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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)

UPDATE ON ACQUISITION OF THE CRM BUSINESS FROM LIVANOVA PLC

DISCLOSEABLE TRANSACTION IN RESPECT OF THE GRANT OF PUT OPTION UNDER THE CONTRIBUTION AND SHAREHOLDERS' AGREEMENT

BACKGROUND

Reference is made to the Company's announcement dated 20 November 2017 (the "Announcement") in which it was announced that the Company, the Purchaser and the Seller entered into a legally binding Letter of Intent, pursuant to which the parties have agreed to enter into the Stock and Asset Purchase Agreement upon clearance of the Works Council Process in France. Unless otherwise expressly defined, capitalized terms used in this announcement shall have the same meanings as defined in the Announcement.

Pursuant to the Stock and Asset Purchase Agreement, the Purchaser has conditionally agreed to acquire, and the Seller has conditionally agreed to sell, the CRM Business for an initial consideration of US\$190 million (equivalent to approximately HK\$1.5 billion), subject to working capital and other customary adjustments. Please refer to the Announcement for the details of the Stock and Asset Purchase Agreement and the Acquisition.

THE CONTRIBUTION AND SHAREHOLDERS' AGREEMENT

On 20 February 2018 (after trading hours), the Company, the Purchaser, MP HK (a wholly-owned subsidiary of the Company) and SRL entered into the Contribution and Shareholders' Agreement, pursuant to which each of MP HK and SRL has agreed to contribute funds to the Purchaser to enable the Purchaser to consummate the Acquisition. Upon completion of the funding by MP HK and SRL, the Purchaser will be owned as to 75% by MP HK and 25% by SRL.

The Contribution and Shareholders' Agreement provides that, among others, in the event that an initial public offering or a trade sale of the CRM Business has not occurred on or prior to the fifth anniversary of the Closing, SRL shall, subject to compliance with the Listing Rules, have the right to require the Company to purchase any or all of the Purchaser's Equity Securities held by SRL, details of which are set out in the paragraph headed "Put Option" in this announcement.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the grant of the Put Option exceed 5% but are less than 25%, the grant of the Put Option constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rule.

WARNING

Closing is subject to the execution of the Stock and Asset Purchase Agreement and the satisfaction and/or waiver of the conditions to the Stock and Asset Purchase Agreement, and therefore, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

BACKGROUND

Pursuant to the Stock and Asset Purchase Agreement, the Purchaser has conditionally agreed to acquire, and the Seller has conditionally agreed to sell, the CRM Business for an initial consideration of US\$190 million (equivalent to approximately HK\$1.5 billion), subject to working capital and other customary adjustments. Please refer to the Announcement for the details of the Stock and Asset Purchase Agreement and the Acquisition.

THE CONTRIBUTION AND SHAREHOLDERS' AGREEMENT

On 20 February 2018 (after trading hours), the Company, the Purchaser, MP HK and SRL entered into the Contribution and Shareholders' Agreement, pursuant to which each of MP HK and SRL has agreed to contribute funds to the Purchaser to enable the Purchaser to consummate the Acquisition.

The Contribution and Shareholders' Agreement include the following principal terms:

Contribution obligation

Upon receipt of a funding notice from the Purchaser setting out, among others, the aggregate amount of the contribution to be made by MP HK and SRL (the "**Total Contribution**") and the amount of the contribution to be funded by each of MP HK and SRL, respectively, each of MP HK and SRL shall fund its respective portion of the Total Contribution no later than the funding date as set out in the funding notice (which shall be on or before the Closing).

The Total Contribution shall be an amount designated by the Purchaser which is sufficient for it to pay the consideration and all of its other payment obligations under the Stock and Asset Purchase Agreement, but shall in any event not exceed US\$200 million (unless otherwise agreed by both MP HK and SRL). MP HK's contribution shall be 75% of the Total Contribution (being a maximum amount of US\$150 million), and SRL's contribution shall be 25% of the Total Contribution (being a maximum amount of US\$50 million).

Upon completion of the funding by MP HK and SRL, the Purchaser will be owned as to 75% by MP HK and 25% by SRL.

Put Option

In the event that an initial public offering or a trade sale of the CRM Business has not occurred on or prior to the fifth anniversary of the Closing, SRL shall, subject to compliance with the Listing Rules, have the right to require the Company to purchase any or all of the Purchaser's Equity Securities held by SRL at a price which ensures that the annual internal return rate with respect to SRL's Purchaser's Equity Securities (taking into account only the subscription price paid by SRL for its Purchaser's Equity Securities and any dividends or other distributions previously received by SRL in respect of its Purchaser's Equity Securities) being purchased by the Company is at least 8% (the "**Put Option**"). Such price was arrived at after arm's length negotiations between the parties.

Upon receipt of SRL's request to exercise the Put Option (the "**Put Notice**"), the Company shall have the right to decide whether to pay its consideration in cash or by issuing to SRL new Equity Securities of the Company or with a combination of cash and Equity Securities of the Company. If the Company elects to pay the consideration (in whole or in part) by issuing Equity Securities of the Company, the Equity Securities of the Company to be issued shall be valued based on the weighted average closing price of such Equity Securities of the Company during the thirty (30) trading days ending on the trading day prior to the date on which the Company receives the Put Notice.

Effectiveness

The Contribution obligation described above shall take effect upon the date of the Contribution and Shareholders' Agreement. Other than the Contribution obligation and certain other customary provisions, the Contribution and Shareholders' Agreement (including the grant of the Put Option by the Company to SRL) shall take effect subject to and upon the Closing.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CONTRIBUTION AND SHAREHOLDERS' AGREEMENT

The entering into of the Contribution and Shareholders' Agreement allows MP HK and SRL to commit to fund their respective portion of the Total Contribution to the Purchaser to enable the Purchaser to consummate the Acquisition. Please refer to the Announcement for the reasons for and benefits of the Acquisition.

The Contribution and Shareholders' Agreement also sets forth the rights and obligations of MP HK and SRL with respect to their investment in the CRM Business through their interest in the Purchaser. The grant of the Put Option under the Contribution and Shareholders' Agreement provides a way for SRL to exit in case an initial public offering or a trade sale of the CRM Business has not occurred on or prior to the fifth anniversary of the Closing as well as an opportunity for the Company to acquire the Purchaser's Equity Securities held by SRL. It also provides the Company with the flexibility to pay the consideration for the Put Option either in cash or by issuing new Equity Securities of the Company (or a combination of both).

Based on the above, the Directors considered that the terms of the Contribution and Shareholders' Agreement (including the price of the Put Option) are fair and reasonable and the Contribution and Shareholders' Agreement (including the grant of the Put Option by the Company to SRL) is in the interest of the Company and its shareholders as a whole.

INFORMATION ON THE PARTIES INVOLVED

The Company

The Company is incorporated in the Cayman Islands with limited liability and the shares of which have been listed on the Stock Exchange since 2010.

The Group is a leading medical device company, focused on innovating, manufacturing and marketing high-quality and high-end medical devices globally. Its portfolio of products covers a wide spectrum of therapeutic markets such as cardiovascular, endovascular, neurovascular, electrophysiology, orthopedic, surgical management, diabetes care and endocrinal management.

MP HK

MP HK is incorporated in Hong Kong with limited liability, and is an investment holding company. MP HK is a wholly-owned subsidiary of the Company.

The Purchaser

The Purchaser is incorporated in the Netherlands with limited liability, and is an investment holding company. It is a wholly-owned subsidiary of the Company as at the date of this announcement.

Upon completion of the funding by MP HK and SRL, the Purchaser will be owned as to 75% by MP HK and 25% by SRL.

Upon completion of the Acquisition, the Purchaser will own the CRM Business. Please refer to the Announcement for the details of the CRM Business.

SRL

SRL is incorporated in the British Virgin Islands with limited liability, and is an investment holding company. SRL is wholly-owned by Yunfeng Fund III, L.P., a private equity fund focused on, among others, healthcare, internet, technology, media & entertainment, financial services, logistics and consumer sectors.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiry, SRL and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

LISTING RULES IMPLICATIONS

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WARNING

Closing is subject to the execution of the Stock and Asset Purchase Agreement and the satisfaction and/or waiver of the conditions to the Stock and Asset Purchase Agreement, and therefore, the Acquisition may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.

DEFINITIONS

“Contribution and Shareholders’ Agreement”	the contribution and shareholders’ agreement dated 20 February 2018 entered into between the Company, the Purchaser, MP HK and SRL;
“Equity Securities”	with respect to a given person, any share, share capital, registered capital, ownership interest, partnership interest, equity interest, joint venture or other ownership interest of such person, or any option, warrant, or right to subscribe for, acquire or purchase any of the foregoing, or any other security or instrument convertible into or exercisable or exchangeable for any of the foregoing, or any equity appreciation, phantom equity, equity plan or similar right with respect to such person, or any contract of any kind for the purchase or acquisition from such person of any of the foregoing, either directly or indirectly;
“MP HK”	MicroPort International Corp. Limited, a company incorporated under the laws of Hong Kong with limited liability and is wholly-owned by the Company;
“Purchaser’s Equity Securities”	the Equity Securities of the Purchaser; and
“SRL”	Sino Rhythm Limited, a company incorporated under the laws of the British Virgin Islands with limited liability and is wholly-owned by Yunfeng Fund III, L.P.

For the purpose of this announcement, unless otherwise indicated, the exchange rates of US\$1.00=HK\$7.80 have been used for currency translation, where applicable. Such exchange rates are for the purpose of illustration only and do not constitute a representation that any amounts in HK\$ have been, could have been or may be converted at such or any other rates or at all.

By order of the board of
MicroPort Scientific Corporation
Dr. Zhaohua Chang
Chairman

Shanghai, 20 February 2018

As at the date of this announcement, the executive Director is Dr. Zhaohua Chang; the non-executive Directors are Mr. Norihiro Ashida, Mr. Hiroshi Shirafuji, Ms. Weiwei Chen, Ms. Janine Junyuan Feng; and the independent non-executive Directors are Mr. Jonathan H. Chou, Dr. Guoen Liu, and Mr. Chunyang Shao.