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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)

**(1) MAJOR TRANSACTION
DEEMED DISPOSAL OF EQUITY INTEREST IN A SUBSIDIARY;
AND
(2) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

CAPITAL INJECTION

The Board is pleased to announce that on December 31, 2024 (after trading hours), the Company and Zhejiang Bioheart entered into the Investment Agreement and the Shareholders Agreement with the Investor, pursuant to which the Investor has conditionally agreed to inject approximately RMB155.6 million into Zhejiang Bioheart, of which approximately RMB37.88 million will be accounted as paid-in registered capital of Zhejiang Bioheart, while the balance of approximately RMB117.72 million will be accounted as its capital reserve.

Upon Completion, Zhejiang Bioheart will be owned as to 54.6792% by the Company and as to 45.3208% by the Investor. Therefore, the Company's interest in Zhejiang Bioheart will be diluted from 100% to approximately 54.6792%. Zhejiang Bioheart will remain as a subsidiary of the Company and the accounts of Zhejiang Bioheart will remain consolidated into the Company's accounts.

LISTING RULES IMPLICATIONS

Zhejiang Bioheart is a direct wholly-owned subsidiary of the Company as of the date of this announcement. It is contemplated that the percentage of the Group's shareholding interest in Zhejiang Bioheart will reduce to 54.6792% following the completion of the Capital Injection by the Investor. The Capital Injection, if materialized, may constitute a deemed disposal by the Company under Rule 14.29 of the Listing Rules.

Since one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Capital Injection and the transactions contemplated thereunder (taking into account the Repurchase Options) exceeds 25% but all are less than 75%, the Capital Injection constitutes a major transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting, announcement, circular and shareholders' approval requirements under the Listing Rules.

As the exercise of the Repurchase Options is not at the Company's discretion, such right of the Investor is treated as if it had been exercised upon the execution of the Investment Agreement and the Shareholders Agreement under Rule 14.74 of the Listing Rules. The Company will publish an announcement as soon as reasonably practicable should the Investor exercises such right.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company hereby announces that the Board convened a meeting of the Board on December 31, 2024 and approved, among others, the resolution in relation to the proposed amendments to the Articles of Association. The Board proposes to make certain amendments to the Articles of Association, in order to, among other things, (i) revise the business scope of the Company according to daily operation and the relevant regulations, and (ii) incorporate certain housekeeping amendments.

GENERAL

The Company will convene a EGM for the purpose of, among other things, considering, and if thought fit, approving (i) the entering into of the Investment Agreement and the Shareholders Agreement and the transactions contemplated thereunder, and (ii) the proposed amendments to the Articles of Associations.

A circular containing, inter alia, (i) further details of the Capital Injection and the Investment Agreement and the Shareholders Agreement; (ii) financial information of the Company; (iii) details of the proposed amendments to the Articles of Associations; and (iv) other information as required by the Listing Rules, together with the notice of the EGM, are expected to be dispatched to the Shareholders on or before January 10, 2025.

As the Investment Agreement and the Shareholders Agreement are subject to the Shareholders' approval, the transactions contemplated under the agreements may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

I. DEEMED DISPOSAL OF EQUITY INTEREST IN A SUBSIDIARY

The Board is pleased to announce that on December 31, 2024 (after trading hours), the Company and Zhejiang Bioheart entered into the Investment Agreement and the Shareholders Agreement with the Investor, pursuant to which the Investor has conditionally agreed to inject approximately RMB155.6 million into Zhejiang Bioheart, of which approximately RMB37.88 million will be accounted as paid-in registered capital of Zhejiang Bioheart, while the balance of approximately RMB117.72 million will be accounted as its capital reserve.

THE INVESTMENT AGREEMENT

Date

December 31, 2024 (after trading hours)

Parties to the Investment Agreement

- (1) the Investor;
- (2) the Company; and
- (3) Zhejiang Bioheart.

The Capital Injection

The Investor conditionally agreed to inject approximately RMB155.6 million into Zhejiang Bioheart, of which approximately RMB37.88 million will be accounted as paid-in registered capital of Zhejiang Bioheart, while the balance of approximately RMB117.72 million will be accounted as its capital reserve.

Immediately after completion of the Capital Injection, the Investor will be interested in approximately 45.3208% of the enlarged registered capital of Zhejiang Bioheart, and the Group's interest in Zhejiang Bioheart will be diluted from 100% to approximately 54.6792%. According to Rule 14.29 of the Listing Rules, the relevant dilution is considered to be a deemed disposal of the Company's interest in a subsidiary.

Subscription Price and Basis of Consideration

The consideration of the Capital Injection was determined based on arm's length negotiations between the parties. Based on the Valuation prepared by the Independent Valuer, the appraised value of equity interest of Zhejiang Bioheart as of the Valuation Base Date was not less than RMB187.73 million.

The Valuation was prepared on the discounted future estimated cash flow. The details of the principal assumptions (including commercial assumptions) upon which the Valuation is based are as follows:

- the external economic environment remains unchanged and that there are no significant changes in the current macroeconomic conditions in the PRC as of the Valuation Base Date;
- the socio-economic environment in which the company operates, including tax policies and rates, is assumed to remain stable without significant changes;
- the future management team is assumed to perform diligently, allowing operations to follow the predicted management model established at the Valuation Base Date;
- the information provided by the Company is true, accurate, and complete;
- the valuation scope is based solely on the evaluation declaration form provided by the Company and the assessed entity, without considering any potential assets or liabilities beyond what has been listed;
- the valuation is based on the production and operational capabilities of the assessed entity as of the Valuation Base Date, and that the management's expansion plans align with future market demand and that the estimated funding for expansion is accurate and can be obtained in a timely manner;
- the cash inflows for Zhejiang Bioheart subsequent to the Valuation Base Date will be average, and cash outflows will also be average;
- there will be cash flow gaps in future years, and Zhejiang Bioheart will be able to timely address these gaps through shareholder contributions or borrowing;
- the tax deduction policy for research and development expenses will continue to be applicable, which allows for 100% deduction of actual expenses incurred from January 1, 2023, under specified conditions; and

- the BRS, RDN, and other innovative medical device products that Zhejiang Bioheart intends to be contracted for production and commercialization can be approved according to the expected approval time of the management team. This evaluation assumes that the future clinical application, coverage by national medical insurance, and entry into centralized procurement can proceed smoothly according to the management's expected timeline.

The Independent Valuer has also assumed the reasonableness of information provided and relied to considerable extent on such information in arriving at its opinion of value. As the Valuation is based on the discounted cash flow method, the Valuation constitutes a profit forecast under Rule 14.61 of the Listing Rules, and accordingly, the requirements under Rules 14.60A of the Listing Rules is applicable. Pursuant to Rule 14.60A of the Listing Rules, the Board has reviewed the principal assumptions upon which the Valuation is based and is of the view that the profit forecast has been made after due and careful enquiry.

Conditions Precedent of the Investment Agreement

The Completion shall be subject to the fulfilment of the following conditions:

- the Investment Agreement has become effective;
- the Company and Zhejiang Bioheart have not violated any representations, warranties, commitments, or statements under the Agreement;
- the Company and Zhejiang Bioheart are not in breach of any provisions of the Investment Agreement;
- there are no adverse circumstances affecting the ongoing operations of Zhejiang Bioheart;
- Zhejiang Bioheart and the Company have fulfilled all commitments and obligations required on or before the Completion, including the Company waiving its pre-emptive rights to new equity and any other potential rights;
- the board of directors and shareholders of Zhejiang Bioheart have passed resolutions approving the Capital Injection and related transactions;
- all transaction documents (including the Investment Agreement, the Shareholders Agreement and articles of association) have been appropriately signed by the Investor, Zhejiang Bioheart and all relevant parties;

- the Capital Injection has been approved by the internal decision-making body or investment committee of the Investor;
- senior management and key personnel of Zhejiang Bioheart have signed confidentiality, non-compete, and intellectual property protection agreements;
- AngioCare has obtained the approval for the second-generation Iberis® RDN product from the National Medical Product Administration of the PRC (國家藥品監督管理局);
- the Company has transferred or licensed relevant patents for the production of the BRS products; and
- the Investor has received a confirmation from the Company and Zhejiang Bioheart that the conditions precedents have been fulfilled and that there are no significant adverse changes to Zhejiang Bioheart.

Completion

Completion will take place within 10 business days after the date on which all of the Conditions Precedent have been fulfilled.

THE SHAREHOLDERS AGREEMENT

Date

December 31, 2024 (after trading hours)

Parties to the Shareholders Agreement

- (1) the Investor;
- (2) the Company; and
- (3) Zhejiang Bioheart.

(collectively referred to as the “**Parties**”, and each, a “**Party**”)

Shareholders' Right and Obligations

The Shareholders Agreement sets out the rights and obligations of the Parties thereto in relation to the management and operations of Zhejiang Bioheart and shall take effect upon the Completion. In particular, it contains the following key provisions in relation to the Investor's rights and obligations as shareholder of Zhejiang Bioheart:

Pre-emptive right, right of first refusal and tag-along rights

The Investor shall enjoy the pre-emptive right, right of first refusal and tag-along rights that are customary and not subordinated to other shareholders of Zhejiang Bioheart.

Anti-dilution

Since Completion and up to the completion of the Qualified IPO, Zhejiang Bioheart shall not issue any equity securities that would result in any form of dilution of the Investor's shareholding or equity interest unless approved by the Investor. Without the prior written consent of the Investor, the unit price issued shall not be less than the unit subscription price of the Capital Injection (except for the transfer of equity interest). The Investor shall be entitled to adopt anti-dilution measures such as making cash compensation or equity compensation to the Investor so far as permitted by applicable laws and regulations.

Qualified IPO

Zhejiang Bioheart shall issue and list its shares on a domestic stock exchange (the "**Qualified IPO**"). Parties to the Shareholders Agreement shall fully cooperate in the application process of the Qualified IPO.

Repurchase Options

Conditions for the exercise of the Repurchase Options

The Investor shall have the right to demand the Company and Zhejiang Bioheart to repurchase all or part of the equity interest held by the Investor in Zhejiang Bioheart upon the occurrence of specified repurchase events (the "**Repurchase Option(s)**");

Specific repurchase events primarily comprise the following:

- (1) Zhejiang Bioheart fails to complete the Qualified IPO by December 31, 2029;
- (2) the following events has occurred to the Company or its legal representative: (i) significant personal integrity issues, including not limited to fraud, undisclosed sales, major internal control deficiency or misappropriation of interests in Zhejiang Bioheart; (ii) the Company violates laws and regulations that have significant adverse impact on Zhejiang Bioheart; (iii) senior management and core employees of Zhejiang Bioheart have not signed confidentiality, non-compete and intellectual property protection agreements within 30 days after being requested by the Investor; or (iv) there are serious breaches of the transaction documents (including representations, undertakings and guarantees from Zhejiang Bioheart) preventing the objectives of the transaction documents from being achieved;
- (3) Zhejiang Bioheart has violated applicable laws related its main business, including but not limited to criminal laws, regulations concerning medical device preclinical research, clinical trials, development and post-market studies, as well as securities laws, anti-corruption, anti-bribery, or unfair competition laws, resulting in significant negative impacts on the Investor; or
- (4) Zhejiang Bioheart has severely violated tax regulations.

Repurchase Price

Under the Repurchase Options, the Company or Zhejiang Bioheart shall pay the Investor the repurchase price (the “**Repurchase Price**”) in cash within 180 days from the date of receipt the notice of the exercise of the Repurchase Option(s) issued by the Investor.

The Repurchase Price is to be determined in accordance with the following formula:

$$\text{Repurchase Price} = M \times (1 + 6.45\% \times T) - Q$$

Where:

M = subscription price paid by the Investor in the Capital Injection;

T = the number of days from the actual payment of the subscription price corresponding to the equity required to be repurchased by the investor to the date of full payment of the repurchase price, divided by 365; and

Q = dividends paid to the Investor.

The return rate of 6.45% was determined based on the arm's length negotiations of the Parties with reference to (i) the Investor's assessment of the expected return of its investments; and (ii) the recent financing cost level in the market.

The Directors are of the view that the basis of determination of the repurchase price (including the return rate) is fair and reasonable, and in the interest of the Company and its shareholders as a whole.

Listing Rules Implications of the Repurchase Options

Even if the Repurchase Options may not materialize in the future, they are treated as if they had been exercised upon the execution of the Shareholders Agreement as the exercise of the Repurchase Options is not at the Company's discretion. The materialization of the Repurchase Options is subject to the occurrence of circumstances set out in the paragraph headed "Conditions for the exercise of the Repurchase Options" above. As of the date of this announcement, the Repurchase Options have not been exercised.

Since one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the grant of the Repurchase Options, exceeds 25% but all are less than 100%, the Repurchase Options contemplated under the Shareholders Agreement constitutes a major transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting, announcement, circular and shareholders' approval requirements under the Listing Rules.

Security

To secure the performance of the Repurchase Options, the Company shall pledge its fully diluted approximately 54.6792% equity interest in the Zhejiang Bioheart in favor of the Investor. The share pledge shall be registered as a first-ranking pledge in accordance with the relevant laws.

Priority liquidation rights

If Zhejiang Bioheart is liquidated for any reason such as bankruptcy, reorganization, dissolution, merger, demerger or acquisition, the remaining assets of Zhejiang Bioheart after payment of various expenses and settlement of debts and taxes in accordance with the law shall be distributed to the Investor in cash in preference to the other shareholders of Zhejiang Bioheart.

INFORMATION OF THE GROUP AND ZHEJIANG BIOHEART

The Group

The Company, headquartered in Shanghai, China, is a leading innovative interventional cardiovascular device company with a current focus on two therapies: (i) BRS addressing the unmet medical needs of Chinese patients for the treatment of coronary artery diseases, and (ii) RDN addressing the unmet medical needs of patients for the treatment of uncontrolled hypertension and resistant hypertension.

Zhejiang Bioheart

Zhejiang Bioheart is a company established in the PRC with limited liability on October 15, 2024 and a wholly-owned subsidiary of the Company as of the date of this announcement, which is principally engaged in manufacturing and commercialization of innovative medical devices. Set out below is a summary of the unaudited financial information of Zhejiang Bioheart for the period indicated:

**For the
month ended
November 30,
2024**
(Unaudited)
RMB'000
(approximately)

Loss attributable to the assets of Zhejiang Bioheart (before and after taxation)	267
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The unaudited net asset value of Zhejiang Bioheart as of November 30, 2024 was approximately RMB45 million.

INFORMATION OF THE INVESTOR

The Investor is a limited partnership established in the PRC on December 18, 2024, which is principally engaged in equity investment in the healthcare sector. As of the date of this announcement, the Investor was owned by (i) Wuhan Guojian Capital Management Co., Ltd.* (武漢國健資本管理有限公司) (“**Wuhan Guojian**”) as its executive partner as to 0.6192%; (ii) Zhongantang (Shenzhen) Medical Group Co., Ltd. (眾安堂(深圳)醫療集團有限公司)* (“**Zhongantang**”) as its executive partner as to 0.6192%; (iii) Beijing Yichuang Xinan Science and Technology Development Center*

(北京醫創心安科技發展中心(有限合夥)) (“**Yichuang Xinan**”) as its limited partner as to 33.1269%; (iv) Jiaxing Science and Technology City Industrial Investment Fund Co., Ltd.* (嘉興科技城產業投資基金有限公司) (“**Jiaxing Industrial Investment**”) as its limited partner as to 32.8173% and (v) Zhejiang Xingnan Equity Investment Co., Ltd.* (浙江理南股權投資有限公司) (“**Zhejiang Xingnan**”) as its limited partner as to 32.8173%.

Wuhan Guojian is a company established in the PRC with limited liability, principally engaged in investment management and investment consultancy, and is ultimately controlled by Guojian Financial Leasing Co., Ltd.* (國健融資租賃有限公司), a company founded by China National Pharmaceutical Group Corp.* (中國醫藥集團有限公司) and China Life Insurance (Group) Company* (中國人壽保險(集團)公司). Zhongantang is a company established in the PRC with limited liability, principally engaged in health regimen management consulting, which is wholly owned by Jiangbin Huang* (黃江彬). Yichuang Xinan is a limited partnership principally engaged in technology development and technology promotion in the PRC, which was founded by (i) Nanjing Guojian Jinquan Equity Investment Management Co., Ltd.* (南京國健錦泉股權投資管理有限公司) (as its executive partner), which is owned Shanghai Zhuorei Enterprise Management Consulting Co., Ltd.* (上海焯芮企業管理諮詢有限公司) (“**Shanghai Zhuorei**”), Guojian (Beijing) Capital Management Co., Ltd.* (國健(北京)資本管理有限公司) (“**Guojian Beijing**”) and Nanjing Kunrui Enterprise Consulting Management Co., Ltd.* (南京坤瑞企業諮詢管理有限公司) (“**Nanjing Kunrui**”) as to 40%, 35% and 25%, respectively. Shanghai Zhuorei is a limited company established in the PRC principally engaging in enterprise management consulting, and is controlled by Shenzhen Ruiersi Management Consulting Co., Ltd.* (深圳市睿爾斯管理諮詢有限公司), which is owned as to 90% and 10% by Gao Song (高松) and Shen Lu (沈璐). Guojian Beijing is a limited company established in the PRC principally engaging in investment management and asset management, and is controlled by Guojian Financial Leasing Co., Ltd.* (國健融資租賃有限公司), which is founded by China National Pharmaceutical Group Corp.* (中國醫藥集團有限公司) and China Life Insurance (Group) Company* (中國人壽保險(集團)公司). Nanjing Kunrui is a limited company established in the PRC principally engaging in enterprise management consulting, and is owned by Yufen HE (賀玉芬) and Chunhua ZHANG (張春華) as to 99% and 1%, respectively; (ii) the Company (as its limited partner); and (iii) Jing Bao* (保京) (as its limited partner). Jiaxing Industrial Investment is a state-own company established in the PRC with limited liability, principally engaged in equity investment and investment management. Zhejiang Xingnan is a state-own company established in the PRC with limited liability, principally engaged in equity investment.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquires, the Investor and its ultimate beneficial owner(s) are Independent Third Parties as of the date of this announcement.

FINANCIAL EFFECTS OF THE DEEMED DISPOSAL

Upon Completion, Zhejiang Bioheart will be owned as to approximately 54.6792% by the Company and as to approximately 45.3208% by the Investor. Therefore, the Company's interest in Zhejiang Bioheart will be diluted from 100% to approximately 54.6792%. Zhejiang Bioheart will remain as a subsidiary of the Company and the accounts of Zhejiang Bioheart will remain consolidated into the Company's accounts.

The Company does not expect to record any significant gain or loss on the Deemed Disposal. In any event, the actual gain or loss as a result of the Deemed Disposal to be recorded by the Group is to be determined as of Completion and subject to audit.

USE OF PROCEEDS

The proceeds from the Capital Injection shall be applied to the working capital of Zhejiang Bioheart for the development of Zhejiang Bioheart's principal business.

REASONS FOR AND BENEFITS OF THE CAPITAL INJECTION

The Directors consider that the Capital Injection can enhance the working capital and expand the capital base of Zhejiang Bioheart, as well as provide capital support for the operations and development of Zhejiang Bioheart to satisfy its business needs and growth. Taking into account the factors mentioned above, the Board considers that the terms and conditions of the Investment Agreement and the Shareholders Agreement, the Capital Injection, the Repurchase Options and the transactions as contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Directors has any material interest in the Investment Agreement, the Shareholders Agreement, and the transactions contemplated thereunder.

None of the Directors is required to abstain from voting on the relevant resolution approving the Capital Injection at the Board meeting.

LISTING RULES IMPLICATIONS

Zhejiang Bioheart is a direct wholly-owned subsidiary of the Company as of the date of this announcement. It is contemplated that the percentage of the Group's shareholding interest in Zhejiang Bioheart will reduce to approximately 54.6792% following the completion of the Capital Injection by the Investor. The Capital Injection, if materialized, may constitute a deemed disposal by the Company under Rule 14.29 of the Listing Rules.

Since one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Capital Injection and the transactions contemplated thereunder (taking into account the Repurchase Options) exceeds 25% but all are less than 75%, the Capital Injection constitutes a major transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting, announcement, circular and shareholders' approval requirements under the Listing Rules.

As the exercise of the Repurchase Options is not at the Company's discretion, such right of the Investor is treated as if it had been exercised upon the execution of the Investment Agreement and the Shareholders Agreement under Rule 14.74 of the Listing Rules. The Company will publish an announcement as soon as reasonably practicable should the Investor exercises such right.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Shareholders has any material interest in the Investment as contemplated under the Investment Agreement and the Shareholders Agreement. None of the Shareholders and their associates is required to abstain from voting in the EGM to be convened by the Company for the approval of the Capital Injection as of the date of this announcement.

CONFIRMATIONS

A letter from the Company's reporting accountants, dated January 2, 2025 with respect to the profit forecast as required under Rule 14.60A(2) of the Listing Rules and a letter from the Board dated January 2, 2025 in compliance with Rule 14.60A(3) of the Listing Rules was submitted to the Stock Exchange together with this announcement, the texts of which are included in Appendix I and Appendix II to this announcement, respectively.

EXPERTS AND CONSENTS

The qualifications of the experts who have given their statements in this announcement are as follows:

Name	Qualification
China United Assets Appraisal Group (Zhejiang) Co., Ltd. (中聯資產評估集團(浙江)有限公司)	Independent Valuer
Ernst & Young	Certified Public Accountants, Hong Kong, and a Registered Public Interest Entity Auditor under the Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of the Independent Valuer and Ernst & Young is an Independent Third Party. As of the date of this announcement, the Independent Valuer and Ernst & Young do not have any shareholding in any member of the Company and its subsidiaries or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Company and its subsidiaries and are not connected persons.

Each of the Independent Valuer and Ernst & Young has given and has not withdrawn its written consent to the issue of this announcement with the inclusion of its letter and/or all references to its report and name (including its qualification) in the form and context in which they respectively appear.

II. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company hereby announces that the Board convened a meeting of the Board on December 31, 2024 and approved, among others, the resolution in relation to the proposed amendments to the Articles of Association. The Board proposes to make certain amendments to the Articles of Association, in order to, among other things, (i) revise the business scope of the Company according to daily operation and the relevant regulations, and (ii) incorporate certain housekeeping amendments.

The proposed amendments to the Articles of Associations are subject to the approval of the Shareholders by way of a special resolution at a general meeting and will come into effect after obtaining all necessary approvals, authorizations or registration (if applicable) from or filing with the relevant government or regulatory authorities.

III. GENERAL

The Company will convene a EGM for the purpose of, among other things, considering, and if thought fit, approving (i) the entering into of the Investment Agreement and the Shareholders Agreement and the transactions contemplated thereunder, and (ii) the proposed amendments to the Articles of Associations.

A circular containing, inter alia, (i) further details of the Capital Injection, the Investment Agreement and the Shareholders Agreement; (ii) financial information of the Company; (iii) details of the proposed amendments to the Articles of Associations; and (iv) other information as required by the Listing Rules, together with the notice of the EGM are expected to be dispatched to the Shareholders on or before January 10, 2025.

IV. DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“AngioCare”	Shanghai AngioCare Medical Technology Co., Ltd.* (上海安通醫療科技有限公司), a subsidiary of the Company
“Articles of Association”	the articles of association of the Company currently in force
“Board”	the board of Directors
“BRS”	Bioheart® bioresorbable scaffold
“Capital Injection”	the subscription by the Investor of 45.3208% of the enlarged equity interest in Zhejiang Bioheart pursuant to the Investment Agreement
“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
“Completion”	the completion of the Capital Injection

“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the Shareholders to consider and, if thought fit, to approve, among other things, (i) the entering into of the Investment Agreement and the Shareholders Agreement and the transactions contemplated thereunder, and (ii) the proposed amendments to the Articles of Associations
“Group”	the Company and all of its subsidiaries
“Independent Third Party(ies)”	person(s) who is(are) independent of and not connected with the Company and any of its connected persons
“Independent Valuer”	China United Assets Appraisal Group (Zhejiang) Co., Ltd. (中聯資產評估集團(浙江)有限公司)
“Investment Agreement”	the investment agreement dated December 31, 2024 relating to the proposed increase in registered capital of Zhejiang Bioheart entered into between Zhejiang Bioheart and the Investor
“Investor”	Jiaxing Guojian Baixin Equity Investment Partnership Enterprise (Limited Partnership)* (嘉興國健百心股權投資合夥企業(有限合夥)), a limited partnership established in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the time being in force and as may be amended from time to time
“PRC” or “China”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, Macau and Taiwan
“Repurchase Options”	has the meaning ascribed to it under “The Shareholders Agreement – Shareholders’ Rights and Obligations – Repurchase Options” in this announcement
“RDN”	renal denervation

“RMB”	the lawful currency of the PRC
“Share(s)”	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, comprising Unlisted Foreign Shares and H Shares
“Shareholder(s)”	the holder(s) of the Share(s)
“Shareholders Agreement”	the shareholders agreement dated December 31, 2024 entered into among the Company, the Investor and Zhejiang Bioheart
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Valuation”	the valuation of Zhejiang Bioheart as of November 30, 2024 appraised by the Independent Valuer in its valuation report dated December 25, 2024
“Valuation Base Date”	November 30, 2024
“Zhejiang Bioheart”	Zhejiang Bioheart Medical Equipment Co., Ltd. (浙江百心安醫療器械有限公司), a company established in the PRC with limited liability on October 15, 2024
“%”	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, January 2, 2025

As at the date of this announcement, the Board comprises Mr. Philip Li WANG as Chairman and executive director, Mr. Yunqing WANG and Ms. Peili WANG as executive directors, and Mr. Yiqing CHEN, Mr. Xubo LU and Mr. Yifei JIANG as independent non-executive directors.

* For identification purpose only.

APPENDIX I – LETTER FROM ERNST & YOUNG

REPORT FROM REPORTING ACCOUNTANTS ON THE DISCOUNTED CASH FLOW FORECAST IN CONNECTION WITH THE VALUATION OF EQUITY INTEREST OF ZHEJIANG BIOHEART

To the Directors of Shanghai Bio-heart Biological Technology Co., Ltd.

We have been engaged to report on the arithmetical accuracy of the calculations of the discounted cash flow forecast (the “**Forecast**”) on which the valuation dated December 25, 2024 prepared by China United Assets Appraisal Group (Zhejiang) Co., Ltd. (“中聯資產評估集團(浙江)有限公司”) in respect of the appraised value of equity interest of Zhejiang Bioheart Medical Equipment Co., Ltd. (“浙江百心安醫療器械有限公司”) (the “**Target**”) as at November 30, 2024 is based. The valuation is set out in the announcement of Shanghai Bio-heart Biological Technology Co., Ltd. (the “**Company**”) dated January 2, 2025 (the “**Announcement**”) in connection with the deemed disposal of equity interest in the Target. The valuation based on the Forecast is regarded by The Stock Exchange of Hong Kong Limited as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Directors’ responsibilities

The directors of the Company (the “**Directors**”) are solely responsible for the Forecast. The Forecast has been prepared using a set of bases and assumptions (the “**Assumptions**”), the completeness, reasonableness and validity of which are the sole responsibility of the Directors. The Assumptions are set out on page 2 of the Announcement.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' responsibilities

Our responsibility is to express an opinion on the arithmetical accuracy of the calculations of the Forecast based on our work. The Forecast does not involve the adoption of accounting policies.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the HKICPA. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the arithmetical accuracy of the calculations are concerned, the Directors have properly compiled the Forecast in accordance with the Assumptions adopted by the Directors. Our work consisted primarily of checking the arithmetical accuracy of the calculations of the Forecast prepared based on the Assumptions made by the Directors. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

We are not reporting on the appropriateness and validity of the Assumptions on which the Forecast are based and thus express no opinion whatsoever thereon. Our work does not constitute any valuation of the Target. The Assumptions used in the preparation of the Forecast include hypothetical assumptions about future events and management actions that may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Forecast and the variation may be material. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.60A(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

Opinion

Based on the foregoing, in our opinion, so far as the arithmetical accuracy of the calculations of the Forecast is concerned, the Forecast has been properly compiled in all material respects in accordance with the Assumptions adopted by the Directors.

Ernst & Young
Certified Public Accountants
Hong Kong
January 2, 2025

APPENDIX II – LETTER FROM THE COMPANY’S BOARD RELATING TO THE PROFIT FORECAST

January 2, 2025

Listing Division
The Stock Exchange of Hong Kong Limited
12/F, Two Exchange Square,
8 Connaught Place,
Central, Hong Kong

Dear Sir/Madam,

Major Transaction relating to the Deemed Disposal of Zhejiang Bioheart

We refer to the announcement published by Shanghai Bio-heart Biological Technology Co., Ltd. (the “**Company**”) on January 2, 2025 in relation to the investment agreement entered into by the Company, Zhejiang Bioheart and the Investor (the “**Announcement**”). Unless the context otherwise requires, terms defined in the Announcement shall have the same meanings when used herein.

We refer to the valuation of the entire equity interest of Zhejiang Bioheart as of November 30, 2024 prepared by the Independent Valuer (the “**Valuation**”). The Valuation is based on the discounted future estimated cash flows and is therefore regarded as a profit forecast under Rule 14.61 of the Listing Rules.

We have reviewed the profit forecast upon which the Valuation has been made and considered the basis and assumptions upon which the profit forecast has been made. We have also considered the letter dated January 2, 2025 addressed to the Board from Ernst & Young regarding its opinion on the discounted future estimated cash flows of the Valuation is based which, so far as the calculations are concerned, have been properly complied in accordance with the basis and assumptions determined by the Directors in the Valuation.

On the basis of the foregoing, we hereby confirmed that the profit forecast has been made after due and careful enquiry.

Yours faithfully,
For and on behalf of the Board of Directors
Philip Li WANG
Chairman and executive director