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Jenscare Scientific Co., Ltd.
寧波健世科技股份有限公司

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

(Stock Code: 9877)

DISCLOSEABLE TRANSACTION
PROPOSED SALE OF EQUITY INTEREST IN THE TARGET COMPANY

THE DISPOSAL

At the meeting of the Board held on November 28, 2023, the Board resolved that a special resolution will be proposed at the EGM to consider and approve the proposed Equity Transfer Agreement to be signed with the Purchaser pursuant to which the Company as the vendor conditionally agrees to sell, and the Purchaser conditionally agrees to purchase, the Sale Shares, representing approximately 22.48% of the entire issued share capital of the Target Company, for a consideration of RMB500 million (equivalent to approximately HK\$547.47 million).

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 5% but all of the applicable percentage ratios are less than 25%, the Disposal constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. Although the Disposal is exempt from circular and shareholders' approval requirements as set out in Chapter 14 of the Listing Rules, the Disposal is subject to approval by way of a special resolution by the Shareholders at a general meeting pursuant to Articles 42 and 81 of the Articles of Association.

BACKGROUND

At the meeting of the Board held on November 28, 2023, the Board resolved that a special resolution will be proposed at the EGM to consider and approve the proposed Equity Transfer Agreement to be signed with the Purchaser pursuant to which the Company as the vendor conditionally agrees to sell, and the Purchaser conditionally agrees to purchase, the Sale Shares, representing approximately 22.48% of the entire issued share capital of the Target Company, for a consideration of RMB500 million (equivalent to approximately HK\$547.47 million).

THE EQUITY TRANSFER AGREEMENT

The principal terms of the proposed Equity Transfer Agreement are set out as follows:

- Parties** : (i) the Company;
(ii) the Purchaser; and
(iii) the Target Company
- Assets to be disposed of** : The Sale Shares, being all the equity interest held by the Company in the Target Company.
- Consideration** : RMB500 million (equivalent to approximately HK\$547.47 million)
- Basis of consideration** : The consideration was determined through arm's length negotiations among the parties to the proposed Equity Transfer Agreement based on the product portfolio, prospects, and the registered capital of the Target Company, as well as the appraised value of the entire equity interest held by the Company in the Target Company as at the Valuation Benchmark Date according to the Valuation Report as appraised by the Valuer.
- Conditions precedent** : (1) The representations and warranties made by the Company in the Equity Transfer Agreement are true, accurate, complete and not misleading in all respects as of the signing date, the delivery date and the time of payment;
(2) The Company has properly performed and complied with its obligations under the Equity Transfer Agreement that need to be completed before the equity transfer price is paid;

- (3) No government agency has formulated, issued, promulgated, implemented or passed any law or governmental decree (whether temporary, initial or permanent) that would make the Disposal illegal or restrict/prevent the completion of the Disposal;
- (4) The Company has received the authorizations and approvals from various government agencies except those expressly mentioned under the Equity Transfer Agreement, as well as all relevant internal company approvals and all relevant third party consents that are necessary or required to complete the Disposal;
- (5) The Target Company has passed the relevant and applicable shareholders' meeting resolutions and/or board of directors resolutions; and
- (6) The Company has issued a signed certification letter to the Purchaser to show that the above conditions (1) to (5) have been met.

Payment Schedule : Subject to the fulfillment or waiver of the conditions precedent, the Purchaser shall pay the entire equity transfer price by wire transfer to the bank account designated by the Company within ten (10) Business Days after the closing date or other period as otherwise agreed by the parties in writing by mutual consent.

Completion : The Company and the Target Company shall complete the change of registration with the competent municipal regulatory authorities and obtain a "Change (Filing) Notice" or similar document and updated business license (if applicable) from the competent government authorities approving the change, and provide the scanned copy to the Purchaser on the closing date.

The terms of the proposed Equity Transfer Agreement were arrived at after arm's length negotiation between the parties. The proposed Equity Transfer Agreement and the Disposal will be subject to approval by way of a special resolution by the Shareholders the EGM.

INFORMATION ON THE PARTIES

The Target Company

The Target Company is a limited liability company established under the laws of the PRC on February 6, 2002. The Target Company has a registered capital of approximately RMB111.1 million and principally engaged in the research and development, manufacturing and sales of interventional medical devices for congenital heart diseases including patent foramen ovale (PFO) occluder, ventricular septal defect (VSD) occluder, patent ductus arteriosus (PDA) occluder and atrial septal defect (ASD) occluder.

The audited net asset value of the Target Company as at December 31, 2022 was approximately RMB346.91 million.

The summary of the key financial information of the Target Company extracted from its audited financial statements for the two financial years ended December 31, 2021 and 2022, respectively is set out as follows:

	For the year ended December 31, 2022 (audited) <i>RMB'000</i>	For the year ended December 31, 2021 (audited) <i>RMB'000</i>
Net profit before taxation	120,968	91,612
Net profit after taxation	104,981	75,825

The Company

The Company is a joint stock company incorporated in the PRC with limited liability and the H Shares of which are listed on the main board of the Stock Exchange. The Company is an international medical device company dedicated to the development of interventional products for the treatment of structural heart diseases. The predecessor of the Company was established in the PRC in November 2011. Since then the Company has developed a series of treatment solutions targeting different types of structural heart diseases, including tricuspid valve diseases, aortic valve diseases, mitral valve diseases, heart failure and cardiogenic stroke.

The Purchaser

The Purchaser is a limited liability company established under the laws of the PRC on November 6, 2023. It is wholly owned by AUT-VII HK Holdings Limited, a limited company incorporated in Hong Kong. AUT-VII HK Holdings Limited is wholly owned by AUT-VII HOLDINGS LIMITED and ultimately managed by Hillhouse Investment Management, Ltd. (“Hillhouse Investment”). Hillhouse Investment is a global firm of investment professionals and operating executives who are focused on building and investing in high quality business franchises that achieve sustainable growth.

AUT-VII HK Holdings Limited beneficially owns 21,750,000 Unlisted Foreign Shares of the Company. Under the SFO, each of AUT-VII HOLDINGS LIMITED and Hillhouse Investment is deemed to be interested in the equity interests held by AUT-VII HK Holdings Limited. As of the date of this announcement, AUT-VII HK Holdings Limited, AUT-VII HOLDINGS LIMITED and Hillhouse Investment are deemed to be interested in 5.21% of the total issued capital of the Company and is not a connected person as defined under the Listing Rules.

As a result, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser and its ultimate substantial beneficial owner as publicly disclosed by the Purchaser are third parties independent from the Company and its connected persons as defined under the Listing Rules.

FINANCIAL IMPACTS OF THE DISPOSAL

Upon completion of the Disposal, the Company will cease to have any equity interest in the Target Company. Based on the consideration pursuant to the proposed Equity Transfer Agreement, the Group is expected to recognize a pre-tax disposal gain of approximately RMB8.12 million (equivalent to approximately HK\$8.89 million) after the estimated transaction costs. The actual effect of the Disposal on the consolidated financial statements of the Group is to be determined as at completion and subject to audit.

REASONS FOR AND BENEFITS OF ENTERING INTO THE PROPOSED EQUITY TRANSFER AGREEMENT AND USE OF PROCEEDS

The Directors are of the view that the Disposal will enable the Group to monetize the value in its investment in the Target Company accumulated over a period of time since investment and represents an opportunity to enhance the financial flexibility of the Group at this point of time. The proceeds from the Disposal will be used for general working capital and future business opportunities of the Group.

The Directors (including the independent non-executive Directors) consider that the proposed Equity Transfer Agreement was negotiated on an arm's length basis between the parties and entered into on normal commercial terms, are fair and reasonable, and the proposed Equity Transfer Agreement and the transaction contemplated thereunder is in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal exceeds 5% but all of the applicable percentage ratios are less than 25%, the Disposal constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. Although the Disposal is exempt from circular and shareholders' approval requirements as set out in Chapter 14 of the Listing Rules, the Disposal is subject to approval by way of a special resolution by the Shareholders at a general meeting pursuant to Articles 42 and 81 of the Articles of Association.

ABSTENTION

Mr. CHEN Xinxing, a non-executive Director of the Company, was appointed as a Director after nomination by AUT-VII HK Holdings Limited. As a result, Mr. CHEN Xinxing abstained from voting on the resolution relating to the proposed sale of equity interest in the Target Company at the meeting of the Board held on November 28, 2023.

The Purchaser is wholly owned by AUT-VII HK Holdings Limited. As a result of the above, AUT-VII HK Holdings Limited will be required to abstain from voting on the special resolution relating to the proposed sale of equity interest in the Target Company at the EGM.

Save as disclosed above, no Shareholder indicated its intention to or was required under the Listing Rules to vote against or abstain from voting on any resolutions to be proposed at the EGM.

DEFINITIONS

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

“Articles of Association”	the articles of association of the Company, as amended from time to time
“Board”	the board of Directors
“Company”	Jenscare Scientific Co., Ltd. (寧波健世科技股份有限公司), a joint stock company incorporated in the PRC with limited liability on March 23, 2021, whose H Shares are listed on the main board of the Stock Exchange (Stock Code: 9877) or, where the context requires (as the case may be), its predecessor Ningbo Jenscare Biotechnology Co., Ltd. (寧波健世生物科技有限公司), a limited liability company established in the PRC on November 8, 2011
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company or any one of them
“Disposal”	the transfer of approximately 22.48% of the equity interests in the Target Company by the Company to the Purchaser pursuant to the proposed Equity Transfer Agreement
“EGM”	the 2023 second extraordinary general meeting of the Company to be held on December 15, 2023
“Equity Transfer Agreement”	the equity transfer agreement in relation to the Disposal to be entered into between the Company, the Purchaser and the Target Company subject to approval by way of a special resolution by the Shareholders at the EGM and upon satisfaction of the conditions precedent contained therein
“H Shares”	overseas listed foreign invested ordinary share(s) in the ordinary share capital of our Company, with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and which are listed on the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	the lawful currency in Hong Kong

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding the regions of Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Shanghai Lingqie Medical Technology Co., Ltd. (上海瓴挈醫療科技有限公司), a limited liability company established under the laws of the PRC on November 6, 2023
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	24,975,868 ordinary shares of the Target Company to be sold by the Company to the Purchaser, representing approximately 22.48% of the equity interests of the Target Company
“Share(s)”	ordinary share(s) in the capital of the Company with a nominal value of RMB1.00 each, comprising Unlisted Shares and H Shares
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Starway Medical Technology, Inc. (北京華醫聖傑科技有限公司), a limited liability company established under the laws of the PRC on February 6, 2002
“Unlisted Shares”	comprises ordinary share(s) issued by the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid for in currency other than RMB by foreign investors and are not listed on any stock exchange (“ Unlisted Foreign Shares ”) and the those unlisted Shares which are currently not listed or traded in any stock exchange (“ Domestic Shares ”)
“Valuation Benchmark Date”	June 30, 2023
“Valuation Report”	the asset valuation report in respect of the appraised value of the entire equity interest held by the Company in the Target Company as at the Valuation Benchmark Date issued by the Valuer

“Valuer” Shanghai Lixin Appraisal Co., Ltd. (上海立信資產評估有限公司), an independent third-party valuer appointed by the Company

“%” percent

For the purpose of this announcement, the exchange rate of HK\$1.00 to RMB0.91329 has been used for currency translation, where applicable. Such conversion is for illustrative purposes and does not constitute representations that any amount in HK\$ or RMB has been, could have been or may be converted at this or any other rate.

By order of the Board
Jenscare Scientific Co., Ltd.
Mr. LV Shiwen
Chairman and Executive Director

Hong Kong, November 28, 2023

As at the date of this announcement, the executive Directors are Mr. LV Shiwen and Mr. PAN Fei; the non-executive Directors are Mr. TAN Ching, Mr. ZHENG Jiaqi, Ms. XIE Youpei and Mr. CHEN Xinxing; and the independent non-executive Directors are Dr. LIN Shoukang, Ms. DU Jiliu and Dr. MEI Lehe.