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**MicroPort Scientific Corporation**

**微創醫療科學有限公司\***

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 00853)**

**DISCLOSEABLE TRANSACTION  
CAPITAL INCREASE TO A SUBSIDIARY**

**THE TRANSACTIONS**

On 31 August 2020, the Subsidiary and the Target Company entered into the Agreement with the Investors and Shanghai Changlong, pursuant to which: (a) the Subsidiary agreed to transfer 7.1429% of the registered capital in the Target Company to the Investors for RMB1,500 million, (b) Shanghai Changlong, an existing shareholder in the Target Company, agreed to transfer 2.3809% of the registered capital in the Target Company to the Investors for RMB500 million, and (c) the Investors agreed to contribute additional capital in the aggregate amount of RMB1,500 million to the Target Company.

Upon completion of the transactions, the post investment valuation of the Target Company is approximately RMB22,500 million and the shareholding of the Subsidiary in the Target Company will be reduced from 64.7560% to 53.7722%. The Target Company will remain as a subsidiary of the Company.

Under the terms of the Agreement, the Investors have the right to require the Target Company to redeem the equity interest in the Target Company held by the Investors at the redemption price equal to the sum of (a) one hundred percent (100%) of the original subscription or purchase price of the equity interest in the Target Company held by such Investor, and (b) an interest of ten percent (10%) per annum.

## LISTING RULES IMPLICATIONS

### Chapter 14 of the Listing Rules

The Transaction constitutes a disposal of interest by the Group in the Target Company.

As the applicable percentage ratios in respect of the Transaction are more than 5% but less than 25%, the Transaction constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Under the Agreement, the Investors have the right to require the Subsidiary to redeem the equity interests in the Target Company held by the Investors upon the occurrence of certain events. As the redemption right is vested with the Investors, the redemption right will be treated as if exercise at the time of the entering into of the Agreement pursuant to Rule 14.74(1) of the Listing Rules. As the consideration ratio in respect of the maximum amount of the redemption price payable by the Subsidiary for the equity interests in the Target Company held by the Investors is more than 5% and less than 25%, the redemption constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## THE TRANSACTIONS

On 31 August 2020, the Subsidiary and the Target Company entered into the Agreement with the Investors and Shanghai Changlong. The principal terms of the Agreement are summarized below:

### Parties

- (i) the Subsidiary;
- (ii) the Target Company;
- (iii) Shanghai Changlong Life Medical Technology Co., Ltd. (“**Shanghai Changlong**”);
- (iv) Zhuhai Gaoling Chongheng Equity Investment Enterprise (Limited Partnership) (“**Investor A**”)
- (v) Tianjin Ronghao Enterprise Management Partnership (LLP) (“**Investor B**”);
- (vi) Jiaxing Biolink Hongrun Venture Capital LLP (“**Investor C**”)
- (vii) Tianjin Yuanyi Yuanfu Enterprise Management Center (Limited Partnership) (“**Investor D**”);
- (viii) Yifang Huida Venture Capital (Guangdong) Partnership (Limited Partnership) (“**Investor E**”); and

(ix) Yifang Yida (Guangdong) Investment Partnership (Limited Partnership) (“Investor F”).

### **Subject matter**

- (a) The Subsidiary will transfer 7.1429% of the registered capital in the Target Company to the Investors for RMB1,500 million;
- (b) Shanghai Changlong will transfer 2.3809% of the registered capital in the Target Company to the Investors for RMB500 million; and
- (c) The Investors will contribute additional capital to the Target Company in the aggregate amount of RMB1,500 million.

Details of the contribution to the Subscribed Capital are as follows:

|            | <b>Subscription<br/>amount<br/><i>RMB'million</i></b> |
|------------|---|
| Investor A | 771.43  |
| Investor B | 342.86  |
| Investor C | 171.43  |
| Investor D | 137.14  |
| Investor E | 55.71   |
| Investor F | 21.43   |
|            | <hr/>   |
| Total      | <u><u>1,500</u></u>                                   |

### **Basis of determining the transfer price and capital contribution amount**

The transfer price and the capital contribution amount were determined between the Subsidiary and the Investors after arm’s length negotiations with reference to a number of factors, including but not limited to the Target Company’s funding needs and the products being developed, and its growth potential being considered as a whole.

### **Conditions of the Agreement**

Completion of the Agreement will be subject to the satisfaction or waiver of the following conditions:

- (i) each of the representations and warranties provided by the Target Company and the Subsidiary under the Agreement remaining true, correct, complete and not misleading in all material aspects on the date of closing;

- (ii) each of the Subsidiary and the Target Company having performed and complied with all agreements, obligations and conditions under the transaction documents in relation to the Transaction;
- (iii) the Target Company and the Existing Shareholders having obtained or completed all internal authorisations, consents, third-party's consents (if necessary), approvals or other actions, including without limitation, the shareholders of the Target Company having resolved to approve the Transaction, and each of the Existing Shareholders having waived their respective pre-emptive right in connection with the consummation of the transactions contemplated under the Agreement;
- (iv) the Target Company having taken all necessary corporate actions such that immediately following closing, the board of the Target Company shall have five members and Investor A and Investor B shall each have appointed one member to the board of the Target Company;
- (v) the Investors having entered into the other transactional documents related to the Agreement with the Target Company and the Existing Shareholders;
- (vi) there has not been any material adverse change to the financial situation, operation results, assets, business, technology or prospects of the Target Company on or prior to the date of closing;
- (vii) the delivery by the Target Company and the Subsidiary of such documents set out in the Agreement on or prior to the date of closing;

Completion of the Agreement shall take place within 15 business days of the satisfaction or waiver of the conditions above.

## **Redemption**

If (i) the Target Company does not completed a qualified listing of its shares on a recognized securities exchange before 31 December 2025, (ii) the Target Company or any of the Existing Shareholders having materially breached the transactional documents or applicable laws and such breach is not cured with 30 days from the written notice of the breach issued by any Investor, or (iii) any equity interests of the Target Company is redeemed by the Target Company in accordance with the redemption provision, then any Investor may, by delivering a redemption notice to the Target Company, require the Target Company to redeem all or any part of the then equity interest in the Target Company held by such Investor, at the redemption price equal to the sum of (a) one hundred percent (100%) of the original subscription or purchase price for the equity interest in the Target Company held by such Investor, and (b) an interest rate of ten percent (10%) per annum.

## INFORMATION ON THE TARGET COMPANY

The Target Company is a limited liability company established in the PRC and focuses on the research and development and industrialization of surgical robots. The Target Company started the research and development and industrialization of surgical robots in 2014. It is committed to facing the most cutting-edge development needs of minimally invasive surgery, and innovatively providing integrated intelligent surgical solutions that can save patients' lives or improve their quality of life. After years of research and development innovation and industrial accumulation, the Target Company has grown to become a medical robot company to master the underlying technology of the entire chain. The Target Company's three flagship products in the three major segments, namely the Toumai™ laparoscopic surgical robot, Skywalker™ joint replacement surgery robot, and DFVision™ three-dimensional electronic laparoscope had entered the special approval procedure ("Green Path") for innovative medical devices of the National Medical Products Administration (NMPA), becoming the only surgical robot company with 3 "Green Path" grants in the PRC.

### Financial information of the Target Company

According to the unaudited financial statements of the Target Company, the financial results of the Target Company for the two years ended 31 December 2019 are as follows:

|                     | <b>For the year ended 31 December</b> |                    |
|---------------------|---------------------------------------|--------------------|
|                     | <b>2018</b>                           | <b>2019</b>        |
|                     | (unaudited)                           | (unaudited)        |
|                     | <i>RMB'million</i>                    | <i>RMB'million</i> |
| Net loss before tax | 20.8                                  | 46.7               |
| Net loss after tax  | 20.8                                  | 46.7               |

The unaudited consolidated net asset value of the Target Company as at 30 June 2020 was RMB 97.3 million.

## Changes to the shareholding structure of the Target Company

Immediately upon completion of the Agreement, the shareholding structure of the Target Company will be as follows:

| Shareholder                 | Shareholding<br>prior to<br>completion of<br>the Agreement | Shareholding<br>upon completion<br>of the Agreement |
|-----------------------------|--|---|
| the Subsidiary              | 64.7560%   | 53.7722%  |
| Shanghai Changlong          | 9.7238%  | 6.8533%   |
| Other Existing Shareholders | 25.5202%   | 23.8189%  |
| Investor A                  | –  | 8.0000%   |
| Investor B                  | –  | 3.5556%   |
| Investor C                  | –  | 1.7778%   |
| Investor D                  | –  | 1.4222%   |
| Investor E                  | –  | 0.5778%   |
| Investor F                  | –  | 0.2222%   |
|                             | <u>100.00%</u>   | <u>100.00%</u>                                      |

Upon the completion of the Transaction, the Group expects to retain control over the Target Company. Given these are transactions between the shareholders of the Target Company in their capacity as equity holders, no gain or loss on disposal would be recorded in the profit or loss account of the Group.

The proceeds from the capital contribution by the Investors will be used for the business expansion and working capital needs of the Target Group.

Immediately following completion of the Agreement, the post investment valuation of the Target Company is approximately RMB22,500 million and the effective shareholding of the Company in the Target Company will be diluted from the current 64.7560% to approximately 53.7722%. The Target Company will remain as a subsidiary of the Company.

## Management of the Target Company

The board of the Target Company upon completion of the Agreement will comprise five directors, three of which will be appointed by the Group and the Subsidiary and each of Investor A and Investor B will have the right to appoint one director to the board of the Target Company, respectively.

## **REASONS FOR THE AGREEMENT**

The Group is in a period of rapid growth and development. As many of the Group's products involve cutting-edge technology, the R&D, clinical trial, regulatory registration and commercialization costs are significant. Accordingly, the Group has significant funding needs for the implementation of its development plan for all of its Group companies. The introduction of the Investors to the Target Company is to provide additional capital to the Target Company in order to fund its development and execute on the Target Company's growth opportunities.

The Directors (including the independent non-executive Directors) consider that the Agreement was entered into under normal commercial terms, and in the ordinary and normal course of business of the Group and the terms of which are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **INFORMATION ON THE PARTIES**

### **Group companies**

#### ***The Company***

The Company, together with its subsidiaries, is a leading medical device group focusing on innovating, manufacturing and marketing high-end medical devices globally in a broad range of business segments including cardiovascular, orthopedics, cardiac rhythm management, endovascular, neurovascular, heart valve, surgical robot and other business.

#### ***The Subsidiary***

The Subsidiary is a limited liability company established in the PRC and is principally engaged in the business of investment holding. The Subsidiary is a wholly-owned subsidiary of the Company as at the date of the Agreement.

#### ***The Target Company***

The Target Company is a limited liability company established in the PRC. It is a 64.7560% owned subsidiary of the Group as at the date of the Agreement.

## **Shanghai Changlong**

Shanghai Changlong Life Medical Technology Co., Ltd. is a wholly-owned subsidiary of Pepper Tree MediNet (Shanghai) Corp. (“**Pepper Tree**”), which is in turn a subsidiary of Real & Realistic Foundation Limited (“**Real & Realistic**”). Each of Shanghai Changlong and Pepper Tree is principally engaged in investment holding and assets management. Real & Realistic is a company limited by guarantee with no share capital incorporated in Hong Kong. Real & Realistic is a charity foundation that focuses on advancing and promoting science and education. Through its subsidiaries, Real & Realistic has invested directly in certain subsidiaries and equity-accounted investees of the Company. Its subsidiaries are also the general partner of certain limited partnerships that have invested in certain subsidiaries and equity-accounted investees of the Company. Certain subsidiaries of Real & Realistic are also the landlords to the Company with respect to a production facility and offices of certain subsidiaries of the Company. To the best knowledge of the Directors, Real & Realistic also holds less than 5% of the issued share capital of the Company.

Save for the relationships disclosed above, Shanghai Changlong, Pepper Tree and Real & Realistic are independent of the Company and its connected persons and is not related to the employees of the Group.

## **Investors**

### ***Investor A***

Zhuhai Gaoling Chongheng Equity Investment Enterprise (Limited Partnership) (珠海高瓴崇恒股權投資合夥企業(有限合夥)) is a limited partnership established in the PRC which is owned by the private equity funds solely managed by Zhuhai Gaoling Equity Investment Management Ltd. (“**Zhuhai Gaoling**”). Zhuhai Gaoling is an investment firm of investment professionals and operating executives who focus on building and investing in high quality business franchises that achieve sustainable growth. Independent proprietary research and industry expertise, in conjunction with world-class operating and management capabilities, are key to Zhuhai Gaoling’s investment approach. Zhuhai Gaoling partners with exceptional entrepreneurs and management teams to create value, often with a focus on enacting innovation and technological transformation. Zhuhai Gaoling invests in the healthcare, consumer, TMT, advanced manufacturing, financial and business services sectors in companies across all equity stages. To the best knowledge of the Directors, having made reasonable enquiry, Investor A and its ultimate beneficial owners are independent of, and are not connected with, the Company and its connected persons.



### ***Investor B***

Tianjin Ronghao Enterprise Management Partnership (LLP) (天津鎔浩企業管理合夥企業(有限合夥)) is a limited liability partnership established in the PRC. Its general partner is Beijing Rongyu Management Consultant Co., Ltd. (北京鎔聿管理諮詢有限公司) which is controlled by Beijing Panmao Investment Management Co., Ltd. (北京磐茂投資管理有限公司) and authorizes Beijing Panmao Investment Management Co., Ltd. to manage the investments of Tianjin Ronghao Enterprise Management Partnership (LLP). The controlling shareholders of Beijing Panmao Investment Management Co., Ltd. are Nielei and Tianyu. To the best knowledge of the Directors, having made reasonable enquiry, Investor B and its ultimate beneficial owners are independent of, and are not connected with, the Company and its connected persons.

### ***Investor C***

Jiaxing Biolink Hongrun Venture Capital LLP (嘉興貝霖泓潤創業投資合夥企業(有限合夥)) (“**Biolink**”) is a limited partnership established in the PRC mainly engaged in equity investment in the medical sector. Its general partners are Ningbo Meishan Biolink Runyao Investment Management LLP, which is beneficially owned by Lydia Hu, and Shanghai Tukar Capital Management Co., Ltd., which is beneficially owned by Huang Zheng. To the best knowledge of the Directors, having made reasonable enquiry, Investor C and its ultimate beneficial owners are independent of, and not connected with, the Company and its connected persons.

### ***Investor D***

Tianjin Yuanyi Yuanfu Enterprise Management Center (Limited Partnership) (天津遠翼元福企業管理中心(有限合夥)) is a limited partnership established in the PRC mainly engaged in investment business. It is ultimately owned by Far East Horizon Limited (HK.03360), a company listed on the main board of the Stock Exchange and is one of China’s leading financial services institutions. Investor D focuses on investment in high-quality enterprises in the growth period of China with emphasis on investments in core industries such as medical care, high-end manufacturing, and consumption. To the best knowledge of the Directors, having made reasonable enquiry, Investor D and its ultimate beneficial owners are independent of, and are not connected with, the Company and its connected persons.

### ***Investor E and Investor F***

Yifang Huida Venture Capital (Guangdong) Partnership (Limited Partnership) and Yifang Yida (Guangdong) Investment Partnership (Limited Partnership) are limited partnerships established in the PRC. Their general partners are Kailiyifang Capital Management Co., Ltd. (凱利易方資本管理有限公司), its controlling shareholder is Hengqin Century Fenghui Innovative Investment Partnership (Limited Partnership) (橫琴世紀峰匯創新投資合夥企業(有限合夥)), a partnership beneficially owned by Mr. Yan Xiangjun (嚴祥軍). Each of Investor E and Investor F, Kailiyifang Capital Management Co., Ltd. and Hengqin Century Fenghui Innovative Investment Partnership (Limited Partnership) is engaged in the investment business and investment consulting. To the best knowledge of the Directors, having made reasonable enquiry, Investor E, Investor F and their ultimate beneficial owners are independent of, and are not connected with, the Company and its connected persons.

## **LISTING RULES IMPLICATIONS**

### **Chapter 14 of the Listing Rules**

The Transaction constitutes a disposal of interest by the Group in the Target Company.

As the applicable percentage ratios in respect of the Transaction, are more than 5% but less than 25%, the Transaction constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Under the Agreement, the Investors have the right to require the Subsidiary to redeem the equity interests in the Target Company held by the Investors upon the occurrence of certain events. As the redemption right is vested with the Investors, the redemption right will be treated as if exercise at the time of the entering into of the Agreement pursuant to Rule 14.74(1) of the Listing Rules. As the consideration ratio in respect of the maximum amount of the redemption price payable by the Subsidiary for the equity interests in the Target Company held by the Investors is more than 5% and less than 25%, the redemption constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

### **DEFINITIONS**

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

|                    |   |
|--------------------|---|
| “Agreement”        | the agreement dated 31 August 2020 between the Subsidiary, the Target Company, the Investors and Shanghai Changlong;                                    |
| “Board”            | the board of the Company;   |
| “Company”          | MicroPort Scientific Corporation, a company incorporated in the Cayman Islands, the shares of which are listed on the main board of the Stock Exchange; |
| “connected person” | has the meaning ascribed to it under the Listing Rules;   |
| “Director(s)”      | the director(s) of the Company;   |
| “Group”            | the Company and its subsidiaries;   |
| “Investors”        | Investor A, Investor B, Investor C, Investor D, Investor E and Investor F;  |
| “Listing Rules”    | the Rules Governing the Listing of Securities on the Stock Exchange;  |

|                      |   |
|----------------------|---|
| “PRC”                | the People’s Republic of China;   |
| “RMB”                | Renminbi, the lawful currency of the People’s Republic of China;  |
| “Stock Exchange”     | The Stock Exchange of Hong Kong Limited;  |
| “Subscribed Capital” | the new capital in the Target Company to be subscribed by the Investors pursuant to the Agreement;  |
| “Subsidiary”         | 上海默化人工智能科技有限公司(Shanghai Latent Artificial Intelligence Co., Ltd.);  |
| “Target Company”     | 微創(上海)醫療機器人有限公司(MicroPort MedBot (Shanghai) Co., Ltd.);   |
| “Transaction”        | the transfer of 7.1429% equity interest in the Target Company by the Subsidiary to the Investors and the subscription by the Investors of the Subscribed Capital in the Target Company; and |
| “%”                  | per cent.   |

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

Shanghai, the PRC, 31 August 2020

*As at the date of this announcement, the executive Director is Dr. Zhaohua Chang; the non-executive Directors are Mr. Norihiro Ashida, Dr. Yasuhisa Kurogi and Mr. Hongliang Yu; and the independent non-executive Directors are Mr. Jonathan H. Chou, Dr. Guoen Liu and Mr. Chunyang Shao.*

\* *For identification purpose only*