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**CONTINUING CONNECTED TRANSACTIONS
2024 SUPPORTING SERVICES AGREEMENT AND
2024 MATERIALS PROCUREMENT AGREEMENT**

CONTINUING CONNECTED TRANSACTIONS

On 1 December 2023, the Company entered into (1) the 2024 Supporting Services Agreement, and (2) the 2024 Materials Procurement Agreement with MicroPort NeuroTech.

As MicroPort NeuroTech is a connected subsidiary of the Company under Chapter 14A of the Listing Rules. The entering into of the 2024 Supporting Services Agreement and the 2024 Materials Procurement Agreement with MicroPort NeuroTech constitute continuing connected transactions for the Company.

As one or more of the applicable percentage ratios in respect of the highest annual cap under each of the 2024 Supporting Services Agreement and the 2024 Materials Procurement Agreement exceeds 0.1% but all of which are less than 5%, the 2024 Supporting Services Agreement and the 2024 Materials Procurement Agreement are subject to the reporting and announcement requirements but is exempt from the requirement of independent shareholders' approval under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to the announcements of the Company dated 29 June 2022, 9 August 2022, 9 September 2022 and 30 September 2022 respectively in relation to, among others, the continuing connected transactions under the Supporting Services Agreement and Materials Procurement Agreement entered into between the Company and MicroPort NeuroTech. As each of the Supporting Services Agreement and Materials Procurement Agreement will expire on 31 December 2023, and the Group is expected to carrying on the transactions contemplated thereunder upon its expiry, the Company entered into the 2024 Supporting Services Agreement and 2024 Materials Procurement Agreement with MicroPort NeuroTech on 1 December 2023.

The salient terms of the 2024 Supporting Services Agreement and the 2024 Materials Procurement Agreement are set out below:

THE 2024 SUPPORTING SERVICES AGREEMENT

Date: 1 December 2023

Parties: the Company, and
MicroPort NeuroTech

Term: From 1 January 2024 to 31 December 2026

Subject matter: The Group and its joint ventures and associates will provide to the MicroPort NeuroTech Group certain supporting services, including but not limited to animal testing services, product testing services, simulation technical services, sterilization services and administrative support services (the “**Supporting Services**”).

Pricing standards: The fees for the Supporting Services are determined after arm’s length negotiations and mainly calculated based on the unit service fee and the expected services for each type of the Supporting Services required by the MicroPort NeuroTech Group.

The service fees are determined by taking into account (i) the procurement volume of each type of the Supporting Services; (ii) the prevailing market rate of similar services (having taken into account the nature, complexity and scope of the Supporting Services, the method of delivery and the anticipated operational costs including but not limited to labor costs and costs of materials used for providing the Supporting Services); and (iii) the fees charged for historical transactions of similar services.

In determining the prevailing market price for the Supporting Services, the Group will collect the relevant market information, review and consider the type of supporting services that need to be provided, approach not less than two independent services providers (if applicable) to obtain quotes for services of similar nature and compare the transactions with the costs and resources of the Group to determine the prevailing market rate and costs to the Group for the provision of such services. The Group will ensure that in supplying such services, it will not be less favourable to the Group than the provision of services of similar type and nature to other members of the Group or independent third parties.

Payment terms: Payments under the 2024 Supporting Services Agreement will be made by the MicroPort NeuroTech Group to the respective members of the Group from time to time during the term of the 2024 Supporting Services Agreement in accordance with each specific procurement agreement entered into between respective parties in respect of each of the Supporting Services.

Historical figures and annual caps

For the year ended 31 December 2022 and ten months ended 31 October 2023, the total transaction amounts for the procurement of the Supporting Services were approximately RMB7.1 million and RMB5.8 million, respectively.

The proposed annual caps for the three years ending 31 December 2026 under the 2024 Supporting Services Agreement are as follows:

	Financial year ending 31 December		
	2024	2025	2026
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
Transaction amount	7.2	7.5	7.8

The proposed annual caps for the three years ending 31 December 2026 under the 2024 Supporting Services Agreement have been determined based on:

- (1) the historical transaction amounts in relation to the procurement of the Supporting Services;
- (2) the estimated growing demand of the MicroPort NeuroTech Group for the Supporting Services for the three years ending 31 December 2026, which is primarily driven by the R&D and commercialization of the products of the MicroPort NeuroTech Group, having taken into account its R&D schedule, registration progress, the increasing market demand of its relevant products and estimated production volume of its products; and
- (3) the estimated service fees to be charged by the Group and its joint ventures and associates, which is based on the historical service fee rate.

The Board is of the view that the proposed annual caps for the 2024 Supporting Services Agreement set out above are fair and reasonable so far as the Company and its Shareholders are concerned.

THE 2024 MATERIALS PROCUREMENT AGREEMENT

- Date:** 1 December 2023
- Parties:** the Company, and
MicroPort NeuroTech
- Term:** From 1 January 2024 to 31 December 2026
- Subject matter:** The MicroPort NeuroTech Group will procure from or procure through the Group and its joint ventures and associates semifinished products of stents and delivery systems and Rapamycin (the “**Materials**”) for use by it in its R&D, and production of its products.
- Pricing standards:** The fees for the procurement of the Materials are determined after arm’s length negotiations and mainly calculated based on the unit price and the procurement volume of each of the Materials.
- The prices for the procurement of the Materials are determined by taking into account (i) the prevailing market price of the materials of similar specification, as well as the quality, volume, method of procurement, cost of procurement to the Group and its joint ventures and associates (in respect of the Materials procured on their behalf); and (ii) the fees charged for historical transactions of similar materials.
- In determining the prevailing market price of a particular material, the Group will consider, among other things, the market price of the materials of similar specification, quality, volume, method of procurement, cost of procurement to the Group and its joint ventures and associates (in respect of the Materials procured on their behalves). The Group will procure at least two quotations from independent third party suppliers (if applicable) for the material to be procured, taking into consideration the specification, quality, volume and delivery time of the relevant purchase. The Group will ensure that in supplying the Materials, it will not be less favourable to the Group than the provision of materials of similar specification and quantity to other members of the Group or independent third parties.
- Payment terms:** Payments under the 2024 Materials Procurement Agreement will be made by the MicroPort NeuroTech Group to the respective members of the Group from time to time during the term of the 2024 Materials Procurement Agreement in accordance with each specific procurement agreement entered into between respective parties in respect of each of the Materials.

Historical figures and annual caps

For the year ended 31 December 2022 and ten months ended 31 October 2023, the total transaction amounts for the procurement of the Materials were approximately RMB11.3 million and RMB14.7 million, respectively.

The proposed annual caps for the three years ending 31 December 2026 under the 2024 Materials Procurement Agreement are as follows:

	Financial year ending 31 December		
	2024	2025	2026
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
Transaction amount	26	26.5	27

The proposed annual caps for the three years ending 31 December 2026 of the 2024 Materials Procurement Agreement have been determined based on:

- (1) the historical transaction amount and grow trend in relation to the procurement of the Materials;
- (2) the estimated demand of the MicroPort NeuroTech Group for the Materials for the three years ending 31 December 2026, and taking into consideration the increasing market demand of its relevant products, R&D Schedule and its business development; and
- (3) the estimated price of the Materials to be charged by the Group and its joint ventures and associates, which is based on the historical price.

The Board is of the view that the proposed annual caps for the 2024 Materials Procurement Agreement set out above are fair and reasonable so far as the Company and its Shareholders are concerned.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS CONTEMPLATED UNDER THE 2024 SUPPORTING SERVICES AGREEMENT AND THE 2024 MATERIALS PROCUREMENT AGREEMENT

MicroPort NeuroTech is a subsidiary of the Company.

The Group has been providing Supporting Services and supplying the Materials to the MicroPort NeuroTech Group in the past. As the Materials are required for the R&D and production process of the MicroPort NeuroTech Group, and the Supporting Services are needed for the R&D and product commercialization process of the MicroPort NeuroTech Group, it is important for the Group to be able to continue to supply the Materials and provide the Supporting Services to the MicroPort NeuroTech Group to support its operation. In this connection, the 2024 Supporting Services Agreement and the 2024 Materials Procurement Agreement have been entered into to enable the Group to continue to supply the Materials and provide the Supporting Services to the MicroPort NeuroTech Group after the expiry of the Supporting Services Agreement and Materials Procurement Agreement.

Given that the transactions contemplated under the 2024 Supporting Services Agreement and the 2024 Materials Procurement Agreement are being carried out in the ordinary and usual course of business, the terms of which are on normal commercial terms, the Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the 2024 Supporting Services Agreement and the 2024 Materials Procurement Agreement are fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

INTERNAL CONTROL

To ensure that the continuing connected transaction under the 2024 Supporting Services Agreement and the 2024 Materials Procurement Agreement will be conducted on normal commercial terms and on terms which are similar or comparable to contracts of the Group with independent third parties, and are in accordance with the terms of the relevant agreement, the Company has a set of internal control policy to monitor its continuing connected transactions.

The relevant business and operational departments of the Group will review and compare at least two quotations from independent third parties, if available, and ensure that the continuing connected transactions under the 2024 Supporting Services Agreement and the 2024 Materials Procurement Agreement will be conducted on normal commercial terms and on terms which are similar or comparable to contracts of the Group with independent third parties, if applicable.

The relevant internal audit personnel and management of the Group responsible for such internal control task will conduct checks every six months and review whether the pricing policy of the relevant continuing connected transactions have been followed. This would involve reviewing (i) the transactions are conducted in accordance with the terms of the Supporting Services Agreement and the Materials Procurement Agreement, (ii) whether the prices charged under the relevant continuing connected transactions are fair and reasonable and in accordance with the relevant pricing policy and that the transactions would not be prejudicial to the interests of the Company and the Shareholders as a whole.

The relevant internal audit personnel or management of the Group would also regularly review the continuing connected transactions under the 2024 Supporting Services Agreement and the 2024 Materials Procurement Agreement to ensure the annual caps as set out in the relevant agreement have not been exceeded. The Company will re-comply with the requirements of the Listing Rules if there is material change to the terms of the continuing connected transactions or the annual caps are expected to be exceeded.

The independent non-executive Directors would review the continuing connected transactions and the auditors of the Company would also conduct an annual review on the pricing terms and annual caps thereof. Accordingly, the Directors consider that the internal control system of the Group is effective to ensure that the continuing connected transactions of the Group have been and will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

MicroPort NeuroTech is a 53.35% owned subsidiary of the Company as at the date of this announcement. Maxwell Maxcare is interested in approximately 15.57% of the issued share capital of the Company as at the date of this announcement. Maxwell Maxcare is hence a substantial shareholder of the Company and a connected person of the Company for the purpose of Chapter 14A of the Listing Rules. As Maxwell Maxcare is also indirectly interested in 10.96% of MicroPort NeuroTech as of the date of this announcement, MicroPort NeuroTech is a connected subsidiary of the Company. Thus, the entering into of the 2024 Supporting Services Agreement and the 2024 Materials Procurement Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the highest annual cap under each of the 2024 Supporting Services Agreement and the 2024 Materials Procurement Agreement exceeds 0.1% but all of which are less than 5%, the 2024 Supporting Services Agreement and the 2024 Materials Procurement Agreement are subject to the reporting and announcement requirements but is exempt from the requirement of independent shareholders' approval under Chapter 14A of the Listing Rules.

Save for Dr. Zhaohua Chang who is a non-executive director and chairman of MicroPort NeuroTech, no other Director is interested in the transactions contemplated under the 2024 Support Services Agreement and the 2024 Materials Procurement Agreement and need to abstain from the Board meeting held to approve the 2024 Support Services Agreement and the 2024 Materials Procurement Agreement.

INFORMATION ON THE PARTIES INVOLVED

The Company

The Company is incorporated in the Cayman Islands with limited liability and the shares of which are listed on the main board of the Stock Exchange. The Company is a leading medical technology company that develops, manufactures and sells high-end interventional medical devices.

MicroPort NeuroTech

MicroPort NeuroTech is a company incorporated in the Cayman Islands and is involved in the R&D, manufacture and sale of innovative neuro-interventional medical devices and the shares of which are listed on the main board of the Stock Exchange (Stock Code: 2172). MicroPort NeuroTech is a subsidiary of the Company as at the date of this announcement.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meanings set opposite them below:

“Board”	the board of Directors of the Company;
“Company”	MicroPort Scientific Corporation (微創醫療科學有限公司), a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the main board of the Stock Exchange (stock code: 00853);
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Directors”	directors of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Materials Procurement Agreement”	the master materials procurement agreement dated 29 June 2022 between the Company and MicroPort NeuroTech as further amended and supplemented on 30 September 2022 in relation to the procurement of Materials by the MicroPort NeuroTech Group;
“Maxwell Maxcare”	Maxwell Maxcare Science Foundation Limited, a company limited by guarantee with no share capital incorporated in Hong Kong and is a substantial shareholder of the Company as at the date of this announcement;
“MicroPort NeuroTech”	MicroPort NeuroTech Limited (微創腦科學有限公司), a company incorporated in the Cayman Islands with limited liability, a subsidiary of the Company as at the date of this announcement and the shares of which are listed on the main board of the Stock Exchange (Stock Code: 2172);
“MicroPort NeuroTech Group”	MicroPort NeuroTech and its subsidiaries;
“PRC”	the People’s Republic of China;
“R&D”	research and development;

“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholders”	shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules;
“Supporting Services Agreement”	the master supporting services procurement agreement dated 29 June 2022 between the Company and MicroPort NeuroTech as further amended and supplemented on 30 September 2022 in relation to the provision of Supporting Services to the MicroPort NeuroTech Group by the Group and its joint ventures and associates;
“2024 Materials Procurement Agreement”	the master materials procurement agreement dated 1 December 2023 between the Company and MicroPort NeuroTech in relation to the procurement of materials by the MicroPort NeuroTech Group;
“2024 Supporting Services Agreement”	the master supporting services procurement agreement dated 1 December 2023 between the Company and MicroPort NeuroTech in relation to the provision of supporting services to the MicroPort NeuroTech Group by the Group and its joint ventures and associates; and
“%”	per cent.

By Order of the Board
MicroPort Scientific Corporation
Dr. Zhaohua Chang
Chairman

Shanghai, the PRC, 1 December 2023

As at the date of this announcement, the executive Director is Dr. Zhaohua Chang; the non-executive Directors are Mr. Hiroshi Shirafuji, Mr. Norihiro Ashida, Ms. Weiqin Sun, Dr. Qiyi Luo and Mr. Bo Peng; and the independent non-executive Directors are Mr. Jonathan H. Chou, Dr. Guoen Liu and Mr. Chunyang Shao.

* *For identification purpose only*