a restructuring in shareholding (the “**Restructuring**”) in 2019. The following chart sets forth a simplified shareholding structure of our Group immediately before the Restructuring:



*Note: Other shareholders include Chenxue Investment and the 2017 Pre-IPO Investors.*

#### ***Step 1: Incorporation of Our Company and Our Offshore Subsidiaries***

Immediately after the incorporation of our Company, one Share was allotted and issued to the initial subscriber, Tricor Services (Cayman Islands) Limited, and was then immediately transferred to Shanghai MicroPort at par value. CardioFlow BVI was incorporated as a direct wholly-owned subsidiary of our Company and CardioFlow HK was incorporated as a direct wholly-owned subsidiary of CardioFlow BVI.

Each of our Company, CardioFlow BVI, and CardioFlow HK has been an investment holding company without substantive business operations since incorporation.

#### ***Step 2: Transfer of equity interests in MP CardioFlow from Shanghai MicroPort Medical and Chenxue Investment to CardioFlow HK***

On March 22, 2019, our Company, Shanghai MicroPort, CardioFlow BVI, CardioFlow HK, MP CardioFlow, the then shareholders of MP CardioFlow (Shanghai MicroPort Medical, Chenxue Investment, Huajie, CICC Kangrui, Huatai Ruihe and SDIC Chuanghe), Qianyi Investment and Shanghai Huahao, a limited partnership managed by the same general partner as Huajie, entered into a framework agreement in relation to the Restructuring (the “**Restructuring Agreement**”), pursuant to which CardioFlow HK acquired approximately 64.72% and 7.61% equity interests in MP CardioFlow from Shanghai MicroPort Medical and Chenxue Investment, at a consideration of approximately US\$26.2 million and approximately RMB21.6 million, respectively. The considerations were determined through arm’s length negotiation with reference to a valuation report issued by an Independent Third Party. The considerations were fully settled in cash on September 25, 2019.

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### *Step 3: Issue of shares of our Company*

On March 22, 2019, our Company, CardioFlow BVI, CardioFlow HK, MP CardioFlow, Shanghai MicroPort, Chenxue Investment, the 2017 Pre-IPO Investors and Qianyi Investment entered into a share purchase agreement, as amended on June 18, 2019 and October 29, 2019 (the “**2019 Share Purchase Agreement**”), pursuant to which:

- on July 9, 2019, our Company allotted and issued (i) 56,625,715 ordinary shares with par value of US\$0.0001 each to Shanghai MicroPort at a consideration of US\$27 million, which was fully settled in cash on August 2, 2019, and (ii) an aggregate of 6,661,901 ordinary shares with par value of US\$0.0001 each to three entities designated by Chenxue Investment (the “**Chenxue Shareholding Platforms**”), the beneficial owners of which are the partners or indirect shareholders of the partners of Chenxue Investment, at par value. Chenxue Investment returned to MP CardioFlow the consideration it received (after deducting relevant taxes) for the transfer of its equity interests in MP CardioFlow to CardioFlow HK on October 29, 2019;
- on August 5, 2019, our Company allotted and issued 12,500,000 Series C Preferred Shares to Qianyi Investment, and Qianyi Investment surrendered, for no consideration, 1,250,000 Series C Preferred Shares on November 29, 2019. See “—4. 2019 Pre-IPO Investment” below for details of the investment in our Company by Qianyi Investment; and
- on August 5, 2019, our Company allotted and issued a total of 24,212,383 Series B Preferred Shares to 2017 Pre-IPO Investors in the amounts as set forth below:

	<u>Number of Series B Preferred Shares Issued</u>
Shanghai Huahao .....	9,584,052
CICC Kangrui .....	9,079,611
Huatai Ruihe .....	3,026,535
SDIC Chuanghe .....	2,522,185

For each 2017 Pre-IPO Investor, its consideration payable for the issuance of Series B Preferred Shares is equivalent to the consideration paid by it (or its affiliates) for its respective investment in our Group, which has been exchanged from RMB into USD at the reference rate permitted under the certificate of approval for overseas direct investment obtained and held by the 2017 Pre-IPO Investors. The considerations were fully settled in cash on November 19, 2019.

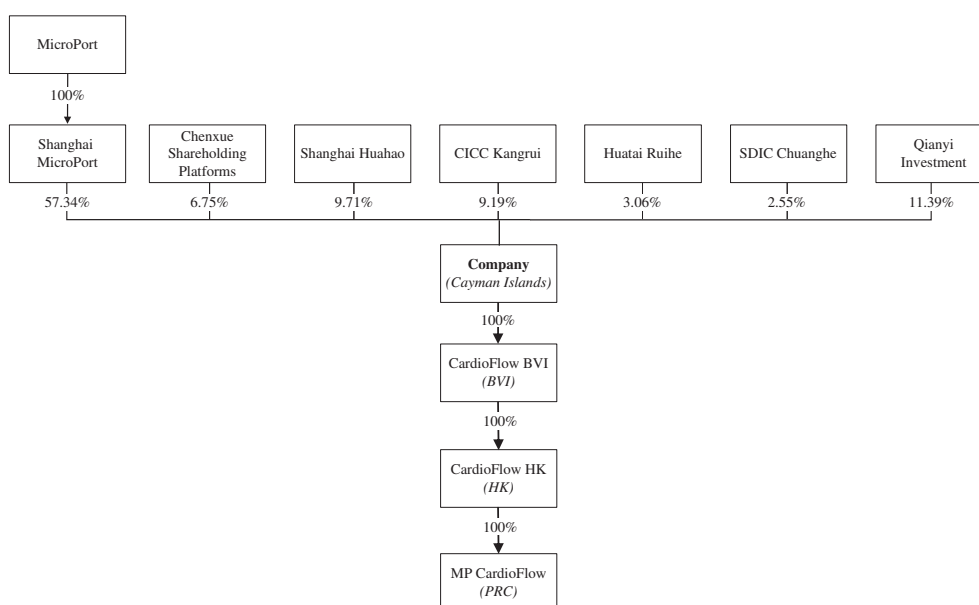
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### *Step 4: Acquisition of equity interests in MP CardioFlow from 2017 Pre-IPO Investors*

On August 5, 2019 and October 29, 2019, CardioFlow HK entered into share purchase agreements and supplemental agreements with each of Huajie, CICC Kangrui, Huatai Ruihe and SDIC Chuanghe, respectively, pursuant to which CardioFlow HK acquired from the 2017 Pre-IPO Investors an aggregate of approximately 27.67% equity interests in MP CardioFlow for a consideration equal to the consideration for the issue of Series B Preferred Shares to it or, with respect to Huajie, to Shanghai Huahao. Details of the equity interests transfer are set out below:

	<b>% of Equity Interests in MP CardioFlow Acquired</b>
Huajie .....	10.95%
CICC Kangrui .....	10.38%
Huatai Ruihe .....	3.46%
SDIC Chuanghe .....	2.88%

Upon completion of the Restructuring, our Company became the holding company of our Group. The following chart sets forth a simplified shareholding structure of our Group immediately after the Restructuring:



#### **4. 2019 Pre-IPO Investment**

On March 22, 2019 and October 29, 2019, our Company, the subsidiaries of our Company and the then existing Shareholders of our Company (Shanghai MicroPort and the 2017 Pre-IPO Investors) entered into a share purchase agreement and a supplemental agreement thereto, respectively, with Qiany Investment, pursuant to which Qiany Investment agreed to subscribe for an aggregate of 11,250,000 Series C Preferred Shares at a subscription price of approximately US\$4.00 per Series C Preferred Share, which was determined through arm's length negotiations between the parties with reference to the valuation of MP CardioFlow before the Restructuring of US\$350 million. The valuation of MP CardioFlow was calculated with consideration of the then developing stage of MP CardioFlow and with reference to (i) the valuation of comparable companies at a similar developing stage in the market engaged in similar TAVI businesses with that of MP CardioFlow; (ii) the growth

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potential in global and the PRC TAVI markets and the competition landscape of the PRC TAVI market; and (iii) the valuation of MP CardioFlow proposed by other potential investors for their proposed investments in MP CardioFlow. The consideration of the 2019 Pre-IPO Investment was fully settled in cash on October 29, 2019.

In view of reflecting the actual beneficial ownership, pursuant to the Amended and Restated Limited Partnership Agreement dated September 2, 2019 between Qianyi Investment I L.P. and Haitong International Innovation Fund SPC (for and on behalf of Innovation Fund VII SP) (“**Haitong Fund**”), Qianyi Investment I L.P. distributed 3,750,000 Series C Preferred Shares to Haitong Fund, which was completed on March 9, 2020. Haitong Fund was a former limited partner of Qianyi Investment who held approximately 33.33% of its partnership interest at the time of the 2019 Pre-IPO Investment.

### 5. 2020 Pre-IPO Investment

On April 15, 2020, our Company, the subsidiaries of our Company and the then existing Shareholders of our Company (Shanghai MicroPort, the 2017 Pre-IPO Investors and the 2019 Investors) entered into a share purchase agreement with the 2020 Pre-IPO Investors, namely CMP, AUT, LBC, CRF, Gamnat, Gortune, Happy Soul and CDG, pursuant to which the 2020 Pre-IPO Investors agreed to (i) purchase 2,693,182 Series D Preferred Shares, which were reclassified from 2,693,182 ordinary shares with a par value of US\$0.0001 each, held by Shanghai MicroPort, and (ii) subscribe for an aggregate of 8,977,273 Series D Preferred Shares. The purchase and subscription price was approximately US\$11.14 per Series D Preferred Share which was determined based on arm’s-length negotiations with the Investors with reference to a valuation of our Company of US\$1.1 billion immediately before completion of the transaction. The valuation of MP CardioFlow was calculated with consideration of the then developing stage of MP CardioFlow and with reference to (i) the valuation of comparable companies at a similar developing stage in the market engaged in similar TAVI businesses with that of our Company; (ii) the growth potential in global and the PRC TAVI markets and the competition landscape of the PRC TAVI market; and (iii) the valuation of our Company proposed by other potential investors for their proposed investments. The considerations of the 2020 Pre-IPO Investment were fully settled in cash on April 29, 2020.

Pursuant to the Shareholders Agreement, since the exercise price of the options granted pursuant to the Share Option Scheme is US\$0.16 (as adjusted after the Share Subdivision) on January 15, 2021, our Company issued 300,078 additional Series D Preferred Shares (before the Share Subdivision) to the 2020 Pre-IPO Investors. Such additional Series D Preferred Shares shall be credited as fully-paid at par value by capitalizing the share premium in the share capital of our Company, and the 2020 Pre-IPO Investors shall not be required to pay any or additional consideration for such additional Series D Preferred Shares (the “**Series D Adjustment**”).

### 6. 2020 Share Transfer

On April 20, 2020, one of our 2017 Pre-IPO Investors, SDIC Chuanghe, entered into a share transfer agreement, pursuant to which SDIC Chuanghe agreed to transfer 1,436,364 Series B Preferred Shares held by it to Jipintang at a consideration of US\$16.0 million, which was determined based on the subscription price per share for the 2020 Pre-IPO Investment. The consideration was fully settled in cash on April 24, 2020.



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## THE PRE-IPO INVESTMENTS

### Details of the Pre-IPO Investments

The details of the Pre-IPO Investments are set out below:

	Number of shares of our Company or percentage of equity interest in MP CardioFlow initially acquired (before the Share Subdivision)	Cost per Share (as adjusted after the Share Subdivision)	Total consideration	Date on which the consideration for the investment was fully settled	Corresponding post-money valuation of our Company	Discount to the mid-point of the Offer Price Range <sup>(3)</sup>	Shareholding in our Company immediately before the Global Offering <sup>(5)</sup>
	10.95% equity interest in MP CardioFlow (or 9,584,052 Series B Preferred Shares after the Restructuring) <sup>(1)</sup>	RMB0.99 <sup>(2)</sup>	RMB190.00 million	October 12, 2018		90.33%	8.87%
<b>Huajie / Shanghai Huahao</b> . . . . .	10.38% equity interest in MP CardioFlow (or 9,079,611 Series B Preferred Shares after the Restructuring) <sup>(1)</sup>	RMB0.99 <sup>(2)</sup>	RMB180.00 million	October 11, 2018	Approximately RMB1,735.2 million (2017 Pre-IPO Investment)	90.33%	8.40%
<b>CICC Pucheng / CICC Kangrui</b> . . . . .	3.46% equity interest in MP CardioFlow (or 3,026,535 Series B Preferred Shares after the Restructuring) <sup>(1)</sup>	RMB0.99 <sup>(2)</sup>	RMB60.00 million	October 12, 2018		90.33%	2.80%
<b>Huatai Ruihe</b> . . . . .	2.88% equity interest in MP CardioFlow (or 2,522,185 Series B Preferred Shares after the Restructuring) <sup>(1)(6)</sup>	RMB0.99 <sup>(2)</sup>	RMB50.00 million	December 7, 2018		90.33%	1.01%
<b>SDIC Chuanghe</b> . . . . .	11,250,000 Series C Preferred Shares <sup>(4)</sup>	US\$0.2	US\$45.00 million	October 29, 2019	Approximately US\$395.0 million (2019 Pre-IPO Investment)	86.86%	6.94%
<b>Qianyi Investment</b> . . . . .	4,604,052 Series D Preferred Shares <sup>(5)</sup>	US\$0.545 <sup>(5)</sup>	US\$50.00 million	April 27, 2020	Approximately US\$1.2 billion (2020 Pre-IPO Investment)	64.18%	4.26%
<b>CMP</b> . . . . .	2,302,026 Series D Preferred Shares <sup>(5)</sup>	US\$0.545 <sup>(5)</sup>	US\$25.00 million	April 28, 2020		64.18%	2.13%
<b>AUT</b> . . . . .	1,381,215 Series D Preferred Shares <sup>(5)</sup>	US\$0.545 <sup>(5)</sup>	US\$15.00 million	April 29, 2020		64.18%	1.28%
<b>LBC</b> . . . . .	1,339,778 Series D Preferred Shares <sup>(5)</sup>	US\$0.545 <sup>(5)</sup>	US\$14.55 million	April 29, 2020		64.18%	1.24%
<b>CRF</b> . . . . .	920,810 Series D Preferred Shares <sup>(5)</sup>	US\$0.545 <sup>(5)</sup>	US\$10.00 million	April 29, 2020		64.18%	0.85%
<b>Gannat</b> . . . . .							

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	Number of shares of our Company or percentage of equity interest in MP CardioFlow initially acquired (before the Share Subdivision)	Cost per Share (as adjusted after the Share Subdivision)	Total consideration	Date on which the consideration for the investment was fully settled	Corresponding post-money valuation of our Company	Discount to the mid-point of the Offer Price Range <sup>(3)</sup>	Shareholding in our Company immediately before the Global Offering <sup>(5)</sup>
<b>Gortune</b> .....	920,810 Series D Preferred Shares <sup>(5)</sup>	US\$0.545 <sup>(5)</sup>	US\$10.00 million	April 28, 2020		64.18%	0.85%
<b>Happy Soul</b> .....	460,405 Series D Preferred Shares <sup>(5)</sup>	US\$0.545 <sup>(5)</sup>	US\$5.00 million	April 27, 2020		64.18%	0.43%
<b>CDG</b> .....	41,437 Series D Preferred Shares <sup>(5)</sup>	US\$0.545 <sup>(5)</sup>	US\$0.45 million	April 29, 2020		64.18%	0.04%

**Notes:**

- (1) During the Restructuring, the 2017 Pre-IPO Investors ceased to be shareholders of MP CardioFlow and became Shareholders of our Company. The premium of our Company's market capitalization immediately after the Global Offering as compared with its post-money valuation of US\$1.2 billion under 2020 Pre-IPO Investment in April 2020 was mainly due to the recent business development of the Company, including without limitation, (i) the commercialization performance of the launched product, VitaFlow™, (ii) regulatory registration progress of VitaFlow™ in Thailand and Argentina, and VitaFlow™ II in China, and (iii) the research and development progress of the Company's other product candidates.
- (2) As no consideration was paid by the Pre-IPO Investors for the conversion of their respective equity interests in MP CardioFlow to Series B Preferred Shares during the Restructuring, the cost paid by the 2017 Pre-IPO Investors is approximately RMB480.0 million, representing the total consideration paid by each of the 2017 Pre-IPO Investors divided by the number of Series B Preferred Shares allotted and issued to such 2017 Pre-IPO Investor.
- (3) Assuming the Offer Price is fixed at HK\$11.65, being the mid-point of the indicative Offer Price range.
- (4) In view of reflecting the actual beneficial ownership, Qianyi Investment I L.P. distributed 3,750,000 Series C Preferred Shares to Haitong Fund, which was completed on March 9, 2020. For details, see "—Major Shareholding Changes of Our Group—4. 2019 Pre-IPO Investment" above. Immediately before the Global Offering, Haitong Fund will hold approximately 3.47% of the issued share capital of our Company.
- (5) After taking into consideration of the additional Series D Preferred Shares to be issued and allotted pursuant to the Series D Adjustment. For details, see "—Major Shareholding Changes of Our Group—5. 2020 Pre-IPO Investment" above.
- (6) In April 2020, SDIC Chuanghe transferred 1,436,364 Series B Preferred Shares to Jipintang at a consideration of US\$16.0 million. For details, see "—Major Shareholding Changes of Our Group—6. 2020 Share Transfer." Immediately before the Global Offering, Jipintang will hold approximately 1.33% of the issued share capital of our Company.

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### Further Information about the Pre-IPO Investments

<b>Strategic benefits of the Pre-IPO Investors brought to our Company</b>	At the time of the Pre-IPO Investments, our Directors were of the view that (i) our Company would benefit from the additional capital provided by the Pre-IPO Investors and their knowledge and experience in promoting our R&D progress and the commercialization of our TAVI products, and (ii) the Pre-IPO Investments demonstrated the Pre-IPO Investors' confidence in the operation and development of our Group.
<b>Use of proceeds and whether they have been fully utilized</b>	We utilized the proceeds to finance our R&D activities (primarily the R&D of VitaFlow™ and VitaFlow™ II) and our investment in ValCare and 4C Medical and to fund our daily operations. As of the Latest Practicable Date, we had utilized the net proceeds from the 2017 Pre-IPO Investment and the 2019 Pre-IPO Investment and utilized approximately 22.5% of the net proceeds from the 2020 Pre-IPO Investment.
<b>Lock-up period</b>	Each existing Shareholder agrees and undertakes to our Company that, subject to the terms and conditions set out in the Shareholders Agreement, without the prior written consent of our Company, it will not, whether directly or indirectly, at any time during the period of six (6) months commencing from the Listing Date, directly or indirectly dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any Shares of our Company.
<b>Investment undertaking</b>	According to the Shareholders Agreement, CMP and LBC agreed to directly, or cause their respective designated affiliates to, participate in the Global Offering as a cornerstone investor by placing an unconditional and irrevocable order with our Company in an amount up to US\$30,000,000 and US\$20,000,000, respectively, to purchase the Offer Shares, subject to CMP's or LBC's (as the case may be) obtaining necessary internal approvals and relevant waivers from the Stock Exchange. Notwithstanding the foregoing, our Company may, at our sole discretion, decide whether to accept all or part of the amount so committed.

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## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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### Background Information about the Pre-IPO Investors

Our Pre-IPO Investors include certain Sophisticated Investors, such as dedicated healthcare funds and biotech funds as well as established funds with a focus on investments in the healthcare sector. Each of our Pre-IPO Investors is an Independent Third Party. The background information of our Pre-IPO Investors is set out below:

#### Name of

#### Pre-IPO

#### Investors

#### Background

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#### *2017 Pre-IPO Investment*

Huajie and  
Shanghai  
Huahao

Shanghai Huahao is a limited partnership established in the PRC. Each of Shanghai Huahao and its sole limited partner Huajie, a limited partnership established in the PRC, is managed by 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)) (“**Tianjin Huajie**”), the general partner of Shanghai Huahao and Huajie. Tianjin Huajie is managed by its general partner, Tianjin Huaqing Enterprise Management Advisors Co., Ltd. (天津華清企業管理諮詢有限公司), an indirect non-wholly owned subsidiary of China Renaissance Holdings Limited, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1911).

Shanghai Huahao is a Sophisticated Investor, which is a dedicated medical care or biotechnology investment entity with assets under management of over RMB1 billion as of December 31, 2019. It primarily invests in medical devices, medical services and pharmaceutical industries with its own funds and focuses on integrating medical device high-value consumables and life science industries with structured investment opportunities.

CICC Pucheng  
and CICC  
Kangrui

CICC Pucheng is a limited company incorporated in China. Its primary business activity is using self-owned capital to invest. The ultimate beneficial owner of CICC Pucheng is China International Capital Corporation Limited (中國國際金融股份有限公司), the H shares of which are listed on the main board of the Stock Exchange (Stock Code: 3908) and the shares of which are listed on the Shanghai Stock Exchange (Stock Code: 601995).

CICC Kangrui is a limited partnership established in the PRC and a Sophisticated Investor, which is a dedicated healthcare fund with net assets of over RMB2 billion as of December 31, 2019. It primarily invests in standardized medical institutions and its upstream and downstream industries including medical device (such as in-vitro diagnosis, interventional devices, etc.), medicine (such as vaccine), healthcare information systems and big data. The general partner of CICC Kangrui 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) (“**CICC Kangzhi**”). CICC Kangzhi is controlled by CICC Capital Management Co., Ltd. (中金資本運營有限公司), which is a wholly owned subsidiary of China International Capital Corporation Limited (中國國際金融股份有限公司).

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## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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- Huatai Ruihe Huatai Ruihe is a limited partnership established in the PRC and a Sophisticated Investor and is a dedicated healthcare fund with net assets of over RMB 1.5 billion as of December 31, 2019. It primarily invests in medical devices, medical services, biotechnology and other medical fields. The general partners of Huatai Ruihe 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). The ultimate beneficial owner of Huatai Ruihe is Huatai Securities Company Limited (華泰證券股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (Stock Code: 601688) and the Stock Exchange (Stock Code: 6886).
- SDIC Chuanghe SDIC Chuanghe is a Sophisticated Investor which is a private equity fund primarily engaged in investment management and investment consultancy services with assets under management of over RMB17 billion as of December 31, 2019. It primarily invests in seven emerging national strategic industries, including the biological, next-generation information technology, and high-end equipment manufacturing industries. The general partner of SDIC Chuanghe is SDIC Chuanghe Fund Management Co., Ltd. (國投創合基金管理有限公司).

### *2019 Pre-IPO Investment*

- Qianyi Investment Qianyi Investment is a limited partnership organized under the laws of the Cayman Islands. Its primary business activity is investing in the medical industry and its general partner is Qianyi Investment Limited. The ultimate beneficial owner of Qianyi Investment is Mr. Wang Zheng (王正).
- Haitong Fund Haitong Fund is a private equity fund incorporated in the Cayman Islands, which used to be a limited partner of Qianyi Investment I L.P. Haitong Fund is managed by Haitong International Asset Management (Singapore) Pte Ltd.

### *2020 Pre-IPO Investment*

- CMP CMP Cardio Investment Limited is a business company incorporated under the laws of the BVI and its primary business activity is investment holding. It is held by its majority shareholder, CPE China Fund III, L.P., and minority shareholder, CPE Global Opportunities Fund, L.P. CMP Cardio Investment Limited is a Sophisticated Investor.
- AUT AUT-XVI Holdings Limited is an exempted company incorporated under the laws of the Cayman Islands. Hillhouse Capital Management, Ltd. (“**Hillhouse Capital**”) acts as the sole management company of the parent company of AUT. Founded in 2005, Hillhouse Capital is a global firm of investment professionals and operating executives who focuses on building and investing in high quality business franchises that achieve sustainable growth. Independent proprietary research and industry expertise, in conjunction with world-class operating and management capabilities, are key to Hillhouse Capital’s investment approach. Hillhouse Capital partners with exceptional entrepreneurs and management teams to create value with a focus on enacting innovation and technological transformation. Hillhouse Capital invests in the healthcare, consumer, TMT, advanced manufacturing, financials and business services sectors in companies across all equity stages. Hillhouse Capital and its group members manage assets

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## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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	on behalf of global institutional clients. Hillhouse Capital is a Sophisticated Investor.
LBC	LBC Sunshine Healthcare Fund L.P. is managed by Lake Bleu Capital (Hong Kong) Limited. LBC, an exempted limited partnership registered in the Cayman Islands. LBC is a Sophisticated Investor and specializes in investing in late-stage healthcare companies in Asia/Greater China. The investment scope includes pharmaceuticals, biotech, medical devices, and healthcare services. LBC GP Limited, an exempted company incorporated in the Cayman Islands, acts as the general partner of LBC Sunshine.
CRF	CRF Investment Holdings Company Limited is an exempted company incorporated in the Cayman Islands and is wholly-owned by China Reform Conson Soochow Overseas Fund I L.P., which is a Sophisticated Investor and a China-related overseas investment firm specializing in industrial, TMT and healthcare sectors.
Gamnat	Gamnat Pte. Ltd. is a limited liability company incorporated under the laws of Singapore. Its primary business activity is investment holding. Gamnat is wholly-owned by Eurovest Private Limited and managed by GIC Asset Management Private Limited, which in turn is wholly-owned by GIC Pte Ltd., a Sophisticated Investor.
Gortune	Gortune Artemis Limited, a limited company incorporated in the BVI, is wholly owned by Gortune Limited, which is wholly owned by Gortune Investment Co. Limited (廣東民營投資股份有限公司) (“ <b>Gortune Investment</b> ”), a Sophisticated Investor. Headquartered in Guangzhou, Gortune Investment was jointly founded by 15 successful non-state owned enterprises, of which some are Fortune Global 500 companies, e.g. Midea Group, Country Garden, Huamei Group, Guangdong Haitian Group, Guangzhou Liby Group, etc. Gortune Investment has a paid up capital of RMB16 billion and is aiming to become the leading investment firm in China.
Happy Soul	Happy Soul Limited is a limited liability company incorporated under the laws of the BVI and is wholly owned by 3H Health Investment Fund I, L.P., and 3H Health Investment Fund I, L.P. is managed by 3H Health Investment GP I Ltd., a Sophisticated Investor. The primary business activity of Happy Soul Limited is investment holding.
CDG	CDG Group Fund L.P. is a limited partnership organized under the laws of the Cayman Islands. Golden Bridge Capital Holdings Limited is the general partner of CDG. Golden Bridge Capital Holdings Limited is a limited liability company incorporated under the laws of the Cayman Islands and specializes in industrials, TMT and healthcare sectors related investment.

### *2020 Share Transfer*

Jipintang	Jipintang Holding Co., Limited is a limited liability company duly incorporated and validly existing under the laws of the BVI. The ultimate beneficial owner of Jipintang is Wang Hong Phina (王紅).
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## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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### **Special Rights of the Pre-IPO Investors**

Pursuant to the Shareholders Agreement, the Pre-IPO Investors were granted certain special rights, including but not limited to information rights, divestment rights, pre-emptive rights, director nomination rights, veto rights for certain corporate actions and anti-dilution rights. All the special rights have been terminated or are expected to be exercised (with respect to share conversion right) or terminated upon the Listing in accordance with the Guidance on Pre-IPO investments (HKEX-GL43-12).

### **Public Float**

Shares held by the existing Shareholders other than Shanghai MicroPort will all be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules. Over 25% of our Company's total issued Shares with a market capitalization of substantially over HK\$375 million will be held by the public upon completion of the Global Offering in accordance with Rules 8.08(1)(a) and 18A.07, respectively, of the Listing Rules.

### **Compliance with Interim Guidance and Guidance Letters**

The Joint Sponsors are of the view that the Pre-IPO Investments are in compliance with the Interim Guidance on Pre-IPO Investments (HKEX-GL29-12) and the Guidance on Pre-IPO Investments (HKEX-GL43-12).

## **STRATEGIC INVESTMENTS**

### **ValCare and 4C Medical**

We have made strategic investments in ValCare and 4C Medical.

ValCare is a pre-revenue clinical-stage medical device company incorporated under the laws of the State of Delaware. It is mainly engaged in the research and development of mitral valve and tricuspid valve medical devices. According to the management accounts provided by ValCare, as of September 30, 2020, the total assets of ValCare were approximately US\$3,621,000.

4C Medical is a company incorporated under the laws of the State of Delaware. It is mainly engaged in the research and development of the mitral and tricuspid valve devices in the United States.

To closely follow the emerging technologies for the treatment of valvular heart disease, in addition to our in-house research and development efforts, we also evaluate the opportunities to invest in and collaborate with other medical device companies for in-licensing their products in China, during which we noticed such investment opportunities. After considering the technology, the product candidates, as well as the valuation of ValCare and 4C Medical, we were optimistic about their long-term performance and the future business development which we believe can achieve synergy with us. Therefore, we decided to invest in ValCare and 4C Medical. We consider that the product candidates of ValCare and 4C Medical can enable us to further enrich our product offerings in the significantly untapped TMV and TTV markets in China.

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## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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Save as disclosed in this prospectus, there is/was no current previous business relationship between our Company and/or MicroPort, on the one hand, and ValCare and 4C Medical, on the other hand.

In 2018, the R&D projects of ValCare and 4C Medical were at a preliminary stage. We considered that it would be beneficial to our Company to co-invest in ValCare and 4C Medical with passive financial investors. The reason was two-fold. Our Company could maintain a meaningful stake in them to command leverage in our commercial negotiation with them regarding the exclusive distribution rights in relation to their product candidates, namely Amend, Corona, Trivid and AltaValve, in China. For details on the distribution rights, please see the subsection headed “Business—Collaboration with Third Parties.” At the same time, we could preserve our financial resources for our in-house R&D projects, especially for VitaFlow™ and VitaFlow™ II. Our Company therefore approached certain institutional and individual investors who were experienced in equity investments in the medical device industry.

Mr. Shi Bo was one of such investors that our Company had approached. Mr. Shi Bo has extensive experience in investments in the medical devices industry. He expressed his interest in the investment opportunity and established Witney Global Limited (“**Witney Global**”) together with the other 12 investors with whom he was acquainted and who were also interested in investments in the sector. As of the Latest Practicable Date, to the best knowledge of our Company, Mr. Shi Bo was the ultimate beneficial owner of the largest shareholder of Witney Global, was an Independent Third Party and did not hold any position or interest in our Group. Save for the co-investments in ValCare and 4C Medical, there was no other historical or current relationship between Witney Global and our Group.

As of the Latest Practicable Date, Witney Global was primarily engaged in equity investment and investment holding businesses with an initial capital contribution of US\$11.9 million from its shareholders.

To the best knowledge of our Company, the shareholders of Witney Global are institutional and individual investors that are interested in investments in the medical device industry. Each of them is an Independent Third Party.

### **Investment in ValCare**

On September 5, 2018, MP CardioFlow entered into a stock purchase agreement (the “**2018 ValCare Agreement**”) with ValCare and other investors. Under the 2018 ValCare Agreement, MP CardioFlow agreed to, through an entity designated by it, subscribe 34,176,350 preferred D shares of ValCare.

On February 26, 2019, an entity designated by MP CardioFlow, Rose Emblem Ltd. (“**Rose Emblem**”), subscribed 34,176,350 preferred D shares of ValCare at a consideration of US\$10,000,000 pursuant to the 2018 ValCare Agreement. Rose Emblem is owned as to 51% by MP CardioFlow and as to 49% by Witney Global. The consideration was fully settled in cash in July 2019. An additional 1,121,920 preferred D shares of ValCare were subsequently issued to Rose Emblem as adjustment shares pursuant to the 2018 ValCare Agreement. As of the Latest Practicable Date, Rose Emblem was the third largest shareholder of ValCare holding approximately 13.1% of its total outstanding shares. The other shareholders of ValCare mainly consisted of its management team and



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## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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other financial and strategic investors. Each of the shareholders of ValCare (including its single largest shareholder) is an Independent Third Party.

As the board resolutions of Rose Emblem require the approval of both our Company and Witney Global, our investment in Rose Emblem is classified as a joint venture, and is accounted for under the equity method in our consolidated financial statements. For details of the accounting treatment of our equity interests in Rose Emblem, see Note 13 to the Accountants' Report in Appendix I to this prospectus.

Our Company proposes to make the Investment (that is, a further investment of US\$819,377 in ValCare by the Company) subsequent to the Latest Practicable Date. The amount for the Investment was determined after commercial arm's length negotiations, taking into account factors including market dynamics and the capital required for the research and development plan of ValCare. The Investment is part of the capital contribution plan among the existing shareholders of ValCare, namely SAFE (Simple Agreement for Future Equity). The main purpose of the plan is to finance the on-going research and development projects of ValCare. Under the SAFE arrangement, we will not be entitled to any additional equity interest in ValCare upon completion of the Investment. The amount for the Investment will be treated as the prepayment of the investment amount in the next round of financing by ValCare. The timing and scale of the next round of financing has not been determined. Given that our Company had not entered into any legally binding agreement for the Investment as of the Latest Practicable Date, the terms of the Investment are subject to change. Currently, save as disclosed in this section, our Company does not have a definite plan for further investments in ValCare. We will take into consideration, among others, the valuation of ValCare and the phased results of its research and development results in determining whether to participate in any future follow-on investment opportunities in ValCare and the investment amount. Our Company's investment in ValCare was mainly driven by the business synergy and the clinical collaborations in relation to its products, namely Amend, Corona and Trivid. We do not expect to dispose of our equity interests in ValCare for financial returns in the short term.

### **Investment in 4C Medical**

In September 2018, MP CardioFlow and Witney Global entered into a subscription and shareholders agreement with 4C Medical. Under the agreement, Derryhill Global Limited, a wholly-owned subsidiary of our Company, and Witney Global acquired 2,830,189 shares of series A preferred stock and 3,301,887 shares of series A preferred stock of 4C Medical at a consideration of US\$6,000,000 and US\$7,000,000, respectively. The consideration was determined between the parties after arm's length negotiation with reference to the valuation of comparable private companies developing mitral valve technologies. The consideration was fully settled in cash in May 2019.

In September 2019, Derryhill Global Limited entered into a stock purchase agreement with 4C Medical. Under the agreement, Derryhill Global Limited acquired an additional 414,937 shares of series B preferred stock of 4C Medical at a consideration of US\$1,000,000. The consideration was fully settled in cash in November 2019.

As of the Latest Practicable Date, Witney Global and Derryhill Global Limited were the second and third largest shareholders of 4C Medical holding approximately 12.6% and 12.4% of its total outstanding shares, respectively. The other shareholders of 4C Medical mainly consisted of its management team and a Canada-based investment firm. Each of them is an Independent Third Party.

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## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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### Put Option Granted to Witney Global

The shareholders of Witney Global were mainly passive financial investors. Their investment decisions regarding ValCare and 4C Medical were made primarily based on our evaluation of the research and development projects undertaken by ValCare and 4C Medical given our technical expertise and industrial experience. It is very common for financial investors to require certain investment protection in their investments. We therefore agreed to grant a put option to Witney Global (the “**Witney Put Option**”) as an incentive for its participation in the co-investments in ValCare and 4C Medical with us.

In January 2019, MP CardioFlow recorded the arrangement in a put option right agreement (the “**Put Option Agreement**”) with Witney Global.

Under the Witney Put Option, upon the occurrence of certain events set out in the Put Option Agreement, including (i) any of the clinical trial primary endpoint(s) stated in the early feasibility study protocol of 4C Medical and final clinical trial protocol of ValCare and 4C Medical submitted to the relevant authority is not achieved; (ii) if a qualified exit (sales of the equity interests in ValCare or 4C Medical (as applicable) held by Witney Global to a third party at a price no less than three times of the original purchase price of ValCare and 4C Medical) has not occurred before the fifth anniversary of closing of investments in ValCare or 4C Medical (as applicable); and (iii) if MP CardioFlow materially breaches any definitive transaction documents relating to investment in ValCare or 4C Medical (as applicable), Witney Global has the right to require our Group to purchase any or all of the investments in ValCare and 4C Medical at a price equal to the original purchase price plus interests at the 3-month London Interbank Offered Rate in US\$ plus 1% (the “**Put Price**”). If our Group fails to purchase the interest in ValCare and 4C Medical held by Witney Global pursuant to the Witney Put Option, Witney Global shall be free to sell, transfer or otherwise dispose of any or all of such unpurchased interest, provided, however, that our Group shall remain obligated to pay to Witney Global the shortfall between the Put Price and the sale proceeds received by Witney Global, and any late payment charge due thereon in accordance with the Put Option Agreement. The Company recognized the Witney Put Option as a derivative financial liability. As at July 31, 2020, the fair value of the Witney Put Option is RMB14.5 million. For details of the accounting treatment of the Witney Put Option, see Note 24 to the Accountants’ Report in Appendix I to this prospectus. As of the Latest Practicable Date, we had not received any notice from Witney Global for exercising the Witney Put Option.

Save as disclosed above, during the Track Record Period and until the Latest Practicable Date, we did not conduct any acquisitions, disposals or mergers that we consider to be material to us.

### ADOPTION OF THE SHARE OPTION SCHEME

In recognition of the contributions of persons who have contributed or will contribute to the development of our Group and to incentivize them to further promote our development, our Company adopted the Share Option Scheme on March 13, 2020. For details and principal terms of the Share option scheme, see “Appendix IV—Statutory and General Information—D. Share Option Scheme” to this prospectus.

As of the Latest Practicable Date, options to subscribe for an aggregate of 71,908,940 Shares (as adjusted after the Share Subdivision), representing an aggregate of 3.04% of the total issued share capital of our Company immediately following the Global Offering (assuming the Over-allotment

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## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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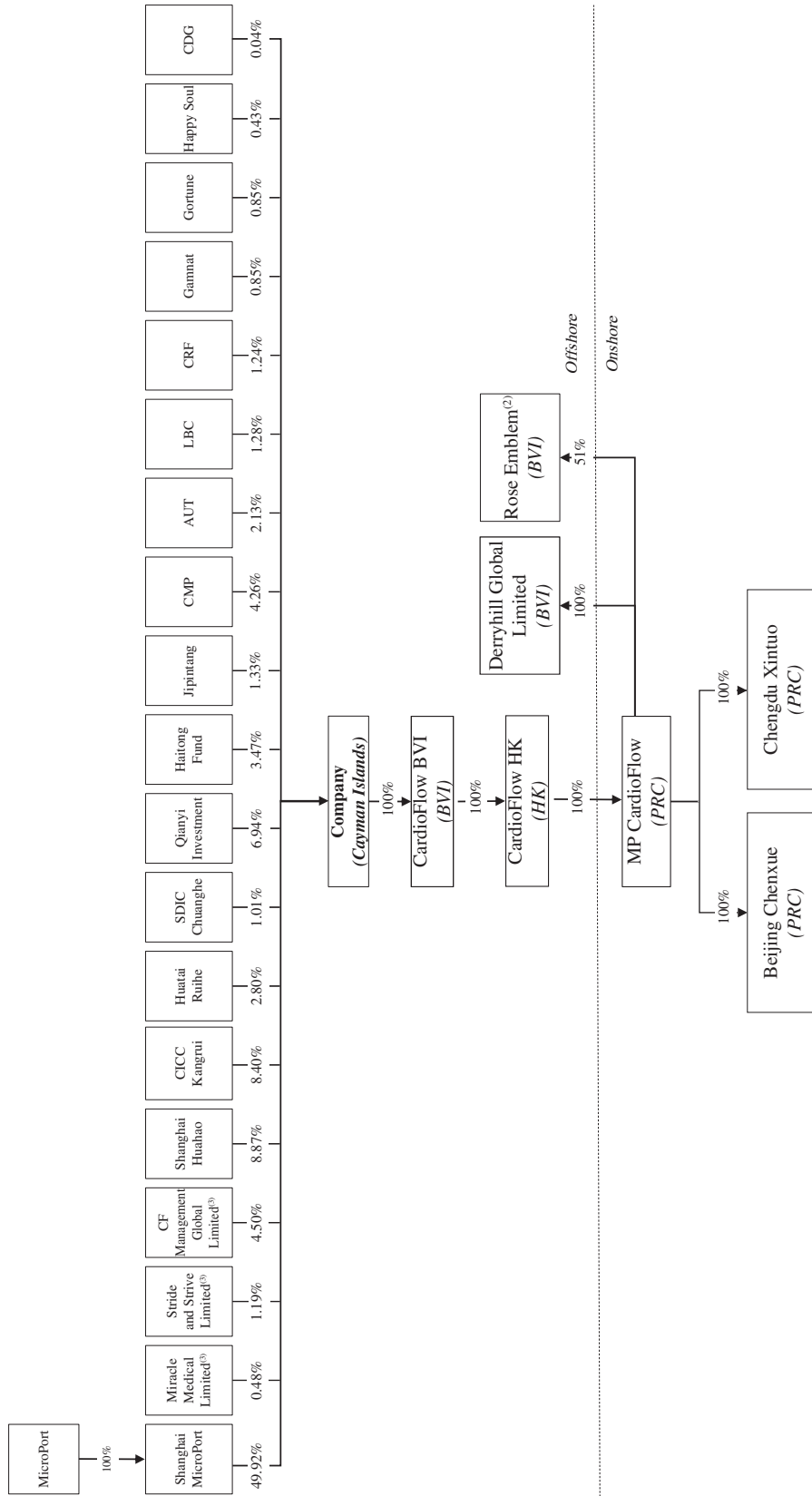
Option is not exercised), had been granted to 168 grantees under the Share Option Scheme. None of the grantees exercised the options under the Share Option Scheme as of the Latest Practicable Date.

### SHARE SUBDIVISION AND SHARE CONVERSION

On January 15, 2021, we conducted the Share Subdivision pursuant to which each share in our issued and unissued share capital was subdivided into twenty shares of the corresponding class with par value US\$0.000005 each, following which our issued share capital consisted of (i) 1,211,888,700 Shares with par value of US\$0.000005 each, (ii) 484,247,660 Series B Preferred Shares with par value of US\$0.000005 each, (iii) 225,000,000 Series C Preferred Shares with par value of US\$0.000005 each, and (iv) 239,410,660 Series D Preferred Shares with par value of US\$0.000005 each. Each Preferred Share will be converted to one Share upon the Global Offering becoming unconditional.

SHAREHOLDING AND CORPORATE STRUCTURE

After the Restructuring, the Pre-IPO Investments, the Series D Adjustment and immediately before the Global Offering<sup>(1)</sup>



Notes:

(1) Based on the assumption that all Preferred Shares will be converted into Shares on a 1:1 basis on the Listing Date and without taking into account any Shares to be issued upon the exercise of share options under the Share Option Scheme.

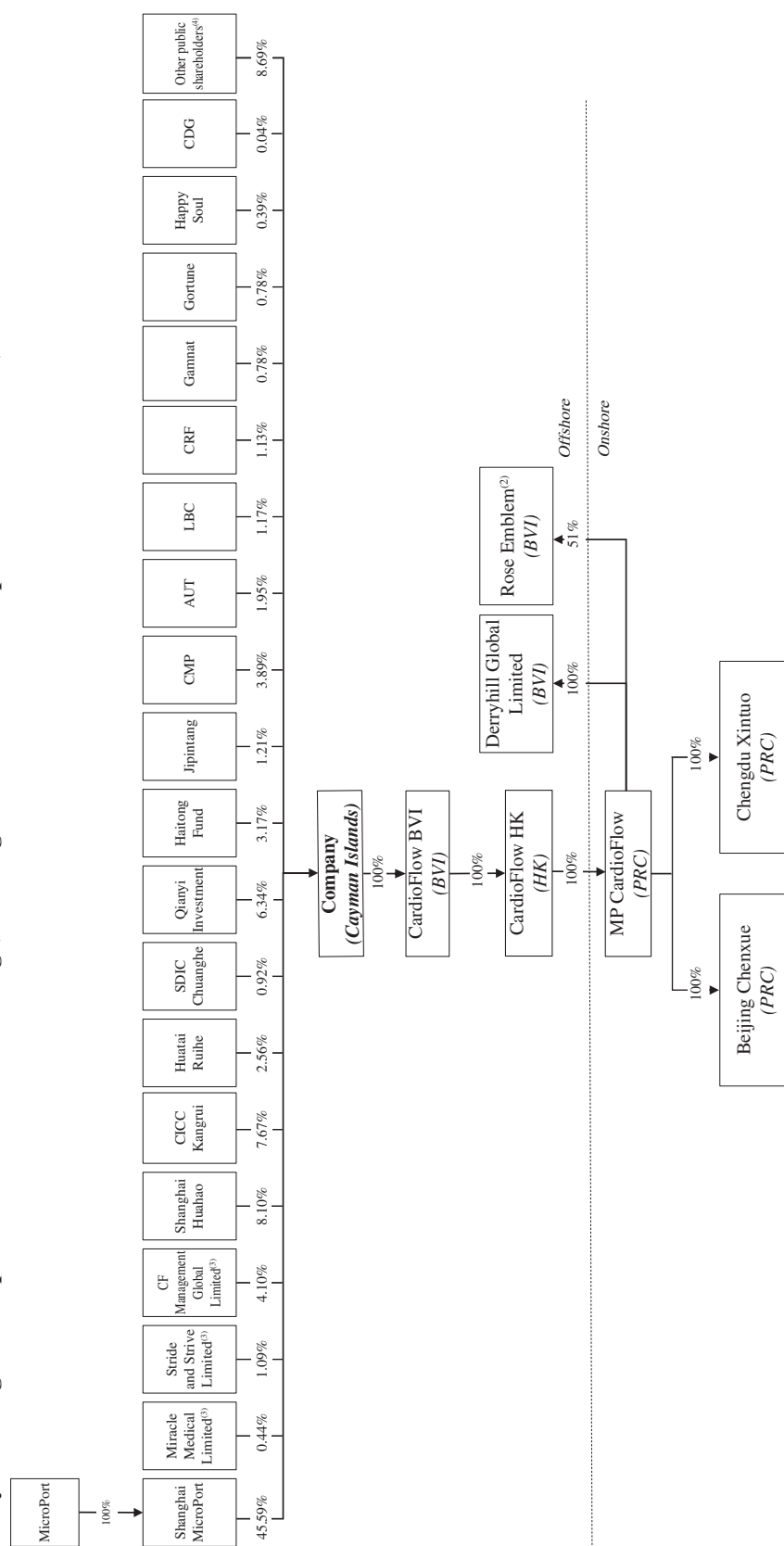
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## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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- (2) Rose Emblem is accounted for as a joint venture of our Company under the equity method. For details of the accounting treatment of our equity interests in Rose Emblem, see Note 13 to the Accountants' Report in Appendix I to this prospectus.
- (3) Each of CF Management Global Limited, Miracle Medical Limited and Stride and Strive Limited is a Chenxue Shareholding Platform or a wholly-owned subsidiary of a Chenxue Shareholding Platform.

## Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised)<sup>(1)</sup>



**Notes:**

- (1) Based on the assumption that all Preferred Shares will be converted into Shares on a 1:1 basis on the Listing Date and without taking into account any Shares to be issued upon the exercise of share options under the Share Option Scheme.
- (2) Rose Emblem is accounted for as a joint venture of our Company under the equity method. For details of the accounting treatment of our equity interests in Rose Emblem, see Note 13 to the Accountants' Report in Appendix I to this prospectus.
- (3) Each of CF Management Global Limited, Miracle Medical Limited and Stride and Strive Limited is a Chenxue Shareholding Platform or a wholly-owned subsidiary of a Chenxue Shareholding Platform.
- (4) Taking into account the subscription of Offer Shares by certain existing Shareholders or their close associates, each as pursuant to the cornerstone investment agreement as further described under the section headed "Cornerstone Investors" in this prospectus.

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## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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### SPIN-OFF OF OUR GROUP FROM MICROPORT

MicroPort considers that the spin-off and separate listing of our Group will be commercially beneficial to MicroPort, our Company and our Shareholders as a whole for the following reasons:

- (a) the Spin-off will unlock value of our Company which is at a fast-growing stage and provide MicroPort and its shareholders an opportunity to realize the value of their investments in our Group under a separate standalone platform for our Group's business;
- (b) the Spin-off will separate our Group's business from the Retained MicroPort Group's business. Such separation will enable shareholders and investors to appraise the strategies, success factors, functional exposure, risks and returns of our Group and the MicroPort Group separately and to make or refine their investment decisions accordingly. Investors will have the choice to invest in either one or all of the businesses of our Group or the Retained MicroPort Group;
- (c) the Spin-off will enable our Group to build our identity as a separately listed group, to have a separate fund-raising platform and to broaden our investor base. Given the nature of our Group's business, our R&D costs are relatively high and it takes time for the products of our Group to complete clinical trials before they are commercialized and start to generate revenue. The Spin-off would allow our Group to gain direct access to capital markets for equity and/or debt financing to fund our existing operations and future expansion without reliance on MicroPort, thereby accelerating our expansion, and improving our operating and financial management efficiencies, which in turn will provide better return to our Shareholders;
- (d) the Spin-off will enable our Group to enhance our corporate profile, thereby increasing our ability to attract strategic investors for making investment in and forming strategic partnerships directly with us, which could provide synergy for our Group. The Retained MicroPort Group will also benefit from such investments without further capital commitment;
- (e) the Spin-off will increase the operational and financial transparency of and improve the corporate governance of our Company thereby providing the Shareholders and investors with greater clarity on the businesses and financial status of our Group on a standalone basis, as well as helping to build investor confidence in forming investment decisions based on their assessment of the performance, management, strategy, risks and returns of our Group; and
- (f) the Spin-off will enable more focused development, strategic planning and better allocation of resources for the Retained MicroPort Group and our Group with respect to their and our respective businesses. Both the Retained MicroPort Group and our Group will benefit from the efficient decision-making process under the separate management structure for seizing emerging business opportunities, especially with a dedicated management team for our Group to focus on our development. In addition, the Spin-off will improve the ability of our Group to recruit, motivate and retain key management personnel.

The Spin-off, if it proceeds, will not constitute a discloseable transaction for MicroPort under the Listing Rules.

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## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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The proposal in relation to the Spin-off was submitted by MicroPort to the Stock Exchange for approval pursuant to Practice Note 15 of the Listing Rules (the “**Practice Note 15**”), and the Stock Exchange has confirmed that MicroPort may proceed with the Spin-off. Practice Note 15 requires MicroPort to have due regard to the interests of its existing shareholders by providing them with an Assured Entitlement to the Shares, either by way of a distribution in specie of existing Shares or by way of a preferred application in the offering of existing or new Shares (the “**Assured Entitlement**”). Practice Note 15 provides that the respective minority shareholders of MicroPort may by resolution in general meeting resolve to waive the Assured Entitlement. MicroPort will provide the Assured Entitlement to the Qualifying MicroPort Shareholders by way of the Preferential Offering. See “Structure of the Global Offering” for further details of the Preferential Offering.

### PRC REGULATORY REQUIREMENTS

As confirmed by our PRC Legal Advisers, we have obtained and completed all necessary approvals, registrations and/or procedures in all material aspects required by the relevant PRC regulatory authorities in respect of the steps of the Restructuring in relation to our PRC subsidiary, as described above.

According to the Regulations on Merger with and Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the “**M&A Rules**”) jointly issued by the MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, the SAT, the China Securities Regulatory Commission (the “**CSRC**”), the SAIC and the SAFE on August 8, 2006, as amended on June 22, 2009, a foreign investor is required to obtain necessary approvals when it (i) acquires the equity of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise, (ii) subscribes for the increased capital of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise, (iii) establishes a foreign-invested enterprise through which it purchases the assets of a domestic enterprise and operates these assets, or (iv) purchases the assets of a domestic enterprise, and then invests such assets to establish a foreign-invested enterprise.

Article 11 of the M&A Rules regulates “affiliated mergers”, which refers to the circumstance where a domestic company or enterprise or a domestic natural person, through an overseas company established or controlled by it/him, acquires a domestic company which is related to or connected with it/him, and an approval from MOFCOM is required.

The MOFCOM promulgated the Interim Measures for the Administration of the Recordation of the Establishment and Change of Foreign-invested Enterprises (the “**Recording Measures**”) on October 8, 2016 and updated on June 29, 2018. According to the “Recording Measures”, where a non-foreign-invested enterprise changes into a foreign-invested enterprise due to acquisition, consolidation by merger or otherwise, which is subject to record-filing as stipulated in the Recording Measures, it shall file and submit the record-filing information on the incorporation of foreign-invested enterprises simultaneously while going through the registration procedures for incorporation with the competent administrations for industry and commerce and market supervision.

Our PRC Legal Advisers are of the opinion that (i) the acquisition of 72.33% equity interests in MP CardioFlow by MicroPort HK, as a result of which MP CardioFlow was converted into a sino-foreign joint venture company, is subject to the M&A Rules and the Recording Measures, and MP



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## HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

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CardioFlow has obtained the record-filing receipt for the incorporation of foreign-invested enterprises(外商投資企業設立備案回執) and the new business license for the conversion of MP CardioFlow into a sino-foreign joint venture company pursuant to the M&A Rules and the Recording Measures, (ii) since MP CardioFlow changed into a Sino-foreign joint venture, MicroPort HK's acquisition of the remaining 27.67% equity interests in MP CardioFlow is not subject to the M&A Rules and subject to the Several Provisions on the Change of Investor Equity of Foreign-invested Enterprises, the Recording Measures and other relevant regulations, and MP CardioFlow has obtained the record-filing receipt for the change of foreign-invested enterprises (外商投資企業變更備案回執) and the new business license in accordance with the Recording Measures and relevant laws and regulations.

Pursuant to the Circular 37 promulgated by SAFE and which became effective on July 4, 2014, (a) a PRC resident must register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle (the “**Overseas SPV**”) that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing, and (b) following the initial registration, the PRC resident is also required to register with the local SAFE branch for any major change, in respect of the Overseas SPV, including, among other things, a change of the Overseas SPV's PRC resident shareholder(s), the name of the Overseas SPV, terms of operation, or any increase or reduction of the Overseas SPV's capital, share transfer or swap, and merger or division.

Pursuant to the Circular of SAFE on Further Simplification and Improvement in Foreign Exchange Administration on Direct Investment (國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知) (the “**SAFE Circular No. 13**”), promulgated by SAFE and which became effective on June 1, 2015, the power to accept SAFE registration was delegated from local SAFE to local banks where the assets or interest in the domestic entity are located.

According to the Foreign Exchange Registration Form for Overseas Investment of Domestic Individual Residents and the Business Registration Certificate filled in by Chen Guoming and other 74 PRC Individual Residents (as defined under the applicable provisions under the Circular 37) and stamped and confirmed by Ping An Bank Co., Ltd. Beijing Huayuan Road Sub-branch on May 5, 2019, as advised by our PRC Legal Advisers, Chen Guoming and other 74 PRC Individual Residents have completed the registration under the Circular 37 as of May 2019.