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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 ACQUISITION OF THE ENTIRE INTEREST IN HANGZHOU  
JINGLIANG**

**THE ACQUISITION**

The Company is pleased to announce that, on November 23, 2023 (after trading hours), Broncus Hangzhou (as Purchaser) has entered into the Equity Transfer Agreement with the Vendors to acquire the 100% equity interest in the Target Company at the Aggregate Consideration of RMB5.40 million.

**LISTING RULE IMPLICATIONS**

As Mr. Zhao and Mr. Zi, each being a non-executive Director, controls more than 30% equity interest in Quantum Engineering and Hangzhou Dinova, respectively, each of Quantum Engineering and Hangzhou Dinova (being the Connected Vendors) are connected persons of the Company. Therefore, the Equity Transfer Agreement and the transactions contemplated thereunder with the Connected Vendors constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the Connected Acquisitions on an aggregated basis exceeds 0.1% but is less than 5%, the Connected Acquisitions are subject to the reporting and announcement requirements but are exempted from the circular (including independent financial advice) and independent shareholders' approval requirements under the Listing Rules.

Since the Equity Transfer Agreement was entered into within 12 months of the completion of the Previous Acquisition, which was controlled by Mr. Zhao, the Previous Connected Acquisition and the transaction under the Equity Transfer Agreement between Quantum Engineering and the Company were required to be aggregated as a series of transactions pursuant to Rule 14A.81 of the Listing Rules. As the highest applicable percentage ratio aggregated with the Previous Connected Acquisition exceeds 0.1% but is less than 5%, the transaction under the Equity Transfer Agreement between Quantum Engineering and the Company is subject to the reporting and announcement requirements but is exempted from the circular (including independent financial advice) and independent shareholders' approval requirements under the Listing Rules.

Furthermore, as the highest applicable percentage ratio (calculated in accordance with Rule 14.07 of the Listing Rules) in respect of the Acquisition, whether on stand-alone basis or when aggregated with the Previous Acquisition, is less than 5%, the Acquisition and the Previous Acquisition, on an aggregated basis, do not constitute a notifiable transaction under Chapter 14 of the Listing Rules, and are not subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **INTRODUCTION**

The Company is pleased to announce that, on November 23, 2023 (after trading hours), Broncus Hangzhou (as Purchaser) has entered into the Equity Transfer Agreement with the Vendors to acquire the 100% equity interest in the Target Company for the Aggregate Consideration.

## **PRINCIPAL TERMS OF THE EQUITY TRANSFER AGREEMENT**

### **Date**

November 23, 2023 (after trading hours)

### **Parties**

- (1) Broncus Hangzhou, as Purchaser
- (2) Quantum Engineering, Suzhou Naixin, Hangzhou Dinova, each as a Vendor (with Quantum Engineering and Hangzhou Dinova as the Connected Vendors)
- (3) Hangzhou Jingliang, being the Target Company

### **Subject Matter**

Pursuant to the Equity Transfer Agreement, Broncus Hangzhou (as Purchaser) has agreed to acquire, and the Vendors have agreed to sell, the Target Equity (being 100% of the equity interest in the Target Company) for the Aggregate Consideration in cash.

As at the date of this announcement, the registered capital of the Target Company in the amount of RMB5,001,000 comprises of paid-up capital from the Vendors as follows:

<b>Vendor</b>	<b>Paid-up capital</b> <i>RMB</i>	<b>Percentage of equity interest in the Target Company</b> <i>Approximately (%)</i>
<b>Quantum Engineering</b>	3,500,000	69.986
<b>Suzhou Naixin</b>	1,500,000	29.994
<b>Hangzhou Dinova</b>	1,000	0.020

### **Consideration and its basis of determination**

The Aggregate Consideration in the amount of RMB5.40 million was agreed upon normal commercial terms and after arms' length negotiations amongst the Purchaser and the Vendors, and was determined with reference to the appraised value of the Target Company of approximately RMB5.40 million as at September 30, 2023, as assessed by the Independent Valuer having adopted the cost approach based on information as at September 30, 2023. As such, there is no need for any profit forecast or comfort letter.

The consideration for the Acquisition is payable, in cash, by the Purchaser to the Vendors (in proportion to their respective percentage of equity interest in the Target Company, that is RMB3,779,244 to Quantum Engineering; RMB1,619,676 to Suzhou Naixin; and RMB1,080 to Hangzhou Dinova) at Completion which is within ten (10) business days upon satisfaction of the Conditions Precedent (or waiver thereof, where applicable). It is expected that the Aggregate Consideration shall be settled by the internal resources of the Group.

Based on the above, the Directors (including the independent non-executive Directors but excluding Mr. Zhao and Mr. Zi) considered that the terms and conditions of the Equity Transfer Agreement (including the Aggregate Consideration) are on normal commercial terms and are fair and reasonable, and that the Acquisition is in the interests of the Company and its shareholders as a whole.

Mr. Zhao and Mr. Zi, each a non-executive Director, were regarded as having a material interest in the Equity Transfer Agreement and therefore have each abstained from voting on the relevant Board resolutions. Save as disclosed above, none of the other Directors are required to abstain from voting on the relevant Board resolutions for the purpose of approving such transaction.

## **Conditions Precedent**

Completion of the Acquisition is conditional upon customary conditions precedent being fulfilled (or waived, where applicable) (collectively, the “**Conditions Precedent**”), including, amongst others, the following:

- (1) the Equity Transfer Agreement and other completion related transaction documents (the “**Transaction Documents**”) having been validly executed;
- (2) the Target Company and the Vendors having procured all approvals, consents, authorisations and waivers necessary for completing the Acquisition;
- (3) the registration authority having registered the Target Equity and issued to the Target Company the new business license and registration notice reflecting that, among other things, the Purchaser is the sole shareholder of the Target Company, and the appointment of the legal representative, directors, supervisor and general manager of the Target Company as appointed by the Purchaser (the “**Registration**”);
- (4) the representations and warranties given by the Target Company and Vendors in the Equity Transfer Agreement remaining true and accurate in all respects and are not misleading in any respect;
- (5) the Target Company continuing to operate normally in all respects, consistent with its usual operations, and there has not been any material adverse change in its business, operations, markets, management, finances, personnel, technology, laws, assets, shareholding structure, etc., from the date of execution of the Equity Transfer Agreement to the date of Registration;
- (6) there being no laws, court judgments, rulings or decrees that restrict, prohibit or cancel the Acquisition, or decisions and prohibitions of relevant government authorities to do so; nor are there any outstanding matters or potential litigation, arbitration, court judgments, rulings or decrees, or decisions and prohibitions of relevant government authorities that have or will have an adverse impact on the transferor or the Acquisition.

## **GENERAL**

### **Information on the Group**

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.

Broncus Hangzhou is a wholly-owned subsidiary of the Company established in the PRC on February 24, 2016. It is primarily engaged in the business of researching, developing and commercializing medical devices and consumables, and is responsible for delivering products to the distributors of the Company in the PRC.

### **Information on the Target Company**

The Target Company was established in the PRC and the Vendors, as initial shareholders, have paid up capital in the proportions as denoted above under the section headed “Subject Matter” to this announcement, respectively. As such, there was no original acquisition cost of the Target Company to the Vendors.

The Target Company is a professional company focusing on the production and processing of medical devices and the development of software/hardware. It is committed to creating an innovative intelligent manufacturing platform, focusing on the development of products, materials and processes, putting its efforts on the precision processing of core parts and components of medical devices and providing medical device automation solutions. The team of the Target Company has more than 10 years of experience in the design and development of non-standard automated equipment, and the Target Company has experience in the design of the entire production line of intelligent manufacturing, as well as a well-established R&D and production base.

According to the unaudited consolidated financial statements of the Target Company, as at September 30, 2023, the total assets and the net assets of the Target Company were RMB1,735,000 and RMB(2,662,000), respectively. For the years ended December 31, 2021 and December 31, 2022, and for the period from January 1, 2023 to September 30, 2023, the net loss (before and after taxation) of the Target Company was approximately RMB1,066,000, RMB3,673,000 and RMB2,923,000, respectively.

### **Information on the Vendors and Their Ultimate Beneficial Owners**

As at the date of the Equity Transfer Agreement, the Target Company is held as to 69.986% by Quantum Engineering, 29.994% by Suzhou Naixin and 0.02% by Hangzhou Dinova.

Quantum Engineering is an investment holding company incorporated in Hong Kong and wholly owned by Quantum Engineering Holding Corporation, which is in turn wholly-owned by Dinova Healthcare. Dinova Healthcare is held as to (i) approximately 83.54% by St. Christopher Investment Ltd., which is in turn wholly-owned by Mr. Zhao, (ii) approximately 9% by Ms. Ma Yaqin, and (iii) approximately 7.46% by Lucky Share Ltd., which in turn is wholly-owned by Ms. Chan Fung Ying as ultimate beneficial owner. To the best knowledge of the Directors’ knowledge, information and belief having made all reasonable enquiries, Ms. Ma Yaqin and Ms. Chan Fung Ying are third parties independent of the Company and its connected persons.

Suzhou Naixin is a company established in the PRC, principally engaged in venture capital investment, industrial investment and investment consultancy. Suzhou Naixin is held as to (i) approximately 84% by Mr. Pan Yi, and (ii) approximately 16% by Zhao Xiaozhu. To the best knowledge of the Directors’ knowledge, information and belief having made all reasonable enquiries, Suzhou Naixin and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Hangzhou Dinova is a company established in the PRC which is principally engaged in technology development and consultancy, and rental and sale of medical equipment. Hangzhou Dinova is held as to (i) approximately 80% by Mr. Zi, and (ii) approximately 20% by Mr. Zhao.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Company is a pioneering medical device company in the field of interventional pulmonology which provides precise interventional diagnosis and treatment solutions for lung diseases for doctors and patients worldwide, and develops a full set of integrated interventional pulmonology platforms for navigation, diagnosis and treatment. It has addressed unmet clinical needs to a certain extent.

Surgical robots, given their ability to complete precise surgical operations in the narrow space within the human body cavity, have been an important innovative intelligent medical device for the industry. The advanced multimodal image automatic matching and integration technology of the Company serves as the cornerstone for operations with flexible lung surgical robots. Given the existing needs for flexible operation in the narrow space of tracheobronchial lumens, to tackle the clinical pain points and to meet market demand, the deployment of natural orifice transluminal (trans-bronchial) surgical robot products in the industry is imperative.

The Target Company is a company specialized in the production and processing of medical devices and the development of software/hardware, and has the innovative manufacturing and intelligent production capabilities. With core technological advantages of the Company, such as research and development for (i) flexible catheter product, and (ii) fiber optic navigation, software and algorithm of flexible transbronchial surgical robots, it is believed that the Acquisition can supplement related technologies such as robot control and driving system platform development to the Group, allowing the Group to leverage on the complementary resource integration and further strengthen the innovation of its existing interventional pulmonology diagnosis and treatment products offered.

Furthermore, the Acquisition is expected to strengthen the research and development capabilities and efficiency of the Company (in particular, for the flexible robot projects), enrich the current product offering of the Group through combining with the existing interventional diagnosis and treatment methods of the Company for lung diseases, and further assemble a full life-cycle interventional pulmonology diagnostic and therapeutic platform.

On the above basis, the Board is of the opinion that the integration of the business of the Target Company into that of the Group will offer significant synergies, and therefore, the Acquisition is in line with the overall business strategies of the Company as disclosed in the Prospectus. Furthermore, the Board is of the opinion that there is no material change to the Company's business strategies which was stated in the Prospectus, nor will the Acquisition result in a fundamental change in the principal business activities of the Company under Rule 18A.10 of the Listing Rules.

Following the Completion, the Target Company will become a wholly-owned subsidiary of the Company and its financial results will be consolidated into those of the Group.

## LISTING RULES IMPLICATIONS

As Mr. Zhao and Mr. Zi, each being a non-executive Director, controls more than 30% equity interest in Quantum Engineering and Hangzhou Dinova, respectively, each of Quantum Engineering and Hangzhou Dinova (being the Connected Vendors) are connected persons of the Company. Therefore, the Equity Transfer Agreement and the transactions contemplated thereunder with the Connected Vendors constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio in respect of the Connected Acquisitions on an aggregated basis exceeds 0.1% but is less than 5%, the Connected Acquisitions are subject to the reporting and announcement requirements but are exempted from the circular (including independent financial advice) and independent shareholders' approval requirements under the Listing Rules.

Since the Equity Transfer Agreement was entered into within 12 months of the completion of the Previous Acquisition, which was controlled by Mr. Zhao, the Previous Connected Acquisition and the transaction under the Equity Transfer Agreement between Quantum Engineering and the Company were required to be aggregated as a series of transactions pursuant to Rule 14A.81 of the Listing Rules. As the highest applicable percentage ratio aggregated with the Previous Connected Acquisition exceeds 0.1% but is less than 5%, the transaction under the Equity Transfer Agreement between Quantum Engineering and the Company is subject to the reporting and announcement requirements but is exempted from the circular (including independent financial advice) and independent shareholders' approval requirements under the Listing Rules.

Furthermore, as the highest applicable percentage ratio (calculated in accordance with Rule 14.07 of the Listing Rules) in respect of the Acquisition, whether on stand-alone basis or when aggregated with the Previous Acquisition, is less than 5%, the Acquisition and the Previous Acquisition, on an aggregated basis, do not constitute a notifiable transaction under Chapter 14 of the Listing Rules, and are not subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## DEFINITIONS

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

“Acquisition”	the acquisition of the Target Entity by the Purchaser pursuant to the Equity Transfer Agreement;
“Aggregate Consideration”	the consideration of RMB5.40 million payable by the Purchaser to the Vendors upon Completion;
“Board”	the board of Directors;
“Broncus Hangzhou” or the “Purchaser”	Hangzhou Broncus Medical Co., Ltd.* (杭州堃博生物科技有限公司), a company established in the PRC and a wholly-owned subsidiary of the Company;

“Company”	Broncus Holding Corporation (堃博医疗控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on April 30, 2012, whose issued Shares are listed and traded on the Stock Exchange;
“Completion”	completion of the Acquisition;
“Conditions Precedent”	has the meaning ascribed to it in the section headed “Conditions Precedent” in this announcement;
“Connected Acquisitions”	the transactions contemplated under the Equity Transfer Agreement with the Connected Vendors, which constitute connected transactions of the Company under Chapter 14A of the Listing Rules;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Connected Vendors”	Quantum Engineering and Hangzhou Dinova;
“Dinova Healthcare”	Dinova Healthcare Holding Corporation, a company incorporated in the Cayman Islands and a Connected Vendor;
“Director(s)”	the director(s) of the Company;
“Equity Transfer Agreement”	the equity transfer agreement entered into among the Purchaser and the Vendors on November 23, 2023 in respect of the Acquisition;
“Group”	the Company and its subsidiaries;
“Hangzhou Dinova”	Hangzhou Dinova Ruihan Medical Technology Co., Ltd.* (杭州德諾睿瀚醫療科技有限公司), a company established in the PRC and a Connected Vendor;
“Hangzhou Jingliang” or “Target Company”	Hangzhou Jingliang Science and Technology Co., Ltd.* (杭州精量科學技術有限公司), a company established in the PRC;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Valuer”	Valuelink Asia (Beijing) Enterprise Management Consulting Co., Ltd. (藍策亞洲(北京)資產評估有限公司), a valuer which is independent of the Company and its connected persons and engaged to perform valuation on the Target Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time;

“Mr. Zhao”	Mr. Michael Yi Wei Zhao, a non-executive Director;
“Mr. Zi”	Mr. Zhenjun Zi, a non-executive Director;
“PRC” or “China”	the People’s Republic of China which, for the purpose of this announcement only, excludes Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan;
“Previous Acquisition”	the acquisition of Fibernova Holding Corporation by the Company as disclosed in the announcement of the Company dated September 8, 2023;
“Previous Connected Acquisition”	the transaction between Dinova Healthcare and the Company under the Previous Acquisition;
“Prospectus”	the prospectus of the Company dated September 13, 2021;
“Quantum Engineering”	Quantum Engineering (Hong Kong) Co., Limited, a company incorporated in Hong Kong;
“RMB”	Renminbi, the lawful currency of PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Suzhou Naixin”	Suzhou Industrial Park Patience Investment Co., Ltd. (蘇州工業園區耐心投資有限公司), a company established in the PRC and a Vendor;
“Target Equity”	the 100% equity interest in the Target Company;
“Vendor(s)”	each and collectively, Quantum Engineering, Suzhou Naixin and Hangzhou Dinova;
“%”	percent.

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

Hong Kong, November 23, 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.*