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Shanghai Bio-heart Biological Technology Co., Ltd.

上海百心安生物技術股份有限公司

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

(Stock Code: 2185)

VOLUNTARY ANNOUNCEMENT CAPITAL INJECTION INTO A MEDICAL DEVICE DEVELOPER

CAPITAL INJECTION

This announcement is made by the Company on a voluntary basis.

On September 5, 2022, the Company and the Target Company entered into a Capital Injection Agreement, pursuant to which the Company has agreed to make a Capital Injection of RMB50,000,000 (equivalent to approximately HK\$56,882,174) into the Target Company in exchange for RMB454,545 of the registered capital of the Target Company. Upon completion of the Capital Injection, the Company will hold approximately 9.09% equity interest in the Target Company.

The transactions contemplated under the Capital Injection Agreement do not constitute any notifiable transaction of the Company under Chapter 14 of the Listing Rules or a connected transaction of the Company under Chapter 14A of the Listing Rules.

INTRODUCTION

This announcement is made by the Company on a voluntary basis.

On September 5, 2022, the Company and the Target Company entered into a Capital Injection Agreement, pursuant to which the Company has agreed to make a Capital Injection of RMB50,000,000 (equivalent to approximately HK\$56,882,174) into the Target Company in exchange for RMB454,545 of the registered capital of the Target Company, and the remaining RMB49,545,455 will be contributed to increase its capital reserve.

Upon completion of the Capital Injection, the registered capital of the Target Company would be RMB5,000,000, and the Company's equity interests in the enlarged registered capital of the Target Company would be approximately 9.09%.

The principal terms of the Capital Injection Agreement are set out below.

Date	September 5, 2022
Parties	(1) the Company; and (2) the Target Company.
Subject matter	Pursuant to the Capital Injection Agreement, the Company has agreed to make the Capital Injection of RMB50,000,000 into the Target Company in exchange for RMB454,545 of the registered capital in the Target Company and the remaining RMB49,545,455 shall be credited as reserved capital of the Target Company. After completion of the Capital Injection, the registered capital of the Target Company will increase to RMB5,000,000, and the Company's direct equity interests in the enlarged registered capital of the Target Company would be approximately 9.09%.
Basis of the Consideration and payment terms	<p>The total consideration of RMB50,000,000 (equivalent to approximately HK\$56,882,174) shall be paid in cash by the Company to the Target Company within ten business days upon the due execution of all necessary documents.</p> <p>The total consideration of RMB50,000,000 was determined after arm's length negotiations between the parties to the Capital Injection Agreement with reference to the unaudited net asset value of the Target Company as at December 31, 2021 and the research and development progress of the Target Company, and will be satisfied by the internal resources of the Group.</p>
Conditions precedent and completion	Completion is subject to the fulfillment (or waiver where applicable) of all the conditions precedent under the Capital Injection Agreement, including fulfillment of the conditions stated above.

INFORMATION ABOUT THE TARGET COMPANY

Founded in 2017, the Target Company is a pre-revenue medical device developer dedicated to the research and development of minimally invasive interventional cardiovascular devices. Its core product is the transcatheter aortic valve replacement product (“**TAVR**”) which is balloon-expandable. Compared with the common self-expanding products available in the current market in the PRC, balloon-expandable TAVR enjoys obvious advantages such as easy operation, more accurate implantation, lower risk of coronary intervention, less paravalvular leakage, and lower usage rate of permanent pacing. Following the excellent results of the six months follow up animal experiment completed in June 2022, which shows no calcification in the valves, the Target Company’s balloon expandable TAVR has been sent for registration inspection. The Target Company expects to start clinical trials for its TAVR at the end of 2022 or early 2023. Multi-center clinical trials will be launched in domestic first-line medical centers.

To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, the Existing Shareholder and its ultimate beneficial owners are Independent Third Parties.

INFORMATION OF THE GROUP

The Group is a leading innovative interventional cardiovascular device company in China focusing on bioresorbable scaffold (BRS) therapy and renal denervation (RDN) therapy. Founded in 2014, the Company has been dedicated to developing innovative medical devices to address the unmet medical needs of vascular disease and hypertension patients in China.

REASONS FOR AND BENEFITS OF THE CAPITAL INJECTION

As disclosed in the prospectus of the Company dated December 13, 2021, the Group strives to identify promising research and development projects and companies that are complementary to, and can contribute to the expansion of its product portfolio. The Capital Injection is consistent with the Group’s strategy to seek opportunities for external partnerships, strategic investments and acquisitions to broaden the Group’s existing pipeline.

In addition, the Target Company’s research and development needs and its expansion of production capacity require a large amount of capital. Through the Capital Injection, the Target Company can obtain funding for the implementation and execution of its development plans and realize its growth opportunities.

Upon completion of the Capital Injection, the Group will be interested in an aggregate of approximately 9.09% of the Target Company’s equity interest. While the Target Company will not become a subsidiary and its financials will not be consolidated into the Group’s accounts, the Group will benefit from its financial results after the Target Company successfully commercializes its products. The Board believes that the Transactions will bring long-term and strategic benefits to the Group.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Capital Injection Agreement and the transactions thereunder are fair and reasonable, on normal commercial terms or better and 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.

LISTING RULES IMPLICATIONS

As all the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the Capital Injection are lower than 5%, and as the Target Company and its ultimate beneficial owner(s) are Independent Third Parties, the transactions contemplated under the Capital Injection Agreement do not constitute any notifiable transaction of the Company under Chapter 14 of the Listing Rules or a connected transaction of the Company under Chapter 14A of the Listing Rules. This announcement is made by the Company on a voluntary basis.

DEFINITIONS

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

“Board”	the Board of Directors
“Capital Injection”	the injection of capital of RMB50,000,000 into the Target Company by the Company in accordance with the Capital Injection Agreement
“Capital Injection Agreement”	the agreement dated September 5, 2022 entered into between the Company and the Target Company in relation to the Capital Injection
“Company”	Shanghai Bio-heart Biological Technology Co., Ltd. (上海百心安生物技術股份有限公司), 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: 2185)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	the director(s) of the Company
“Existing Shareholder”	Cardiotek HK Limited, a limited company incorporated in Hong Kong and holds approximately 90.91% of the Target Company upon to the completion of the Capital Injection
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) 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”	Cardiotek (Beijing) Medical Technology Co., Ltd.* (康迪泰科(北京)醫療科技有限公司), a company established in the PRC with limited liability
“Transactions”	the transactions contemplated under the Capital Injection Agreement
“%”	per cent.

By order of the Board
Shanghai Bio-heart Biological Technology Co., Ltd.
Philip Li WANG
Chairman and executive director

Shanghai, the People’s Republic of China, September 5, 2022

As at the date of this announcement, the Board of the Company comprises Mr. Philip Li WANG as chairman and executive director, Mr. Yunqing WANG as executive director, Ms. Li CAI, Mr. Quan ZHOU, and Mr. Ji CHEN as non-executive directors, and Mr. Charles Sheung Wai CHAN, Mr. Xubo LU and Mr. George Chien Cheng LIN as independent non-executive directors.

* *For identification purposes only*