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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)

CONTINUING CONNECTED TRANSACTION IN RELATION TO 2024 MP CARDIOADVENT SERVICE PROCUREMENT FRAMEWORK AGREEMENT

CONTINUING CONNECTED TRANSACTION

On April 15, 2024, the Company (for itself and on behalf of its subsidiaries, joint ventures and associates, excluding MP CardioAdvent) entered into the 2024 MP CardioAdvent Service Procurement Framework Agreement with MP CardioAdvent for a period from the date of the 2024 MP CardioAdvent Service Procurement Framework Agreement to December 31, 2025 (both days inclusive), pursuant to which, MP CardioAdvent will procure certain Services (as defined below) from the Company and its subsidiaries, joint ventures and associates excluding MP CardioAdvent.

LISTING RULES IMPLICATIONS

As of the date of the 2024 MP CardioAdvent Service Procurement Framework Agreement, (i) the Company and MicroPort®, indirectly held approximately 51.00% and 35.27% of the equity interest in MP CardioAdvent through their subsidiaries, respectively; and (ii) MicroPort®, through its wholly-owned subsidiary Shanghai MicroPort Limited, was indirectly interested in approximately 46.13% of the total issued Share capital of the Company and hence is a controlling shareholder of the Company and a connected person of the Company at the issuer level for the purpose of Chapter 14A of the Listing Rules. Therefore, MP CardioAdvent is a connected subsidiary of the Company and the entering into of the 2024 MP CardioAdvent Service Procurement Framework Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (other than the profit ratio) calculated for the purpose of Chapter 14A of the Listing Rules exceeds 0.1% but less than 5%, the transactions contemplated under the 2024 MP CardioAdvent Service Procurement Framework Agreement are subject to the reporting, announcement and annual review requirements but are exempt from the circular (including the appointment of an independent financial adviser) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

2024 MP CARDIOADVENT SERVICE PROCUREMENT FRAMEWORK AGREEMENT

The principal terms of the 2024 MP CardioAdvent Service Procurement Framework Agreement are summarized as follows:

Date	April 15, 2024
Parties	(1) the Company (for itself and on behalf of its subsidiaries, joint ventures and associates, excluding MP CardioAdvent); and (2) MP CardioAdvent
Duration	From the date of the 2024 MP CardioAdvent Service Procurement Framework Agreement to December 31, 2025 (both dates inclusive).
Nature of the Transactions	MP CardioAdvent will procure certain supporting services for its R&D and commercialization activities, such as technical services, registration, clinical trials, quality control, supply chain and sales promotion, from the Company and its subsidiaries, joint ventures and associates, excluding MP CardioAdvent (the “ Services ”).
Payment Terms	Payment arrangements will be negotiated by the parties and stated in individual implementation agreements.

Pricing Policy

The Service fees to be charged by the Company under the 2024 MP CardioAdvent Service Procurement Framework Agreement will be determined through arm's length negotiation between the parties with reference to (i) the expected costs for delivering the Services, including but not limited to, the labor and consumables costs; (ii) the nature, complexity, and value of the tasks, the quantity of materials, and the mode of procurement and transportation under each work order; (iii) the Service fees charged for the comparable historical transactions of similar nature by the Company, if available; and (iv) the prevailing market price of similar services on comparable supply conditions and technical specifications based on the collection and comparison of similar fee quotes for relevant services from other third-party suppliers, if available.

Implementation Agreements

The parties under the 2024 MP CardioAdvent Service Procurement Framework Agreement will enter into, from time to time and as necessary, individual implementation agreements to set out the specific terms and conditions in respect of the procurement of certain Services thereunder. Any such implementation agreements will be within the ambit of the 2024 MP CardioAdvent Service Procurement Framework Agreement and shall not contravene the provisions of the 2024 MP CardioAdvent Service Procurement Framework Agreement.

HISTORICAL TRANSACTION AMOUNT

There was no historical amount of the procurement of relevant supporting services by MP CardioAdvent from the Company.

ANNUAL CAPS AND BASIS OF DETERMINATION

The proposed annual caps for the transactions contemplated under the 2024 MP CardioAdvent Service Procurement Framework Agreement are set out below:

	2024	2025
Proposed Annual Cap (<i>RMB in million</i>)	10.0	16.0

The proposed annual caps for the transactions contemplated under the 2024 MP CardioAdvent Service Procurement Framework Agreement were determined with reference to (i) the anticipated increase in demand for specific services aligned with ongoing R&D activities, as well as the sales expansion and commercialization advancements of MP CardioAdvent's product offerings and candidates; (ii) the Company's capacity for service supply; and (iii) the estimated costs including but not limited to the labor, consumables and material costs to be incurred by the Company for providing such Services.

REASONS FOR BENEFITS OF THE TRANSACTIONS

MP CardioAdvent became a subsidiary of the Company following the Company's acquisition of 51% equity interest in MP CardioAdvent in January 2024. For details, please refer to the announcement of the Company dated January 1, 2024. As the R&D activities of MP CardioAdvent and the commercialization of its products involve a significant volume of confidential and sensitive information, provision of the Services within the Group will ensure such information is effectively safeguarded and well-protected. In addition, the internal provision of the Services is expected to create synergistic effects and enhance collaborative efforts, allowing for more effective resource consolidation, improved cost management, and increased operational efficiency, which is expected to contribute to the overall performance enhancement of the Group. Moreover, compared to other third-party suppliers, the Company has a better understanding of MP CardioAdvent's products and product candidates and is more familiar with MP CardioAdvent's specific requirements and expectations. This intrinsic knowledge leads to reduced communication costs, the accumulation of specialized expertise in service provision, and consistently high-quality service delivery to MP CardioAdvent.

The Directors (including the independent non-executive Directors) are of the view that the terms of the 2024 MP CardioAdvent Service Procurement Framework Agreement (including the proposed annual caps thereof) and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole.

INFORMATION OF THE PARTIES

The Company is a medical device company focusing on the R&D and commercialization of innovative transcatheter and surgical solutions for structural heart diseases. The Company is dedicated to providing universal access to state-of-the-art total solutions to physicians and patients for the treatment of structural heart diseases. The Group is a medical device group primarily focusing on the R&D, manufacturing and sale of medical devices treating structural heart diseases.

MP CardioAdvent is a limited liability company established in the PRC on September 10, 2019, and as of the date of this announcement, approximately 51.00%, 35.27% and 13.73% of its equity interest is held by MP CardioFlow, MicroPort Sinica and Shanghai Zuoqing. MP CardioFlow is the principal operating subsidiary of our Group through which the Group conducted our business primarily. Therefore, MP CardioAdvent is a subsidiary of the Company. MicroPort Sinica is a company established in the PRC with limited liability wholly owned by MicroPort®. Shanghai Zuoqing is a limited partnership established in the PRC and an employee shareholding platform of MP CardioAdvent. Each of the partners of Shanghai Zuoqing is an employee of MP CardioAdvent or the Retained MicroPort® Group and an Independent Third Party of the Company as of the date of this announcement.

MP CardioAdvent is a high-tech medical device company focusing on the R&D and commercialization of medical devices in the field of left atrial appendage, which falls within the range of structural heart diseases.

INTERNAL CONTROL POLICIES

In order to ensure that the transactions contemplated under the 2024 MP CardioAdvent Service Procurement Framework Agreement will be conducted on normal commercial terms or better, the Group has adopted the following measures:

- (i) the Company has formulated internal guidelines for connected transactions based on the applicable requirements under the Listing Rules to meet the management requirements of the Stock Exchange in relation to connected transactions, which further clarifies the duties of each functional department with respect to the connected transactions so as to ensure that all the connected transactions of the Company are effectively monitored and supervised and all relevant connected transactions are in the interests of the Company and the Shareholders as a whole;

- (ii) the internal audit department of the Group will supervise and monitor the individual agreements to be entered into between the Group (excluding MP CardioAdvent), its joint ventures and associates and MP CardioAdvent to ensure that they will be entered into in accordance with the pricing policy under the 2024 MP CardioAdvent Service Procurement Framework Agreement and the prices under the individual agreements are fair and reasonable and are in the interest of our Company and our Shareholders as a whole;
- (iii) the finance department of the Group (the “**Finance Department**”) will constantly research into prevailing market conditions and practices, so as to ensure that the prices provided by the Group (excluding MP CardioAdvent), its joint ventures and associates are fair and reasonable, and are determined on normal commercial terms;
- (iv) the Group will comply with the annual review requirements in respect of the transactions contemplated under the 2024 MP CardioAdvent Service Procurement Framework Agreement in accordance with Chapter 14A of the Listing Rules, such as engaging the Company’s auditor to conduct annual review and having the independent non-executive Directors to review the transactions contemplated under such agreements and give opinions/confirmations in the Company’s annual reports in accordance with Chapter 14A of the Listing Rules;
- (v) the Board and securities affairs department of the Company will arrange internal trainings for the senior management of the Group and responsible staff on the compliance requirements for continuing connected transactions;
- (vi) the Finance Department will monitor the transaction amount under the 2024 MP CardioAdvent Service Procurement Framework Agreement by preparing designated management accounts for the continuing connected transactions therein on a half-yearly basis to make sure that the actual contract amount do not exceed the relevant annual caps, if applicable. If it is expected that the transaction amount of any continuing connected transaction that is or will be incurred in the financial year will reach or exceed the relevant annual caps, the Finance Department shall report to the management and consider the measures to be taken to ensure that the requirements under the Listing Rules are complied with. The Company will re-comply with the requirements of the Listing Rules if there is material change to the terms of the continuing connected transactions or the annual caps are exceeded; and

(vii) if any revision or adjustment on the terms (including without limitation, the price of the Services) of the individual agreement under the 2024 MP CardioAdvent Service Procurement Framework Agreement is necessary, provided such revision or adjustment is in compliance with the 2024 MP CardioAdvent Service Procurement Framework Agreement, an approval application will be made by the total solutions promotion department, the procurement department and other relevant departments of the Group and approved by, among others, the Board and securities affairs department of the Group.

LISTING RULES IMPLICATIONS

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BOARD APPROVAL

Each of Mr. Chen Guoming, Ms. Wu Xia and Mr. Jonathan H. Chou, who are also directors appointed by MicroPort® or hold director's positions in the Retained MicroPort® Group, are deemed to have interest in the 2024 MP CardioAdvent Service Procurement Framework Agreement, and thus had abstained from approving the relevant Board resolutions in relation to the 2024 MP CardioAdvent Service Procurement Framework Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the other Directors has a material interest in the 2024 MP CardioAdvent Service Procurement Framework Agreement which would require them to abstain from voting on the relevant Board resolutions.

DEFINITIONS

“2024 MP CardioAdvent Service Procurement Framework Agreement”	the 2024 service procurement framework agreement dated April 15, 2024 between the Company (for itself and on behalf of its subsidiaries, joint ventures and associates, excluding MP CardioAdvent) and MP CardioAdvent, pursuant to which, MP CardioAdvent agreed to procure certain Services from the Company
“Board”	the board of directors of our Company
“China” or “PRC”	the People’s Republic of China, but for the purpose of this announcement and unless otherwise indicated, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Company” or “our 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 as defined in the Listing Rules
“connected subsidiary”	has the meaning as defined in the Listing Rules
“continuing connected transaction”	has the meaning as defined in the Listing Rules
“controlling shareholder”	has the meaning as defined in the Listing Rules
“Director(s)”	the director(s) of our Company, including all executive, non-executive and independent non-executive directors
“Group”, “our Group” or “our”	our Company and all of our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, the present subsidiaries of our Company and the businesses operated by such subsidiaries or their predecessors (as the case may be)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	persons who are not the connected person(s) of our Group

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange, as amended or supplemented from time to time
“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 Sinica”	MicroPort Sinica Co., Ltd. (微創投資控股有限公司), (formerly known as MicroPort Group Co., Ltd. (上海微創投資控股有限公司)), a limited liability company established in the PRC on April 9, 2013 and a wholly-owned subsidiary of MicroPort®
“MP CardioAdvent”	Shanghai MicroPort CardioAdvent Co., Ltd. (上海佐心醫療科技有限公司), a limited liability company established in the PRC on September 10, 2019, a connected subsidiary of our Company
“MP 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
“R&D”	research and development
“Retained MicroPort® Group”	MicroPort® and its subsidiaries, excluding our Group
“RMB”	the lawful currency of the PRC
“Shanghai Zuoqing”	Shanghai Zuoqing Enterprise Management Consulting Service Centre (Limited Partnership) (上海佐擎企業管理諮詢服務中心(有限合夥)), a limited partnership established in the PRC on May 12, 2020 and an employee shareholding platform of MP CardioAdvent
“Share(s)”	ordinary share(s) in the share capital of our Company of US\$0.000005 each
“Shareholder(s)”	holder(s) of the Share(s)

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

per cent

By Order of the Board
MicroPort CardioFlow Medtech Corporation
Chen Guoming
Chairman

Shanghai, PRC, April 15, 2024

As of the date of this announcement, the executive Directors are Mr. Jeffrey R Lindstrom, Mr. Zhao Liang and Ms. Yan Luying, the non-executive Directors are Mr. Chen Guoming, Mr. Zhang Junjie and Ms. Wu Xia, and the independent non-executive Directors are Mr. Jonathan H. Chou, Dr. Ding Jiandong and Ms. Sun Zhixiang.