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 2022 EQUIPMENT PROCUREMENT FRAMEWORK AGREEMENT

INTRODUCTION

On June 23, 2022, MP CardioFlow entered into the 2022 Equipment Procurement Framework Agreement with Medical Product Innovation, pursuant to which MP CardioFlow will procure relevant equipment in relation to the R&D and manufacturing of our products from Medical Product Innovation.

2022 EQUIPMENT PROCUREMENT FRAMEWORK AGREEMENT

Details of the 2022 Equipment Procurement Framework Agreement are as follows:

Date	June 23, 2022
Parties	(1) MP CardioFlow (2) Medical Product Innovation
Duration	The 2022 Equipment Procurement Framework Agreement has an initial term commencing from June 23, 2022 to December 31, 2024. Subject to compliance with Listing Rules and applicable laws and regulations, the 2022 Equipment Procurement Framework Agreement may be renewed for a further term of three years from time to time, unless either party notifies the other party to the contrary with one month's written notice prior to the expiry of the agreement's term. Upon renewal of the 2022 Equipment Procurement Framework Agreement, the parties may amend the terms of the agreement based on the then prevailing circumstances.

Nature of the Transactions	Pursuant to the 2022 Equipment Procurement Framework Agreement, we will procure medical equipment (the "**Equipment**") including but not limited to balloon forming machine and pressure tester, from Medical Product Innovation.
Payment Terms	Payment arrangements will be negotiated by the parties and stated in individual implementation agreements.
Pricing Policy	The price of the Equipment procured under the 2022 Equipment Procurement Framework Agreement will be determined through arm's length negotiation primarily between the parties with reference to (i) the cost of Medical Product Innovation for procuring such Equipment from its original supplier; (ii) the historical price of such Equipment or similar equipment provided by Medical Product Innovation; and (iii) the available prevailing market price of such Equipment or similar equipment as stated in the fee quotes provided by the other independent third party suppliers.
Implementation Agreements	The parties under the 2022 Equipment 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 equipment thereunder. Any such implementation agreements will be within the ambit of the 2022 Equipment Procurement Framework Agreement and shall not contravene the provisions of the 2022 Equipment Procurement Framework Agreement.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

As a biotechnology medical device company, we may need to procure sophisticated medical equipment from professional medical equipment suppliers to facilitate the R&D and manufacturing of our products. Certain such medical equipment needs to be imported from the United States.

Typically, the suppliers of the Equipment in the United States do not have branches or sales representatives in China. As a result of the differences in time zone and language as well as the geographical distance, such suppliers may not be able to maintain timely and efficient communications with our Company. Therefore, we normally procure the Equipment through import agents in order to improve the efficiency of overseas procurement and ensure the stability of our equipment supply. Among the import agents in the market, Medical Product Innovation has a proven record of providing sophisticated medical equipment for medical device company with competitive price and timely delivery. In addition, Medical Product Innovation has been very familiar with our requirements of the Equipment. It is therefore believed that engaging Medical Product Innovation to provide the Equipment will be beneficial for us.

Our procurements of Equipment from Medical Product Innovation have been and will be conducted in the ordinary and usual course of business of our Group, on an arm's length basis and on normal commercial terms or better. Furthermore, the risk of Medical Product Innovation terminating the connected transactions is remote as the parties under the relevant agreements have limited termination rights and the termination would not be in the commercial interest of Medical Product Innovation in a commercial aspect. In an unlikely event that Medical Product Innovation terminates the 2022 Equipment Procurement Framework Agreement, we do not consider such termination will materially and adversely affect our business.

ANNUAL CAPS AND BASIS OF DETERMINATION

For the years ended December 31, 2020 and 2021, the historical transactions amount of the equipment we procured from Medical Product Innovation was approximately US$2,000 and US$117,000. The proposed annual caps for the transactions contemplated under the 2022 Equipment Procurement Framework Agreement are set out below:

	2022	**2023**	**2024**
Proposed annual caps *(RMB in million)*	5	5	5

The proposed annual caps for the transactions contemplated under the 2022 Equipment Procurement Framework Agreement were determined with reference to (i) the available historical fees charged by Medical Product Innovation for providing the Equipment; (ii) the estimated demand for the relevant equipment in line with the R&D, registration and production progress of our products; (iii) the estimated price fluctuations of the Equipment; and (iv) Medical Product Innovation's ability for purchasing and providing the Equipment.

INFORMATION OF THE PARTIES

Our Company is a medical device company in China focusing on the R&D and commercialization of innovative transcatheter and surgical solutions for structural heart diseases. Our Group is a medical device group primarily focusing on the R&D, manufacturing and sale of medical devices treating structural heart diseases. MP CardioFlow is a limited liability company established in the PRC. MP CardioFlow is the principal operating subsidiary of our Group through which we conducted our business primarily.

Medical Product Innovation is a wholly-owned subsidiary of MicroPort® registered on June 28, 2011 in California. Medical Product Innovation is located in Irvine, Southern California, where biomedical and medical device companies are concentrated. Medical Product Innovation's main business is to provide multinational procurement, R&D information, talent training, forum exhibitions, business visits and overseas marketing services for high-end medical device R&D and manufacturing.

INTERNAL CONTROL POLICIES

In order to ensure that the transactions contemplated under the 2022 Equipment Procurement Framework Agreement will be conducted on normal commercial terms or better, our Group has adopted the following measures:

1. The Company places great importance on the management of connected transactions and takes the initiative to actively update the list of connected persons. In order to comprehensively and accurately identify connected persons, the Company conducts penetration management of substantial Shareholders to achieve effective collection of data related to connected transactions. To meet the management requirements of the Stock Exchange in relation to connected transactions, the Company has formulated internal guidelines for connected transactions based on the applicable requirements under the Listing Rules, 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;

2. the Internal Audit Department of the Group will supervise and monitor the individual agreements to be entered into between the Group and Medical Product Innovation to ensure they will be entered into in accordance with the pricing policy under the 2022 Equipment Procurement Framework Agreement;

3. the Finance Department of our Group will review and compare the quotes from Independent Third Parties, if available, with the quotes from Medical Product Innovation when determining which supplier to engage with so as to ensure that the price of the Equipment provided by Medical Product Innovation to our Group is fair and reasonable, and is determined on normal commercial terms or on terms no less favorable than the terms available from Independent Third Parties, if applicable;

4. our Group will comply with the annual review requirements in respect of the transactions contemplated under the 2022 Equipment 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 the 2022 Equipment Procurement Framework Agreement and give opinions/confirmations in our Company's annual reports;

5. the Board will arrange internal trainings for the senior management of our Group and responsible staff on the compliance requirements for continuing connected transactions;

6. the Finance Department of our Group will monitor the transaction amounts under the 2022 Equipment Procurement Framework Agreement by preparing designated management accounts for the continuing connected transactions therein on a monthly basis to make sure that the actual contract amounts do not exceed the relevant annual caps. 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 cap, 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, including obtaining the approval of independent Shareholders (if required); and

7. if any revision or adjustment on the terms (including without limitation, the price of the Equipment) of the individual agreement under the 2022 Equipment Procurement Framework Agreement is necessary, provided such revision or adjustment is in compliance with the 2022 Equipment Procurement Framework Agreement, an approval application will be made by the Procurement Department and approved by, among others, the Board and Securities Affairs Department of our Group.

OPINION FROM THE BOARD

The Directors (including the independent non-executive Directors) are of the view that the terms of the 2022 Equipment Procurement Framework Agreement is fair and reasonable, and the transactions contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of our Group and in the interest of our Company and our Shareholders as a whole and will be beneficial to our Group.

Each of Dr. Luo Qiyi (羅七一), Mr. Zhang Junjie (張俊傑), Ms. Wu Xia (吳夏) and Mr. Jonathan H. Chou (周嘉鴻), who holds positions in MicroPort® or its subsidiaries, has abstained from approving the relevant board resolutions in relation to the 2022 Equipment Procurement Framework Agreement. Save as disclosed above, to the best knowledge, belief and information of the Company and having made all reasonable enquiries, none of the Directors has any material interest or is required to abstain from voting on the relative Board resolution approving the same.

LISTING RULES IMPLICATIONS

As of the date of the 2022 Equipment Procurement Framework Agreement, MicroPort®, through its wholly-owned subsidiary Shanghai MicroPort Limited, is indirectly interested in approximately 46.25% of the total issued share capital of our Group, and Medical Product Innovation is a wholly-owned subsidiary of MicroPort®. Therefore, Medical Product Innovation is a connected person of our Company.

As the highest of the applicable percentage ratios (other than the profit ratio) calculated for the purpose of Chapter 14A of the Listing Rules will exceed 0.1% but less than 5%, the transactions contemplated under the 2022 Equipment Procurement Framework Agreement are subject to the reporting and announcement 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.

DEFINITIONS

"2022 Equipment Procurement Framework Agreement"	the 2022 Equipment Procurement Framework Agreement dated June 23, 2022 between MP CardioFlow and Medical Product Innovation, pursuant to which MP CardioFlow agreed to procure Equipment from Medical Product Innovation
"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
"continuing connected transaction"	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", "we", "us", 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
"Medical Product Innovation"	Medical Product Innovation, Inc, a company incorporated in the California, United States on June 28, 2011 and a wholly-owned subsidiary of MicroPort®
"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)
"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
"RMB"	the lawful currency of the PRC
"Shareholder(s)"	holder(s) of the Share(s) from time to time
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"%"	per cent

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

Shanghai, PRC, June 23, 2022

As of the date of this announcement, the executive Directors are Mr. Chen Guoming, Mr.Zhao Liang and Ms. Yan Luying, 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. Ding Jiandong and Ms. Sun Zhixiang.