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EXEMPT CONNECTED TRANSACTION – LEASE AGREEMENTS

On 28 May 2021, the Subsidiaries entered into the Lease Agreements with the Landlord pursuant to which the Subsidiaries agreed to lease from the Landlord the Property for use by the Subsidiaries as office and manufacturing purposes for a period of six years.

As the Landlord is an indirect wholly-owned subsidiary of a substantial shareholder of the Company, the entering into of the Lease Agreements constitutes a connected transaction for the Company. As one of the applicable ratios under Rule 14.07 of the Listing Rules in respect of the value of the right-of-use assets recognized by the Group under the Lease Agreements pursuant to HKFRS 16 is more than 0.1% but less than 5%, the Lease Agreements are subject to the reporting and announcement requirements and exempt from the requirement of approval from the independent shareholders under Chapter 14A of the Listing Rules.

THE LEASE AGREEMENTS

On 28 May 2021, the Subsidiaries and the Landlord entered into the Lease Agreements in relation to the leasing of the Property.

Subject matter

The Subsidiaries will lease from the Landlord the Property for a term of six years, commencing on 1 June 2021 and ending on 31 May 2027.

Rent

The aggregate rent payable by the Subsidiaries under the entire term of the Lease Agreements is approximately US\$12.16 million, which was determined by the parties after arm's length negotiations with reference to the prevailing market rents of comparable properties.

The rent will be settled by cash monthly in advance. A security deposit equivalent to US\$0.47 million is payable on or before 1 June 2021. The security deposit will be refunded without interest upon expiry of the term or the termination of the Lease Agreements.

INFORMATION ON THE PROPERTY

The Property is part of the facilities located at 128 Dieqiao Road, Shanghai (上海豐橋路128號) with total gross floor area of approximately 27,651 square meters.

REASONS FOR THE LEASE AGREEMENT

The Group intends to use the Property for manufacturing and office functions for the Group's expansion plan.

As the rent for the Lease Agreements was determined with reference to prevailing market rate and that the terms of the Lease Agreements were concluded based on normal commercial terms, the Directors (including the independent non-executive Directors, but excluded the interested Director who has abstained from voting for the resolutions to approve the Lease Agreements) are of the view that the Lease Agreements were entered into on normal commercial terms and that the terms of which are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES

The Group

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, surgical devices and other business.

The Subsidiaries

The Subsidiaries are certain wholly-owned and non-wholly owned subsidiaries of the Group, namely, (a) Shanghai MicroPort Endovascular MedTech (Group) Co., Ltd.* (上海微創心脈醫療科技(集團)股份有限公司); (b) Shanghai MicroPort Medical (Group) Co., Ltd.* (上海微創醫療器械(集團)有限公司); (c) Shanghai MicroPort MedBot (Group) Co., Ltd.* (上海微創醫療機器人(集團)股份有限公司), and (d) MicroPort Group Co., Ltd.* (上海微創投資控股有限公司).

The Subsidiaries are principally engaged in the manufacture, distribution, research and development of medical devices.

The Landlord

The Landlord, Shanghai Jushuo Investment Management Co., Ltd.* (上海巨碩投資管理有限公司), is a limited liability company established in the PRC and is principally engaged in investment management and property management. It is an indirect wholly-owned subsidiary of 上海張江(集團)有限公司 (Shanghai Zhangjiang (Group) Corp.) (“**Zhangjiang Group**”), a substantial shareholder holding approximately 12.21% interest in the Company. Zhangjiang Group is a State-owned enterprise and is principally engaged in the development of the Zhangjiang Science City in Shanghai.

IMPLICATIONS UNDER THE LISTING RULES

As one of the applicable ratios under Rule 14.07 of the Listing Rules in respect of the value of the right-of-use assets recognized by the Group under the Lease Agreements pursuant to HKFRS 16 is more than 0.1% but less than 5%, the Lease Agreements are subject to the reporting and announcement requirements and exempt from the requirement of approval from the independent shareholders under Chapter 14A of the Listing Rules. Based on the preliminary estimation of the Company, the value of the right-of-use assets to be recognized by the Group under the Lease Agreements is approximately US\$9.99 million, which is subject to audit adjustment.

As the Landlord is a subsidiary of a substantial shareholder of the Company, the entering into of the Lease Agreements constitutes a connected transaction for the Company.

Mr. Hongliang Yu, a non-executive Director of the Company, holds senior management position in Zhangjiang Group, has abstained from voting at the Board meeting held to approve the Lease Agreements.

DEFINITIONS

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

“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;

“HKFRS 16”	Hong Kong Financial Reporting Standard 16, “Leases” issued by the Hong Kong Institute of Certified Public Accountants;
“Landlord”	Shanghai Jushuo Investment Management Co., Ltd.* (上海巨碩投資管理有限公司), the landlord of the Property;
“Lease Agreements”	the lease agreements dated 28 May 2021 between the Subsidiaries and the Landlord in relation to the leasing of the Property;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China;
“Property”	the property located at 128 Dieqiao Road, Shanghai (上海疊橋路128號), the details of which are summarized in the section headed “Information on the Property” of this announcement;
“RMB”	Renminbi, the lawful currency of the People’s Republic of China;
“Shareholders”	shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiaries”	four subsidiaries of the Group which are parties to the Lease Agreements, the details of which are set out in the paragraph headed “the Subsidiaries” in this announcement;
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules;
“US\$”	United States dollar, the lawful currency of the United States of America; and
“%”	per cent.

For the purpose of this announcement, RMB has been translated into US\$ at US\$1.00 = RMB6.3858.

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

Shanghai, PRC, 28 May 2021

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.*