

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



**Shanghai HeartCare Medical Technology
Corporation Limited**

上海心璋醫療科技股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 6609)

**CONNECTED TRANSACTION
ACQUISITION OF THE MINORITY EQUITY INTERESTS AND
CAPITAL INJECTION IN THE TARGET COMPANY**

ACQUISITION AND CAPITAL INJECTION AGREEMENT

The Board is pleased to announce that on February 8, 2022, Weiqi Medical (being a wholly-owned subsidiary of the Company), the Vendors, the Target Company and the Target Shareholders entered into the Acquisition and Capital Injection Agreement, pursuant to which (i) the Vendors agreed to sell, and Weiqi Medical agreed to acquire, 36% of the equity interest in the Target Company at the Consideration of RMB4,800,000 (equivalent to approximately HK\$5,884,011), and (ii) Weiqi Medical agreed to make the Capital Injection of RMB30,000,000 (equivalent to approximately HK\$36,775,071) into the Target Company in exchange for RMB542,636 of registered capital of the Target Company.

Upon completion of the Acquisition and Capital Injection, Weiqi Medical will hold the 44.96% of the shares of the Target Company. The Acquisition and Capital Injection will be satisfied by the internal resources of the Group other than the proceeds raised from the Company's Global Offering.

LISTING RULES IMPLICATIONS

Ms. Zhang Yanxia (張豔霞) and Ms. Li Jun (李俊) are the spouses of Mr. Wang Guohui and Mr. Ding Kui, respectively. As both Mr. Wang Guohui and Mr. Ding Kui are the Directors of the Company, pursuant to Chapter 14A of the Listing Rules, the Vendors are deemed connected persons of the Company and the transactions under the Acquisition and Capital Injection Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. As one of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules is more than 0.1% but all are less than 5%, the Acquisition and Capital Injection is therefore subject to the reporting and announcement requirements, but is exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Completion of the Acquisition and Capital Injection is subject to the fulfillment of the conditions precedent set out in the Acquisition and Capital Injection Agreement, and the Acquisition and Capital Injection may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

ACQUISITION AND CAPITAL INJECTION AGREEMENT

On February 8, 2022, Weiqi Medical (being a wholly-owned subsidiary of the Company), the Vendors and the Target Company entered into the Acquisition and Capital Injection Agreement, the principal terms of which are as follows: -

- Date** February 8, 2022
- Parties**
- (1) Weiqi Medical, as the purchaser;
 - (2) Ms. Zhang Yanxia, the vendor of 27% of the equity interest of the Target Company;
 - (3) Ms. Li Jun, the vendor of 9% of the equity interest of the Target Company;
 - (4) the Target Company; and
 - (5) the Target Shareholders.

Ms. Zhang Yanxia and Ms. Li Jun are the spouses of Mr. Wang Guohui and Mr. Ding Kui respectively.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Target Shareholders, the Target Company and their ultimate beneficial owner(s) are independent of and not connected with the Company and its connected persons.

Subject matter Weiqi Medical agreed to acquire, and the Vendors agreed to sell, the 36% of the equity interest of the Target Company. Weiqi Medical also agreed to make the Capital Injection of RMB30,000,000 into the Target Company in exchange for RMB542,636 of registered capital in the Target Company. As at the date of this announcement, the registered capital of the Target Company is RMB3,333,333, which has been fully paid up. After the Capital Injection, the registered capital of the Target Company will increase to RMB3,875,969, and RMB29,457,364 shall be credited as reserved capital of the Target Company.

Terms of the Consideration and the Capital Injection The Consideration is RMB4,800,000 (equivalent to approximately HK\$5,884,011), 80% of which is payable on Completion Date, and the remaining 20% to be settled within 10 business days after the Vendors have made the necessary tax payment for the Acquisition. The Consideration shall be paid in cash by Weiqi Medical to the Vendors in proportion to their equity interest in the Target Company.

The Capital Injection is RMB30,000,000 (equivalent to approximately HK\$36,775,071). The Capital Injection shall be paid in cash by Weiqi Medical to the Target Company on Completion Date.

The Consideration was arrived at after arm's length negotiations between the parties having taken into account the results of the Valuation Report and the book value of the Target Company's net assets. Based on the information provided by the Vendors, the original acquisition cost of their shareholding in the Target Company was approximately RMB1,200,000 in aggregate.

The price of the Capital Injection was determined after arm's length negotiations between Weiqi Medical, the Target Shareholders and the Target Company and with reference to the results of the Valuation Report, and the unaudited net asset of the Target Company.

The registered capital injected under the Acquisition and Capital Injection Agreement will be utilized for the Target Company's research and development of its pipeline products, marketing, repayment of existing indebtedness and as general working capital. Subject to Weiqi Medical's written consent, the registered capital injected may not be utilized for other non-operating activities.

Condition precedents and Completion

Completion is subject to the fulfillment of customary closing conditions, including obtaining all necessary governmental authorization.

Reasons for and Benefits of the Acquisition

The Target Company focuses on technology and products for mitral regurgitation and tricuspid regurgitation, as well as mitral replacement. The Board believes that the Acquisition will bring long-term and strategic benefits to the Company. The Acquisition is consistent with the Group's strategy to expand its product coverage to the field of structural heart disease treatment and enhance the Company's treatment solutions in the field of cardiac interventional treatment. It will form synergy with the Company's cardio-embolic stroke prevention and electrophysiology product lines. In all, the Acquisition would diversify the Company's product portfolio and reduce its dependence on its existing neuro-intervention pipeline products, and enhance the Company's leadership position in the innovative medical device market in China.

Reasons for and Benefits of the Capital Injection

The Target Company's research and development needs and its expansion of production scale require a large amount of capital investment. The Capital Injection is intended to increase the registered capital of the Target Company to fund the implementation and execution of its development plans and realize its growth opportunities. In particular, the Target Company's pipeline of products is in development stage and requires further testing and clinical trials. The Capital Injection will accelerate its in-house research and development process.

Basis of Determination of the Consideration and Capital Injection

The Consideration was arrived at after arm's length negotiations between Weiqi Medical and the Vendors taking into consideration, among others, the results of the Valuation Report. The amount of Capital Injection under the Acquisition and Capital Injection Agreement was determined after arm's length negotiation among the parties thereto with reference to the results of the Valuation Report, the unaudited net asset of the Target Company and taking into accounts the reasons for and benefits of the Acquisition set forth above.

Both the Acquisition and the Capital Injection will be funded by internal resources of the Group other than the proceeds raised from the Company's Global Offering.

The Board (including the independent non-executive Directors) are of the view that terms of the Acquisition and Capital Injection Agreement and the transactions contemplated thereunder are on normal commercial terms and fair and reasonable, and the entering into of the Acquisition and Capital Injection Agreement and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE TARGET COMPANY

The Target Company is a limited liability company established under the laws of the PRC. It is a medical device developer dedicated to creating optimal solutions for structural heart disease. At present, the Target Company aims to enrich its multi-dimensional pipelines through internal research and development, and become a leading enterprise in mitral regurgitation and tricuspid regurgitation, as well as mitral replacement. To date, the Target Company's mitral valve repair products have started clinical trials, and the tricuspid valve repair products have entered into the animal testing stage.

According to the consolidated management accounts of the Target Company, the revenue, net loss after taxation of the Target Company for the two financial years immediately preceding the Acquisition are as follows:

	Three months ended December 31 2020 ⁽¹⁾ <i>RMB</i>	Year ended December 31 2021 <i>RMB</i>
Net loss ⁽²⁾	439,947	11,231,702

Notes:

(1) The Target Company was incorporated on September 16, 2020.

(2) The Target Company was not subject to any tax.

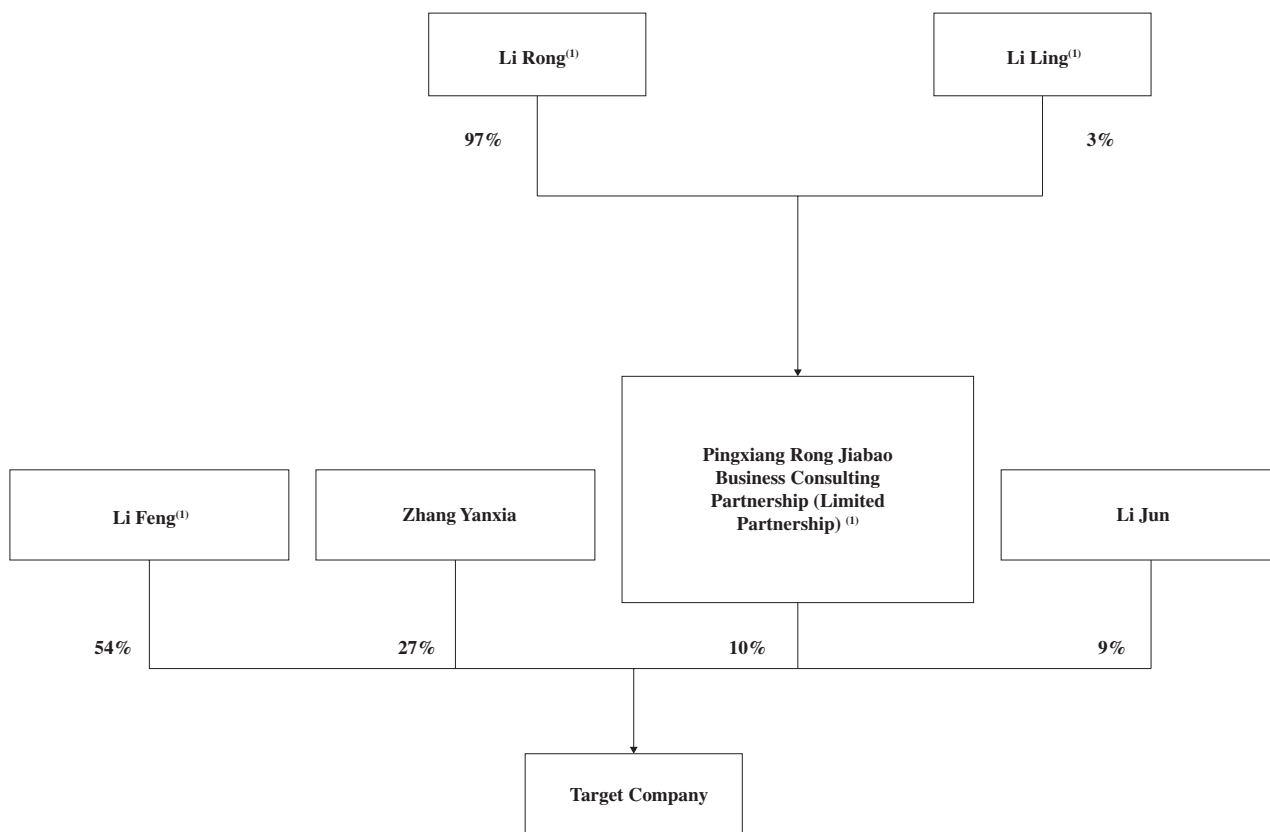
According to the consolidated management accounts of the Target Company, the total assets and net assets of the Target Company on December 31, 2021 are as follows:

	As at December 31, 2021 <i>RMB</i>
Total assets	25,196,048
Net assets	6,328,351

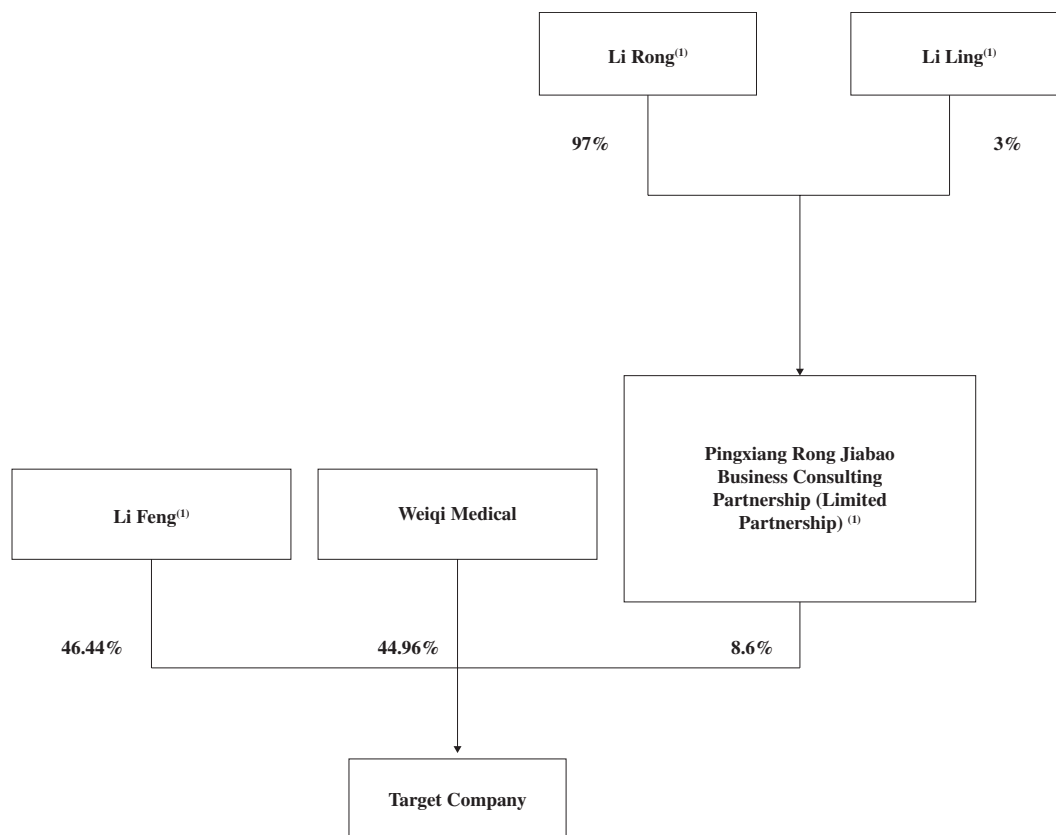
Based on the Valuation Report adopting the income approach, the value of the entire equity interest of the Target Company at November 30, 2021 was estimated to be approximately RMB215,500,000.

The shareholding structure of the Target Company

The shareholding structure of the Target Company prior to the Acquisition and the Capital Injection



The shareholding structure of the Target Company upon completion of the Acquisition and the Capital Injection



Note:

- (1) To the best of the Directors' knowledge and belief after due enquiry, each of Li Rong (李融), Li Ling (李玲), Li Feng, Pingxiang Rong Jiabao Business Consulting Partnership (Limited Partnership) (萍鄉榕嘉寶商務諮詢合夥企業(有限合夥)) are third parties independent of the Company and its connected persons.

INFORMATION OF THE GROUP

The Company is a joint stock company incorporated in the PRC with limited liability, the issued H Shares of which are listed on the Main Board of the Stock Exchange. The Group is committed to improving the accessibility of innovative medical technologies and protecting lives. The Group have established pioneering leadership position in China's neuro-interventional market, and successfully provided the first and only domestic one-stop solution for stroke therapeutics and prevention.

Based on the Group's first-mover advantages, it will continue to focus on the popularization of innovative technologies, by virtue of fulfilling the unmet needs of clinicians and patients in China while operating a variety of emerging business units extending from neuro intervention, electrophysiology, pulmonary intervention to computer-assisted surgery, and more.

In the above therapeutic fields and medical markets with tremendous opportunities, the Group aims to redefine the standard of care, reduce mortality rate, and improve prognosis by continuously launching innovative medical devices.

WeiQi Medical is a limited liability company established in the PRC on February 4, 2021. It is a wholly-owned subsidiary of the Company, principally engaged in the R&D of electrophysiology medical devices.

INFORMATION OF THE VENDORS

Ms. Zhang Yanxia (張豔霞) and Ms. Li Jun (李俊) are the spouses of Mr. Wang Guohui and Mr. Ding Kui respectively. As of the date of this announcement, Ms. Zhang Yanxia (張豔霞) and Ms. Li Jun (李俊) holds 27% and 9% of the equity interest in the Target Company. Upon completion of the Acquisition, both Ms. Zhang Yanxia (張豔霞) and Ms. Li Jun (李俊) will cease to be shareholders of the Target Company.

INFORMATION OF THE TARGET SHAREHOLDERS

The Target Shareholders, Li Feng and Pingxiang Rong Jiabao Business Consulting Partnership (Limited Partnership) (萍鄉榕嘉寶商務諮詢合夥企業(有限合夥)), are existing shareholders of the Target Company. Prior to the Acquisition and Capital Injection, they are interested in 54% and 10% in the Target Company respectively. Upon the completion of the Acquisition and Capital Injection, they are interested in 46.44% and 8.6% in the Target Company respectively.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Target Shareholders, the Target Company and their ultimate beneficial owner(s) are independent of and not connected with the Company and its connected persons.

LISTING RULES IMPLICATIONS

Ms. Zhang Yanxia (張豔霞) and Ms. Li Jun (李俊) are the spouses of Mr. Wang Guohui and Mr. Ding Kui respectively. As both Mr. Wang Guohui and Mr. Ding Kui are the Directors of the Company, pursuant to Chapter 14A of the Listing Rules, the Vendors are deemed connected persons of the Company and the transactions under the Acquisition and Capital Injection Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules is more than 0.1% but all are less than 5%, the Acquisition and Capital Injection is therefore subject to the reporting and announcement requirements, but is exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Wang Guohui and Mr. Ding Kui are considered to have a material interest in the Acquisition. Therefore, Mr. Wang Guohui and Mr. Ding Kui have abstained from voting on the resolutions in relation to the Acquisition and Capital Injection.

Save as disclosed above, none of the Directors who attended the Board meeting has a material interest nor is required to abstain from voting in respect of the relevant Board resolutions.

DEFINITIONS

Unless the context requires otherwise, the capitalized terms used herein shall have the following meanings:

“Acquisition”	the acquisition of 36% of the equity interest in the Target Company from the Vendors by Weiqi Medical
“Acquisition and Capital Injection Agreement”	the agreement dated February 8, 2022 entered into between Weiqi Medical and each of the Vendors in relation to the Acquisition and the Capital Injection
“Board”	the Board of Directors
“Capital Injection”	the injection of capital of RMB30,000,000 into the Target Company by Weiqi Medical in accordance with the Acquisition and Capital Injection Agreement
“Company”	Shanghai HeartCare Medical Technology Corporation Limited (上海心瑋醫療科技股份有限公司), a joint stock company incorporated in the PRC with limited liability, the issued H Shares of which are listed on the Main Board of the Stock Exchange (stock code: 6609)
“Completion Date”	the date of Completion, which shall take place on ten Business Days after the last condition precedent under the Acquisition and Capital Injection Agreement has been fulfilled, or any other date as the Vendors and Wenqi Medical may agree in writing
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	consideration payable by Weiqi Medical to the Vendors under the Acquisition and Capital Injection Agreement
“Directors”	the director(s) of the Company
“Global Offering”	the offer of the H Shares for subscription as described in the prospectus of the Company dated August 10, 2021
“Group”	the Company and its subsidiaries
“H Share(s)”	the overseas listed foreign shares with a nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Hong Kong Stock Exchange and subscribed for and traded in Hong Kong dollars
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	third party independent of the Company and its connected persons

“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 PRC
“Share(s)”	the shares of the Company
“Shareholder(s)”	the holders of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	IasoCardiac Medical Technology Co., Ltd.* (上海御瓣醫療科技有限公司), a company established in the PRC with limited liability
“Target Shareholders”	Mr. Li Feng, and Pingxiang Rong Jiabao Business Consulting Partnership (Limited Partnership)* (萍鄉榕嘉寶商務諮詢合夥企業(有限合夥))
“Valuation Report”	The valuation report dated January 28, 2022 issued by Shanghai PG Advisory Co., Ltd, an independent third party appointed by the Company, to assess the equity interest of the Target Company as of November 30, 2021
“Vendors”	Ms. Zhang Yanxia (張豔霞) and Ms. Li Jun (李俊)
“Weiqi Medical”	Shanghai Weiqi Medical Devices Co., Ltd. (上海瑋啟醫療器械有限公司), a limited liability company established in the PRC on February 4, 2021, a wholly-owned subsidiary of our Company
“%”	per cent.

By order of the Board
Shanghai HeartCare Medical Technology Corporation Limited
Wang Guohui
Chairman of the Board

Shanghai, February 8, 2022

As at the date of this announcement, the executive Directors are Mr. Wang Guohui and Ms. Zhang Kun; the non-executive Directors are Mr. Ding Kui, Mr. Chen Gang and Mr. Ouyang Xiangyu; and the independent non-executive Directors are Mr. Guo Shaomu, Mr. Feng Xiangqian and Mr. Gong Ping.

* For identification purposes only