

TRANSENERIX INC.

FORM 8-K (Current report filing)

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Address	635 DAVIS DRIVE SUITE 300 MORRISVILLE, NC, 27560
Telephone	919-765-8400
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SIC Code	3841 - Surgical and Medical Instruments and Apparatus
Industry	Medical Equipment, Supplies & Distribution
Sector	Healthcare
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported):

December 15, 2017

TransEnterix, Inc.

(Exact name of registrant as specified in its charter)

Delaware

0-19437

11-2962080

(State or other jurisdiction
of incorporation)

(Commission
File Number)

(I.R.S. Employer
Identification No.)

635 Davis Drive, Suite 300, Morrisville, North
Carolina

27560

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

919-765-8400

Not Applicable

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company []

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. []

Item 1.01 Entry into a Material Definitive Agreement.

On December 15, 2017, TransEnterix, Inc. (the "Company") entered into a System Sale and Cooperation Agreement (the "Sale Agreement") with Great Belief International Limited, (the "Buyer"). Pursuant to the Sale Agreement, the Company sold all of its SurgiBot System related assets, including all related intellectual property ("SurgiBot"), to the Buyer (the "Sale") for initial aggregate consideration of \$15,000,000 (of which \$3,000,000 is paid for the Shares, as described below), and future royalties, with minimum royalties of \$14,000,000 over five years. The Company has both a right of first offer and a right of first refusal to elect to distribute or co-distribute SurgiBot in all jurisdictions outside of the China Territory. The Company also retains the exclusive right to file for 510(k) clearance or PMA approval for SurgiBot, with the U.S. Food and Drug Administration, and the exclusive right to distribute SurgiBot in the United States. Under the terms of the Sale Agreement, the Buyer has the right to convey its exclusive distribution rights for the SurgiBot to China National Scientific and Instruments and Materials Company (CSIMC) in the People's Republic of China, excluding Taiwan and the Hong Kong and Macao Special Administrative Regions (the "China Territory"), and to convey to CSIMC its right to distribute, or co-distribute with the Company outside of the China Territory, SurgiBot, subject to the Company's rights of first offer and first refusal.

In connection with the Sale, the Company and the Buyer entered into a subscription agreement (the "Subscription Agreement") pursuant to which the Buyer will purchase, at the second closing, 1,286,449 shares of the Company's common stock (the "Shares") at a price of \$2.332 per share, which represents a 10% premium to the closing price on the date which the agreement was executed, for an aggregate purchase price of \$3,000,000. Upon their issuance, the Shares will be subject to a lock-up agreement between the Buyer and the Company pursuant to which the Buyer agreed, subject to certain exceptions, not to sell, transfer or otherwise convey any of the Shares for two years following the date of the second closing. The Company also agreed to provide the Buyer with registration rights for the Shares upon the expiration of the lock-up period.

Additionally, for five calendar years beginning on the earlier of (i) January 1 immediately following a final decision of the China Food and Drugs Administration (the "CFDA") on medical device registration for SurgiBot for marketing in China and (ii) January 1 immediately following the fifth anniversary of the second closing, if there has been no final decision from the CFDA by such date, the Buyer shall begin to make royalty payments to the Company, subject to the minimum royalties of \$14,000,000, of the net sales price of each SurgiBot or component thereof that is sold, leased or supplied in the China Territory or other jurisdictions where authorized distributors are then selling SurgiBot.

The Sale Agreement contains customary representations and warranties of the parties and the parties have customary indemnification obligations, which are subject to certain limitations described further in the Sale Agreement.

The foregoing description of the Sale Agreement is only a summary and is qualified in its entirety by reference to the complete text of the Sale Agreement. The Company intends to seek confidential treatment for certain portions of the Sale Agreement, and subject to such confidential treatment, the Company will file the Sale Agreement as an exhibit to its Annual Report on Form 10-K for the year ending December 31, 2017.

The press release announcing the entry into the Sale Agreement and the transactions contemplated thereby is attached as Exhibit 99.1 to this Current Report on Form 8-K and incorporated by reference herein.

Item 9.01 Financial Statements and Exhibits.

Exhibit No. Description

99.1 Press Release of TransEnterix, Inc., issued December 18, 2017.

Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release of TransEnterix, Inc., issued December 18, 2017.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TransEnterix, Inc.

December 18, 2017

By: /s/ Joseph P. Slattery

Name: Joseph P. Slattery

Title: EVP and CFO

TransEnterix Announces Global SurgiBot System Agreement

*Company sells SurgiBot assets to advance commercialization
Company retains option to distribute SurgiBot outside of China
Company expected to receive at least \$29 million*

RESEARCH TRIANGLE PARK, N.C.—(BUSINESS WIRE)— TransEnterix, Inc. (NYSE American: TRXC), a medical device company that is pioneering the use of robotics to improve minimally invasive surgery, today announced that the Company has entered into an agreement with Great Belief International Limited (GBIL), to advance the SurgiBot System towards global commercialization. The SurgiBot System is the single-port, robotically enhanced laparoscopic surgical platform developed by TransEnterix.

This agreement transfers ownership of the SurgiBot System assets, while the Company retains the option to distribute or co-distribute the SurgiBot System outside of China. Upon completion of the transfer of all SurgiBot System assets, GBIL will have the System manufactured in China and obtain Chinese regulatory clearance from the China Food and Drug Administration (“CFDA”), while entering into a nationwide distribution agreement with China National Scientific and Instruments and Materials Company (CSIMC) for the Chinese market. Being the largest medical device distribution company in China, CSIMC will help GBIL maximize the commercial potential of the SurgiBot System in the Chinese market, and optimize post-sale services to Chinese hospitals. The Company retains the right to commercialize the SurgiBot System outside of China after manufacturing has been established and the necessary regulatory approvals have been obtained.

The agreement provides the Company with proceeds of at least \$29 million, of which \$7.5 million is expected to be received by the end of December 2017 and \$7.5 million is expected to be received by March 31, 2018, which includes a \$3.0 million equity investment in TransEnterix common stock at \$2.33 per share, a 10% premium to the closing price on the date which the agreement was executed. The remaining \$14 million, representing minimum royalties, will be paid beginning on the earlier of receipt of Chinese regulatory approval or five years.

“The relationship announced today with GBIL will allow us to advance the SurgiBot System toward global commercialization while significantly reducing our required investment and simultaneously leveraging ‘in-country’ manufacturing in the world’s most populous country,” said Todd M. Pope, President and CEO at TransEnterix. “This is a strong validation of the value of the SurgiBot platform, the world’s only abdominal surgical robot that allows surgeons to remain in the sterile field. We believe this relationship provides us with a significant opportunity to expand our product offerings of robotic solutions for hospitals and patients around the world.”

“We see a tremendous commercial opportunity for the SurgiBot System in China and are extremely enthusiastic to work with TransEnterix to bring this product to China along with the rest of the world,” said Gary Wang, President of GBIL. “The SurgiBot is unique in so many ways; we believe it can be transformational for our healthcare system.”

About TransEnterix

TransEnterix is a medical device company that is pioneering the use of robotics to improve minimally invasive surgery by addressing the clinical and economic challenges associated with current laparoscopic and robotic options in today’s value-based healthcare environment. The company is focused on the commercialization of the Senhance™ Surgical Robotic System, a multi-port robotic system that brings the advantages of robotic surgery to patients while enabling surgeons with innovative technology such as haptic feedback and eye sensing camera control. The Senhance Surgical Robotic System is available for sale in the US, the EU and select other countries. The company has also developed the SurgiBot System, a single-port, robotically enhanced laparoscopic surgical platform that is the subject of this press release. For more information, visit the TransEnterix website at www.transenterix.com.

About China National Scientific and Instruments and Materials Company (CSIMC)

CSIMC (China National Scientific Instruments and Materials Co., Ltd.) is the core enterprise of China National Pharmaceutical Group Corporation (SINOPHARM), specializing in scientific instruments and medical equipment. Being the largest medical equipment and device distribution enterprise, CSIMC has an operational network of 95 subsidiaries and branches across China, covering 26 provinces (more than 90% of regions of the whole country), and having business relationships with hundreds of global medical companies. From 2010 to 2016, CSIMC achieved CAGR of company revenue of more than 50%, leading to a total revenue of more than 3.4 billion USD in 2016. For more information, visit the CSIMC website at <http://www.csimc.com.cn>.

About Great Belief International Limited (GBIL):

GBIL is a BVI based company dedicated in investment and asset management in the healthcare industry. Their main business revenues are from investment in the Chinese medical sector.

Forward Looking Statements

This press release includes statements relating to the SurgiBot System and our agreement with GBIL for this product. These statements and other statements regarding our future plans and goals constitute “forward looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, and are intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. Such statements are subject to risks and uncertainties that are often difficult to predict, are beyond our control and which may cause results to differ materially from expectations and include whether the parties to the agreements successfully complete all of the anticipated activities and milestones, whether TransEnterix will receive at least \$29 million

(including minimum royalties) from GBIL, whether GBIL will be able to obtain the necessary clearances to sell the SurgiBot System in China, whether the agreement with GBIL will provide TransEnterix a significant opportunity to expand its product offerings, whether TransEnterix will be able to successfully distribute or co-distribute the SurgiBot System in other jurisdictions, and realize revenues beyond the initial consideration and minimum royalties and whether the SurgiBot System can become a transformational device in the healthcare system. For a discussion of the risks and uncertainties associated with TransEnterix's business, please review our filings with the Securities and Exchange Commission (SEC), including our Annual Report on Form 10-K filed on March 7, 2017 and our other filings we make with the SEC. You are cautioned not to place undue reliance on these forward looking statements, which are based on our expectations as of the date of this press release and speak only as of the origination date of this press release. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

For TransEnterix, Inc.

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