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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)**

**(1) RENEWAL OF EXISTING CONTINUING CONNECTED  
TRANSACTIONS**

**(2) CONTINUING CONNECTED TRANSACTIONS IN RELATION TO  
2023 DISTRIBUTION FRAMEWORK AGREEMENT**

**AND**

**(3) CLOSURE OF REGISTER OF MEMBERS**

**Independent Financial Adviser to the Independent Board Committee and  
the Independent Shareholders**



### **RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS**

References are made to: (i) the Prospectus in relation to, inter alia, the Master Raw Materials Procurement Agreement and the Master Service Procurement Agreement; (ii) the supplemental circular and announcement dated June 7, 2022 in relation to, inter alia, 2022 Service Procurement Framework Agreement (together with the Master Raw Materials Procurement Agreement and the Master Service Procurement Agreement, collectively, the “**Existing Continuing Connected Transactions Agreements**”).

As the Existing Continuing Connected Transactions Agreements will expire on December 31, 2023, and the Company will continue the transactions under the Existing Continuing Connected Transactions Agreements subsequent to December 31, 2023, the Company, on behalf of itself and its subsidiaries, entered into the renewed Existing Continuing Connected Transactions Agreements with MicroPort®, on December 6, 2023.

## **2023 DISTRIBUTION FRAMEWORK AGREEMENT**

On December 6, 2023, the Company (for itself and on behalf of its subsidiaries) and MicroPort® (for itself and on behalf of its subsidiaries other than the Group) entered into the 2023 Distribution Framework Agreement for a term of three years commencing from January 1, 2024 to December 31, 2026 (both days inclusive), pursuant to which the Company agreed to grant a non-exclusive right to the Retained MicroPort® Group to commercialize and distribute the Group's Distribution Products in the Target Markets.

## **LISTING RULES IMPLICATIONS**

As of the date of this announcement, through its wholly-owned subsidiary Shanghai MicroPort, MicroPort® was indirectly interested in approximately 46.13% of the total issued share capital of the Company. Therefore, MicroPort® is a connected person of the 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 with reference to the respective annual cap of the 2023 Master Raw Materials Procurement Agreement and the 2023 Promotion and Patient Health Management Service Procurement Framework Agreement exceeds 5%, the transactions contemplated thereunder are subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios (other than the profit ratio) calculated for the purpose of Chapter 14A of the Listing Rules is more than 0.1% but less than 5%, the transactions under the 2023 Master Service Procurement Agreement are subject to reporting, annual review and announcement requirements, but exempt from the circular (including the appointment of an Independent Financial Adviser) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements of Rule 14A.53(1) of the Listing Rules to express annual caps for the Distribution Framework Agreement in terms of monetary value. As of the conditions under the waiver, the transactions contemplated under the Distribution Framework Agreement are subject to, among others, the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The transactions underlying the 2023 Master Raw Materials Procurement Agreement, the 2023 Promotion and Patient Health Management Service Procurement Framework Agreement, the 2023 Master Service Procurement Agreement and the 2023 Distribution Framework Agreement will not involve other members of the MicroPort® Group which are, at the time of the transactions, listed on the Stock Exchange.

## **GENERAL**

An EGM will be convened at which ordinary resolutions will be proposed to approve the 2023 Master Raw Materials Procurement Agreement, the 2023 Promotion and Patient Health Management Service Procurement Framework Agreement and the 2023 Distribution Framework Agreement and the respective transactions contemplated thereunder (including the applicable annual caps). MicroPort® and its associates will abstain from voting on those resolutions.

The Company has established an Independent Board Committee, consisting of the independent non-executive Directors who are not the directors of MicroPort®, to advise Independent Shareholders in respect of the 2023 Master Raw Materials Procurement Agreement, the 2023 Promotion and Patient Health Management Service Procurement Framework Agreement and the 2023 Distribution Framework Agreement and the transactions contemplated thereunder, and as to how to vote at the EGM. The Company has also appointed Gram Capital to advise the Independent Board Committee and the Independent Shareholders in this respect.

A circular containing, among others, (i) details of the 2023 Master Raw Materials Procurement Agreement, the 2023 Promotion and Patient Health Management Service Procurement Framework Agreement and the 2023 Distribution Framework Agreement and the respective transactions contemplated thereunder; (ii) a letter from the Independent Board Committee to the Independent Shareholders containing its recommendations; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the EGM is expected to be dispatched to the Shareholders on or around December 12, 2023.

## **RENEWAL OF THE MASTER RAW MATERIALS PROCUREMENT AGREEMENT**

### **Background**

Reference is made to the Prospectus in relation to, inter alia, the Master Raw Materials Procurement Agreement entered into by the Company (for itself and on behalf of its subsidiaries) and Shanghai MicroPort Medical (for itself and on behalf of its subsidiaries) on January 21, 2021, pursuant to which the Group procured certain raw materials, such as evacuation tubes, outer tubes, inner tubes, nitinol tubes and PTFE (polytetrafluoroethylene) sheathes, from the Retained MicroPort® Group.

The Master Raw Materials Procurement Agreement has an initial term commencing from the Listing Date till December 31, 2023. Subject to compliance with Listing Rules and applicable laws and regulations, the Master Raw Materials Procurement 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 Master Raw Materials Procurement Agreement, the parties may amend the terms of the agreement based on the then prevailing circumstances.

At the time of the listing of the Shares on the Stock Exchange in January 2021, the Stock Exchange granted a waiver to the Company in respect of, inter alia, the non-exempt continuing connected transaction under the Master Raw Materials Procurement Agreement from strict compliance with the announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Pursuant to the waiver, the transaction under the Master Raw Materials Procurement Agreement is subject to the respective annual caps for the three years ending December 31, 2023.

Since the Listing Date, the Company has been conducting certain continuing connected transactions under the Master Raw Materials Procurement Agreement in ordinary and usual course of its business on normal commercial terms. The Company has closely monitored the transactions contemplated under the Master Raw Materials Procurement Agreement and the actual transaction amounts did not exceed the annual cap for the years ended December 31, 2021 and 2022. As of the date of this announcement, the actual transaction amounts for the transaction under the Master Raw Materials Procurement Agreement did not exceed the annual cap for the year ending December 31, 2023.

### **2023 Master Raw Materials Procurement Agreement**

To continue the transactions under the Master Raw Materials Procurement Agreement after December 31, 2023, the Company (for itself and on behalf of its subsidiaries) and MicroPort® (for itself and on behalf of the Retained MicroPort® Group and its joint ventures and associates) entered into the 2023 Master Raw Materials Procurement Agreement on December 6, 2023 for a term of three years commencing from January 1, 2024 to December 31, 2026 (both days inclusive), pursuant to which, the Company will procure raw materials (the "**Raw Materials**") from the Retained MicroPort® Group and its joint ventures and associates. The principal terms of the 2023 Master Raw Materials Procurement Agreement are summarized below:

#### ***Date***

December 6, 2023

#### ***Parties***

- (1) the Company (for itself and on behalf of its subsidiaries); and
- (2) MicroPort® (for itself and on behalf of the Retained MicroPort® Group and its joint ventures and associates)

### ***Duration***

Subject to approval by the Independent Shareholders at the EGM, the 2023 Master Raw Materials Procurement Agreement will commence from January 1, 2024 and end on December 31, 2026 (both days inclusive), unless otherwise terminated in accordance with the terms thereunder.

### ***Payment Terms***

Payment arrangements will be negotiated by the parties and stated in individual implementation agreements.

Subject to compliance with applicable laws and regulations (including but not limited to the Listing Rules) and requirements of securities regulatory authorities, the 2023 Master Raw Materials Procurement Framework Agreement may be renewed for a further term of no longer than three years from time to time. Upon renewal, the parties may amend the terms of such agreement based on the then prevailing circumstances.

### ***Nature of the Transactions***

The Company will procure Raw Materials from the Retained MicroPort® Group and its joint ventures and associates. Such Raw Materials mainly include stability shafts, integrated sheathes, outer tubes, inner tubes, flat laminates, nitinol tubes, PTFE (polytetrafluoroethylene) sub-lite-wall extruded tubing, inner core shafts, FEP (fluorinated ethylene propylene) heat shrink tubes, PO (polyolefin) heat shrink tubes, balloon tubes, repair clamp kits, AR (aortic regurgitation) fixed head kits and protective liner kits.

### ***Pricing Policy***

The prices of the Raw Materials will be determined through arm's length negotiation primarily based on the production cost, R&D cost and our procurement volume, with reference to a number of factors applicable to all suppliers, including but not limited to the market price of the products, quantity and method of procurement, specifications of the products, the fees charged for historical transactions of similar nature and the prevailing market price of such Raw Materials of the same quality.

## *Reasons for and Benefits of the Transactions*

We plan to procure the Raw Materials from the Retained MicroPort® Group and its joint ventures and associates as the prices are more favorable as compared to other third-party suppliers. The production of the Raw Materials requires specialized production line, facilities and personnel. The Retained MicroPort® Group and its joint ventures and associates currently have such production capacity and offer to provide customization of such products for Independent Third Parties, while we do not have or plan to build up such production capacity. Thus, it is commercially sensible to procure the Raw Materials from the Retained MicroPort® Group and its joint ventures and associates or Independent Third Parties instead of building up our own production capacity. The Raw Materials produced by Retained MicroPort® Group and its joint ventures and associates with high quality, stable and quick delivery in reasonable prices could satisfy and ensure the efficient commercialized production of our products and further product candidates.

Each of the Raw Materials under the 2023 Master Raw Materials Procurement Agreement can be readily sourced from third-party suppliers. We have been identifying alternative suppliers for the Raw Materials and the Group will engage the Retained MicroPort® Group and its joint ventures and associates to provide such Raw Materials if they are provided to the Group on normal commercial terms or better when compared with other third-party suppliers. The Company therefore believes that our procurement of the Raw Materials from the Retained MicroPort® Group and its joint ventures and associates does not constitute any undue reliance on it.

Our procurements of the Raw Materials from the Retained MicroPort® Group and its joint ventures and associates have been and will be conducted in the ordinary and usual course of business of the Group, on an arm's length basis and on normal commercial terms or better. Furthermore, the risk of the Retained MicroPort® Group and its joint ventures and associates 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 the Retained MicroPort® Group and its joint ventures and associates in commercial aspect. In an unlikely event that the Retained MicroPort® Group and its joint ventures and associates terminate any connected transactions with us, we do not consider that such termination will materially or adversely affect our business.

We are of the view that the terms of the 2023 Master Raw Materials Procurement Agreement are fair and reasonable, and the transactions contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interest of the Company and the Shareholders as a whole and will be beneficial to the Group.

### ***Historical Transaction Amount***

The following table sets forth the historical transaction amount we procured from the Retained MicroPort® Group and its joint ventures and associates:

<b>For the Year ended December 31,</b>	<b>For the Ten Months ended</b>	
<b>2021</b>	<b>2022</b>	<b>October 31,</b>
<i>RMB'000</i>	<i>RMB'000</i>	<b>2023</b>
		<i>RMB'000</i>
		(Unaudited)
485	4,158	11,115

*Note:*

The historical annual caps for the years ended December 31, 2021 and 2022 and the year ending December 31, 2023 were RMB23,000,000, RMB38,000,000 and RMB39,000,000, respectively. The utilization rates of the historical annual caps for the years ended December 31, 2021 and 2022 and the year ending December 31, 2023 are approximately 2.11%, 10.94% and 28.50% (representing the historical transaction amounts for the ten months ended October 31, 2023 divided by the annual cap for the year ending December 31, 2023), respectively.

The main reasons leading to the low utilization rates of the historical annual caps during 2021 to October 31, 2023 are set out below:

- (i) the rapid iteration of our products exceeded our original commercialization plan. Our historical annual caps were calculated assuming that the transition between our first-generation product (VitaFlow®) and second-generation products (including VitaFlow Liberty® system and Alwide® Plus balloon catheter) will be smooth and our first-generation products will be the mainstay during 2021 to 2023. However, subsequent to the launch of our second-generation products in August 2021, one of our second-generation products, VitaFlow Liberty®, equipped with a motorized retrievable delivery system, which provides physicians with improved ease of use and procedure safety, rapidly outperformed our first-generation products and contributed the main part of sales. As a result, the demand for raw materials for the first-generation products dropped significantly, while the demand for our second-generation products which require completely different outer tubes, inner tubes, stability shafts and other raw materials increased. As our second-generation products are Class III medical devices, the NMPA has strict requirements on the raw materials of such products which are clearly specified on the registration certificates. It took the Retained MicroPort® Group and its joint ventures and associates a period longer than we originally expected to customize, develop and manufacture the new raw materials for our second-generation products. Moreover, COVID-19 has adversely affected the R&D and production capacity of the Retained MicroPort® Group and its joint ventures and associates. As a result, the Retained MicroPort® Group and its joint ventures and associates were not able to timely support the raw materials needs for our second-generation products in 2022 and the first half of 2023, and the Group had to turn to other independent third party suppliers; and

- (ii) the outbreaks and spread of Covid-19 throughout 2021 and 2022 adversely affected the production, marketing and sales of our products. The actual market penetration and sales of our products were lower than our original estimation, which in turn affected our demand for raw materials.

***Proposed Annual Caps and Basis of Determination***

The proposed annual caps for the transactions contemplated under the 2023 Master Raw Materials Procurement Agreement are set out below:

<b>Proposed annual cap for the year ending December 31,</b>		
<b>2024</b>	<b>2025</b>	<b>2026</b>
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
37,000	45,000	67,000

***Reasons for the Proposed Annual Caps and Basis of Determination***

The proposed annual caps were in line with the development and manufacturing plan of the Group. Considering the nature of the transactions under the 2023 Master Raw Materials Procurement Agreement, the transaction amounts for such transactions are also expected to increase along with the development and commercialization of our products and product candidates.

The proposed annual caps were estimated with reference to, amongst others, (i) the historical purchase volume of the Raw Materials by the Group from the Retained MicroPort® Group and its joint ventures and associates; (ii) the unit price of such Raw Materials; (iii) anticipated increasing demand for such Raw Materials from the Retained MicroPort® Group and its joint ventures and associates which is primarily driven by the R&D, registration and commercialization progress of our product candidates and the estimated increasing production volume of the commercialized products of our Group; (iv) the expected increase in the production and supply capacity of the Retained MicroPort® Group and its joint ventures and associates; and (v) the potential price fluctuation of the Raw Materials.

Mainly due to the following reasons, the annual caps for the three years ending December 31, 2026 are significantly higher than the actual historical transaction amounts for the two years ended December 31, 2021 and 2022 and the ten months ended October 31, 2023:

- (i) the Company expects to advance the sales of VitaFlow®, VitaFlow Liberty® (including procedural accessories as supporting supply), Alwide® Plus and AccuSniper™ in the near future;
- (ii) the Company currently expects that several of our products such as VitaFlow® III will be registered and be subsequently commercially launched in China and overseas in the three years ending December 31, 2026;



- (iii) as the supply capacity of the Retained MicroPort® Group and its joint ventures and associates for certain Raw Materials such as outer tubes, inner tubes, nitinol tubes and PTFE (polytetrafluoroethylene) sub-lite-wall extruded tubing increases recently and the prices offered by the Retained MicroPort® Group and its joint ventures and associates are more competitive as compared to other independent third-party suppliers, the Company intends to procure larger quantities of certain Raw Materials from the Retained MicroPort® Group and its joint ventures and associates to satisfy our production requirements; and
  
- (iv) although the Retained MicroPort® and its joint ventures and associates did not satisfy our needs for certain raw materials for second-generation products from 2021 to 2023, the Retained MicroPort® Group and its joint ventures and associates recently built up its production capacity of certain new raw materials needed for our R&D and production in the next three years, such as FEP (fluorinated ethylene propylene) heat shrink tubes, PO (polyolefin) heat shrink tubes, balloon tubes, repair clamp kits, AR (aortic regurgitation) fixed head kits and protective liner kits which are needed by the Group for our expanded production. In addition, the raw material production technology of the Retained MicroPort® Group and its joint ventures and associates have been recently upgraded, which enables the Retained MicroPort® Group and its joint ventures and associates to timely supply the new raw materials that we require for our product iteration from time to time in the future. The Company used to procure such Raw Materials mainly from other independent third party suppliers, most of whom are overseas suppliers. As (a) the prices of such Raw Materials offered by the Retained MicroPort® Group and its joint ventures and associates are more favorable; (b) such Raw Materials are produced by the Retained MicroPort® Group and its joint ventures and associates with high quality; and (c) the stable and quick delivery offered by the Retained MicroPort® Group and its joint ventures and associates could satisfy and ensure the efficient commercialized production of our products, the Company plans to procure such raw materials mainly from the Retained MicroPort® Group and its joint ventures and associates.

# **RENEWAL OF THE 2022 SERVICE PROCUREMENT FRAMEWORK AGREEMENT**

## **Background**

References are made to the supplemental circular and announcement dated June 7, 2022 in relation to, inter alia, 2022 Service Procurement Framework Agreement entered into by MP CardioFlow (for itself and on behalf of its subsidiaries) and MicroPort® (for itself and on behalf of its subsidiaries other than the Group) on June 7, 2022, pursuant to which the Group will procure (i) promotion services and (ii) patient health management services from the Retained MicroPort® Group for a term ending December 31, 2023. Subject to compliance with applicable laws and regulations (including but not limited to the Listing Rules) and requirements of securities regulatory authorities, the 2022 Service Procurement Framework Agreement may be renewed for a further term of no longer than three years from time to time. Upon renewal, the parties may amend the terms of the 2022 Service Procurement Framework Agreement based on the then prevailing circumstances.

The Company has been conducting certain continuing connected transactions under the 2022 Service Procurement Framework Agreement in ordinary and usual course of its business on normal commercial terms. The Company has closely monitored the transaction contemplated under the 2022 Service Procurement Framework Agreement and the actual transaction amounts did not exceed the annual cap for the year ended December 31, 2022. As of the date of this announcement, the actual transaction amounts for the transaction under the 2022 Service Procurement Framework Agreement did not exceed the annual cap for the year ending December 31, 2023.

## **2023 Promotion and Patient Health Management Service Procurement Framework Agreement**

To continue the transactions under the 2022 Service Procurement Framework Agreement after December 31, 2023, the Company (for itself and on behalf of its subsidiaries) and MicroPort® (for itself and on behalf of its subsidiaries other than the Group) entered into the 2023 Promotion and Patient Health Management Service Procurement Framework Agreement on December 6, 2023 for a term of three years commencing from January 1, 2024 to December 31, 2026 (both days inclusive), pursuant to which the Group will procure promotion and health management services from the Retained MicroPort® Group. The principal terms of the 2023 Promotion and Patient Health Management Service Procurement Framework Agreement are summarized below:

### ***Date***

December 6, 2023

## ***Parties***

- (1) the Company (for itself and on behalf of its subsidiaries); and
- (2) MicroPort® (for itself and on behalf of its subsidiaries other than the Group)

## ***Duration***

Subject to approval by the Independent Shareholders at the EGM, the 2023 Promotion and Patient Health Management Service Procurement Framework Agreement will commence from January 1, 2024 and end on December 31, 2026 (both days inclusive), unless otherwise terminated in accordance with the terms thereunder.

## ***Payment Terms***

Payment arrangements will be negotiated by the parties and stated in individual implementation agreements.

Subject to compliance with applicable laws and regulations (including but not limited to the Listing Rules) and requirements of securities regulatory authorities, the 2023 Promotion and Patient Health Management Service Procurement Framework Agreement may be renewed for a further term of no longer than three years from time to time. Upon renewal, the parties may amend the terms of such agreement based on the then prevailing circumstances.

## ***Nature of the Transactions***

### ***Procurement of promotion services***

The Group will procure promotion services from the Retained MicroPort® Group. Such promotion services mainly include promoting the products of the Group through, among others, (i) organizing online and offline marketing activities; and (ii) identifying potential patients of the Group's products.

## *Procurement of patient health management services*

The Group will procure patient health management services from the Retained MicroPort® Group. Such patient health management services mainly include designing integrated patient supporting plan and providing relevant services for members of the Group at different levels, including (a) phone consultation services; (b) medical planning and precise medical consultation services; (c) customized insurance supporting services; (d) services in relation to assisting patients in handling insurance claims; (e) specialist appointment services; (f) accompanying services for medical treatment; (g) priority examination services; (h) round-the-clock health concierge services; (i) health record management services; (j) green channel services for medical procedures; and (k) pre-surgical and post-surgical health management consulting services. The Group provides the above services to our potential patients through three different types of one-time membership benefits, including (1) gold tier memberships (including services under items (a), (g), (h), (i) and (k)); (2) platinum tier memberships (including services under items (a), (b), (e), (g), (h), (i), (j) and (k)); and (3) diamond tier memberships (including services under all items from (a) to (k)).

## *Pricing Policy*

The service fees of the promotion and health management services are determined based on the types of the relevant service, through arm's length negotiation primarily between the parties with reference to a number of factors applicable to all service providers, including but not limited to (i) the nature, complexity, and value of tasks completed by Retained MicroPort® Group under each work order; (ii) the fee rates for historical comparable transactions of similar nature by the Retained MicroPort® Group and other third party suppliers, if any; (iii) the available prevailing market rate of services on similar supply conditions as stated in the fee quotes provided by the other third party suppliers; and (iv) the overall cost (mainly the labor cost) the Group may incur for conducting similar promotion activities by its in-house sales and marketing personnel, especially identifying referrals of targeting patients.

It is expected that the transactions contemplated under the 2023 Promotion and Patient Health Management Service Procurement Framework Agreement will be determined mainly based on the available prevailing market rate of services on similar supply conditions as stated in the fee quotes provided by the other third party suppliers. The Group will further negotiate with the Retained MicroPort® Group in respect of the quotations if the quotations provided by Retained MicroPort® Group is higher than those provided by the other third party suppliers for comparable transactions.

The final price of the transactions contemplated under the 2023 Promotion and Patient Health Management Service Procurement Framework Agreement will be, as the case may be, (i) no less favorable than those offered by Independent Third Parties for comparable transactions; or (ii) not higher than the overall cost (mainly the labor cost) the Group may incur for conducting similar promotion activities by the Group's in-house sales and marketing personnel.

Based on the above, the Board is of the view that the service fee rate is fair and reasonable, and it is commercially sensible for the Company and in the interest of the Company and the Shareholders as a whole to procure such services from the Retained MicroPort® Group without taking into consideration its shareholding in the Company. Moreover, if any of such services are readily available from third party suppliers with terms of supply that are more favorable for the Company, the Group will procure such services from such third party suppliers.

### ***Implementation Agreements***

Members of the Group and members of the Retained MicroPort® Group 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 the services thereunder. Any such implementation agreements shall fall within the ambit of the 2023 Promotion and Patient Health Management Service Procurement Framework Agreement and shall not contravene the provisions of the same.

### ***Reasons for and Benefits of the Transactions***

The medical device industry which the Group operates in is intensely competitive and rapidly changing. The Company faces competition with major international medical device companies as well as domestic medical device companies which are developing heart valve disease solutions. In order to gain a higher market share in China and overseas TAVI markets, it is important for the Company to further strengthen the commercialization capabilities of the Company by, among others, leveraging the promotion services provided by external suppliers. Therefore, the services provided by the Retained MicroPort® Group under the 2023 Promotion and Patient Health Management Service Procurement Framework Agreement are essential to the commercialization process and can be a supplement to the in-house sales and marketing team of the Group.

The Company is a biotechnology medical device company. Therefore, the promotion of its products and the management of the eligible patients of the Group's products require sophisticated experience and knowledge that are better handled by service providers with such capabilities. The Retained MicroPort® Group has a proven record of successfully commercializing medical devices and has a well-established and experienced sales and marketing team familiar with the Group's products with not only a broad coverage of the Group's target departments of domestic hospitals but also global outreach. Further, the Retained MicroPort® Group has been very familiar with the Group's requirements and has been providing us with various satisfying services in a timely and cost-efficient manner.

Therefore, it is believed that engaging the Retained MicroPort® Group to provide the promotion services will be beneficial for the Company to boost brand awareness, enhance the Group's influence, grasp market dynamics and increase the penetration rate of the Group's products. In addition, in line with the Group's globalization strategy, with the support from the overseas sales and marketing team of the Retained MicroPort® Group, the Company will further advance its global commercialization process which will enable the Company to expeditiously establish an advantageous position in market share in the relevant overseas markets.

The Group's procurements of services from the Retained MicroPort® Group have been and will be conducted in the ordinary and usual course of business of the Group, on an arm's length basis and on normal commercial terms or better. Furthermore, the risk of the Retained MicroPort® Group 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 the Retained MicroPort® Group in commercial aspect. Also taking into account that (i) most of the services provided by the Retained MicroPort® Group under the 2023 Promotion and Patient Health Management Service Procurement Framework Agreement can be easily procured from Independent Third Party service providers in the market at comparable terms; and (ii) if the services provided by the Retained MicroPort® Group have no other alternative suppliers readily available in the market, such promotion activities can also be done by the Company's own in-house commercialization team, in an unlikely event that the Retained MicroPort® Group terminates the 2023 Promotion and Patient Health Management Service Procurement Framework Agreement or is unable to provide the relevant services to the Company, we do not consider that the business of the Company will be materially and adversely affected.

Our in-house developed product portfolio consists of four commercialized products — VitaFlow®, VitaFlow Liberty® (including procedural accessories as supporting supply), Alwide® Plus and AccuSniper™, and various TAVI products, TMV products, TTV products and procedural accessories at different development stages. In addition to our in-house developed product portfolio, we also collaborated with our business partners, with respect to certain TMV and TTV products, for which we own the exclusive commercial rights in China. The proposed annual caps as set out below are determined with reference to the estimated increasing demand for relevant services in line with the Group's business expansion and commercialization progress. The total cost of the Company is also expected to increase with a similar trend in 2024, 2025 and 2026. Based on the current best estimation of the Company, as a percentage of the total R&D costs, distribution costs, administrative expenses and other operating costs of the Company, the proposed annual caps are expected to remain relatively stable at less than 10% in 2024, 2025 and 2026. Based on the above, the Company believes that the transactions under the 2023 Promotion and Patient Health Management Service Procurement Framework Agreement will not cause any undue reliance on the Retained MicroPort® Group.

We are of the view that the terms of the 2023 Promotion and Patient Health Management Service Procurement Framework Agreement are fair and reasonable, and the transactions contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interest of the Company and the Shareholders as a whole and will be beneficial to the Group.

***Historical Transaction Amount***

The following table sets forth the historical transaction amount of the promotion services we procured from the Retained MicroPort® Group:

<b>For the Year ended December 31, 2022 RMB'000</b>	<b>For the Ten Months ended October 31, 2023 RMB'000 (Unaudited)</b>
15,613	26,980

*Note:*

The historical annual caps for the year ended December 31, 2022 and the year ending December 31, 2023 were RMB55,000,000 and RMB80,000,000, respectively. The utilization rates of the historical annual caps for the year ended December 31, 2022 and the year ending December 31, 2023 are approximately 28.39% and 33.73% (representing the historical transaction amounts for the ten months ended October 31, 2023 divided by the annual cap for the year ending December 31, 2023), respectively.

***Proposed Annual Caps***

The proposed annual caps for the transaction contemplated under the 2023 Promotion and Patient Health Management Service Procurement Framework Agreement are set out below:

<b>Proposed new annual cap for the year ending December 31,</b>		
<b>2024 RMB'000</b>	<b>2025 RMB'000</b>	<b>2026 RMB'000</b>
53,000	54,000	55,000

***Reasons for the Proposed Annual Caps and Basis of Determination***

The proposed annual caps for the transactions contemplated under the 2023 Promotion and Patient Health Management Service Procurement Framework Agreement were determined with reference to (i) the available historical fee rates or agreed future service fee rates charged by the Retained MicroPort® Group for providing such services; (ii) the estimated increasing demand for relevant services in line with the Group's business expansion and commercialization progress; and (iii) the Retained MicroPort® Group's ability of service supply.

### *Promotion Service Fees:*

The estimated amount of promotion services fees, which account for approximately 6%-9% of the proposed annual caps, are mainly incurred from (i) organizing online and offline marketing activities (accounting from approximately 22%-39% of the estimated promotion service fees for 2024, 2025 and 2026); and (ii) identifying potential patients of the Group's products (accounting from approximately 61%-78% of the estimated promotion service fees for 2024, 2025 and 2026). The estimated amount of service fees for online and offline marketing activities were determined based on the estimated service fee for organizing each marketing activity which falls within the range of RMB10,000 to RMB60,000 and the estimated number of the online and offline marketing activities to be held by the Group based on its current marketing plan (20 events in 2024, 45 events in 2025 and 75 events in 2026). The estimated amounts of promotion service fees for identifying the eligible patients were determined based on the estimated number of eligible patients to be referred (2,000, 2,400 and 3,000 eligible patients for 2024, 2025 and 2026, respectively, according to estimation) and the estimated referral fee for each eligible patient which falls within the range of RMB500 to RMB1,500.

### *Patient Health Management Service Fees:*

Patient health management service fees, which account for approximately 91%-94% of the proposed annual caps, are mainly incurred from the patient health management services provided to our potential patients who enjoy our membership benefits. The proposed annual caps for the three years ending December 31, 2026 are calculated primarily based on the estimated patient health management service fees charged by the Retained MicroPort® Group for each member which falls within the range of RMB2,000 to RMB45,000 depending on the type of membership program that the patient enrolls and the estimated number of members enrolled in each membership program.

The estimated fees for the aforementioned patient health management services are lower than the quotations provided by other two independent third party suppliers. The estimated number of members enrolled in each membership program was determined after arm's length negotiation between the Group and the Retained MicroPort® Group with reference to the current number of potential patients in the database of the business partners of the Retained MicroPort® Group who meet the relevant selection criteria. For the avoidance of doubt, the Group has the access to the data relating to the eligible potential patients that may be treated with the Group's products and product candidates, rather than the entire database of the Retained MicroPort® Group and its business partners.



Based on the reasons below, the Company is of the view that the proposed annual caps are fair and reasonable despite that the annual caps for the three years ending December 31, 2026 are significantly higher than the historical transaction amounts for the year ended December 31, 2022 and ten months ended October 31, 2023:

- (1) compared with the global market, TAVI procedures start late in China. Limited awareness of aortic valve disease and TAVI therapy among physicians and patients have led to the low market penetration rate of TAVI therapy in China. As a leading TAVI player in China, the Company intends to continue to invest in patient education and identification. Our core product, VitaFlow Liberty<sup>®</sup>, which was launched in the second half of 2021, is still in the process of expanding hospital admissions and requires continued investment of resources for promotion;
- (2) the Company plans to allocate more resources in the forthcoming years to enhance its commercialization capabilities to boost brand awareness, enhance the Group's influence, grasp market dynamics and increase the penetration rate of the Group's products. Considering the nature of the transactions under the 2023 Promotion and Patient Health Management Service Procurement Framework Agreement, the transaction amount for such transactions are also expected to increase along with the commercialization of our products and product candidates. The increase in the proposed annual caps from 2024 to 2026 are in line with the commercialization plan and marketing budget of the Group;
- (3) there had been COVID-19 outbreaks in certain parts of China in 2022, which adversely affected the promotion activities of the Company and the Company's demand for patient health management services. The Company believes that the Company's total procurement amount for the relevant services will show a recovery trend from the impact of the COVID-19 pandemic and further increase in the three years ending 2026; and
- (4) the Retained MicroPort<sup>®</sup> Group has only started to provide and Company has only started to procure from the Retained MicroPort<sup>®</sup> Group the patient health management services and promotion services since 2021. Before that, the Company had been procuring certain services from other independent third party suppliers. As the fee rates for such services offered by the Retained MicroPort<sup>®</sup> Group are competitive as compared with other independent third party suppliers providing similar services, the Company considers it commercially sensible to source the relevant services mainly from the Retained MicroPort<sup>®</sup> Group in the forthcoming years.

The proposed annual caps for the three years ending 2024, 2025 and 2026 remain relatively stable as (i) the Company is in the process of reducing costs and improving profitability and will therefore strictly control the budget of marketing and promotion expenses; and (ii) the Company considers not necessary to continue expanding its marketing and promotion efforts considering the possible inclusion of the TAVI product of the Group in the medical insurance reimbursement list in more provinces in the coming years as the marketing and promotion fees could be appropriately reduced in the areas covered by the medical insurance reimbursement list according to the Company's previous experience.

# RENEWAL OF THE MASTER SERVICE PROCUREMENT AGREEMENT

## Background

References are made to the Prospectus of the Company, in relation to, inter alia, the Master Service Procurement Agreement entered into by the Company (for itself and on behalf of its subsidiaries) and Shanghai MicroPort Medical (for itself and on behalf of its subsidiaries) on January 21, 2021, pursuant to which our Group will procure animal test services, balloon processing services, sterilization services, product testing services and numerical simulation services from the Retained MicroPort® Group.

The Master Service Procurement Agreement has an initial term commencing from the Listing Date till December 31, 2023. Subject to compliance with Listing Rules and applicable laws and regulations, the Master Service Procurement 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 Master Service Procurement Agreement, the parties may amend the terms of the agreement based on the then prevailing circumstances.

The Company has been conducting certain continuing connected transactions under the Master Service Procurement Agreement in ordinary and usual course of its business on normal commercial terms. The Company has closely monitored the transaction contemplated under the Master Service Procurement Agreement and the actual transaction amounts did not exceed the annual cap for the years ended December 31, 2021 and 2022. As of the date of this announcement, the actual transaction amounts for the transaction under the Master Service Procurement Agreement did not exceed the annual cap for the year ending December 31, 2023.

## 2023 Master Service Procurement Agreement

To continue the transactions under the Master Service Procurement Agreement after December 31, 2023, the Company (for itself and on behalf of its subsidiaries) and MicroPort® (for itself and on behalf of the Retained MicroPort® Group and its joint ventures and associates) entered into the 2023 Master Service Procurement Agreement on December 6, 2023 for a term of three years commencing from January 1, 2024 to December 31, 2026 (both days inclusive), pursuant to which the Group will procure sterilization services, product testing services, numerical simulation services, animal test services and administrative support services from the Retained MicroPort® Group. The principal terms of the 2023 Master Service Procurement Agreement are summarized below:

### *Date*

December 6, 2023

## ***Parties***

- (1) the Company (for itself and on behalf of its subsidiaries); and
- (2) MicroPort® (for itself and on behalf of the Retained MicroPort® Group and its joint ventures and associates)

## ***Duration***

The 2023 Master Service Procurement Agreement will commence from January 1, 2024 and end on December 31, 2026 (both days inclusive), unless otherwise terminated in accordance with the terms thereunder.

## ***Payment Terms***

Payment arrangements will be negotiated by the parties and stated in individual implementation agreements.

Subject to compliance with applicable laws and regulations (including but not limited to the Listing Rules) and requirements of securities regulatory authorities, the 2023 Master Service Procurement Agreement may be renewed for a further term of no longer than three years from time to time. Upon renewal, the parties may amend the terms of such agreement based on the then prevailing circumstances.

## ***Nature of the Transactions***

Pursuant to the 2023 Master Service Procurement Agreement, the Group will procure sterilization services, product testing services, numerical simulation services, animal test services and administrative support services from the Retained MicroPort® Group and its joint ventures and associates.

## ***Pricing Policy***

The service fee has been and will be determined through arm's length negotiation primarily based on the cost of provisions of such services (such as the labor cost and the cost of consumables used for providing the services) and the procurement volume of each type of services, with reference to a number of factors applicable to all service providers, including but not limited to the nature, complexity, and value of tasks completed by Retained MicroPort® Group and its joint ventures and associates under each work order, quantity, procuring and transportation methods of materials, the method of delivery, the fees charged for historical transactions of similar nature and the then prevailing market rates based on same supply conditions and technical specifications by obtaining and comparing against fee quotes provided by other third party suppliers. Each of the services provided by the Retained MicroPort® Group and its joint ventures and associates can be readily sourced from third party suppliers. We have been identifying alternative suppliers for such services

and we will engage the Retained MicroPort® Group and its joint ventures and associates to provide such services if they are provided to our Group on normal commercial terms or better when compared with other third party suppliers. We believe that our procurement of services from the Retained MicroPort® Group and its joint ventures and associates do not constitute any undue reliance on it.

Our procurements of services from the Retained MicroPort® Group 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 the Retained MicroPort® Group and its joint ventures and associates 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 the Retained MicroPort® Group and its joint ventures and associates in commercial aspect. In an unlikely event that the Retained MicroPort® Group and its joint ventures and associates terminates any connected transaction with us, we do not consider such termination will materially and adversely affect our business.

We are of the view that the terms of the 2023 Master Service Procurement Agreement are fair and reasonable, and the transactions contemplated thereunder are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interest of the Company and the Shareholders as a whole and will be beneficial to the Group.

### ***Reasons for and Benefits of the Transactions***

As we are a biotechnology medical device company, the services provided by the Retained MicroPort® Group and its joint ventures and associates are essential to our development and manufacturing process and such services require sophisticated technologies and knowledge that are better handled by service providers with such capabilities. The Retained MicroPort® Group has been providing for our Group the sterilization services, product testing services, numerical simulation services, animal test services and administrative support services of good quality at reasonable fee rate previously. Due to the geographical proximity and long-term and stable cooperation relationship between the Retained MicroPort® Group and us, we believe the Retained MicroPort® Group and its joint ventures and associates will provide such services to us in a timely and cost-efficient manner. Thus, we are of the view that continuous procurement of the services from the Retained MicroPort® Group and its joint ventures and associates are in the interest of our Company and our Shareholders as a whole and will be beneficial to our Group.

### ***Historical Transaction Amount***

The following table sets forth the historical transaction amount we procured from the Retained MicroPort® Group under the Master Service Procurement Agreement:

	<b>For the Year ended December 31,</b>		<b>For the Ten Months ended October 31,</b>
	<b>2021</b>	<b>2022</b>	<b>2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (Unaudited)
	7,008	11,426	8,677

### ***Proposed Annual Caps and Basis of Determination***

The proposed annual caps for the transactions contemplated under the 2023 Master Service Procurement Agreement are set out below:

	<b>Proposed annual cap for the year ending December 31,</b>		
	<b>2024</b>	<b>2025</b>	<b>2026</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Service</b>			
Sterilization services	2,100	2,100	2,100
Product testing services	1,100	1,100	1,100
Numerical simulation service	1,000	1,000	1,000
Animal test services	2,000	2,000	2,000
Administrative support services	1,800	1,800	1,800
	<hr/>	<hr/>	<hr/>
<b>Total</b>	<b>8,000</b>	<b>8,000</b>	<b>8,000</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

### ***Reasons for the Proposed Annual Caps and Basis of Determination***

The proposed annual caps were estimated with reference to, amongst others, (i) the historical transaction amounts as set out above; (ii) anticipated demand for services mentioned above from MicroPort® and its joint ventures and associates which is primarily driven by the R&D and registration progress of our product candidates for the next three years and the estimated production volume of our commercialized products; (iii) the historical or agreed future service fee rate and the expected infrastructure maintenance costs and labor cost of the service provider; and (iv) the relevant service provision capacity of MicroPort®. And the Company is in the process of reducing costs and improving profitability and will therefore strictly control the budget of services fees under the 2023 Master Services Procurements Agreement which results in the proposed annual caps for the three years ending 2024, 2025 and 2026 at a relatively stable level.

## **2023 DISTRIBUTION FRAMEWORK AGREEMENT**

On December 6, the Company (for itself and on behalf of its subsidiaries) and MicroPort® (for itself and on behalf of its subsidiaries other than the Group) entered into the 2023 Distribution Framework Agreement for a term of three years commencing from January 1, 2024 to December 31, 2026 (both days inclusive), pursuant to which the Company agreed to grant a non-exclusive right to the Retained MicroPort® Group to market and distribute the Group's Distribution Products in the Target Markets. The principal terms of the 2023 Distribution Framework Agreement are summarized below:

### ***Date***

December 6, 2023

### ***Parties***

- (1) the Company (for itself and on behalf of its subsidiaries); and
- (2) MicroPort® (for itself and on behalf of its subsidiaries other than the Group)

### ***Duration***

Subject to approval by the Independent Shareholders at the EGM, the 2023 Distribution Framework Agreement will commence from January 1, 2024 and end on December 31, 2026 (both days inclusive), unless otherwise terminated in accordance with the terms thereunder.

### ***Payment Terms***

Payment arrangements will be negotiated by the parties and stated in individual implementation agreements.

Subject to compliance with applicable laws and regulations (including but not limited to the Listing Rules) and requirements of securities regulatory authorities, the 2023 Distribution Framework Agreement may be renewed for a further term of no longer than three years from time to time. Upon renewal, the parties may amend the terms of such agreement based on the then prevailing circumstances.

## *Scope of Transactions*

Subject to the terms and conditions set forth in the 2023 Distribution Framework Agreement, the Group will grant a non-exclusive right to the Retained MicroPort® Group to market and distribute the Distribution Products of the Group in the Target Markets. Certain members of Retained MicroPort® Group will be engaged as the Group's distributors in their respective territory with a duly signed authorization letter. The Retained MicroPort® Group shall procure Distribution Products from the Group and use its best efforts in the promotion and sale of the Distribution Products of the Group.

The Retained MicroPort® Group is obliged not to distribute any product similar or equal to the Distribution Products of the Group in the designated geographic regions and hospitals. The Retained MicroPort® Group shall not engage sub-distributors without the Group's written consent. The Group will be responsible for product manufacturing and product delivery to the relevant territory. The Retained MicroPort® Group is obliged to, at its own expense and consistent with the sales policies of the Group, conduct marketing activities in the relevant territory, including keeping regular contact with local hospitals. The local distributors shall also submit quarterly market research information to the Group, which will also set out their selling performance in the relevant territory.

The Retained MicroPort® Group is obligated to, among other things, (i) comply with the relevant laws and regulations; (ii) keep inventory and usage records of all Distribution Products; and (iii) store the products appropriately in accordance with the instructions set out in the product manual.

The Group will ascertain a final price (the "**Final Price**") to be charged by the Group in each purchase order based on the pricing policy set out below after considering the quantity of the order, the delivery schedule, the purpose for usage and the cost of transportation. In line with the industry practice, the Retained MicroPort® Group is not allowed to return Distribution Products unless there are quality defects or in the event of a product recall.

## *Pricing Policy*

All the Distribution Products will be sold to the Retained MicroPort® Group directly without involving any dealers under the 2023 Distribution Framework Agreement. Apart from the Final Price, the Retained MicroPort® Group will not receive any further commission or distribution fee pursuant to the 2023 Distribution Framework Agreement.

The Final Price shall be consistent with the pricing policy for the same Distribution Products that Group offers to independent third party distributors and shall be determined by the parties after arm's length negotiations with reference to (i) the production cost, including the cost of raw materials, selling and administrative expenses, incurred in connection with the production of such Distribution Products; (ii) the shipping cost; (iii) the prevailing market gross profit for the distributors to sell similar products in the relevant market; and (iv) the prevailing market prices (including but not limited to the comparable tender prices approved by local governments or hospitals) of similar products within the respective markets. The

Directors will regularly review and re-assess the sales prices of the Distribution Products and delivery method semiannually and adjust if there are any significant changes in the production cost, demands or the prevailing market prices.

It is expected that the prices of the Distribution Products of the Company to be charged by the Group to the Retained MicroPort® Group shall not be more favorable to the Group than prices charged to Independent Third Party distributors, if any, for the same products under similar conditions in the relevant Target Market.

### ***Waiver from Strict Compliance with Rule 14A.53 of the Listing Rules***

The Company believes that strict compliance with the requirements of Rule 14A.53 of the Listing Rules for setting monetary caps in relation to the 2023 Distribution Framework Agreement is unduly burdensome, impractical and not in the best interests of Shareholders for the following reasons:

- (i) **Commercially impractical:** the Distribution Products have not yet launched commercialization in the vast majority of the Target Markets, and there was almost no historical transaction between the Group and the Retained MicroPort® Group with respect of the sales of the Distribution Products. Moreover, the proposed distribution arrangement involves the sales and distribution of four products and product candidates at various commercialization and R&D stages targeting a broad range of potential patients in different Target Markets. Considering the specificity and specialization of the Distribution Products, customized pricing, marketing and sales strategy as well as market entry approach will be determined and adopted for each Distribution Product. Considering the complexity of the distribution arrangement, it is impractical for the Company to accurately estimate the amount of the payment to be received from the 2023 Distribution Framework Agreement as the revenue to be derived from the marketing and distribution of our Distribution Products depends on the detailed analysis of actual addressable market for each of our Distribution Products, which will in turn depend on various factors which are subject to frequent changes and over which the Company has no control, including without limitation: (i) the market size, competitive landscape and distribution practices of the market segment for each Distribution Product in each Target Market; (ii) the demand and sale volume of each Distribution Products in each Target Market; (iii) the progress of the filing, registration and approval (if needed) for each Distribution Product to commercialize in each Target Market; (iv) the relevant government policies and the acceptance of our Distribution Products by the customers in the Target Markets; (v) the effectiveness of our commercialization strategy in the Target Markets, especially the speed of entry into hospitals and our relationship with local key opinion leaders; (vi) the results of our continuing free-to-operate analysis which may result in short-term suspension or long-term obstacles of our distribution in certain Target Market; (vii) the fluctuation in gross profit levels of distributors for similar products in each Target Market; and (viii) other potential impact of objective factors, such as local political situation and foreign exchange policies. The Group has made great efforts to try to accurately estimate the monetary annual caps for the 2023 Distribution Framework



Agreement in accordance with Rule 14A.53 of the Listing Rules, including engaging and consulting with the independent industry consultant. The industry consultant was able to forecast the overall market size of each Target Market but was unable to accurately forecast the local market share of the Company's Distribution Products which is largely subject to the aforementioned factors over which the Company has no control. As the Company has not yet commercialized its products in most Target Markets, the competitive landscape in each country is also continuously changing, the degree of acceptance of the Company's Target Products in each market cannot yet be predicted by the management of the Company even with the assistance of the expertise of external consultants, making it difficult to accurately predict the market share of the Company's Distribution Products. Moreover, as it is not possible to accurately predict the time when the Company's Distribution Products will be registered in each Target Market, nor the time when they will begin to be commercialized, the international sales for the next three years cannot be accurately forecasted. Accordingly, it is not commercially practical to accurately estimate the monetary annual caps under the 2023 Distribution Framework Agreement for the next three years, and any inaccurate estimation without solid basis and reasonable assumption may provide misleading and deceptive information and sales forecast to our Shareholders and potential investors;

- (ii) **Some of our Distribution Products are still at R&D stage:** as of the date of this announcement, various TAVI products, TMV products, TTV products and procedural accessories of the Group were still at R&D stage and we may further launch and commercialize some of such Distribution Products in the near future and the Company is not in a position to give an accurate estimate of financial information, including the revenue forecasts. For example, we have designed and plan to complete NMPA registration in 2024 our third-generation TAVI product, VitaFlow<sup>®</sup> III, which is equipped with an upgraded steerable delivery system in China, in order to enhance further the immediate and long-term therapeutic effects of TAVI procedures. We also expect to launch VitaFlow<sup>®</sup> III in the Target Markets. However, at this stage, we cannot accurately predict the timeline or progress for the registration and commercialization of VitaFlow<sup>®</sup> III in the Target Markets in the next three years.

The list of the Distribution Products and their latest R&D and commercialization stage are set out below:

<b>Distribution Product</b>		<b>R&amp;D/Commercialization Stage</b>
VitaFlow Liberty® (Retrievable)	Second-generation TAVI product	As of the date of this announcement, VitaFlow Liberty® has been registered in Argentina, Colombia, Thailand, Russia and Indonesia. Alwide® Plus balloon catheter has been registered in Argentina, Colombia, Thailand, Russia, Indonesia, Brazil and Hong Kong. Angelguide® tip-preshaped super stiff guidewire has been registered in Argentina, Colombia and Brazil. The NMPA marketing approval is recognized in Chile and Azerbaijan, and no additional registration procedures are required to start selling the second-generation products. The CE registration of VitaFlow Liberty® has also made progress and is expected to be approved in the near future. The registration of the three second-generation products in the remaining Target Markets is also progressing in an orderly manner.
Angelguide® tip-preshaped super stiff guidewire	Second-generation TAVI product	
Alwide® Plus balloon catheter	Second-generation product	

Currently, we have begun selling in Brazil, Colombia, Argentina, and Thailand. The CE registration for the European Union (EU) market is expected to be completed by the end of 2023 or early 2024, and the commercialization in the EU market will be pushed forward subsequently. The Company will visit local agents and hospitals to confirm the terms of business cooperation before the local registration is completed, and commence other pre-sales preparation procedures, such as training of local sales and marketing team, simultaneously. The Company will complete the shipment of the first batch of orders as soon as possible after the relevant product is licensed.

## Distribution Product

VitaFlow® III

Third-generation TAVI product

## R&D/Commercialization Stage

VitaFlow® III is our third-generation TAVI product which is still at design stage and has not yet been commercialized. We will actively promote sales in overseas countries that recognize the NMPA certificate after approval, and simultaneously commence the registration in other relevant Target Markets. However, given that VitaFlow® III is still in the stage of design and finalization, there are many uncertainties in the registration process, and it is impossible to accurately predict when it will be able to be launched in the Target Markets.

VitaFlow® III is expected to complete NMPA registration in 2024 and begin commercialization in 2025. After the completion of NMPA registration, registration in the Target Markets will be accelerated, and commercialization in the Target Markets will be accelerated as well by leveraging the overseas sales experience of our second-generation products.

- (iii) **Sensitive information:** in line with the Group's globalization strategy, with the support from the sales and marketing team of the Retained MicroPort® Group, the Company will further advance its global commercialization process which will enable the Company to expeditiously establish an advantageous position in market share in the Target Markets. Given that the sales through the Retained MicroPort® Group in the Target Markets is expected to be one of the significant growth drivers for the Company's business and financial performance, the disclosure of the annual caps in monetary terms would in effect provide Shareholders and investors as well as competitors of the Company with an indication of the Company's sales and revenue growth in the Target Markets. The disclosure of such information is highly sensitive and would therefore put the Company in a disadvantageous position in relation to its business operation and competition with other market players; and
- (iv) **Not in the interests of the Company and Shareholders to set fixed monetary caps:** it would also not be in the interest of the Company and the Shareholders of the Company to adopt fixed monetary caps for such transactions as such caps will impose an arbitrary ceiling on the profits that the Company could derive from the commercialization of the 2023 Distribution Framework Agreement. Such monetary caps would be contrary to the purpose of adopting distribution arrangements in order to incentivize its distributors based on their marketing and distribution performance and

would further impose restrictions on the growth of the Company's business and impair the interests of the Company and its Shareholders as a whole.

In view of the above, the Company has applied for, and the Stock Exchange has granted the Company, a waiver from strict compliance with the requirements under Rule 14A.53 of the Listing Rules for setting a term of not exceeding three years and setting monetary caps in relation to the 2023 Distribution Framework Agreement, subject to the following conditions:

- (i) the Company will comply with the announcement, circular and Independent Shareholders' approval requirements under Chapter 14A if there are any material changes to the terms of the 2023 Distribution Framework Agreement;
- (ii) the Company will clearly set out the formula in this announcement as the annual caps for the 2023 Distribution Framework Agreement, and as such, the investors will be provided with the information about the fees to be received from the Retained MicroPort® Group under the distribution arrangement;
- (iii) the Company will designate a team to execute and ensure that the transactions in relation to the 2023 Distribution Framework Agreement are undertaken in accordance with the terms therein;
- (iv) the Company's executive Director and First Vice President of Total Solutions, Mr. Zhao Liang, will use his best endeavor to supervise the compliance with the terms of the 2023 Distribution Framework Agreement and applicable Listing Rules requirements to the extent not waived by the Stock Exchange on a regular basis;
- (v) the independent non-executive Directors and the auditors of the Company will review the transactions in relation to the 2023 Distribution Framework Agreement on an annual basis and confirm in the Company's annual reports the matters set out in Rules 14A.55 and 14A.56 of the Listing Rules, respectively;
- (vi) the Company will disclose in the announcement and circular the reasons for entering into the 2023 Distribution Framework Agreement, the terms of the 2023 Distribution Framework Agreement, the grounds for the waiver sought and the Directors' and Independent Financial Adviser's views on the fairness and reasonableness of the transactions under the 2023 Distribution Framework Agreement;
- (vii) in the event of any future amendments to the Listing Rules imposing more stringent requirements than those as at the date of the announcement and circular on the above continuing connected transactions, the Company will take immediate steps to ensure compliance with such new requirements;
- (viii) the Company will disclose the annual transaction amounts charged by it under the 2023 Distribution Framework Agreement in the Company's annual reports;

- (ix) apart from setting fixed monetary annual caps for which waiver is sought, the Company will comply with other requirements under Chapter 14A of the Listing Rules; and
- (x) the entering into the 2023 Distribution Framework Agreement with MicroPort®, as long as MicroPort® remains as a connected person of the Company, will comply in full with all applicable reporting, annual review, disclosure and Independent Shareholders' approval requirement (if applicable) under Chapter 14A of the Listing Rules.

The Company expects that it could re-comply with the requirements under Rule 14A.53 of the Listing Rules for setting a term of not exceeding three years and setting monetary caps when renewing the 2023 Distribution Framework Agreement. It is expected that the Distribution Products will commence commercialization in the Target Markets and could be well recognized by local KOLs within the initial term of the 2023 Distribution Framework Agreement. The Company will therefore be able to gain specific market data and historical transaction amounts necessary for the Company to predict the annual caps for the renewed term with the assistance of independent industry consultants and other external experts, if needed. However, while the industry consultant could provide the Company with some estimation about the market size of the Distribution Products, since the following key information is not currently available and may subject to changes, it is not practicable for the Company to set a monetary cap for the initial term of the 2023 Distribution Framework Agreement:

1. The Target Markets have different market access and registration/filing policies for medical devices. We may be exposed to uncertainties dealing with local regulatory regimes, regulatory bodies and government policies in the Target Markets which may differ materially from those in the PRC or with which we may be unfamiliar. Therefore, the Company is unable to accurately predict whether we can obtain approval for registering and selling the Distribution Products in all Target Markets, and the Company is unable to accurately predict the time of commercialization of the Distribution Products in each Target Market; and
2. As we have not yet commenced commercialization of our Distribution Products in most Target Markets, without the support of historical transaction amounts, the Company is unable to accurately estimate the acceptance of our Distribution Products by the local KOLs and patients, the market share, or the sales growth trend of our Distribution Products in the Target Markets.

## ***Proposed Annual Caps***

The transaction amount the Group shall charge the Retained MicroPort® Group pursuant to the 2023 Distribution Framework Agreement will be determined by the following formula:

$$\text{The transaction amount} = \text{The sum of} \left( \text{The number of units of each Distribution Product ordered by the Retained MicroPort® Group in each Target Market} \times \text{The Final Price of the relevant Distribution Product, which is determined primarily by the formula below:} \right)$$

*The Final Price  
= The retail price of the Distribution Product in the relevant Target Market<sup>(1)</sup> - Distributor's gross profit<sup>(2)</sup>*

*Notes:*

- (1) The retail price of our Distribution Product is determined based on the retail price of competing products in the Target Market and our production, shipping and insurance cost for the relevant Distribution Product, with reference to the market position and sales strategy for the relevant Distribution Product. The retail price is subject to adjustments in accordance with the market conditions from time to time.
- (2) The distributor's gross profit is determined through arm's length negotiations between our Group and the Retained MicroPort® Group primarily based on the prevailing gross profit rate for distributing similar products in the relevant Target Markets, which is expected to be 30%–50% of the retail price.

## ***Reasons for and Benefits of the Transactions***

The medical device industry in which the Group operates is intensely competitive and rapidly changing. The Company faces competition with major international medical device companies as well as domestic medical device companies which are developing heart valve disease solutions. In line with the medical device industry norm, we adopt a distributorship model and we do not sell our products directly to hospitals. In order to gain access to or even a higher market share in TAVI market in the Target Markets, it is important for the Company to further strengthen the commercialization capabilities of the Company by, among others, leveraging the global distribution channels provided by external suppliers.

The Retained MicroPort® Group has a proven record of successfully commercializing medical devices globally and has a well-established and experienced global sales and marketing team familiar with the Group's Distribution Products with global outreach. Benefiting from the synergy between our Distribution Products and the comprehensive products focusing on the treatment of heart-related diseases offered by the Retained MicroPort® Group, as well as the Retained MicroPort® Group's stable business relationships with eligible hospitals in the Target Markets, the Company will be able to facilitate the admission and penetration into such hospitals in the Target Markets. In addition, after years of cooperation with us, MicroPort® Group has developed an adequate understanding of our product portfolio and business operations. Through such arrangements under the 2023 Distribution Framework Agreement, the Group will be able to leverage MicroPort® Group's global distribution network to get access to a wide range of customers in the Target Markets. It is believed that engaging the Retained MicroPort® Group as distributor will be beneficial for the Company to boost brand awareness, enhance the Group's influence, grasp market dynamics and increase the penetration rate of the Group's Distribution Products. It will also help the Group to effectively control the transaction risk and communication costs during the sales process and is beneficial to the business development of the Group.

While the annual caps under the 2023 Distribution Framework Agreement is not presented in monetary form, given that (i) the Final Price shall be consistent with the pricing policy for the same Distribution Products that Group offers to independent third-party distributors and will be determined primarily based on the prevailing market price of similar products; (ii) the Company will adopt the price determination and review mechanism and the relevant internal control procedures as described in the section headed "Internal Control Policies" below which will effectively ensure the Final Price is fair and reasonable; (iii) the nature of the transactions under the 2023 Distribution Framework Agreement and the formula calculating the transaction amounts thereunder are clear and do not involve complex calculations or excessive management discretion; and (iv) the sufficient disclosure in this announcement and in the annual report which has already included or will include the key terms of the transactions to be contemplated under the 2023 Distribution Framework Agreement, the details of the Distribution Products and Target Markets, as well as the annual transaction amounts charged by us under the 2023 Distribution Framework Agreement, the Board considers that the current proposed annual caps in formular form (i) could provide the Shareholders and potential investors with all necessary information about the fees to be received from the Retained MicroPort® Group; and (ii) enable the Shareholders and potential investors to make a properly informed assessment of the subject transactions and/or hence an informed voting decision.

The Retained MicroPort® Group's procurement under the 2023 Distribution Framework Agreement will be conducted in the ordinary and usual course of business of the Group, on an arm's length basis and on normal commercial terms or better to the Group. Our long-term, stable and mutually beneficial business relationship with MicroPort® Group has contributed significantly to our successful growth and expansion. We are of the view that the terms of the 2023 Distribution Framework Agreement are fair and reasonable, and the transactions contemplated thereunder are in the interest of the Company and the Shareholders as a whole and will be beneficial to the Group.

## **INFORMATION OF THE PARTIES TO THE 2023 CONTINUING CONNECTED TRANSACTION AGREEMENTS**

The Company is a medical device company focusing on the R&D and commercialization of innovative transcatheter solutions for structural heart diseases, 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.

MicroPort® Group is a leading medical device group focusing on innovating, manufacturing and marketing high-end medical devices globally in a broad range of business segments including cardiovascular, orthopedics, cardiac rhythm management, endovascular, neurovascular, heart valve, surgical robot and other business.

Other companies listed on the Stock Exchange controlled by MicroPort® Group, including Shanghai MicroPort MedBot (Group) Co., Ltd. (上海微創醫療機器人(集團)股份有限公司) (stock code: 2252) and MicroPort NeuroTech Limited (微創腦科學有限公司) (stock code: 2172), are not involved in the 2023 Continuing Connected Transaction Agreements and the respective transactions contemplated thereunder.

## **INTERNAL CONTROL POLICIES**

In order to ensure that the transactions contemplated under the 2023 Continuing Connected Transaction Agreements will be conducted on normal commercial terms or better, the 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 identify connected persons comprehensively and accurately, 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 the Retained MicroPort® Group and its joint ventures and associates to ensure that they will be entered into in accordance with the pricing policy under the 2023 Continuing Connected Transaction Agreements;



- (3) the finance department of the Group (the “**Finance Department**”) will constantly research into prevailing market conditions and practices and make reference to the pricing and terms between the Group and Independent Third Parties for similar transactions, and review and compare at least two quotations from Independent Third Parties, if available, with the quotes from the Retained MicroPort® Group and its joint ventures and associates when determining which supplier to engage with so as to ensure that the price provided by the Retained MicroPort® Group and its joint ventures and associates to the Group is fair and reasonable, and is determined on normal commercial terms or on terms no less favorable to the Group than the terms available from Independent Third Parties, if applicable;
- (4) a designated group of experienced sales and marketing personnel of the Group will, with assistance of the external industry consultant, China Insights Consultancy, or other competent independent industry consultant (the “**external industry consultant**”) with necessary qualifications and expertise in medical device industry, ensure the Final Price under the 2023 Distribution Framework Agreement is fair and reasonable. Before our Distribution Products entering into the relevant market, if needed, the Group will involve external industry consultant to conduct periodic market search to ascertain the market price range for the similar products sold to the end customers in the relevant market and the range of market gross profit rate for the distributors selling similar products in such market for the purpose of determining the price to be charged by the Group to the Retained MicroPort® Group under the 2023 Distribution Framework Agreement. The external industry consultant will, at least on an annual basis, review the fairness and reasonableness of the Final Price including but not limited to sampling the prices of similar products in the relevant Target Markets and reviewing relevant original documentary proof recorded by the Group. Our internal team will, from time to time, collect the prices for the similar products in the relevant markets sold by other companies to the end customers (if available), compare the average market price with the Final price (if available) and closely monitor and evaluate the market price trend timely. Should the Group aware that the Final Price is deviating from the prevailing market rates, it shall immediately report the same to the Board secretary office. The Board secretary office will then re-evaluate the prices and negotiate with the Retained MicroPort® Group so as to ensure that the Final Price is fair and reasonable, and is determined on normal commercial terms or on terms no less favorable to the Group than the terms available from Independent Third Parties;
- (5) if applicable, for the transactions that with no available quotes from Independent Third Parties, the Finance Department will assess the fairness of the quotation to be provided by the Retained MicroPort® Group and its joint ventures and associates with reference to the historical transactions of similar nature by the Retained MicroPort® Group and its joint ventures and associates and the overall cost the Group may incur for conducting similar activities by the Group’s in-house sales and marketing personnel or the similar products/services previously purchased or supplied by the Group. The Finance Department will further negotiate with the Retained MicroPort® Group and its joint ventures and associates in respect of the quotations if (i) there is any material difference between the quotations provided by the Retained MicroPort®

Group and its joint ventures and associates and the historical comparable transactions of similar nature provided by the Retained MicroPort® Group and its joint ventures and associates; and/or (ii) the quotations provided by the Retained MicroPort® Group and its joint ventures and associates are higher than the overall cost (mainly the labor cost) the Group may incur for conducting similar activities by the Group's in-house sales and marketing personnel or the similar products/services previously purchased or supplied by the Group;

- (6) the Group will comply with the annual review requirements in respect of the transactions contemplated under the 2023 Continuing Connected Transaction Agreements 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;
- (7) the Board will arrange internal trainings for the senior management of the Group and responsible staff on the compliance requirements for continuing connected transactions;
- (8) the Finance Department will monitor the transaction amounts under the 2023 Continuing Connected Transaction Agreements 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 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, including obtaining the approval of Independent Shareholders (if required);
- (9) the Group shall comply with the conditions prescribed under the waiver granted by the Stock Exchange in connection with the connected transactions under the 2023 Distribution Framework Agreement; and
- (10) if any revision or adjustment on the terms (including without limitation, the price of the services or products) of the individual agreement under the 2023 Continuing Connected Transaction Agreements is necessary, provided such revision or adjustment is in compliance with the 2023 Continuing Connected Transaction Agreements, an approval application will be made by the total solutions promotion department of the Group and approved by, among others, the board secretary office of the Group.

## LISTING RULES IMPLICATIONS

As of the date of this announcement, through its wholly-owned subsidiary Shanghai MicroPort, MicroPort® was indirectly interested in approximately 46.13% of the total issued share capital of the Group. Therefore, MicroPort® is a connected person of the 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 with reference to the respective annual cap of the 2023 Master Raw Materials Procurement Agreement and the 2023 Promotion and Patient Health Management Service Procurement Framework Agreement exceeds 5%, the transactions contemplated thereunder are subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios (other than the profit ratio) calculated for the purpose of Chapter 14A of the Listing Rules is more than 0.1% but less than 5%, the transactions under the 2023 Master Service Procurement Agreement are subject to reporting, annual review and announcement requirements, but exempt from the circular (including the appointment of an Independent Financial Adviser) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements of Rule 14A.53(1) of the Listing Rules to express annual caps for the Distribution Framework Agreement in terms of monetary value. As of the conditions under the waiver, the transactions contemplated under the Distribution Framework Agreement are subject to, among others, the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

MicroPort® (holding 1,112,855,680 Shares or approximately 46.13% of the Shares in the Company as of the date of this announcement) who is involved in, or interested in the 2023 Master Raw Materials Procurement Agreement, the 2023 Promotion and Patient Health Management Service Procurement Framework Agreement and the 2023 Distribution Framework Agreement will abstain from voting the relevant resolution at the EGM pursuant to Rule 14A.36 of the Listing Rules.

## **GENERAL**

Mr. Chen Guoming, Mr. Zhang Junjie, Ms. Wu Xia and Mr. Jonathan H. Chou, who are Directors appointed by MicroPort® or held director's positions in the Retained MicroPort® Group at the time of the board meeting held for the purpose of, among others, considering and approving the 2023 Continuing Connected Transaction Agreements, and were deemed to have interest in the 2023 Continuing Connected Transaction Agreements and thus had abstained from voting the relevant Board resolutions of the Company on the 2023 Continuing Connected Transaction Agreements and the respective transactions contemplated thereunder.

The Directors (excluding the independent non-executive Directors, whose opinion will be formed after taking into account the advice to be provided by the Independent Financial Adviser) is of the view that the terms of the 2023 Continuing Connected Transaction Agreements (including the applicable annual caps thereunder) are fair and reasonable, and the transactions contemplated thereunder are on normal commercial terms or better, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

The Company has established an Independent Board Committee, consisting of the independent non-executive Directors who are not the directors of MicroPort®, to advise the Independent Shareholders in respect of the 2023 Master Raw Materials Procurement Agreement, the 2023 Promotion and Patient Health Management Service Procurement Framework Agreement, and the 2023 Distribution Framework Agreement and the transactions contemplated thereunder, and as to how to vote at the EGM. The Company has also appointed Gram Capital to advise the Independent Board Committee and the Independent Shareholders in this respect.

A circular containing, among others, (i) details of the 2023 Master Raw Materials Procurement Agreement, the 2023 Promotion and Patient Health Management Service Procurement Framework Agreement and the 2023 Distribution Framework Agreement and the respective transactions contemplated thereunder; (ii) a letter from the Independent Board Committee to the Independent Shareholders containing its commendations; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the EGM is expected to be dispatched to the Shareholders on or around December 12, 2023.

## **CLOSURE OF REGISTER OF MEMBERS**

For determining the entitlement to attend and vote at the EGM, notice is hereby given that the register of members of the Company will be closed from December 22, 2023 (Friday) to December 29, 2023 (Friday) (both days inclusive), during which period no share transfers will be registered. To be eligible to attend the above meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on December 21, 2023 (Thursday).

The Shareholders whose names appear on the register of members of the Company at the close of business on December 29, 2023 (Friday) will be entitled to attend and vote at the EGM. Please refer to the notice of EGM and the circular to be issued and despatched to the Shareholders on or around December 12, 2023 (Tuesday) for further information on the EGM and the matters to be considered at such meeting.

## DEFINITIONS

In this announcement, unless otherwise defined or the context otherwise requires, the following terms or expressions shall have the following meanings:

“2022 Service Procurement Framework Agreement”	the 2022 Service Procurement Framework Agreement dated June 7, 2022 between MP CardioFlow (for itself and on behalf of its subsidiaries) and MicroPort® (for itself and on behalf of its subsidiaries other than the Group), pursuant to which we agreed to, among others, procure (i) promotion services; and (ii) patient health management services from Retained MicroPort® Group for a term commencing from June 22, 2022 till December 31, 2023
“2023 Continuing Connected Transaction Agreements”	the 2023 Master Raw Materials Procurement Agreement, the 2023 Promotion and Patient Health Management Service Procurement Framework Agreement, the 2023 Master Service Procurement Agreement and the 2023 Distribution Framework Agreement
“2023 Distribution Framework Agreement”	the 2023 Distribution Framework Agreement dated December 6, 2023 between the Company (for itself and on behalf of its subsidiaries) and MicroPort® (for itself and on behalf of its subsidiaries other than the Group), pursuant to which we agreed to, among other things, grant a non-exclusive right to the Retained MicroPort® Group to market and distribute the Group’s products overseas for a term commencing from January 1, 2024 till December 31, 2026
“2023 Master Raw Materials Procurement Agreement”	the 2023 Master Raw Materials Procurement Agreement dated December 6, 2023 between the Company (for itself and on behalf of its subsidiaries) and MicroPort® (for itself and on behalf of the Retained MicroPort® Group and its joint ventures and associates), pursuant to which we agreed to, among others, procure raw materials from the Retained MicroPort® Group and its joint ventures and associates for a term commencing from January 1, 2024 till December 31, 2026

“2023 Master Service Procurement Agreement”	the 2023 Master Service Procurement Agreement dated December 6, 2023 between the Company (for itself and on behalf of its subsidiaries) and MicroPort® (for itself and on behalf of the Retained MicroPort® Group and its joint ventures and associates), pursuant to which we agreed to, among others, procure animal test services, balloon processing services, sterilization services, product testing services and numerical simulation service from the Retained MicroPort® Group for a term commencing from January 1, 2024 till December 31, 2026
“2023 Promotion and Patient Health Management Service Procurement Framework Agreement”	the 2023 Promotion and Patient Health Management Service Procurement Framework Agreement dated December 6, 2023 between the Company (for itself and on behalf of its subsidiaries) and MicroPort® (for itself and on behalf of its subsidiaries other than the Group), pursuant to which we agreed to, among others, procure promotion and health management services from the Retained MicroPort® Group for a term commencing from January 1, 2024 till December 31, 2026
“AccuSniper™”	AccuSniper™ double-layer balloon catheter
“Alwide® Plus”	Alwide® Plus balloon catheter
“Board”	the board of directors of the 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
“Class III medical device(s)”	the medical device(s) recognized by the China National Medical Products Administration with high risk level, the safety and effectiveness of which can be ensured through strict control and administration with special measures
“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 the Company, including all executive, non-executive and independent non-executive directors
“Distribution Products”	the products and product candidates referred to in the section headed “2023 Distribution Framework Agreement — Waiver from Strict Compliance with Rule 14A.53 of the Listing Rules”
“EGM”	the extraordinary general meeting of the Company to be held on Friday, December 29, 2023 at 10:00 a.m.. at No. 1661 Zhangdong Road, Zhangjiang Hi-Tech Park, Pudong New District, Shanghai, China or any adjournment thereof. For details, please refer to the notice of the EGM dated December 12, 2023.
“Group”, “we”, “us”, or “our”	the Company and all of its subsidiaries or, where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries, the present subsidiaries of the 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 Board Committee”	the independent committee of the Board, consisting of the independent non-executive Directors who are not the directors of MicroPort®, established to provide advice to Independent Shareholders in respect of the 2023 Master Raw Materials Procurement Agreement, the 2023 Promotion and Patient Health Management Service Procurement Framework Agreement and the 2023 Distribution Framework Agreement and the respective transactions contemplated thereunder
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the 2023 Master Raw Materials Procurement Agreement, the 2023 Promotion and Patient Health Management Service Procurement Framework Agreement and the 2023 Distribution Framework Agreement and the respective transactions contemplated thereunder

“Independent Shareholders”	Shareholders of the Company, excluding MicroPort® and Shanghai MicroPort
“Independent Third Party(ies)”	persons who are not the connected person(s) of the Group
“KOL(s)”	doctors that influence their peers’ medical practice, including but not limited to prescribing behavior
“Listing Date”	February 4, 2021, on which the Shares were listed on the Stock Exchange and from which dealings in our Shares first commenced on the Main Board
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange, as amended or supplemented from time to time
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange. For the avoidance of doubt, the Main Board excludes the Growth Enterprise Market of the Stock Exchange
“Master Raw Materials Procurement Agreement”	the Master Raw Materials Procurement Agreement dated January 21, 2021, between the Company (for itself and on behalf of its subsidiaries) and Shanghai MicroPort Medical (for itself and on behalf of its subsidiaries), pursuant to which the Group will procure certain raw materials, such as evacuation tubes, outer tubes, inner tubes, nitinol tubes and PTFE (polytetrafluoroethylene) sheathes, from the Retained MicroPort® Group for a term commencing from Listing Date till December 31, 2023



“Master Service Procurement Agreement”	the Master Service Procurement Agreement dated January 21, 2021, between the Company (for itself and on behalf of its subsidiaries) and Shanghai MicroPort Medical (for itself and on behalf of its subsidiaries), pursuant to which the Group will procure animal test services, balloon processing services, sterilization services, product testing services and numerical simulation service from the Retained MicroPort® Group for a term commencing from Listing Date till December 31, 2023
“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
“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 the Company
“NMPA”	National Medical Products Administration (國家藥品監督管理局) and its predecessor the China Food and Drug Administration (國家食品藥品監督管理總局), including its sub-division, such as the Center for Medical Device Evaluation (國家藥品監督管理局醫療器械技術審評中心)
“non-exempt continuing connected transaction”	has the meaning as defined in the Listing Rules
“Prospectus”	the prospectus issued by the Company on January 26, 2021
“R&D”	research and development
“Retained MicroPort® Group”	MicroPort® and its subsidiaries, excluding the Group
“RMB”	the lawful currency of the PRC

“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Shanghai MicroPort”	Shanghai MicroPort Limited, a company incorporated in the BVI with limited liability on January 8, 2019, a wholly-owned subsidiary of MicroPort® and one of the controlling shareholders of the Company
“Shanghai MicroPort Medical”	Shanghai MicroPort Medical (Group) Co., Ltd. (上海微創醫療器械(集團)有限公司), a limited liability company established in the PRC on May 15, 1998 and a wholly owned subsidiary of MicroPort®
“Share(s)”	ordinary share(s) in the share capital of the Company of US\$0.000005 each
“Shareholder(s)”	holder(s) of the Share(s) from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Market(s)”	Countries and regions including Mexico, Colombia, Brazil, Argentina, Saudi Arabia, Egypt, India, Pakistan, Iran, Turkey, Kazakhstan, Russia, Korea, Thailand, Malaysia, Indonesia, Australia, Japan, Belarus, Azerbaijan, Lebanon, Chile, Hong Kong and European Union
“TAVI”	transcatheter aortic heart valve implantation, a catheter-based technique to implant a new aortic valve in a minimally invasive procedure that does not involve open-chest surgery to correct severe aortic stenosis
“TMV”	transcatheter mitral valve, which refers to treatment methods for mitral valve diseases through transcatheter approach
“TTV”	transcatheter tricuspid valve, which refers to treatment methods for tricuspid valve diseases through transcatheter approach

“VitaFlow®”

unless the context indicates otherwise, “VitaFlow®” refers to the VitaFlow® transcatheter aortic valve implantation system, which comprises of a PAV (prosthetic aortic valve), a motorized delivery system and certain procedural accessories

“VitaFlow Liberty®”

unless the context indicates otherwise, “VitaFlow Liberty®” refers to the VitaFlow Liberty® transcatheter aortic valve implantation system, which comprises of a PAV (prosthetic aortic valve), a motorized delivery system and the tip-preshaped super stiff guidewire Angelguide®

“%”

per cent

By order of the Board  
**MicroPort CardioFlow Medtech Corporation**  
**Chen Guoming**  
*Chairman*

Shanghai, PRC, December 6, 2023

*As at 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.*