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Shanghai MicroPort MedBot (Group) Co., Ltd.

上海微创医疗机器人(集团)股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2252)

**CONTINUING CONNECTED TRANSACTIONS AND
CLOSURE OF REGISTER OF MEMBERS FOR THE EGM**

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



CONTINUING CONNECTED TRANSACTIONS

On 6 December 2023 (after trading hours), the Company and MicroPort respectively entered into the 2024 Sales Framework Agreement, 2024 Master Products Procurement Agreement and 2024 Master Services Procurement Agreement.

LISTING RULES IMPLICATION

As at the date of this announcement, MicroPort is one of the controlling shareholders of the Company. Therefore, MicroPort is a connected person of the Company under the Listing Rules, and the transactions contemplated under the 2024 Sales Framework Agreement, 2024 Master Products Procurement Agreement and 2024 Master Services 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 (other than the profits ratio) in respect of the highest amount of the annual caps under each of the 2024 Sales Framework Agreement, 2024 Master Products Procurement Agreement and 2024 Master Services Procurement Agreement exceed 5%, the transactions contemplated thereunder are subject to the reporting, annual review, announcement, circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS FOR THE EGM

The EGM is scheduled to be held on Friday, 29 December 2023 and the notice of the EGM will be published and despatched to the Shareholders accordingly. For determining the eligibility of the holders of H Shares to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 22 December 2023 to Friday, 29 December 2023, both days inclusive, during which period no transfer of H Shares will be registered. In order to be eligible to attend and vote at the EGM, all transfer of H Shares documents, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's 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, for registration not later than 4:30 p.m. on Thursday, 21 December 2023.

CONTINUING CONNECTED TRANSACTIONS

On 6 December 2023 (after trading hours), the Company and MicroPort respectively entered into the 2024 Sales Framework Agreement, 2024 Master Products Procurement Agreement and 2024 Master Services Procurement Agreement.

2024 Sales Framework Agreement

Background

Reference is made to the announcement and circular of the Company dated 6 December 2022 and 13 December 2022 respectively, in relation to, among others, the continuing connected transactions under the Sales Framework Agreement entered into between the Company and MicroPort. Having considered the expanding overseas layout of the Group, and the overwhelming responses from hospitals and surgeons for SkyWalker and Toumai in overseas market, as well as the comprehensive and extensive reaching of the MicroPort Group's business, and the long-established relationship between the MicroPort Group and the Group, the Board considered it is at the Company's interest to expand the scope of the sales collaboration between the Group and the MicroPort Group, and to introduce more flagship products to the global market to quickly establish and enhance the Company's reputation and recognition as a pioneer of Chinese surgical robot. Thus, the Company entered into the 2024 Sales Framework Agreement with MicroPort on 6 December 2023 to expand the scope of the Sales Framework Agreement to cover other products and to revise and/or renew the annual caps contemplated thereunder. Upon the 2024 Sales Framework Agreement having become effective or 31 December 2023 (whichever is later), the Sales Framework Agreement shall be terminated.

Principal terms

- Date:** 6 December 2023
- Parties:** MicroPort; and
the Company
- Scope:** The Group agreed to sell and the MicroPort Group agreed to (i) purchase the products (the “**Products**”) of the Group for commercialization and distribution worldwide and application including (a) all the surgical robot and medical equipment (including Toumai, SkyWalker, DFVision and other equipment to be launched by the Group from time to time); (b) all the equipment supporting accessories and consumables; and (c) other products developed and/or produced and processed by the Group; and (ii) procure the maintenance services provided by the Group for the Products.
- Term:** The term of the 2024 Sales Framework Agreement commences upon the obtaining the Independent Shareholders’ approval at the EGM or from 1 January 2024 (whichever is the later) to 31 December 2026 (both days inclusive).
- Pricing and other terms:** The parties to the 2024 Sales Framework Agreement have agreed as follows:
- (i) the parties shall enter into specific agreements which will set out the necessary terms and conditions for the relevant transactions contemplated under the 2024 Sales Framework Agreement in the ordinary course of business after arm’s length negotiations on normal commercial terms; and
 - (ii) such specific agreements shall conform with the principles and provisions set out in the 2024 Sales Framework Agreement.
- The pricing policy has been more particularized in the paragraphs headed “Pricing Policy” in this section below.
- Historical amounts:** The annual caps for the transactions contemplated under the Sales Framework Agreement for the three years ending 31 December 2025 are RMB80 million, RMB150 million and RMB215 million, respectively. For the nine months ended 30 September 2023, the transaction amount under the Sales Framework Agreement amounted to RMB21.0 million, with a utilisation rate of approximately 26%.

Annual caps: Pursuant to the 2024 Sales Framework Agreement, the proposed annual caps for the transactions contemplated thereunder for the three years ending 31 December 2026 are expected not to exceed the following:

	For the year ending 31 December		
	2024	2025	2026
	<i>(RMB in millions)</i>		
Annual caps	230	500	900

The proposed annual caps for the transactions contemplated under the 2024 Sales Framework Agreement were determined after considering the following factors:

- (i) the historical transaction amounts in relation to the procurement of the products under Sales Framework Agreement during the nine months ended 30 September 2023;
- (ii) the estimated number of Products to be sold pursuant to the 2024 Sales Framework Agreement, in particular, SkyWalker, Toumai and their respective accessories and consumables. Details are as follows:

SkyWalker

- (1) the estimated number of the installation of joint replacement surgical robot in the USA, for the three years ending 31 December 2026 provided by Frost & Sullivan, as the largest market for the joint replacement surgical robots, the USA market representing a market share of over half of the global market;
- (2) the estimated global installation of SkyWalker based on (A) the estimated global market share of SkyWalker (based on (a) the global market share of joint replacement business of the MicroPort Group and an assumption that such market share will remain stable for the three years ending 31 December 2026; and (b) the assumption that the market share of SkyWalker in the relevant target markets will be able to gradually expand leveraging the sales channels of the MicroPort Group); (B) the estimated number of the installation of joint replacement surgical robot in the global market for the three years ending 31 December 2026 based on the estimation mentioned in (1) above;

- (3) the estimated annual consumption of the supporting accessories and consumables per surgical robot for the joint replacement surgeries in the USA market calculated based on the market data provided by Frost & Sullivan, and the accumulated global installation of SkyWalker; and
- (4) the estimated price of SkyWalker based on the pricing policy as more particularized in the section headed “Pricing Policy” in this section below.

Toumai

- (1) the indicated number of installation of Toumai in the global market for the year ending 31 December 2024;
 - (2) the estimated annual consumption of the supporting accessories and consumables per laparoscopic surgical robot in the USA market calculated based on the market data provided by Frost & Sullivan, and the global installation of Toumai for the year ending 31 December 2024 based on the estimation mentioned in (1) above;
 - (3) the estimated price of Toumai based on the pricing policy as more particularized in the section headed “Pricing Policy” in this section below;
 - (4) the surged of approximately 161% and 100% in the sales revenue of a leading company in the field of laparoscopic surgical robot for the second and third years immediately after the launch of its products in market; and
- (iii) an estimation of 10% buffer for DFVision, other products of the Group and the maintenance services fee for the Products for the three years ending 31 December 2026.

The relatively low utilisation rate for the nine months ended 30 September 2023 was primarily due to (i) the inherent need for the adjustment and set up for preparations and strategic arrangements at the preliminary stage of the business cooperation; (ii) the fluctuating conditions of the COVID-19 pandemic in the early 2023 in the PRC, which have delayed the manufacture and delivery schedule of Skywalker and further delayed its commercialisation. The Company believes there will still be a steady stream of new sales orders for SkyWalker during the fourth quarter of 2023.

Pricing Policy

Pursuant to the 2024 Sales Framework Agreement, the MicroPort Group was engaged to commercialise, market and sell the Products in the relevant target markets. All the Products will be sold to the MicroPort Group directly under the 2024 Sales Framework Agreement. Apart from the Final Price (as defined below), the MicroPort Group will not receive any further commission pursuant to the 2024 Sales Framework Agreement. In order to ensure the transactions conducted under the 2024 Sales Framework Agreement are on normal commercial terms, the Company will take into account the market data obtained from Frost & Sullivan or any other industry expert of international repute in the relevant target markets to determine the pricing policy for the Products. As a general principle, the prices to be charged by the Group under the 2024 Sales Framework Agreement for the sale of the Products and provision of the relevant maintenance services will be determined in accordance with the following pricing principles:

- (i) For surgical robot and medical equipment, the price to be charged by the Group will be determined after arms' length negotiation with reference to:
 - (a) the market price range of similar products sold to the end customers in the relevant target market based on the latest industry report issued by Frost & Sullivan or any other industry expert of international repute with specialization in the relevant sector engaged by the Group;
 - (b) the range of market commission rate for the dealers to sell similar products in the relevant target market based on the latest industry report issued by Frost & Sullivan or any other industry expert of international repute; and
 - (c) the prices of the same products in the relevant target market under similar conditions offered by the Group to other Independent Third Party dealers (if available) within six months of the subject transaction.
- (ii) For supporting accessories, consumables and other products, the price to be charged by the Group will be determined after arms' length negotiation with reference to:
 - (a) the market prices of similar products in the relevant target market sold by other companies to Independent Third Parties. If the market prices of similar products are not available to the Group, the market price range for similar products in the relevant target market based on the latest industry report issued by Frost & Sullivan or any other industry expert of international repute; and
 - (b) the prices of the same products under similar conditions in the relevant target market offered by the Group to other Independent Third Party dealers (if available) within six months of the subject transactions.

It is expected that the prices of the Products to be charged by the Group to the MicroPort Group shall not be more favorable to the Group than prices charged to Independent Third Party dealers for the same Products under similar conditions in the relevant target market. The Group will sell the Products to the MicroPort Group on a non-exclusive basis and will sell the Products to Independent Third Parties or engage other dealers.

(iii) For the relevant maintenance services, the price to be charged by the Group will be determined on arm's length negotiation with reference to:

- (a) the market prices of similar maintenance service of similar products in the relevant target market provided by other companies to Independent Third Parties during the ordinary course of business on normal commercial terms; and
- (b) the price of maintenance service payable by the MicroPort Group shall be no more favourable than those charged by the Group to the Independent Third Party (if available) for the similar maintenance service in the relevant target market within six months of the subject transactions.

The Directors consider that the above relevant procedures conducted by the Group in determining the Products prices and the maintenance services fee chargeable and terms under a specific agreement can ensure the transactions contemplated under the 2024 Sales Framework Agreement will be conducted on normal commercial terms and not prejudicial to the interest of the Company and Shareholders.

Reasons for and Benefits of Entering into the 2024 Sales Framework Agreement

The Company is a top-tier surgical robot company dedicated to designing, developing and commercializing surgical robots to assist surgeons in performing complex surgical procedures.

Please refer to the section headed "Background" in this section. The Group is of the view that, given the established and comprehensive global commercialization and distribution network of the MicroPort Group, the execution of the 2024 Sales Framework Agreement enables the followings: (i) the Group will be able to make full use of the advantages of MicroPort's position in the industry to diversify international market access of the Group, and quickly establish and enhance the Products' reputation and recognition in global market; (ii) the Group will be able to expedite our international market rollout, seize more global market opportunities with accelerating client base expansion, by leveraging on MicroPort's well-established sales channels in global industry; and (iii) the Group is expected to be favored with the synergy from the corporation with MicroPort and substantially enhance the efficiency and effectiveness of the Products' commercialization and distribution.

The Directors (excluding the independent non-executive Directors whose views will be expressed after obtaining the advice from Gram Capital) are of the view that the terms of the 2024 Sales Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps thereof) are fair and reasonable, on normal commercial terms and will be conducted in the ordinary course of business of the Group and in the interests of the Company and its Shareholders as a whole.

2024 Master Products Procurement Agreement

Background

Reference is made to the Prospectus, in relation to, among others, the continuing connected transactions under the Master Products Procurement Agreement entered into between the Company and MicroPort. As the Master Products Procurement Agreement will expire on 31 December 2023, and the Group is expected to carry on the transactions contemplated thereunder upon its expiry, the Company entered into the 2024 Master Products Procurement Agreement with MicroPort on 6 December 2023.

Principal terms

- Date:** 6 December 2023
- Parties:** MicroPort; and
the Company
- Scope:** The Group agreed to procure from or procure through the MicroPort Group certain materials and products mainly for use in its research and development (“**R&D**”), production and operation.
- Term:** The term of the 2024 Master Products Procurement Agreement commences upon the obtaining the Independent Shareholders’ approval at the EGM or from 1 January 2024 (whichever is the later) to 31 December 2026 (both days inclusive).
- Pricing and other terms:** Given each of the products to be procured under the 2024 Master Products Procurement Agreement is readily available from third-party suppliers at a comparable price, the prices for the procurement of the products will be determined after arm’s length negotiations with reference to the prevailing market price of the materials and products of the similar specification, as well as the quality, volume, method of procurement, cost of procurement to MicroPort Group (in respect of products procured on the Group’s behalf), and the fees charged for historical transactions of similar materials and products.

The parties to the 2024 Master Products Procurement Agreement have agreed as follows:

- (i) the parties shall enter into specific agreements which will set out the necessary terms and conditions for the relevant transactions contemplated under the 2024 Master Products Procurement Agreement in the ordinary course of business after arm’s length negotiations on normal commercial terms; and
- (ii) such specific agreements shall conform with the principles and provisions set out in the 2024 Master Products Procurement Agreement.

Historical amounts:

The annual caps for the transactions contemplated under the Master Products Procurement Agreement for the two years ended 31 December 2022 and the year ending 31 December 2023 are RMB10.8 million, RMB9.5 million and RMB8.1 million, respectively. For the two years ended 31 December 2022 and the nine months ended 30 September 2023, the transaction amount under the Master Products Procurement Agreement amounted to RMB8.6 million, RMB2.1 million and RMB1.03 million, respectively, with a utilisation rate of approximately 80%, 22% and 13%, respectively.

Annual caps:

Pursuant to the 2024 Master Products Procurement Agreement, the proposed annual caps for the transactions contemplated thereunder for the three years ending 31 December 2026 are expected not to exceed the following:

	For the year ending 31 December		
	2024	2025	2026
	<i>(RMB in millions)</i>		
Annual caps	9.5	16.0	18.0

The proposed annual caps for the transactions contemplated under the 2024 Master Products Procurement Agreement were determined after considering the following factors:

- (i) the historical transaction amounts in relation to the procurement of the products during two years ended 31 December 2022 and the nine months ended 30 September 2023;
- (ii) the estimated demand for the products (in volume) for the three years ending 31 December 2026, based on the estimated robot assisted surgeries conducted by the Group's surgical robot products for clinical application and/or commercialization purposes. Demand of the products under the 2024 Master Products Procurement Agreement is primarily related to surgeries conducted by the Group's surgical robot products which is expected to be increasing with the further launch of the Group's surgical robot products;
- (iii) the estimated price of the products to be charged by the MicroPort Group, which is based on the historical price; and
- (iv) an estimation of 10% buffer in addition to the estimated demand of other products for the three years ending 31 December 2026.

The relatively low utilization rate of the annual cap for the year ended 31 December 2022 and the nine months ended 30 September 2023, respectively, was primarily due to (i) the gradual shift to procure other materials and products from Independent Third Party manufacturers directly; and (ii) the delay in product's clinical trial and registration during the period of the pandemic and the delay in the overall registration and commercialization plan of the Core Product and other flagship products of the Group.

Reasons for and benefits of entering into the 2024 Master Products Procurement Agreement

The Group has been procuring products for R&D, production and operation from MicroPort Group before the Listing. The procurement of the products from MicroPort Group provides the Group with a cost-effective way for the stable supply of relevant products. The Directors consider that by entering into the 2024 Master Products Procurement Agreement with MicroPort, the product quality and supply capacity of MicroPort Group will be able to meet the Group's growing demand for the relevant products.

As the Group is expected to carry on the transactions contemplated thereunder upon its expiry, the Board (excluding the independent non-executive Directors whose views will be expressed after obtaining the advice from Gram Capital) considers it beneficial to enter into the 2024 Master Products Procurement Agreement to facilitate the continuous procurement of the relevant products from MicroPort Group and considers that the entering into of the 2024 Master Products Procurement Agreement is in the Group's ordinary course of business, and the terms of the 2024 Master Products Procurement Agreement and the annual caps thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

2024 Master Services Procurement Agreement

Background

Reference is made to the Prospectus, in relation to, among others, the continuing connected transactions under the Master Services Procurement Agreement entered into between the Company and MicroPort. As the Master Services Procurement Agreement will expire on 31 December 2023, and the Group is expected to carry on the transactions contemplated thereunder upon its expiry, the Company entered into the 2024 Master Services Procurement Agreement with MicroPort on 6 December 2023.

Principal terms

Date: 6 December 2023

Parties: MicroPort; and
the Company

Scope: The MicroPort Group agreed to provide and the Group agreed to procure certain services, including but not limited to cleaning and packaging services, sterilization services, product testing services, animal test services and administrative support services and marketing activity support and commercial promotion services.

Term: The term of the 2024 Master Services Procurement Agreement commences upon the obtaining the Independent Shareholders' approval at the EGM or from 1 January 2024 (whichever is the later) to 31 December 2026 (both days inclusive).

Pricing and other terms: The fees for the procurement of services will be determined after arm's length negotiations with reference to (i) the procurement volume of each type of service; (ii) the prevailing market rate of similar services (having taken into account the nature, complexity and scope of services, the method of delivery and the anticipated operational costs including but not limited to labor costs, administrative costs and costs of materials used for providing the services); and (iii) the fees charged for historical transactions of similar services.

The parties to the 2024 Master Services Procurement Agreement have agreed as follows:

- (i) the parties shall enter into specific agreements which will set out the necessary terms and conditions for the relevant transactions contemplated under the 2024 Master Services Procurement Agreement in the ordinary course of business after arm's length negotiations on normal commercial terms; and
- (ii) such specific agreements shall conform with the principles and provisions set out in the 2024 Master Services Procurement Agreement.

Historical amounts: The annual caps for the transactions contemplated under the Master Services Procurement Agreement for the two years ended 31 December 2022 and the year ending 31 December 2023 are RMB11.1 million, RMB27.2 million and RMB24.9 million, respectively. For the two years ended 31 December 2022 and the nine months ended 30 September 2023, the transaction amount under the Master Services Procurement Agreement amounted to RMB6.8 million, RMB12.4 million and RMB9.8 million, respectively, with a utilisation rate of approximately 61%, 46% and 39%, respectively.

Annual caps: Pursuant to the 2024 Master Services Procurement Agreement, the proposed annual caps for the transactions contemplated thereunder for the three years ending 31 December 2026 are expected not to exceed the following:

	For the year ending 31 December		
	2024	2025	2026
	<i>(RMB in millions)</i>		
Annual caps	40.0	51.0	47.0

The proposed annual caps for the transactions contemplated under the 2024 Master Services Procurement Agreement were determined after considering the following factors:

- (i) the historical transaction amounts in relation to the procurement of the services during two years ended 31 December 2022 and the nine months ended 30 September 2023;
- (ii) the estimated demand for the services for the three years ending 31 December 2026 which is primarily driven by the R&D and commercialization of the Group's products;
- (iii) the estimated service fee to be charged by the MicroPort Group, which is based on the historical service fee rate; and
- (iv) an estimation of 10% buffer in addition to the estimated demand of services for the three years ending 31 December 2026.

The relatively low utilization rate of the annual cap for the year ended 31 December 2022 and the nine months ended 30 September 2023, respectively, was primarily due to the delay in product's clinical trial and registration during duration of the pandemic and the delay in the overall registration and commercialization plan of the Core Product and other flagship products of the Group.

Reasons for and benefits of entering into the 2024 Master Services Procurement Agreement

The Group has been procuring the relevant services from MicroPort Group before the Listing. The procurement of the services from MicroPort Group provides the Group with a cost-effective way for the stable supply of relevant services. The Directors consider that by entering into the 2024 Master Services Procurement Agreement with MicroPort, the quality of the services provided by MicroPort Group, as well as the high efficiency of cooperation, will be able to meet the Group's growing demand for the relevant services.

As the Group is expected to carry on the transactions contemplated thereunder upon its expiry, the Board (excluding the independent non-executive Directors whose views will be expressed after obtaining the advice from Gram Capital) considers it beneficial to enter into the 2024 Master Services Procurement Agreement to facilitate the continuous procurement of the relevant services from MicroPort Group and considers that the entering into of the 2024 Master Services Procurement Agreement is in the Group's ordinary course of business, and the terms of the 2024 Master Services Procurement Agreement and the annual caps thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Internal Control Measures

The pricing policies for all the continuing connected transactions of the Group will be supervised and monitored by the relevant personnel and management of the Group in charge to ensure the relevant continuing connected transaction is conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its Shareholders as a whole. In particular,

- (i) in respect of the Products under the 2024 Sales Framework Agreement, as mentioned in the paragraphs headed "Pricing Policy" under the section of "2024 Sales Framework Agreement" in this announcement, the Group will make reference to market price of similar products and market commission rate as dealers in the relevant target market for pricing the Products under the 2024 Sales Framework Agreement. The Group will involve Frost & Sullivan or any other industry expert of international repute to conduct market search to ascertain the market price range for the similar products sold to the end customers in the relevant target market and the range of market commission rate for the dealers selling similar products in such target market and issue an industry report for the purpose of determining the price to be charged by the Group to the MicroPort Group as well as to Independent Third Party dealers for the Products. Such industry report will be updated upon renewal of the 2024 Sales Framework Agreement or upon such shorter period as the parties deem necessary. The business team of the Group consists of experienced sale staffs focused in the surgical robot/medical device sector. They will conduct market search, based on their experience, to collect the prices for the similar products in the relevant target markets sold by other companies to the end customers (if available) and the market commission rate of dealers for selling the similar products in the relevant target markets (if available). Should the business team aware that the prices and/or the commission rate are not within the End-price Range (as defined below) and/or the Commission Range (as defined below), it shall immediately report the same to the board affair department. The board affair department will then consult with Frost & Sullivan or any other industry expert of international repute to ascertain if there is any material fluctuation of market prices and/or commission rate, and to prepare a latest industry report as appropriate.

Before signing any specific agreement for the sale of the Products, the board affairs department will make reference to market price range of similar products (the "**End-price Range**") and the commission rate range to be charged by dealers (the "**Commission Range**") in the relevant target markets contained in the latest industry report to work backwards to find out the price that the Group should charge to the MicroPort Group and the business team of the Group will then negotiate with the MicroPort Group to ascertain a final price (the "**Final Price**") to be charged by

the Group after considering the quantity of the order, the delivery schedule, the purpose for usage and the cost of transportation. Such determination basis will also apply to transactions with the Independent Third Parties. The business team will also obtain the transaction details of at least three (if available) comparable transactions conducted by the Group with Independent Third Party dealers (if any) within six months of the subject transaction for determining the terms of the Products to be sold to the MicroPort Group. The Final Price shall in any event no favourable than the prices offered by the Group to the Independent Third Party dealers for comparable transactions (if any). All the relevant documents, together with the specific agreement shall be reviewed and approved by the board affairs department and the finance department to ensure the terms of the Products to be sold to the MicroPort Group are on normal commercial terms and no more favourable than terms for the same Products offered to Independent Third Party dealers for comparable transactions under similar conditions (if any);

In respect of maintenance service under the 2024 Sales Framework Agreement, prior to the entering into of the individual service agreements, the business team will be responsible for comparing the potential maintenance service fee to be offered to the MicroPort Group with service fees for similar maintenance services charged by the Group to the Independent Third Parties (if any). If there is no such information, the business team will be responsible for the collection of market information from the information publicly disclosed by its peers, government agencies and/or hospitals, or from the database/industry report managed by third party agency companies regarding the prices of similar maintenance service of similar products in the relevant target market provided by other companies to Independent Third Parties, for further comparison purpose.

- (ii) in respect of the 2024 Master Products Procurement Agreement and 2024 Master Services Procurement Agreement, the business department of the Group shall consider at least two comparable deals/quotes with Independent Third Parties for the same period when determining whether the price for any product/service transaction is in line with the market price;
- (iii) the general manager of the business department of the Group will conduct regular reviews to keep abreast of the prevailing fee level in the market and the market conditions for the purpose of considering if the price paid for a specific transaction is fair and reasonable and is in accordance with the pricing policy;
- (iv) the finance department and the board affairs department of the Group will supervise and monitor the individual agreements to be entered into between the Group and the MicroPort Group pursuant to the 2024 Sales Framework Agreement, 2024 Master Products Procurement Agreement and 2024 Master Services Procurement Agreement to ensure that their respective pricing policies are in compliance with the terms of the 2024 Sales Framework Agreement, 2024 Master Products Procurement Agreement and 2024 Master Services Procurement Agreement;
- (v) the management team will ensure that the actual transaction amounts do not exceed the relevant annual caps set out under the 2024 Sales Framework Agreement, 2024 Master Products Procurement Agreement and 2024 Master Services Procurement Agreement. The finance department of the Group will prepare and provide a designated management account on a monthly

basis for the continuing connected transaction amounts under the 2024 Sales Framework Agreement, 2024 Master Products Procurement Agreement and 2024 Master Services Procurement Agreement. In the event that the transaction amounts of any continuing connected transaction expected to be incurred during the financial year will reach 80% of the relevant annual caps, the functional department shall report to the management and consider to take actions to ensure the compliance with the requirements under the Listing Rules, including obtaining the approval from Independent Shareholders, if necessary; and

- (vi) if any amendment or adjustment is required to be made to the terms of the individual agreements (including but not limited to the products prices) under the 2024 Sales Framework Agreement, 2024 Master Products Procurement Agreement and 2024 Master Services Procurement Agreement, subject to such amendment or adjustment being in compliance with the 2024 Sales Framework Agreement, 2024 Master Products Procurement Agreement and 2024 Master Services Procurement Agreement and the Listing Rules, the business department of the Group will file an application with, among others, the board affairs department of the Company for approval.

The independent non-executive Directors will continue to review the management's annual review reports on the transactions contemplated under the relevant continuing connected transaction and the auditors of the Company will review the transactions contemplated under the 2024 Sales Framework Agreement, 2024 Master Products Procurement Agreement and 2024 Master Services Procurement Agreement annually to check and confirm, among others, whether the pricing policies have been adhered to, whether the transactions were conducted in accordance with the 2024 Sales Framework Agreement, 2024 Master Products Procurement Agreement and 2024 Master Services Procurement Agreement and whether the relevant proposed annual caps have been exceeded.

Accordingly, the Directors consider that the internal control mechanism is effective to ensure that the transactions contemplated under the 2024 Sales Framework Agreement, 2024 Master Products Procurement Agreement and 2024 Master Services Procurement Agreement will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

Information on MicroPort and the Group

MicroPort

MicroPort is a leading medical technology company that develops, manufactures and sells high-end interventional medical devices, whose shares are listed on the main board of the Stock Exchange (stock code: 00853). As at the date of this announcement, MicroPort is one of the controlling shareholders of the Company.

The Group

The Group is principally engaged in designing, developing and commercializing surgical robots to assist surgeons in performing complex surgical procedures.

Listing Rules Implications

As at the date of this announcement, MicroPort is one of the controlling shareholders of the Company. Therefore, MicroPort is a connected person of the Company under the Listing Rules, and the transactions contemplated under the 2024 Sales Framework Agreement, 2024 Master Products Procurement Agreement and 2024 Master Services 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 (other than the profits ratio) in respect of the highest amount of the annual caps under each of the 2024 Sales Framework Agreement, 2024 Master Products Procurement Agreement and 2024 Master Services Procurement Agreement exceed 5%, the transactions contemplated thereunder are subject to the reporting, annual review, announcement, circular (including independent financial advice) and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Board Approval

Mr. Sun Hongbin, the non-executive Director and chairman of the Board, who also holds management positions in MicroPort, has abstained from voting on the relevant board resolutions of the Company. Apart from Mr. Sun Hongbin, none of the Directors has or is deemed to have a material interest in the 2024 Sales Framework Agreement, 2024 Master Products Procurement Agreement, 2024 Master Services Procurement Agreement and the transactions contemplated thereunder and is required to abstain from voting on the relevant Board resolutions approving the 2024 Sales Framework Agreement, 2024 Master Products Procurement Agreement and 2024 Master Services Procurement Agreement.

GENERAL

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the terms of 2024 Sales Framework Agreement, 2024 Master Products Procurement Agreement, 2024 Master Services Procurement Agreement and the transactions contemplated thereunder. Gram Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Sales Framework Agreement and the transactions contemplated thereunder.

The EGM is scheduled to be held on Friday, 29 December 2023 and the notice of the EGM will be published and despatched to the Shareholders accordingly. For determining the eligibility of the holders of H Shares to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 22 December 2023 to Friday, 29 December 2023, both days inclusive, during which period no transfer of H Shares will be registered. In order to be eligible to attend and vote at the EGM, all transfer of H Shares documents, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's 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, for registration not later than 4:30 p.m. on Thursday, 21 December 2023.

A circular containing, among others, (i) further details of the 2024 Sales Framework Agreement, 2024 Master Products Procurement Agreement and 2024 Master Services Procurement Agreement; (ii) a letter from Gram Capital Limited to the Independent Board Committee and the Independent Shareholders regarding its advice on the terms of the 2024 Sales Framework Agreement, 2024 Master Products Procurement Agreement and 2024 Master Services Procurement Agreement; (iii) the recommendations from the Independent Board Committee to the Independent Shareholders; and (iv) a notice of the EGM to be convened and held to approve, *inter alia*, the 2024 Sales Framework Agreement, 2024 Master Products Procurement Agreement and 2024 Master Services Procurement Agreement will be despatched to Shareholders on or before 12 December 2023.

DEFINITIONS

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

“2024 Master Products Procurement Agreement”	the master products procurement agreement entered into between the Company and MicroPort on 6 December 2023
“2024 Master Services Procurement Agreement”	the master services procurement agreement entered into between the Company and MicroPort on 6 December 2023
“2024 Sales Framework Agreement”	the sales framework agreement entered into between the Company and MicroPort on 6 December 2023
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CardioFlow”	MicroPort CardioFlow Medtech Corporation (微创心通医疗科技有限公司), a company incorporated in the Cayman Islands on 10 January 2019, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 2160)
“CardioFlow Group”	CardioFlow and its subsidiaries
“China” or the “PRC”	the People’s Republic of China, but for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Company”	Shanghai MicroPort Medbot (Group) Co., Ltd. (上海微创医疗机器人(集团)股份有限公司), a company incorporated in the PRC, the H Shares of which are listed on the main board of the Stock Exchange (Stock Code: 2252)
“Core Product”	has the meaning ascribed to it in Chapter 18A of the Listing Rules; for the purposes of this announcement, our Core Product refers to Toumai

“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“DFVision”	DFVision [®] (蜻蜓眼 [®]) 3D Electronic Laparoscope (registered name in China)
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and paid for in RMB
“EGM”	the extraordinary general meeting of the Company to be convened and held, to consider and, if appropriate, to approve the 2024 Master Products Procurement Agreement, 2024 Master Services Procurement Agreement and 2024 Sales Framework Agreement
“EU”	the European Union
“Group”	the Company and its subsidiaries
“H Share(s)”	the overseas listed foreign share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and listed on the main board of the Stock Exchange and such Domestic Share(s) converted into H Share(s) upon the Domestic Share(s) been approved for full circulation under the full circulation scheme
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board, comprising all the independent non-executive Directors namely Dr. Li Minghua, Mr. Yao Haisong and Mr. Mui Wing Hong, to advise the Independent Shareholders in respect of the 2024 Master Products Procurement Agreement, 2024 Master Services Procurement Agreement and 2024 Sales Framework Agreement (including the proposed annual caps therefor) and the 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, being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the 2024 Master Products Procurement Agreement, 2024 Master Services Procurement Agreement and 2024 Sales Framework Agreement and the transactions contemplated thereunder

“Independent Shareholders”	the Shareholders who are not required to abstain from voting at the EGM for the relevant resolutions with respect to the 2024 Master Products Procurement Agreement, 2024 Master Services Procurement Agreement and 2024 Sales Framework Agreement
“Independent Third Party(ies)”	a person, or in the case of a company, the company or its ultimate beneficial owner(s), who is independent of and not connected with the Group and its connected persons and their respective ultimate beneficial owner(s) or their respective associates
“Listing”	the listing of H Shares on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Master Products Procurement Agreement”	the master products procurement agreement entered into between the Company and MicroPort on 15 October 2021
“Master Services Procurement Agreement”	the master services procurement agreement entered into between the Company and MicroPort on 15 October 2021
“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), and one of the controlling shareholders of the Company
“MicroPort Group”	MicroPort and its subsidiaries, associates and joint ventures excluding, the Group, the CardioFlow Group and the Neurotech Group
“NeuroTech”	MicroPort NeuroTech Limited, an exempted company incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2172)
“NeuroTech Group”	NeuroTech and its subsidiaries
“Prospectus”	the prospectus of the Company published on 21 October 2021
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Sales Framework Agreement”	the sales framework agreement entered into between the Company and MicroPort on 6 December 2022
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time

“Share(s)”	share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, comprising the H Share(s) and the Domestic Share(s)
“Shareholder(s)”	the holder(s) of the Share(s)
“SkyWalker”	the SkyWalker™ orthopedic joint arthroplasty surgical navigation and positioning system (registered name in China of which is 鴻鵠®) (previously known as Honghu Orthopedic Surgical Robot)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Toumai”	Toumai (圖邁®) Laparoscopic Surgical Robot (registered name in China)
“USA”	the United States of America
“%”	per cent

By order of the Board
Shanghai MicroPort MedBot (Group) Co., Ltd.
Mr. Sun Hongbin
Chairman

Shanghai, China, 6 December 2023

As at the date of this announcement, the executive director of the Company is Dr. He Chao, the non-executive directors of the Company are Mr. Sun Hongbin, Mr. Sun Xin and Mr. Chen Chen, and the independent non-executive directors of the Company are Dr. Li Minghua, Mr. Yao Haisong and Mr. Mui Wing Hong.