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## **MICROPORT CARDIOFLOW MEDTECH CORPORATION**

**微创心通医疗科技有限公司**

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

**(Stock Code: 2160)**

# **CONNECTED TRANSACTION PROPOSED FORMATION OF JOINT VENTURE**

## **PROPOSED FORMATION OF JOINT VENTURE**

The Board is pleased to announce that on May 24, 2021 (after trading hours), Shanghai CardioFlow, a wholly-owned subsidiary of the Company, has entered into the Joint Venture Agreement with Milford Haven and Pingzhi Partnership in relation to the proposed formation of the Joint Venture. The total registered share capital of the Joint Venture will be RMB50.0 million, of which Milford Haven will make a capital contribution of RMB25.0 million, Shanghai CardioFlow will make a capital contribution of RMB17.5 million and Pingzhi Partnership will make a capital contribution of RMB7.5 million accounting for 50%, 35% and 15% of the total registered capital of the Joint Venture respectively.

Upon formation of the Joint Venture, it will be owned as to 50%, 35% and 15% by Milford Haven, Shanghai CardioFlow and Pingzhi Partnership, respectively, and will not be a subsidiary of the Company. The investment in the Joint Venture will be accounted for under the equity method in the consolidated financial statements of the Company.

## **TERMS OF THE JOINT VENTURE AGREEMENT**

The principal terms of the Joint Venture Agreement are as follows:

- Date: May 24, 2021 (after trading hours)
- Parties:
- (1) Shanghai CardioFlow;
  - (2) Milford Haven; and
  - (3) Pingzhi Partnership

Capital contribution:

<b>Parties</b>	<b>Capital Contribution (RMB million)</b>	<b>Shareholding Percentage</b>
Milford Haven	25.0	50%
Shanghai CardioFlow	17.5	35%
Pingzhi Partnership	7.5	15%
<b>Total</b>	<b>50.0</b>	<b>100%</b>

The registered capital of the Joint Venture will be RMB50 million. Each of Shanghai CardioFlow, Milford Haven and Pingzhi Partnership shall pay their respective capital contribution in accordance with the shareholding percentage in cash within five years after the formation of the Joint Venture and in accordance with the progress of the development of the Project (as defined below) and the applicable laws and regulations. The Company believes that such payment arrangement will not affect the operation of the Joint Venture. The shares in the Joint Venture will rank pari passu in all respects amongst themselves.

The amount of the capital contributions RMB50 million under the Joint Venture Agreement was determined after arm's length negotiations among the parties, taking into account various factors, including the nature of the business, the demand for working capital and future development plans of the Joint Venture. Shanghai CardioFlow's share of the total investment is approximately RMB17.5 million, which shall be funded by its internal resources.

Purpose:

Based on the principles of equality and mutual benefit, mutual cooperation, mutual support and mutual development, Shanghai CardioFlow, Milford Haven and Pingzhi Partnership agreed to establish the Joint Venture for the purpose of participating in the research and development of an embolic protection device (the "**Project**").

Scope of business  
of the Joint Venture:

Subject to the approval by the relevant market supervision and administration authority, the scope of business of the Joint Venture shall principally be business of category III medical device; technology development in the field of medical technology (except for the development and application of human stem cells, gene diagnosis and treatment technology), technology transfer, provision of related technical consultation and technical services; sales of category I medical device; sales of category II medical device; consulting services (excluding the same requiring permission); import and export of goods.

Registered office  
of the Joint Venture:

Room 1502, 15/F, Building 1, No. 1601 Zhangdong Road, Zhangjiang Hi-Tech Park, Pudong New District, Shanghai, PRC

Composition of the board of directors of the Joint Venture:	The board of directors of the Joint Venture shall comprise three directors. Each of Shanghai CardioFlow, Milford Haven and Pingzhi Partnership is entitled to nominate one director.
Profit distribution arrangement:	Pursuant to the Joint Venture Agreement, the Shanghai CardioFlow, Milford Haven and Pingzhi Partnership shall share the profits of the Joint Venture in proportion to their respective shareholdings in the Joint Venture.

## **REASONS FOR AND BENEFITS OF FORMATION OF JOINT VENTURE**

The Company is optimistic about the future business development of embolic protection devices which the Company believes can enable the Company to further enrich its product offerings and achieve synergy with its in-house product portfolios. The entering into of the Joint Venture Agreement and the formation of the Joint Venture thereunder will facilitate the coordination of resources (including, without limitation, the experience in research and development and regulatory filings, supply chain and marketing and manufacturing capabilities) of MicroPort, our Company and relevant employees and the development of the Project. In addition, the formation of the Joint Venture can align the interests of the relevant employees with the Joint Venture in order to motivate them to strive for the future development of the Project.

The Directors (including the independent non-executive Directors) consider that the proposed formation of the Joint Venture is in the ordinary course of business of the Group, the terms of the Joint Venture Agreement are fair and reasonable and on normal commercial terms, and the proposed formation of the Joint Venture thereunder is in the interests of the Company and its Shareholders as a whole.

Each of Dr. Luo Qiyi (羅七一), Mr. Zhang Junjie (張俊傑) and Mr. Jonathan H. Chou (周嘉鴻), who holds positions in the MicroPort Group (other than the Group), has abstained from approving the relevant board resolutions on the proposed formation of the Joint Venture. Save as disclosed above, none of the other Directors had any interest in the proposed formation of the Joint Venture and therefore no other Directors abstained from voting on the relevant resolutions of the Board in respect of the proposed formation of the Joint Venture.

## **LISTING RULES IMPLICATIONS**

As of the date of this announcement, Milford Haven is a wholly-owned subsidiary of MicroPort, the controlling shareholder of the Company, and is therefore a connected person of the Company under the Listing Rules. Accordingly, the formation of the Joint Venture will constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Group's total contribution to the Joint Venture under the Joint Venture Agreement exceeds 0.1% but is less than 5%, the formation of the Joint Venture is subject to the reporting and announcement requirements, but exempt from the circular, independent financial advice and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## GENERAL INFORMATION

The Company is a medical device company in China focusing on the research, development and commercialization of innovative transcatheter and surgical solutions for valvular heart diseases. Shanghai CardioFlow is a limited liability company established in the PRC and is a wholly-owned subsidiary of the Company. It is principally engaged in the manufacture, distribution, research and development of heart valve devices.

Milford Haven is a wholly-owned subsidiary of MicroPort and is principally engaged in investment holding.

Pingzhi Partnership is a limited partnership established in the PRC functioned as the employee shareholding platform of the Joint Venture. Pingzhi Partnership's share of the total investment in the Joint Venture will be funded by the relevant employees' capital contribution. The general partner of Pingzhi Partnership is Mr. Li Hongwei ( 李宏衛 ), currently an employee of MicroPort and a core member of the Project. The limited partners of Pingzhi Partnership are currently employees of MicroPort Group and the Group who are involved in the Project. To the best information, knowledge and belief of the Directors, having made reasonable enquiry, Pingzhi Partnership and Mr. Li Hongwei are not connected persons of the Company.

## DEFINITIONS

In this announcement, unless the context otherwise requires, capitalized terms used shall have the following meanings:

“Board”	the board of Directors of the Company
“Company”	MicroPort CardioFlow Medtech Corporation ( 微创心通医疗科技有限公司 ), a company with limited liability incorporated under the laws of the Cayman Islands on January 10, 2019
“connected person”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Joint Venture Agreement”	the joint venture agreement entered into between Shanghai CardioFlow, Milford Haven and Pingzhi Partnership on May 24, 2021 in relation to the proposed formation of the Joint Venture, details of which are disclosed in this announcement
“Joint Venture”	Shanghai MicroPort Shield Medtech Co., Ltd. ( 上海微盾醫療科技有限公司 ), the joint venture to be formed pursuant to the Joint Venture Agreement

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“MicroPort”	MicroPort Scientific Corporation (微創醫療科學有限公司), an exempted company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange (stock code: 00853)
“MicroPort Group”	MicroPort and its subsidiaries
“Milford Haven”	Milford Haven Global Limited, a limited liability company incorporated in the British Virgin Islands and a wholly-owned subsidiary of MicroPort
“Pingzhi Partnership”	Shanghai Pingzhi Enterprise Management Consulting Center (Limited Partnership) (上海屏至企業管理諮詢中心(有限合夥)), a limited partnership established in the PRC
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai CardioFlow”	Shanghai MicroPort CardioFlow Medtech Co., Ltd. (上海微創心通醫療科技有限公司), a limited liability company established in the PRC on May 21, 2015 and a wholly-owned subsidiary of our Company
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By order of the Board of Directors  
**MicroPort CardioFlow Medtech Corporation**  
**Luo Qiyi**  
*Chairman*

Shanghai, PRC, May 24, 2021

*As of the date of this announcement, the executive Directors are Mr. Chen Guoming, Ms. Yan Luying and Mr. Wu Guojia, the non-executive Directors are Dr. Luo Qiyi, Mr. Zhang Junjie and Ms. Wu Xia, and the independent non-executive Directors are Mr. Jonathan H. Chou, Dr. Jiang Hualiang and Ms. Sun Zhixiang.*