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**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
DISPOSAL OF SHENJI MEDICAL**

DISPOSAL OF EQUITY INTEREST IN SHENJI MEDICAL

The Board is pleased to announce that on December 11, 2023 (after trading hours), the Company and the Purchasers entered into the Equity Transfer Agreement pursuant to which the Company conditionally agreed to sell its entire equity interest in Shenji Medical to the Purchasers for an aggregate consideration of RMB9.0 million.

Upon Completion, the Company will cease to have any interest in Shenji Medical and it will cease to be a subsidiary of the Company.

LISTING RULES IMPLICATIONS

As of the date of this announcement, Shenji Medical is a direct wholly-owned subsidiary of the Company. Value Magnet Limited (being one of the Purchasers) is controlled by Mr. Ding Kui (a Director of the Company) and Ms. Li Jun (the spouse of Mr. Ding Kui) and therefore an associate of a connected person. Pursuant to Chapter 14A of the Listing Rules, Value Magnet Limited is a connected person of the Company and the transaction under the Equity Transfer 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 Disposal 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 Disposal is subject to the fulfillment of the conditions precedent set out in the Equity Transfer Agreement. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.

DISPOSAL OF EQUITY INTEREST IN SHENJI MEDICAL

The Board is pleased to announce that on December 11, 2023 (after trading hours), the Company and the Purchasers entered into the Equity Transfer Agreement pursuant to which the Company conditionally agreed to sell its entire equity interest in Shenji Medical to the Purchasers, the principal terms of which are as follows:

Date	December 11, 2023
Parties	<ol style="list-style-type: none">(1) the Company, as the seller(2) Mr. Xing Tingyu, as a purchaser(3) Mr. Li Meng, as a purchaser(4) Value Magnet Limited, as a purchaser(5) Shenji Employee Shareholding Platform, as a purchaser
Subject Matter	<p>The Company has agreed to sell, and the Purchasers have agreed to acquire 100% of the equity interest in Shenji Medical, which shall be made by the Purchasers in the following proportion:</p> <ol style="list-style-type: none">(1) Mr. Xing Tingyu, as to 5.857% of the equity interest(2) Mr. Li Meng, as to 5.857% of the equity interest(3) Value Magnet Limited, as to 74.286% of the equity interest (of which only 38.572% of Shenji Medical's equity interest are paid-up and the remaining 35.714% are unpaid)(4) Shenji Employee Shareholding Platform, as to 14.000% of the equity interest

Consideration

The aggregate consideration is RMB9.0 million (equivalent to approximately HK\$9.88 million), and shall be payable as to RMB0.82 million, RMB0.82 million, RMB5.40 million and RMB1.96 million by Mr. Xing Tingyu, Mr. Li Meng, Value Magnet Limited and Shenji Employee Shareholding Platform, respectively. The proportional consideration payable by Value Magnet Limited is lower than that payable by the other Purchasers as 35.714% of the equity interest in Shenji Medical to be acquired by Value Magnet Limited has yet to be paid up, while the other equity interest in Shenji Medical to be transferred has been paid up.

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 Shenji Medical's net assets.

Condition Precedents

Completion is subject to the fulfillment of customary closing conditions, including the completion of Shenji Medical's internal authorization of the transaction.

Terms of the Payment and Completion

The First Instalment shall be payable prior to December 31, 2023, and the Second Instalment shall be paid prior to June 30, 2024.

Pursuant to the Equity Transfer Agreement, the Company has agreed to transfer corporate documents including original corporate certificates, corporate seals, invoice books, access to electronic system, financial information and management accounts to the Purchasers within 3 days of the date of signing the Equity Transfer Agreement. The Company shall also procure to effect the necessary registration and filing procedures for industrial and commercial changes, and execute any documents as might be reasonably required to effect such changes within 3 days of the signing date of the Equity Transfer Agreement. Completion will occur at the conclusion of the aforementioned steps.

Termination

In the event that any Purchaser fails to make payment according to the Equity Transfer Agreement, the Company may elect to terminate the Equity Transfer Agreement in relation to such Purchaser and the defaulting Purchaser should return the equity interest in Shenji Medical transferred to them under the Equity Transfer Agreement to the Company within 15 days of the default in payment. In addition, a defaulting party is also responsible for all losses (including but not limited to reasonable legal cost) incurred by a non-defaulting party and should make compensation to such effect, as well as taking all relevant steps to avoid additional losses to the non-defaulting party.

Saved for the forgoing provision, the Equity Transfer Agreement may only be revised, amended or terminated by agreement of the parties to the Equity Transfer Agreement.

Reasons for and Benefit of the Disposal

Since its inception, Shenji Medical has initiated research and development on potential robotics medical devices. As of the date of this announcement, none of the medical devices under development has advanced to late stage due to various unforeseen or unexpected difficulties that were encountered during the development process. The Group would have to commit significant resources to bring these medical devices into commercialization and there is no assurance that these products could be successfully developed and commercialized.

Continued investment into Shenji Medical and its research and development effort would also further divert resources away from the Group's core business of neuro-intervention, medical devices. Therefore the Board considers that it is suitable to dispose of Shenji Medical by way of a management buy-out by existing employees backed by experienced investor in the biotechnology sector.

It is expected that upon Completion, Shenji Medical will not compete with the Group. Shenji Medical will be engaged in its research and development of intellectual surgery devices, and the Group will not, and has no current plans to develop the same or similar medical devices in this field. After the Disposal, the Company intends to enable internal resource allocated to the core business of the Group, focusing on the development and commercialization of medical devices in the field of neuro-intervention. The Group will continue to work on the pipeline products set out in the Company's interim report published on September 21, 2023, and does not expect that the Disposal will have a material adverse impact on the business operations and financial position of the Group.

Basis of Determination of the Consideration and Financial Effect of the Disposal

The Consideration was arrived at after arm's length negotiations between the Company and the Purchasers taking into consideration, among others, the results of the Valuation Report and the book value of Shenji Medical's net assets.

The Company intends to apply the net sale proceeds of the Disposal, which is estimated to be approximately RMB8.98 million, to fund its general working capital.

Upon Completion, the Company will cease to have any equity interest in the Shenji Medical and the financial results incurred after Completion and assets and liabilities of Shenji Medical will cease to be consolidated into the accounts of the Group.

For illustration purpose only, before deducting the estimated transaction costs directly attributable to the Disposal (including but not limited to professional and other related expenses and relevant taxes), there is no material expected gain or loss to be derived from the Disposal since there is no significant difference between the amount of the Consideration and the unaudited net asset value of Shenji Medical (of approximately RMB7.2 million as at November 30, 2023). The actual amount of the gain or loss to be recognized by the Group can only be determined when the net asset value of Shenji Medical as at the time of Completion and the transaction costs attributable to the Disposal are ascertained, and therefore may be different from the aforesaid amount.

In addition to the unaudited net asset value of Shenji Medical, the Company has also relied on the Valuation Report which has adopted an asset based approach, which valued the entire equity interest of Shenji Medical as of June 30, 2023 to approximately RMB8.04 million. The valuation has not taken into account the RMB5 million registered capital paid-up by the Company in August 2023, nor the unaudited accrued net loss of approximately RMB4.4 million between July and November 2023. The asset based approach relies on identification of on and off balance sheet assets and liabilities and was adopted as Shenji Medical does not have assets or liabilities that are difficult to identify or appraise, and also offer greater certainty as compared to other valuation approaches.

The Board (including the independent non-executive Directors) are of the view that terms of the Equity Transfer Agreement and the transaction contemplated thereunder are on normal commercial terms and fair and reasonable, and the entering into of the Equity Transfer Agreement and the transaction 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. The Board is also of the view that the asset based valuation reflect the fair market value of Shenji Medical as it is still in an early stage of research and development and a valuation of its identifiable assets and liabilities offers more certainty to the valuation as compared with other valuation approaches.

INFORMATION OF SHENJI MEDICAL

Shenji Medical is a limited liability company incorporated in the PRC and a wholly-owned subsidiary of the Company. It is primarily focused in the research and development of medical devices relying on computer-assisted technology. Shenji Medical was founded by the Company and was led by Mr. Li Meng and Mr. Xing Tingyu (each being a Purchaser). Upon Completion, the Company will cease to have any equity interest in the Shenji Medical and it will cease to be a subsidiary of the Group.

The unaudited net asset value of Shenji Medical as of November 30, 2023 was approximately RMB7.2 million. Set out below are the unaudited net loss of Shenji Medical for the two financial years immediately preceding the Disposal:

	Year ended December 31, 2021 RMB'000	Year ended December 31, 2022 RMB'000
Net loss ⁽¹⁾	2,761	21,647

Note 1: Shenji Medical was not subject to any tax during the relevant periods.

INFORMATION OF THE COMPANY

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 Company and the Group are committed to improving the accessibility of innovative medical technologies and protecting lives. The Group has 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 to pulmonary intervention, 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.

INFORMATION OF THE PURCHASERS

Mr. Li Meng is the technical director of Shenji Medical and has served in the role since January 2023, he has a doctorate degree from the Shanghai Jiao Tong University in robotics and has 10 years of relevant experiences in the field. He is the core member Shenji Medical's research and development team and leads the technical development of Shenji Medical. Upon Completion, he would cease to be an employee of the Group.

Mr. Xing Tingyu is the deputy general manager of Shenji Medical and has served in the role since January 2023, he was formerly also the director of the marketing of the Group between August 2019 and November 2023. He was also a supervisor of the Company between November 23, 2020 and November 8, 2023, upon Completion, he would cease to be an employee of the Group.

Value Magnet Limited is an investment holding company incorporated in the British Virgin Islands with limited liability and it is indirectly controlled by Mr. Ding Kui (a Director of the Company) and Ms. Li Jun (the spouse of Mr. Ding Kui).

Shenji Employee Shareholding Platform is an employee shareholding platform established by 9 employees of Shenji Medical, including Mr. Xing Tingyu (a former supervisor of the Company who ceased to be a supervisor on November 8, 2023), Mr. Li Meng, Mr. Ye Wanli, Mr. Zhang Yongan, Mr. Li Zhenhua, Mr. Xiong Ke, Mr. Li Yutong, Mr. Liu Qiuyuan and Mr. Wu Jun. Mr. Xing Tingyu and Mr. Li Meng is each interested in approximately 37.36% of the limited partnership's interest respectively and each of the other employee limited partners are interested in less than 5% of the limited partnership's interest. Each of the employees are currently an employee of the Group by virtue of their employment with Shenji Medical, and will cease to be an employee of the Group upon Completion.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, saved as disclosed above, each of the other Purchasers is Independent Third Party.

LISTING RULES IMPLICATIONS

As of the date of this announcement, Shenji Medical is a direct wholly-owned subsidiary of the Company. Value Magnet Limited (being one of the Purchasers) is controlled by Mr. Ding Kui (a Director of the Company) and Ms. Li Jun (the spouse of Mr. Ding Kui) and therefore an associate of a connected person. Pursuant to Chapter 14A of the Listing Rules, Value Magnet Limited is a connected person of the Company and the transaction under the Equity Transfer 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 Disposal 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. Ding Kui is considered to have a material interest in the Disposal and has therefore abstained from voting on the resolutions of the Board relating to the Disposal. 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

“Board”	the Board of Directors
“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) and the seller under the Equity Transfer Agreement
“Completion”	completion of the Disposal as contemplated under the Equity Transfer Agreement, which is expected to occur at the completion of the necessary registration and filing procedures
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	consideration payable by the Purchasers to the Company under the Equity Transfer Agreement
“Directors”	the director(s) of the Company

“Disposal”	the disposal of the entire equity interest in Shenji Medical from the Company to the Purchasers in accordance with the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement dated December 11, 2023 entered into between the Company and each of the Purchasers in relation to the Disposal
“First Instalment”	the RMB720,000 of the Consideration payable by the Purchasers as first instalment payment under the Equity Transfer Agreement, of which RMB164,000 is payable by Mr. Xing Tingyu, RMB164,000 is payable by Mr. Li Meng and RMB392,000 is payable by Shenji Employee Shareholding Platform
“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 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 of Hong Kong Limited, as amended from time to time
“PRC”	the People’s Republic of China
“Purchaser(s)”	each of Mr. Xing Tingyu, Mr. Li Meng, Shenji Employee Shareholding Platform and Value Magnet Limited
“RMB”	Renminbi, the lawful currency of the PRC

“Second Instalment”	the remainder of the Consideration payable by the Purchasers upon payment of the First Instalment, of which RMB656,000 is payable by Mr. Xing Tingyu, RMB656,000 is payable by Mr. Li Meng, RMB1,568,000 is payable by Shenji Employee Shareholding Platform and RMB5,400,000 is payable by Value Magnet Limited
“Share(s)”	the shares of the Company
“Shareholder(s)”	the holders of Shares
“Shenji Medical”	Shanghai Shenji Medical Technology Co., Ltd. (上海神璣醫療科技有限公司), a limited liability company established in the PRC, a wholly-owned subsidiary of the Company and the target company under the Equity Transfer Agreement
“Shenji Employee Shareholding Platform”	Shanghai Shenji Zhixin Enterprise Management Consulting Partnership (Limited Partnership) (上海神璣致信企業管理諮詢合夥企業 (有限合夥)), a limited partnership established in the PRC which is controlled and owned by 9 employees of Shenji Medical
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Valuation Report”	the valuation report dated November 29, 2023 issued by Beijing Lixin Donghua Asset Appraisal Limited (北京立信東華資產評估有限公司), an independent third party appointed by the Company, to assess the equity interest of Shenji Medical as of June 30, 2023
“%”	per cent

By Order of the Board
Shanghai HeartCare Medical Technology Corporation Limited
WANG Guohui
Chairman of the Board

Shanghai, December 11, 2023

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