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)

CHANGE IN USE OF PROCEEDS FROM THE GLOBAL OFFERING

Reference is made to (i) the prospectus issued by Shanghai Bio-heart Biological Technology Co., Ltd. (the "**Company**", together with its subsidiaries, the "**Group**") dated December 13, 2021 (the "**Prospectus**") in relation to the proposed use of net proceeds from the initial public offering of the Company on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"); (ii) the annual results announcement of the Company for the year ended December 31, 2022 dated March 31, 2023 (the "**Announcement**"); and (iii) the interim report of the Company for the six months ended June 30, 2023 published on September 21, 2023 (the "**Interim Report**"). Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the Prospectus, the Announcement and the Interim Report.

USE OF PROCEEDS DISCLOSED IN THE PROSPECTUS AS REVISED PURSUANT TO THE ANNOUNCEMENT

The original intended use of the Net Proceeds, which amounted to approximately HK$441.69 million (after deducting the underwriting commissions and expenses payable by the Company in relation to the Global Offering), was disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

In the Announcement, the Company announced a change in the use of the Net Proceeds by reallocating HK$17.25 million for the continuing research and development of DCB. As disclosed in the Interim Report, the Net Proceeds which remained unutilized as of June 30, 2023 amounted to approximately HK$290.68 million as follows:

(i) approximately HK$182.30 million for funding the ongoing confirmatory clinical trial, preparation for registration filings, and planned commercial launch of the Company's Core Product, Bioheart®;

(ii) approximately HK$74.7 million for funding the ongoing randomized controlled clinical trial in China for, and the continuous development of, the Group's RDN product candidate, Iberis® 2nd;

(iii) approximately HK$18.23 million for general corporate and working capital purposes; and

(iv) approximately HK$15.45 million for funding the research and development of DCB.

FURTHER CHANGE IN USE OF PROCEEDS

As of the date of this announcement, the unutilized Net Proceeds amounted to approximately HK$247.10 million (the "**Unutilized Net Proceeds**"). For reasons set out in the paragraph headed "Reasons for and Benefits of the Change in Use of Proceeds" in this announcement, the Board has resolved to further change the use of the Unutilized Net Proceeds as follows:

(i) **Acquisition of Property** – reallocating approximately HK$26.37 million, which was originally allocated for funding the ongoing randomized controlled clinical trial in China for, and the continuous development of, the Group's RDN product candidate, Iberis® 2nd, to funding the acquisition of manufacturing facility for the Group's RDN product candidate, Iberis® 2nd; and

(ii) **Research and development of DCB** – reallocating approximately HK$70 million, which was originally allocated for funding the ongoing confirmatory clinical trial, preparation for registration filings, and planned commercial launch of the Company's Core Product, Bioheart®, to funding the research and development of DCB.

Details of the original allocation, the revised allocation as disclosed in the Announcement, the further revised allocation of the Net Proceeds and the expected timeline for utilizing the Unutilized Net Proceeds are as follows:

Use of Net Proceeds	**Original allocation of the Net Proceeds** *(HK$ million)*	**Change of allocation of the Net Proceeds** *(HK$ million)*	**Further change of allocation of the Net Proceeds** *(HK$ million)*	**Revised allocation of the Net Proceeds** *(HK$ million)*	**Utilized amount as of the date of this announcement** *(HK$ million)*	**Unutilized amount as of the date of this announcement** *(HK$ million)*	**Expected timeline of full utilization of the Unutilized Net Proceeds**
To fund the ongoing confirmatory clinical trial, preparation for registration filings, and planned commercial launch of the Company's Core Product, Bioheart®	273.85	–	(70)	203.85	99.89	103.96	December 2027
To fund the ongoing randomized controlled clinical trial in China for, and the continuous development of, the Group's RDN product candidate, Iberis® 2nd	94.08	–	(26.37)	67.71	33.61	34.10	December 2027
To fund the acquisition of manufacturing facility for the Group's RDN product candidate, Iberis® 2nd	–	–	26.37	26.37	–	26.37	March 2024
To fund the research and development, ongoing pre-clinical studies and planned clinical trials of other product candidates in the Group's pipeline, including Bio-Leap™, Bioheart Ultra™, Bioheart® balloon dilatation catheter, Bioheart® non-compliant (high-pressure) balloon dilatation catheter and Bioheart® impulse balloon dilatation catheters	29.59	(17.25)	–	12.34	12.34	–	N/A
General corporate and working capital purposes	44.17	–	–	44.17	36.58	7.59	December 2027
To fund the research and development of DCB	–	17.25	70	87.25	12.17	75.08	December 2027
	441.69	–	–	441.69	194.59	247.10	

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

Acquisition of Property

It is proposed that the Company will acquire the premises that the Group is currently leasing at Room 401, Building 6, 590, Ruiqing Road, Zhangjiang Hi-Tech, Industrial Park, Shanghai, the PRC (the "**Property**") from Shanghai A&S Science Technology Development Co., Ltd.* (上海愛申科技發展股份有限公司) (the "**Vendor**") for a consideration of approximately RMB21.3 million, which is determined after arm's length negotiations between the Company and the Vendor with reference to, among others, the valuation report obtained from an independent property valuer and subject to the entering into of definitive agreement(s). The Property has a gross floor area of 750.46 sq. m. and is currently leased to the Group as used as its manufacturing facility for the RDN product candidate.

The Group has entered into a tenancy agreement with the Vendor for the lease of the Property, which will expire on February 19, 2024. As of the date of this announcement, the Property is directly owned by the Vendor and is leased to the Group by the Vendor at rental of approximately RMB0.6 million per year based on the gross floor area of the Property. The Company believes that the acquisition of the Property could secure continual use of the Property by the Group for, among other purposes, the production of the RDN product candidate, while at the same time reducing the Group's rental expenses. In addition, by acquiring the Property, the Group may also enjoy potential capital appreciation in the future. The Directors are of the view that the acquisition of the Property is in the interest of the Company and its shareholders as a whole.

The Vendor is a company established under the laws of the People's Republic of China with limited liability on January 19, 2000 and is principally engaged in the research and development of medical machinery and equipment. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Research and Development of DCB

As disclosed in the Interim Report, DCB is a sirolimus drug-eluting balloon catheter designed for in-stent restenosis and one of the Group's newly developed product candidate. Based on the public information available to date, no sirolimus drug-coated balloon products are currently available in Japan market. The Company's DCB product is expected to become the first sirolimus drug-coated balloon approved in Japan.

As additional funding will be required for the commencement of clinical trial for DCB in Japan and having considered that the clinical development stage of the Company's Core Product, Bioheart®, has been completed, the Board has resolved to reallocate approximately HK$70 million from funding the ongoing confirmatory clinical trial, preparation for registration filings, and planned commercial launch of the Core Product, Bioheart®, to funding the research and development of DCB. The Board considered that such reallocated proceeds would facilitate an effective use of the financial resources of the Group and the research and development of DCB product and accelerate its development execution to achieve commercialization, and is in the best interest of the Company and its shareholders as a whole.

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, February 8, 2024

As at the date of this announcement, the board of directors of the Company comprises Mr. Philip Li WANG as Chairman and executive director, Mr. Yunqing WANG and Ms. Peili WANG as executive directors, and Mr. Charles Sheung Wai CHAN, Mr. Xubo LU and Mr. Wing Yiu DJEN as independent non-executive directors.

* *For identification purposes only*