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Broncus Holding Corporation

壑博医疗控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2216)

CONNECTED TRANSACTION IN RELATION TO THE EARLY TERMINATION OF THE LICENSE AGREEMENT

The board (the “**Board**”) of directors (the “**Directors**”) of Broncus Holding Corporation (the “**Company**”, together with its subsidiaries, the “**Group**”) announced that on November 24, 2023, Broncus Medical Inc. (“**Broncus Medical**”), a subsidiary of the Company, entered into a termination agreement (the “**Termination Agreement**”) with NoahTron Intelligence Medtech (Hangzhou) Co., Ltd. (諾創智能醫療科技(杭州)有限公司) (“**NoahTron**”), pursuant to which Broncus Medical and NoahTron agreed to terminate the license agreement dated September 7, 2021 (the “**License Agreement**”) with effect from November 24, 2023 (the “**Effective Date**”).

BACKGROUND

On September 7, 2021, Broncus Medical and NoahTron entered into the License Agreement, pursuant to which Broncus Medical agreed to grant to NoahTron a non-sublicensable, non-transferable, non-assignable and non-exclusive license of intellectual property rights related to navigation, diagnostic, and therapeutic technologies in the field of robotic-assisted medical interventions which were acquired by Broncus Medical on and/or before the date of the License Agreement in certain countries or regions worldwide.

The License Agreement commenced on the date thereof, being September 7, 2021, and shall continue until the expiration of the last to expire of the patent rights licensed under the License Agreement, and NoahTron shall pay Broncus Medical a license fee of US\$250,000 per year for ten years. For details about the License Agreement, please refer to the section headed “Connected Transaction” to the Company’s prospectus dated September 13, 2021.

PRINCIPAL TERMS OF THE TERMINATION AGREEMENT

On November 24, 2023, Broncus Medical and NoahTron entered into the Termination Agreement to terminate the License Agreement and agreeing that it will be of no further force from the Effective Date, subject to certain customary surviving clauses of the License Agreement. Upon the termination of the License Agreement, each party of the License Agreement shall immediately discontinue any use of confidential information of the other party under the License Agreement. Within ten business days following the Effective Date, NoahTron shall assign and transfer to Broncus Medical all of the relevant data, drawings, designs, methods, compounds, formulae, discoveries, developments, technology, techniques, procedures, specifications, inventions, patents, computer programs and any other scientific or technical data or information researched and developed based on the licensed IP under the License Agreement and any other documentation related thereto. Within ten business days following the Effective Date, all materials containing such confidential information shall be returned by the receiving party or (with the disclosing party's prior written consent) destroyed, subject to certain customary surviving clauses or any related obligations under law, regulation, or regulatory approvals.

Pursuant to the Termination Agreement, Broncus Medical shall pay NoahTron US\$500,000 as consideration of the Termination Agreement (the "**Consideration**") within ten business days following the Effective Date. The Consideration is determined with reference to the losses incurred by NoahTron as a result of the termination of the License Agreement, including the paid license fees and the investment in R&D under the License Agreement after arm's length negotiation between the parties and on normal commercial terms. It is expected that the Consideration shall be settled by the internal resources of the Group. Save as disclosed above, each party of the License Agreement shall be released and discharged from its respective liabilities and obligations and neither party shall have any claims against each other as a result of the termination of the License Agreement.

REASONS FOR THE TERMINATION OF THE LICENSE AGREEMENT

The intellectual property rights under the License Agreement are related to navigation, diagnosis and treatment technologies in the field of robot-assisted medical intervention. With the general public's growing interest in minimal invasive techniques and the development of interventional devices, the Company believes that the intellectual property research and development under the License Agreement enjoys wide prospect and can bring sustainable commercial value to the Company's deployment of interventional lung surgical assisting robots.

Currently, several intellectual property rights under the License Agreement have been successively approved for patent applications and have been patented. Meanwhile, in order to develop the interventional lung surgical assisting robots, the Company plans to use its own resources to develop certain early intellectual property rights to enrich and strengthen the Company's product portfolio, enrich the Company's product line layout, and further create a full life cycle of respiratory diseases interventional diagnosis and treatment platform. As discussed with NoahTron, it will not focus its research on the relevant technologies under the License Agreement in the short term. Therefore, both parties had reached an agreement and signed the termination agreement.

The Company believes that these intellectual property rights are key patents for the development of the Group's own lung robot, and will play an important role in the research and development process to ensure the Group's advantageous position in the research and development on the medical robot market on lung treatment.

Having reviewed the terms of the Termination Agreement, the Directors (including the independent non-executive Directors but excluding Mr. ZHAO Michael Yi Wei who has abstained from voting due to having material interests in the aforesaid transaction) are of the view that the terms of the Termination Agreement are fair and reasonable, the transaction contemplated thereunder are on normal commercial terms, and that the entering into of the Termination Agreement is in the ordinary and usual course of businesses of the Group and in the interests of the Company and the shareholders of the Company as a whole.

The Directors believe that the termination of the License Agreement will not have any adverse impact on the operation, business and financial position of the Group.

INFORMATION ABOUT THE COMPANY

The Company is a pioneer in the market for interventional pulmonology medical devices. It focuses on developing innovative technologies and products for the navigation, diagnosis and treatment of pulmonary diseases. Founded in 2012, the Company has assembled a management team with extensive experience in product development, clinical research and commercialization. As at June 30, 2023, the Company had established a product pipeline comprising of 18 products and major product candidates, and had a total of 796 issued patents and patent applications. In addition, the Company conducts clinical training, market education, brand promotion and commercialization efforts, and also promotes sales to globally mainstream markets such as China, Europe and Asia.

INFORMATION ABOUT BRONCUS MEDICAL

Broncus Medical is a wholly owned subsidiary of the Company. It primarily engages in the research, development and commercialization of medical devices and consumables and is responsible for delivering products to the distributors of the Company in the U.S.

INFORMATION ABOUT NOAHTRON

NoahTron is a limited liability company established in the PRC on July 10, 2019. NoahTron is directly or indirectly held by (i) approximately 71.25% by St. Christopher Investment Limited, which is wholly owned by Mr. ZHAO Michael Yi Wei, the non-executive Director and the chairman of the Board and therefore is a connected person of the Company pursuant to Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), (ii) approximately 19% by Huang Shandeng (through his control in Hangzhou Zhengchuang Medical Technology Partnership (Limited Partnership) (杭州崢創醫療科技合夥企業(有限合夥)) and Hangzhou Ouchuang Medical Technology Partnership (Limited Partnership) (杭州歐創醫療科技合夥企業(有限合夥)), and (iii) approximately 9.75% by the remaining shareholders (holding less than 5% of NoahTron on individual basis). To the best knowledge of the Directors’ knowledge, information and belief having made all reasonable enquiries, save as Mr. ZHAO Michael Yi Wei, other shareholders and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

NoahTron is primarily engaged in developing, marketing, and selling robotic surgical systems in the PRC.

LISTING RULES IMPLICATIONS

As NoahTron is an associate of the Director Mr. ZHAO Michael Yi Wei, it is regarded as a connected person of the Company.

Since the highest applicable percentage ratio set out in Rule 14.07 of the Listing Rules in respect of the Termination Agreement exceeds 0.1% but is less than 5%, the transaction contemplated thereunder the Termination Agreement is subject to the reporting and announcement requirements but are exempted from the circular (including independent financial advice) and shareholders’ approval requirements under the Listing Rules.

The License Agreement and the transactions contemplated thereunder constituted continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Accordingly, the termination of the License Agreement is subject to the announcement requirement pursuant to Rule 14A.35 of the Listing Rules.

By order of the Board
Broncus Holding Corporation
ZHAO Michael Yi Wei
Chairman

Hong Kong, November 24, 2023

As at the date of this announcement, the Board comprises Mr. XU Hong as executive Director, Mr. ZHAO Michael Yi Wei as Chairman and non-executive Director, Mr. ZI Zhenjun, Mr. ZHANG Ao and Mr. ZHAN Guowei as non-executive Directors, and Dr. KAM Pok Man, Professor LAU Joseph Wan Yee and Ms. WONG Yee Sin as independent non-executive Directors.