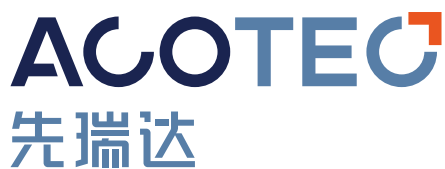


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Acotec Scientific Holdings Limited
先瑞達醫療科技控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 6669)

CONTINUING CONNECTED TRANSACTIONS

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



CONTINUING CONNECTED TRANSACTIONS

Master Collaboration Agreement

On July 20, 2023 (after trading hours), the Company and BSG entered into the Master Collaboration Agreement to govern the collaboration between the Parties on the commercialization of the products of the Parties from time to time.

Master Service Agreement

On July 20, 2023 (after trading hours), the Company and BSG entered into the Master Service Agreement to govern the mutual provision of R&D Supporting Services and CSO Services from time to time.

LISTING RULES IMPLICATIONS

As at the date of this announcement, BSG is the Controlling Shareholder of the Company holding approximately 65.0% of the issued share capital of the Company. Therefore, BSG is a connected person of the Company under the Listing Rules, and the transactions contemplated under each of the Framework Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio of the proposed annual caps for the transactions under each of the Framework Agreements exceeds 5%, the transactions contemplated under each of the Framework Agreements are subject to the report, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

Master Collaboration Agreement

On July 20, 2023 (after trading hours), the Company and BSG entered into the Master Collaboration Agreement to govern the collaboration between the Parties on the commercialization of the products of the Parties from time to time.

Key Terms of the Master Collaboration Agreement

Date	:	July 20, 2023 (after trading hours)
Parties	:	(i) the Company; and (ii) Boston Scientific Group plc, the Controlling Shareholder of the Company
Term	:	July 20, 2023 to December 31, 2025
Major terms	:	<i>Within the Greater China Region</i>

The Group will continue to sell any of the Acotec Products in the Greater China Region, and the BSC Group will continue to sell any of the BSC Products in the Greater China Region.

For the purpose of mutual business development, during the term of the Master Collaboration Agreement, on a case-by-case basis, (i) the BSC Group may sell any of the BSC Products to the Group for the Group to resell the same in the Greater China Region; and (ii) the Group may sell any of the Acotec Products to the BSC Group for the BSC Group to resell the same in the Greater China Region, on the terms and conditions of the Master Collaboration Agreement and any Collaboration Definitive Agreement (as defined below).

During the term of the Master Collaboration Agreement, on a case-by-case basis, the Group may provide Manufacturing Services to the BSC Group on the terms and conditions of the Master Collaboration Agreement and any Collaboration Definitive Agreement. The Manufacturing Services may be provided unilaterally by the Group to the BSC Group where the manufacturing cost of the Group is potentially lower.

Other Regions

During the term of the Master Collaboration Agreement, the BSC Group shall have the exclusive distribution rights in respect of the Acotec Selected Products in all countries and regions where any member of the BSC Group has sales network or distributor network coverage, excluding the Greater China Region (the “**Other Regions**”) and the BSC Group shall have the absolute discretion in either selling the Acotec Selected Products directly through a member of the BSC Group or by selecting a distributor network in the Other Regions, provided that the BSC Group’s exclusive distribution rights in respect of an Acotec Selected Product shall terminate automatically with immediate effect if the BSC Group fails to meet the minimum purchase value for such Acotec Selected Product as set forth in the applicable Collaboration Definitive Agreement, within eighteen (18) months of such Acotec Selected Product’s product listed date. For the avoidance of doubt, such automatic termination of exclusive distribution rights in respect of a particular Acotec Selected Product shall not affect or diminish BSC Group’s exclusive distribution rights in respect of other Acotec Selected Products.

Initial List of Acotec Selected Products: An initial list of the Acotec Selected Products is set out in the Master Collaboration Agreement (see Schedule of this announcement) and the product listed date for such Acotec Selected Products shall be the date of obtaining the approval from the Independent Shareholders regarding the Master Collaboration Agreement.

Additional Acotec Selected Products: During the term of the Master Collaboration Agreement, in the event that the BSC Group wishes to add any additional Acotec Product into the scope of the Acotec Selected Products, the BSC Group shall provide a written notice to the Company at least six (6) months prior to the contemplated distribution date as specified in such notice. Upon receipt of such written notice, the Company shall then terminate the existing distribution arrangement(s) (if any) in respect of such Acotec Product in accordance with the relevant distribution agreement(s) between the Company and the existing distributor(s) and such Acotec Product shall be included in the scope of the Acotec Selected Products immediately after the termination of the existing distribution arrangement(s) becoming effective.

The termination of the existing distribution arrangement(s) will not give rise to risks of the Group's breaching relevant existing distribution arrangement(s) and the consequential damages/losses as the termination notice period thereunder is normally one (1) to two (2) month(s).

As advised by Frost & Sullivan, it is not uncommon for biotech companies to grant exclusive rights to a distributor in particular territory(ies). Having considered, in particular, (i) the established and comprehensive global commercialization and distribution network of the BSC Group; and (ii) the automatic termination arrangement contemplated under the Master Collaboration Agreement, the Company believes such arrangement is fair and reasonable and in the interest of the Company and its Shareholders as whole.

Newly Registered Acotec Products: During the term of the Master Collaboration Agreement, the Company shall provide a written notice to BSG as soon as practicable each time the Group submits an application for any new Acotec Product to be registered in any of the Other Regions. The BSC Group shall have the right to notify the Company to include such new Acotec Product into the scope of the Acotec Selected Products within sixty (60) days of the receipt of such notice. The Company shall not enter into any distribution arrangement with any person in respect of such new Acotec Product unless the BSC Group notifies the Company that it does not elect to include such new Acotec Product into the scope of the Acotec Selected Products or the BSC Group fails to notify the Company within the aforementioned 60-day period.

Collaboration Definitive Agreement

Subject to the terms of the Master Collaboration Agreement, for the purpose of implementing cross-selling arrangement, distribution arrangement and the Manufacturing Services specified in the Master Collaboration Agreement, any entity within the Group on one hand and any entity within the BSC Group on the other hand shall enter into a separate purchase order, request, confirmatory document, distribution agreement, or other definitive agreement (the “**Collaboration Definitive Agreement**”) which shall include the product warranties, payment terms, delivery terms, allocation of liabilities, return policies and such other necessary and customary terms and conditions in connection with the transactions contemplated under the Master Collaboration Agreement.

Historical Amount

There was no historical transaction between the Group and the BSC Group with respect to the transactions contemplated under the Master Collaboration Agreement.

Proposed Annual Caps and Basis of Annual Caps

During each of the following periods, the total amount payable by (i) the Group to the BSC Group in relation to the sale of the BSC Products to the Group; (ii) the BSC Group to the Group in relation to the sale of the Acotec Products to the BSC Group; and (iii) the BSC Group to the Group in relation to the Manufacturing Services, shall not exceed the following caps:

	July 20, 2023 to December 31, 2023	January 1, 2024 to December 31, 2024	January 1, 2025 to December 31, 2025
Sale of the BSC Products to the Group	USD2,000,000	USD2,000,000	USD2,000,000
Sale of the Acotec Products to the BSC Group	USD20,000,000	USD50,000,000	USD110,000,000
Provision of the Manufacturing Services to the BSC Group	USD5,000,000	USD8,000,000	USD10,000,000

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

Basis of Annual Cap for Sales of the BSC Products to the Group

It is expected that the commercial collaboration to be developed between the Group and BSC Group will be primarily based on the fields of peripheral arterial disease and venous disease. The BSC Products will be mainly used for the peripheral vascular disease treatment. When determining the proposed annual caps of sales of BSC Products to the Group under the Master Collaboration Agreement, the Company has taken into account, among other things, the statistics relating to the industry in which the Group operates as prepared by Frost & Sullivan, primarily including:

- (1) the estimated market size of of medical devices (stents and DCBs) used during peripheral vascular interventional surgery (artery subsector) in the PRC market of approximately RMB3,150 million for the year ending December 31, 2023 provided by Frost & Sullivan; and
- (2) the proportion of the Group's sales to market size of medical devices (stents and DCBs) used during peripheral vascular interventional surgery (artery subsector) in the PRC market of approximately 13.8% for the year ended December 31, 2021 (which is relevant to estimate the amounts of BSC Products to be purchased by the Group for resale) and the BSC products in the PRC according to Frost & Sullivan.

The Company also expects that the revenue of the Group's resale of the BSC Products in the Greater China Region will remain stable for each of the years ending December 31, 2024 and 2025.

Basis of Annual Cap for Sales of Acotec Products to the BSC Group

It is expected that the commercial collaboration to be developed between the Group and the BSC Group will be primarily based on the field of peripheral interventions. The global served market of peripheral interventions was approximately USD8,000 million in 2022. The market size of peripheral interventions is expected to increase at a CAGR of approximately 7% from 2021 to 2024. The estimated market size of the applicable Acotec Selected Products for distribution by the BSC Group in the Other Regions is expected to be approximately USD1,000 million to USD1,500 million for the year ending December 31, 2023, and is expected to be projected to approximately USD1,100 million to USD1,600 million for the year ending December 31, 2024 and approximately USD1,200 million to USD1,700 million for the year ending December 31, 2025. When determining the proposed annual caps of sales of the Acotec Products to the BSC Group under the Master Collaboration Agreement, the Parties have taken into account, among the following factors, independent third party market research reports procured from reputable vendors including Millennium Research, Inc., IQVIA Inc. and Definitive Healthcare, LLC. and proprietary information and statistics provided by the BSC Group:

- (1) the estimated market size of the applicable Acotec Selected Products for distribution by the BSC Group in the Other Regions as disclosed above;

- (2) the estimated sales (as a % of the above segment size) that the BSC Group could achieve by selling the approved Acotec Products into the segments. An evaluation has been considered on the basis of product categories and geographies. The evaluation yields an estimated incremental sales opportunity into the available segments ranging from 10% to 20%, by product category in the geographies where the Acotec Products are approved by the local regulators and the BSC Group sells such approved Acotec Products. As illustration, for PTA (percutaneous transluminal angioplasty), the BSC Group may gain an estimated share of 10% in the selected geographies, whereas for DCBs (drug coated balloons), the BSC Group may gain an estimated share of 20% in the selected geographies through the Group's expanded product matrix which is contributed from:
- (a) the estimated revenue attributable to the sales of the currently approved and commercialized Acotec Products within the Greater China Region from cross-selling opportunities and the sales of the currently approved and commercialized Acotec Selected Products within the Other Regions;
 - (b) the estimated revenue attributable to the sales of the Acotec Selected Products which have been approved but have not yet been commercialized within the Other Regions;
 - (c) the estimated revenue attributable to the sales of new Acotec Products which the Group applies for registration and which may be included as Acotec Selected Products within the Other Regions;
- (3) adjustments for product availability (e.g. product launch timing, regulatory approvals, reimbursement, etc.), selling cycles, and the BSC Group's expected ramp-up of the sales potential to fully launch the Acotec Products. The BSC Group expects to ramp-up to full selling capacity across the three-year term in the geographies where the Acotec Products are produced for sale by the BSC Group. The ramp-up over a three-year horizon accounts for sales contracting, participation in various tender offers, as well as completing the BSC Group's internal systems and processes required to sell the Acotec Products in different geographies. The expected ramp-up is contributed from:
- (a) the size of the BSC Group as compared to that of the Group;
 - (b) the expected increase in the sales of the Acotec Products within the Greater China Region and the sales of the Acotec Selected Products in the Other Regions attributable to the established and comprehensive global commercialization and distribution network of the BSC Group. In 2022, BSC marketed products and solutions to approximately 36,000 hospitals, clinics, outpatient facilities and medical offices in 130 countries worldwide. Sales generated by the BSC Group in peripheral interventions accounted for approximately USD1,899 million worldwide, with a growth rate of approximately 9% in 2022. In particular, in the Greater China Region, the BSC Group had realized growth of more than 20% in 2022;

- (c) the historical and estimated future growth trend of the Acotec Products within the Greater China Region and the Acotec Selected Products within the Other Regions;
 - (d) the expected increase in the scope of the Acotec Products within the Greater China Region and the Acotec Selected Products within the Other Regions as pipeline grows. As of the date of this announcement, the Group had obtained registration approval in Other Regions for six product candidates, and had over 10 product candidates under R&D. The Company sold two products in the Other Regions as of the date of this announcement, and expects to record meaningful revenue from the remaining three to four products for 2024 and additional products for 2025 taking into account the time schedule from obtaining approval to commercialization; and
- (4) an estimated general buffer of 10% to 15% for fluctuation of (including) market prices and currency exchange rates, including fluctuations seen in the RMB to USD foreign exchange rate over the past 12 months.

Taking into account the calculation of the annual cap for the sales of the Acotec Products to the BSC Group above, the Group believes it could achieve an incremental sales penetration of approximately 6%-9% by December 31, 2025 (i.e. expected annual cap of USD110 million for the year ending December 31, 2025 divided by the estimated market size of the applicable Acotec Selected Products for distribution by the BSC Group in the Other Regions of approximately USD1,200 million – USD1,700 million for the year ending December 31, 2025).

Basis of Annual Cap for Provision of Manufacturing Services to the BSC Group

- (1) the annual production capacity of the production line for providing Manufacturing Services to the BSC Group (i.e. 140,000 units to 280,000 units);
- (2) the market price range of approximately USD20 – USD50 per unit for providing manufacturing services for similar products; and
- (3) the expected increase in demand of Manufacturing Services by the BSC Group with more admission and promotion activities for the BSC Products in global market.

Master Service Agreement

On July 20, 2023 (after trading hours), the Company and BSG entered into the Master Service Agreement to govern the mutual provision of R&D Supporting Services and CSO Services from time to time.

Key Terms of the Master Service Agreement

Date	:	July 20, 2023 (after trading hours)
Parties	:	(i) the Company (ii) Boston Scientific Group plc, the Controlling Shareholder of the Company
Term	:	July 20, 2023 to December 31, 2025
Major terms	:	<i>R&D Supporting Services</i>

During the term of the Master Service Agreement, the Group may provide the BSC Group and vice versa any R&D Supporting Services as agreed by the Parties on the terms and conditions of the Master Service Agreement and any R&D Definitive Agreement (as defined below).

R&D Supporting Services under the Master Service Agreement mainly include, among other things, the following services in relation to research and development of the Products and Services that are provided in line with the ordinary and usual course of business of the Group or the BSC Group (as the case may be):

- (a) research and development services in connection with assisting in the development, iteration and sustainment of the Products and Services;
- (b) laboratory and testing support;
- (c) pre-clinical and clinical support and services including any relevant regulatory support;
- (d) prototyping and device supply;
- (e) research and development laboratory space;
- (f) access to key suppliers and sourcing, manufacturing, packaging, sterilizing, designing and/or distribution services as agreed by the Parties in writing from time to time, in each case, in connection with the underlying R&D Supporting Services;

- (g) access to required documentation and quality systems to support the global commercialization of the Products and Services, including global regulatory approvals; and
- (h) any other services in relation to research and development as agreed between the Parties from time to time.

There is no material differences between the R&D Supporting Services to be provided by the Group and those to be provided by the BSC Group.

CSO Services

During the term of the Master Service Agreement, on a case-by-case basis, the Group may provide the BSC Group and vice versa the CSO Services as agreed by the Parties on the terms and conditions of the Master Service Agreement and any R&D Definitive Agreement.

CSO Services under the Master Service Agreement mainly include, among other things, services for promotion of the sales of products of the third parties or such other customary services provided by a CSO to its principal in the same or similar type of business arrangements.

There is no material differences between the CSO Services to be provided by the Group and those to be provided by the BSC Group.

R&D Definitive Agreement

Subject to the terms of the Master Service Agreement, for the purpose of implementing R&D Supporting Services arrangement and the CSO Services arrangement, any entity within the Group on one hand and any entity within the BSC Group on the other hand shall enter into a separate service request, confirmatory document, or other definitive agreement (the “**R&D Definitive Agreement**”, together with the Collaboration Definitive Agreement, the “**Definitive Agreement(s)**”) which shall include the service scope, the service period and such other necessary and customary terms and conditions in connection with the transactions contemplated under the Master Service Agreement.

Intellectual Property Rights

The Parties will enter into separate agreement(s) to govern any intellectual property rights which may arise from the R&D Supporting Services, which shall include, among other things, the ownership, utilization and commercialization of such intellectual property rights, any applicable license arrangements and/or such other terms and conditions that are customary in connection with the transactions contemplated therein.

Detailed terms of, among other things, transfer, in-licensing or out-licensing arrangements of such intellectual property rights and consideration involved will be included in the separate definitive agreement(s) to be entered into by Parties. As at the date of this announcement, no agreement in relation to the intellectual property rights which may arise from the R&D Supporting Services has been entered into. When the terms of agreement(s) in relation to the intellectual property rights arising from the R&D Supporting Services (if any) have been finalized and if such arrangement then constitutes a notifiable transaction and/or non-exempt connected transaction, the Company will comply with the applicable requirements under Chapters 14 and/or 14A of the Listing Rules.

Historical Amount

There was no historical transaction between the Group and the BSC Group with respect to the transactions contemplated under the Master Service Agreement.

Proposed Annual Caps and Basis of Annual Caps

During each of the following periods, the total amount payable by (i) the BSC Group to the Group in relation to the provision of R&D Supporting Services and CSO Services by the Group to the BSC Group; and (ii) the Group to the BSC Group in relation to the receipt of R&D Supporting Services and CSO Services by the Group from the BSC Group, shall not exceed the following caps:

	July 20, 2023 to December 31, 2023	January 1, 2024 to December 31, 2024	January 1, 2025 to December 31, 2025
Provision of R&D Supporting Services and CSO Services by the Group to the BSC Group	USD60,000,000	USD110,000,000	USD145,000,000
Receipt of R&D Supporting Services and CSO Services by the Group from the BSC Group	USD50,000,000	USD90,000,000	USD120,000,000

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

- (1) the estimated expenses associated with R&D Supporting Services and CSO Services based on historical expenditure on research and development (“**R&D**”) projects with similar scope which is within the range of expenditure (i.e. approximately US\$20 million to US\$50 million per project) as advised by Frost & Sullivan;
- (2) eight R&D projects estimated to be undertaken by the Group and the BSC Group during the term of the Master Service Agreement; and
- (3) the expected increase in expenditure in each of the periods above with the progress of the R&D projects (i.e., estimated expenditure to be incurred for each of the periods above accounted for approximately 20%, 35% and 45% of the total estimated expenditure amounts as a higher proportion of R&D expenditure will normally be incurred at later stage of R&D projects as advised by Frost & Sullivan).

The total estimated amount of receipt of R&D Supporting Services and CSO Services by the Group from the BSC Group for each of the periods above is lower than those to be received by the BSC Group was mainly due to the expected support from the BSC Group to the Group on R&D.

Pricing Policies

Master Collaboration Agreement

The Parties shall engage Frost & Sullivan or any other industry expert of international repute as agreed between the Parties as the independent industry consultant to issue an industry report (the “**Collaboration Industry Report**”) within a reasonable period of time after obtaining the approval from the Independent Shareholders regarding the Master Collaboration Agreement, which shall be updated by Frost & Sullivan or such other industry expert upon renewal of the Master Collaboration Agreement or upon such shorter period as the Parties deem necessary with respect to a certain product, which shall contain, among other things, the customary profit sharing mechanisms of products similar or comparable to the BSC Products and the Acotec Products (as the case may be) and the customary fee arrangements of similar or comparable services between the service provider and the service recipient. Profit sharing mechanisms are commonly adopted by manufactures and distributors for similar or comparable products. Parties would be able to identify applicable profit sharing mechanisms by referring to the Collaboration Industry Report as profit sharing mechanisms normally vary among different products and in different regions.

For a particular Acotec Product under a particular Collaboration Definitive Agreement, the independent industry consultant will conduct research on profit sharing mechanisms which are commonly adopted for similar or comparable products with relevant price ranges in order to identify the applicable profit sharing mechanism in the Collaboration Industry Report.

Sale of the BSC Products to the Group and sale of the Acotec Products to the BSC Group

The purchase price of each of the BSC Products payable by the Group under any Collaboration Definitive Agreement shall be one single price globally and determined after arm's length negotiation between the Parties on a product-by-product basis (for which there is no one pre-determined formula applicable to all the BSC Products) with reference to:

- (a) one of the customary profit sharing mechanisms of similar or comparable products between the manufacturer and its independent distributors as provided in the latest Collaboration Industry Report; and
- (b) the average sales price of the BSC Products, during the six (6) months period prior to the date of such Collaboration Definitive Agreement, contained in similar existing agreements with independent distributors (e.g. distribution agreements) to which the BSC Group is a party. The Company will, based on the experience of its commercial team, collect the prices of the BSC Products sold by other distributors to the end customers (if available) to assess the scope of the average sales price of the BSC Products. In addition, the business development department or the commercial team will collect market information on the relevant target markets by checking official tendering websites, i.e. the Sunshine Purchase (陽光採購) websites and other official tendering websites then.

The purchase price of each of the Acotec Products payable by the BSC Group under any Collaboration Definitive Agreement shall be one single price globally and determined after arm's length negotiation between the Parties on a product-by-product basis (for which there is no one pre-determined formula applicable to all the Acotec Products) with reference to:

- (a) one of the customary profit sharing mechanisms of similar or comparable products between the manufacturer and its independent distributors as provided in the latest Collaboration Industry Report. The Group will determine the sales price of the Acotec Products to end customers with reference to, among other things, the costs of the Acotec Products, the market position of the Acotec Products, the prices of competing products (if any), the differences in safety and efficacy profiles between the Acotec Products and competing products (if any), and the estimated demands for the Acotec Products; and
- (b) the average sales price of the Acotec Products, during the six (6) months period prior to the date of such Collaboration Definitive Agreement, contained in similar existing agreements with independent distributors (e.g. distribution agreements) to which the Group is a party to ensure that the sales price is on normal commercial terms.

As the Group has limited experience in the commercialization and distribution of its products in the Other Regions, the Company believes that it is important to refer to the customary profit sharing mechanisms provided in the latest Collaboration Industry Report to ensure that the sales price is on normal commercial terms.

When determining the purchase price of the BSC Products or the sales price of the Acotec Products, the Company will first determine a market price range of a given product by referencing to the customary profit sharing mechanisms, which is primarily based on the market price range of similar or comparable products sold to distributors, if and when necessary, with consideration of the ones sold to the end users, as provided in the latest Collaboration Industry Report. The Company will then negotiate with the BSC Group to determine the final price with reference to the average sales price during the six (6) months period prior to the date of the Collaboration Definitive Agreement to ensure the final price is on normal commercial terms or better.

Provision of the Manufacturing Services by the Group to the BSC Group

The service fee in relation to the Manufacturing Services provided by the Group to the BSC Group shall be paid by the BSC Group pursuant to the terms of the Collaboration Definitive Agreement and shall be determined after the arm's length negotiation between the Parties, with reference to the customary fee arrangements of similar and comparable services between the service provider and the service recipient as provided in the latest Collaboration Industry Report. If a cost-plus arrangement is adopted for particular service, the Company will consider its cost for such service and the customary mark-up rate contained in the Collaboration Industry Report in determining the service fee. If a profit sharing mechanism is adopted for particular service, the Company will consider the customary profit sharing arrangement contained in the Collaboration Industry Report in determining the service fee.

Master Service Agreement

The Parties shall engage Frost & Sullivan or any other industry expert of international repute as agreed between the Parties as the independent industry consultant to issue an industry report (the "**Service Industry Report**") within a reasonable period of time after obtaining the approval from the Independent Shareholders regarding the Master Service Agreement, which shall be updated by Frost & Sullivan or such other industry expert upon renewal of the Master Service Agreement or upon such shorter period as the Parties deem necessary with respect to a certain service, which shall contain, among other things, the customary fee arrangements of similar or comparable services between the service provider and the service recipient.

The service fee in relation to the R&D Supporting Services shall be paid by the Group and the BSC Group (as the case may be) pursuant to the terms of the R&D Definitive Agreement and shall be determined after arm's length negotiation between the Parties with reference to the customary fee arrangements of similar or comparable services between the service provider and the service recipient as provided in the latest Service Industry Report.

The service fee in relation to the CSO Services shall be paid by the Group and the BSC Group (as the case may be) pursuant to the terms of the R&D Definitive Agreement and shall be determined after arm's length negotiation between the Parties, with reference to the customary fee arrangements of similar or comparable services between the principal and its CSOs as provided in the latest Service Industry Report.

When a cost-plus arrangement is adopted for particular service, the Company will consider its cost for such service and the customary mark-up rate contained in the Service Industry Report in determining the service fee.

The Directors consider that the pricing policies above will be able to ensure the transactions contemplated under the Framework Agreements be conducted on normal commercial terms and not prejudicial to the interest of the Company and Shareholders.

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) the business development department or the commercial team of the Company will discuss with Frost & Sullivan or any other industry expert of international repute who will prepare the Collaboration Industry Report and the Service Industry Report and review those industry reports (including the bases and assumptions thereof);
- (ii) the business development department or the commercial team, consisting of experienced staffs in the medical device sector, will monitor the market conditions and conduct market search, based on their experience, every half year or in exceptions cases to collect the market information on the relevant target markets by checking official tendering websites, i.e. the Sunshine Purchase (陽光採購) websites and other official tendering websites then and communicating with other customers/suppliers of the Group. If the business development department or the commercial team notes that the profit sharing mechanisms of similar or comparable products or the customary fee arrangements of similar or comparable services (as applicable) contained in the Collaboration Industry Report and the Service Industry Report deviates 10% or more from the latest market practice and such deviation becomes less favorable to the Company, it will report the same to the management of the Company;
- (iii) the management of the Company will, after receiving the report from the business development department or the commercial team, consult with Frost & Sullivan or any other industry expert of international repute to ascertain whether there is any material change in market conditions and discuss with the BSC Group whether it is necessary to update the Collaboration Industry Report and/or the Service Industry Report;
- (iv) the financial team and the legal team of the Company will supervise and monitor the Definitive Agreements to be entered into between the Group and the BSC Group pursuant to the Framework Agreements to ensure that their terms (including the pricing policies) are in compliance with the terms of the Framework Agreements and on normal commercial terms or better than terms offered by the Independent Third Parties for comparable transactions under similar conditions (if any);
- (v) the financial team and legal team of the Company will monitor the transaction amounts for the continuing connected transactions under the Framework Agreements. In the event that the transaction amounts of any continuing connected transaction reach 75% of the relevant proposed annual cap set out above, the financial team and the legal team shall report to the management of the Company; and
- (vi) the management of the Company will, after receiving the report from the financial team and the legal team, consider actions to ensure the compliance with the requirements under the Listing Rules, including obtaining the approval from Independent Shareholders to revise the proposed annual caps if necessary.

The independent non-executive Directors and the auditors of the Company will review the transactions contemplated under the Framework Agreements annually to check and confirm, among other things, whether the transactions were conducted in accordance with the Framework Agreements and whether the relevant proposed annual caps have been exceeded.

The Company considers that the internal control mechanism above is effective to ensure that the transactions contemplated under the Framework Agreements will be conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FRAMEWORK AGREEMENTS

After BSG became the Controlling Shareholder of the Company after completion of a voluntary conditional partial offer in February 2023, the Group and the BSC Group have been exploring commercial collaboration opportunities in R&D, manufacturing and commercialization to create synergistic value.

As stated in the section headed “Information of the Parties – Information about BSG and the BSC Group” below, BSC is a global developer, manufacturer and marketer of medical devices that are used in a broad range of interventional medical specialties and has been a medical technology leader for more than 40 years.

Based on BSC’s 2022 Annual Report, BSC’s key business segments included Cardiology, Peripheral Interventions, Endoscopy, Urology, and Neuromodulation and generated total revenues of USD12.682 billion in 2022. As of December 31, 2022, BSC had approximately 45,000 employees, of which approximately 56% were outside the U.S. On research and development front, BSC spent USD1.323 billion on research and development related expenses in 2022, representing approximately 10.4% of net sales. On sales and marketing front, BSC marketed products and solutions to approximately 36,000 hospitals, clinics, outpatient facilities and medical offices in 130 countries worldwide in 2022. BSC has a category leadership strategy which seeks to deepen its portfolio in helping physicians diagnose and treat complex cardiovascular, respiratory, digestive, oncological, neurological, and urological diseases and conditions through organic research and development, smart investments and acquisitions and a continuous expansion strategy to expand its presence in high-growth markets and regions.

The Company is of the view that the entering into of the Framework Agreements and the transactions contemplated thereunder would enable the Group to:

- (i) gain additional access to, and enhance reputation and recognition of the Group’s products in, the global market through the established and comprehensive global commercialization and distribution network of the BSC Group by selling the Acotec Products to the BSC Group for its distribution under the Master Collaboration Agreement;
- (ii) facilitate the R&D of its pipeline products through the established and comprehensive global R&D network of the BSC Group by receiving the R&D Supporting Services from the BSC Group under the Master Service Agreement;

- (iii) broaden its revenue sources by providing products and services under the Framework Agreements to the BSC Group through the existing distribution and R&D resources of the Group in the Greater China Region;
- (iv) enhance the customer relationship between the Group and its clients by distributing the BSC Products received under the Master Collaboration Agreement to such clients to satisfy their needs;
- (v) achieve synergy with the BSC Group, and enhance the effectiveness of R&D, manufacturing and commercialization of the Group.

Further, the entering into of the Framework Agreements and the transactions contemplated thereunder would enable the BSC Group to:

- (i) benefit from the reputation of the Group in the PRC;
- (ii) benefit from the Group's efficient R&D organisation;
- (iii) gain access to new products that are not currently in the BSC Group's portfolio through the Group;
- (iv) gain access to new customers in the PRC through the Group's established distribution network in the PRC; and
- (v) potentially lower the manufacturing cost by engaging the Group to provide the Manufacturing Services.

The Directors consider that, while the highest applicable percentage ratio of the proposed annual caps for the transactions under each of the Master Collaboration Agreement and the Master Service Agreement exceeds 200%, by entering into the Framework Agreements, the Group is not unduly reliant on the BSC Group for the following reasons:

(i) ***Mutually beneficial and complementary relationship***

BSG has been the Controlling Shareholder of the Company since February 2023 through a voluntary partial offer with the purpose of bringing together the core competencies of the BSC Group and the Company and providing meaningful growth opportunities and creating value for both the BSC Group and the Company. Provision of services by the Group to the BSC Group and the sale of the Acotec Products to the BSC Group are revenue in nature, which may improve the Group's revenue. In particular, the sale of the Acotec Products to the BSC Group allows the Group to enhance reputation and recognition of the Acotec Products in global market through the established and comprehensive global commercialization and distribution network of the BSC Group.

Provision of the R&D Supporting Services by the BSC Group to the Group will facilitate the Group's R&D of its pipeline products through the established and comprehensive global R&D network of the BSC Group.

In respect of sale of the BSC Products to the Group, the Group will resell the BSC Products in the Greater China Region, with order placed by the Group's clients for the BSC Products. Such arrangement will consolidate the customer relationships between the Group and its clients and expand the Group's source of revenue (as distributor).

Based on the above-mentioned reasons, the Company believes that the business relationship between the Group and the BSC Group is mutually beneficial. It is beneficial to the Group in securing stable and long-term with the BSC Group, a global leading player in medical devices sector, and also strategically important to the BSC Group by ensuring a reliable business partner in the PRC.

(ii) Solid relationship and extremely low risk of termination

BSG has been the Controlling Shareholder of the Company since February 2023. Since then the Group and the BSC Group have been exploring commercial collaboration opportunities in R&D, manufacturing and commercialization to create synergistic value. It is expected that the Group and the BSC Group will maintain a stable and long-term business relationship, and there is an extremely low risk that the relationship between the Group and the BSC Group will materially adversely change or terminate.

(iii) No material adverse impact

Any change in the relationship with the BSC Group will not have a material adverse impact on the business of the Group. The Group is capable of carrying on its business independently of the BSC Group as it has independent management team led by Ms. LI Jing, independent administrative and operational organizational structure, and independent financial and accounting systems. As a leading medical device company in the PRC, the Company, with a strong in-house R&D team and sales and marketing team in the PRC, is able to further expand its product offering and maintain and develop its business relationship with other customers/suppliers other than the BSC Group.

As advised by Frost & Sullivan, it is not uncommon for biotech companies to grant exclusive rights to a distributor in particular territory(ies). The BSC Group's exclusive distribution rights in respect of an Acotec Selected Product shall be terminated automatically with immediate effect if the BSC Group fails to meet the minimum purchase value for such Acotec Selected Product as set forth in the applicable Collaboration Definitive Agreement. The minimum purchase value for the Acotec Selected Products in the Collaboration Definitive Agreements will be mutually agreed by both Parties.

Pursuant to the Master Collaboration Agreement, during the term of the Master Collaboration Agreement, any Party may terminate the Master Collaboration Agreement by giving the other Party not less than six months' notice in writing.

The Directors consider that the transactions contemplated under the Framework Agreements were entered into in the ordinary and usual course of business of the Group and on normal commercial terms after arm's length negotiations between the Parties, and the terms of the Framework Agreements were fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES

Information about the Group

The Company is a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Main Board of the Stock Exchange (Stock Code: 6669). The Company is a leading medical device company in China which provides interventional solutions for areas such as vascular surgery, cardiology, nephrology, neurology and andrology.

Information about BSG and the BSC Group

BSG is a public limited company incorporated under the laws of the Republic of Ireland, which is wholly-owned by BSC. BSG is primarily engaged in investments in subsidiaries (which in turn are primarily engaged in the development, manufacture, marketing, and sale of medical devices used in a broad range of interventional medical specialties) and providing services to affiliated group entities.

BSC is a company incorporated under the laws of the State of Delaware, the U.S., whose shares are listed on the New York Stock Exchange. BSC is a global developer, manufacturer and marketer of medical devices that are used in a broad range of interventional medical specialties and has been a medical technology leader for more than 40 years.

LISTING RULES IMPLICATIONS

As at the date of this announcement, BSG is the Controlling Shareholder of the Company holding approximately 65.0% of the issued share capital of the Company. Therefore, BSG is a connected person of the Company under the Listing Rules, and the transactions contemplated under each of the Framework Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio of the proposed annual caps for the transactions under each of the Framework Agreements exceeds 5%, the transactions contemplated under each of the Framework Agreements are subject to the report, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

BOARD APPROVAL

Each of Mr. Arthur Crosswell BUTCHER and Ms. June CHANG, a non-executive Director, who also holds management positions in the BSC Group, has abstained from voting on the relevant board resolutions of the Company. Apart from Mr. Arthur Crosswell BUTCHER and Ms. June CHANG, none of the Directors has or is deemed to have a material interest in each of the Framework Agreements and the transactions contemplated thereunder and is therefore required to abstain from voting on the relevant Board resolutions approving the Framework Agreements and the transactions contemplated thereunder.

GENERAL

The Company will convene and hold the EGM on Friday, August 11, 2023 for the purpose of, among other things, considering and if thought fit, approving each of the Framework Agreements and the transactions contemplated thereunder.

For determining the eligibility of the holders of Shares to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, August 8, 2023 to Friday, August 11, 2023, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the EGM, all transfer of 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 Monday, August 7, 2023.

Voting at the EGM will be conducted by way of poll. As at the date of this announcement, BSG holds 203,702,962 Shares. Thus, the 203,702,962 Shares held by BSG, representing approximately 65.0% of the total issued share capital of the Company, shall abstain from voting at the EGM on the resolution in relation to each of the Framework Agreements and the transactions contemplated thereunder (including the proposed annual caps). Save as disclosed above, none of the other Shareholders has a material interest in each of the Framework Agreements and the transactions contemplated thereunder (including the proposed annual caps) and is required to abstain from voting on the relevant resolution in the EGM.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the terms of each of the Framework Agreements and the transactions contemplated thereunder.

Gram Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of each of the Framework Agreements and the transactions contemplated thereunder.

A circular containing, among others, (i) further details of each of the Framework Agreements; (ii) a letter from Gram Capital to the Independent Board Committee and the Independent Shareholders regarding its advice on the terms of each of the Framework Agreements; (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, each of the Framework Agreements will be despatched to Shareholders in accordance with the Listing Rules.

SCHEDULE

INITIAL LIST OF ACOTEC SELECTED PRODUCTS

1. AcoArt Orchid® & Dhalia®/Orchid Plus
2. AcoArt Tulip® & Litos®
3. AcoArt Iris™ & Jasmin™
4. AcoArt Lily™ & Rosmarin™
5. AcoStream™ Peripheral Aspiration System
6. AcoArt Cedar® Radiofrequency Ablation System
7. Vericor® Peripheral Support Catheter
8. P-Conic PTA Balloon
9. YAN Semi-Compliant PTCA Balloon
10. AcoArt Orchid® & Dhalia®/Orchid Plus (DCB) – AV Fistula
11. Neo-Skater® – Intracranial PTA Balloon

DEFINITIONS

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

“Acotec Products”	any existing products, designed, manufactured or sold by the Group on or prior to the date of the Master Collaboration Agreement and any future products, designed, manufactured or sold by the Group from time to time on or after the date of the Master Collaboration Agreement
“Acotec Selected Products”	any of the Acotec Products as agreed by the Parties in writing from time to time
“Articles of Association”	the articles of association of the Company adopted on June 23, 2021 and effective on August 24, 2021, and amended on June 30, 2023
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“BSC”	Boston Scientific Corporation, a Delaware corporation and a company listed on the New York Stock Exchange (Stock Code: BSX)
“BSC Group”	BSC and its subsidiaries but excluding the Group
“BSC Products”	any existing products, designed, manufactured or sold by the BSC Group on or prior to the date of the Master Collaboration Agreement and any future products, designed, manufactured or sold by the BSC Group from time to time on or after the date of Master Collaboration Agreement, as agreed by the Parties in writing from time to time
“BSG”	Boston Scientific Group plc, a public limited company incorporated under the laws of the Republic of Ireland and wholly-owned by BSC, which is the Controlling Shareholder of the Company
“Chairperson”	the chairperson of the Board
“Company”	Acotec Scientific Holdings Limited (先瑞達醫療科技控股有限公司), an exempted company incorporated in the Cayman Islands on December 3, 2020 with limited liability, with its Shares listed on the Main Board of the Stock Exchange on August 24, 2021 (stock code 6669)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“CSO”	an entity commonly and primarily known as a “contract sales organization” that is engaged primarily in the business of promoting the sales of products for third parties
“CSO Services”	services for promotion of the sales of products of the third parties or such other customary services provided by a CSO to its principal in the same or similar type of business arrangements
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at Conference Room Dhalia, 6/F., Office Building, 16 North Hongda Road, Beijing Economic-Technological Development Area, Beijing, PRC at 10 a.m. on Friday, August 11, 2023 or any adjournment thereof
“Framework Agreements”	the Master Collaboration Agreement and the Master Service Agreement
“Greater China Region”	the PRC, Hong Kong, the Macau Special Administrative Region of the PRC, and the islands of Taiwan
“Group”	the Company and its subsidiaries
“HKD” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company comprising all the independent non-executive Directors, namely Dr. Yuqi WANG, Ms. Hong NI and Ms. Kin Yee POON, formed for the purpose of advising the Independent Shareholders in respect of the terms of the Framework Agreements (including the proposed annual caps)
“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 appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in relation to the continuing connected transactions contemplated under the Framework Agreements and the proposed annual caps thereunder

“Independent Shareholders”	Shareholders other than BSG and their associates (excluding the Group)
“Independent Third Party(ies)”	any person or company which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is not a connected person of the Company within the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Master Collaboration Agreement”	has the meaning given to it under the section headed “Continuing Connected Transactions – Master Collaboration Agreement” in the Letter from the Board in this announcement
“Master Service Agreement”	has the meaning given to it under the section headed “Continuing Connected Transactions – Master Service Agreement” in the Letter from the Board in this announcement
“Manufacturing Services”	sourcing, manufacturing, packaging, sterilizing, and/or designing services as agreed by the Parties in writing from time to time that are provided in line with the ordinary and usual course of business of the Group
“Party(ies)”	BSG and the Company
“PRC”	the People’s Republic of China, and for the purposes of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and the islands of Taiwan
“Products and Services”	products and services of the Group and/or the BSC Group (as the case may be) as agreed by the Parties from time to time
“R&D Supporting Services”	<p>the following services in relation to research and development of the Products and Services that are provided in line with the ordinary and usual course of business of the Group or the BSC Group (as the case may be):</p> <ul style="list-style-type: none"> (a) research and development services in connection with assisting in the development, iteration and sustainment of the Products and Services; (b) laboratory and testing support; (c) pre-clinical and clinical support and services including any relevant regulatory support;

- (d) prototyping and device supply;
- (e) research and development laboratory space;
- (f) access to key suppliers and sourcing, manufacturing, packaging, sterilizing, designing and/or distribution services as agreed by the Parties in writing from time to time, in each case, in connection with the underlying R&D Supporting Services;
- (g) access to required documentation and quality systems to support the global commercialization of the Products and Services, including global regulatory approvals; and
- (h) any other services in relation to research and development as agreed between the Parties from time to time

“SFO”	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended from time to time
“Share(s)”	ordinary share(s) of nominal value of US\$0.00001 each in the capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“U.S.” or “United States”	the United States of America
“USD” or “US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

By Order of the Board
Acotec Scientific Holdings Limited
Jing LI
*Chairman of the Board, Executive Director and
 Chief Executive Officer*

Hong Kong, July 20, 2023

As at the date of this announcement, the executive Directors are Ms. Jing LI and Mr. Silvio Rudolf SCHAFFNER, the non-executive Directors are Mr. Arthur Crosswell BUTCHER and Ms. June CHANG, and the independent non-executive Directors are Dr. Yuqi WANG, Ms. Hong NI and Ms. Kin Yee POON.