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## **PW MEDTECH GROUP LIMITED**

### **普 华 和 顺 集 团 公 司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1358)**

## **PROPOSED SPIN-OFF OF SICHUAN RUIJIAN MEDICAL**

The Board is pleased to announce that on June 26, 2024, Sichuan Ruijian Medical, an indirect non-wholly owned subsidiary of the Company, submitted an application to NEEQ Co., Ltd., the operator of the NEEQS for the NEEQS Quotation. The application was accepted by the NEEQ Co., Ltd. on June 28, 2024. No new shares of Sichuan Ruijian Medical will be issued in relation to the NEEQS Quotation and Sichuan Ruijian Medical will remain as a subsidiary of the Company upon the completion of the NEEQS Quotation. The NEEQS Quotation is subject to the approval of the NEEQ Co., Ltd.

As the NEEQS Quotation does not involve any issuance of new shares of Sichuan Ruijian Medical, the NEEQS Quotation does not constitute a transaction under Chapter 14 of the Listing Rules. The Company will publish announcement to update its Shareholders of the progress of the NEEQS Quotation.

**Shareholders and potential investors should note that the Proposed Spin-off is subject to, among other things, the prevailing market conditions and approvals from relevant authorities, including the NEEQS, the CSRC and Beijing Stock Exchange. Accordingly, Shareholders and potential investors should be aware that the Company does not guarantee that the Proposed Spin-off will materialize, nor the timing thereof. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

## **THE PROPOSED SPIN-OFF**

Reference is made to the announcement of the Company dated May 20, 2024 in relation to the Proposed Spin-off. The Company has submitted an application in relation to the Proposed Spin-off to the Stock Exchange for approval pursuant to PN15, and the Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off under PN15 of the Listing Rules. Further, the Company has also applied for, and the Stock Exchange has granted, a waiver from compliance with the assured entitlement requirement under Paragraph 3(f) of Practice Note 15 of the Listing Rules.

The Board is pleased to announce that on June 26, 2024, Sichuan Ruijian Medical, an indirect non-wholly owned subsidiary of the Company, submitted an application to the National Equities Exchange and Quotations Co., Ltd. (全國中小企業股份轉讓系統有限責任公司) (“**NEEQ Co., Ltd.**”), the operator of the NEEQS for the NEEQS Quotation. The application was accepted by the NEEQ Co., Ltd. on June 28, 2024. No new shares of Sichuan Ruijian Medical will be issued in relation to the NEEQS Quotation and Sichuan Ruijian Medical will remain as a subsidiary of the Company upon the completion of the NEEQS Quotation. The NEEQS Quotation is subject to the approval of the NEEQ Co., Ltd.

The Board believes that the Proposed Spin-off is fair and reasonable and in the interests of the Company and its Shareholders as a whole as:

- (1) there is a great potential for blood purification medical device in the PRC market in terms of both market size and growth prospect. The Proposed Spin-off is expected to promote the reputation and profile of Sichuan Ruijian Medical in the PRC market and enhance its ability and opportunities to capture and benefit from such market growth, with potential increases in sales and market share. With the reputation and profile being raised, Sichuan Ruijian Medical is expected to have more opportunities to win certain tendering, attract human resources and obtain government subsidies;
- (2) the Proposed Spin-off is also expected to allow Sichuan Ruijian Medical Group to create a clearly defined business focus, which would help further reinforce its leading position in the blood purification industry with its own integrated R&D, manufacturing, sales and services;
- (3) the Proposed Spin-off will unlock embedded value for the Shareholders and help identify and establish the fair value of the Company’s blood purification medical device business, in particular, the fair value represented by Sichuan Ruijian Medical Group’s profitability and technology in the area of blood purification medical device;
- (4) the Proposed Spin-off will enable Sichuan Ruijian Medical to have direct access to the domestic capital market, broaden its financing channels and increase its financing capabilities; and
- (5) the Proposed Spin-off will provide the market with great clarity on the business and financial position of Sichuan Ruijian Medical and help enhance its own corporate governance.

## **INFORMATION ON THE COMPANY AND SICHUAN RUIJIAN MEDICAL**

The Company is a leading medical device company in China and the members of the Group are principally engaged in the R&D, manufacturing and sales of (i) advanced infusion set, intravenous cannula products, insulin needles etc., (ii) blood purification medical devices, and (iii) animal-derived regenerative medical biomaterials and human tissue repair alternative products in the PRC.

Sichuan Ruijian Medical is a non-wholly owned subsidiary of the Company as of the date of this announcement. It is a joint stock company with limited liability established in the PRC on August 6, 2013. Sichuan Ruijian Medical is a medical device company, principally engaged in the R&D, manufacturing and sales of medical device for blood purification. As of the date of this announcement, the shareholding structure of Sichuan Ruijian Medical is set out below:

<b>Shareholders of Sichuan Ruijian Medical</b>	<b>Shareholding Percentage</b>
Medcore Investment <sup>(Note 1)</sup>	48.49%
Lepu Medical	17.11%
Shenzhen Venture Capital Manufacturing Transformation and Upgrading New Materials Fund (Limited Partnership) (深創投製造業轉型升級新材料基金(有限合夥))	10.05%
Shanghai Junwei Investment Management Center (Limited Partnership) (上海鈞衛投資管理中心(有限合夥))	8.74%
Rizhao Chengrui Corporate Management Partnership (Limited Partnership) (日照成睿企業管理合夥企業(有限合夥))	3.25%
Suzhou Industrial Park Xinjianyuan Phase IV Equity Investment Partnership (Limited Partnership) (蘇州工業園區新建元四期股權投資合夥企業(有限合夥))	2.44%
Ningbo Zhengyao Investment Management Center (Limited Partnership) (寧波正垚投資管理中心(有限合夥)) (“Ningbo Zhengyao”) <sup>(Note 2)</sup>	2.06%
Huizhi Xiangshun Equity Investment Fund (Qingdao) Partnership (Limited Partnership) (匯智翔順股權投資基金(青島)合夥企業(有限合夥))	1.65%
Wang Tao (王滔)	1.57%
Hubei Jiuzhou Zhiyi Equity Investment Fund Partnership (Limited Partnership) (湖北九州智醫股權投資基金合夥企業(有限合夥))	1.10%
Huizhi Industrial Investment Kanglan Venture Capital (Huzhou) Partnership (Limited Partnership) (匯智產投康嵐創業投資(湖州)合夥企業(有限合夥))	1.10%
Tianjin Jinyitongda Venture Capital Fund Partnership (Limited Partnership) (天津金意通達創業投資基金合夥企業(有限合夥))	0.73%
Nanjing Bangsheng Yingxin No. 2 Venture Capital Partnership (Limited Partnership) (南京邦盛贏新二號創業投資合夥企業(有限合夥))	0.73%
Shanghai Panjinhua Business Consulting Partnership (Limited Partnership) (上海磐錦華商務諮詢合夥企業(有限合夥))	0.44%
Yu Bin (余彬)	0.25%
Wuhan Junzheng Jiaming Venture Capital Fund Partnership (Limited Partnership) (武漢市君正佳明創業投資基金合夥企業(有限合夥))	0.18%
Suzhou Yuanrui Venture Capital Partnership (Limited Partnership) (蘇州元瑞創業投資合夥企業(有限合夥))	0.12%
<b>Total</b>	<b>100%</b> <sup>(Note 3)</sup>

*Notes:*

1. On December 22, 2023, Medcore Investment and Ningbo Zhengyao entered into an acting-in-concert agreement pursuant to which Medcore Investment and Ningbo Zhengyao agreed to exercise their voting rights unanimously in respect of their respective equity interest in Sichuan Ruijian Medical at all shareholders' meetings of Sichuan Ruijian Medical. Please refer to the announcement of the Company dated December 22, 2023.
2. Ningbo Zhengyao is the employee shareholding platform for the purpose of the stock incentive plan of Sichuan Ruijian Medical. As Sichuan Ruijian Medical does not constitute a principal subsidiary of the Company under Rule 17.14 of the Listing Rules as of the date of the announcement, the stock incentive plan of Sichuan Ruijian Medical is not subject to Chapter 17 of the Listing Rules.
3. The aggregate percentage may not add up to 100% due to rounding.

## **LISTING RULES IMPLICATION**

The Company has submitted an application in relation to the Proposed Spin-off to the Stock Exchange for approval pursuant to PN15, and the Stock Exchange has confirmed that the Company may proceed with the Proposed Spin-off under PN15 of the Listing Rules. Further, the Company has also applied for, and the Stock Exchange has granted, a waiver from compliance with the assured entitlement requirement under Paragraph 3(f) of Practice Note 15 of the Listing Rules.

As the NEEQS Quotation does not involve any issuance of new shares of Sichuan Ruijian Medical, the NEEQS Quotation does not constitute a transaction under Chapter 14 of the Listing Rules. The Company will publish announcement to update its Shareholders of the progress of the NEEQS Quotation.

The Subsequent Listing, if materialized, may constitute a deemed disposal and a notifiable transaction of the Company under Chapter 14 of the Listing Rules. The Company will comply with the relevant announcement and/or Shareholders' approval requirements (if applicable) where appropriate. Further announcement(s) will be made by the Company in accordance with the Listing Rules as and when appropriate.

## **WAIVER FROM COMPLIANCE WITH THE ASSURED ENTITLEMENT REQUIREMENT UNDER PARAGRAPH 3(F) OF PN15**

Paragraph 3(f) of Practice Note 15 of the Listing Rules requires a listed company carrying out a spin-off to have due regard to the interests of its existing shareholders by providing them with an assured entitlement to shares in the spun-off entity, either by way of a distribution in specie of existing shares in the spun-off entity or by way of preferred application in any offering of existing or new shares in the spun-off entity.

However, as advised by the PRC legal advisers of Sichuan Ruijian Medical in connection with the Proposed Spin-off, under the relevant securities laws and other relevant regulations and rules currently in force in the PRC, other than (a) residents of Hong Kong and Macau Special Administrative Region and Taiwan working and living in the Mainland China; (b) foreigners working in the Mainland China

and whose home country's securities regulatory authorities have established regulatory cooperation mechanisms with the China Securities Regulatory Commission; (c) foreigners who have obtained permanent residency in China; (d) eligible foreign investors who have made strategic investments in listed companies in the PRC; (e) Qualified Foreign Institutional Investors (QFII); (f) RMB Qualified Foreign Institutional Investors (RQFII); (g) foreign natural investors who meet the requirements relevant to the incentive criteria under the Administrative Measures for the Incentive Measures of Listed Companies (only applicable to listed companies to implement the equity incentive for foreign natural employees); and (h) foreign investors holding shares of the company to be listed before the initial public offering, ((a) to (h) are collectively referred to as the **"Qualified Non-PRC Investors"**), non-PRC investors like natural persons of Hong Kong and Macau Special Administrative region and Taiwan, foreign institutions and the institutions founded in Hong Kong and Macau Special Administrative Region and Taiwan are not allowed to open A shares securities accounts and hence they are not allowed to participate in offline distribution or online subscription of new shares in Sichuan Ruijian Medical in the PRC.

Based on the information available from the Company's list of Shareholders as of the date of this announcement, it appears that a large majority of the registered Shareholders do not have the necessary qualifications for investing in A shares listed companies. Based on the information available to the Company, it will be impractical and/or unduly burdensome for the Company to inquire into every existing Shareholder to ascertain each of their qualifications for the assured entitlements of shares of Sichuan Ruijian Medical. Moreover, for those Shareholders who are not Qualified Non-PRC Investors yet, it is unlikely that all, if any, of them will apply for and will be approved as Qualified Non-PRC Investors under the relevant PRC laws and regulations. In order to comply with the relevant PRC laws and regulations, it is also impossible for the Company to provide assured entitlement of shares of Sichuan Ruijian Medical to those Shareholders who are not Qualified Non-PRC Investors.

Paragraph 3(f) of Practice Note 15 of the Listing Rules also provides that minority Shareholders may by resolution in general meeting resolve to waive the assured entitlement. However, even if the minority Shareholders do not approve the waiver of assured entitlement at a general meeting, the above-mentioned legal restrictions could not be overridden. Compliance with the assured entitlement requirement would not be for the benefit of the Company and the Shareholders if such arrangement cannot be applied to all the Shareholders on an equal basis.

In view of the above legal restrictions in the PRC, if assured entitlement in relation to the Proposed Spin-off is provided, Shareholders who are not Qualified Non-PRC Investors would not be eligible to the assured entitlement while Shareholders who are Qualified Non-PRC Investors would be eligible to the assured entitlement. This means that not all Shareholders will be treated equally which is not in line with the spirit of provision of an assured entitlement under paragraph 3(f) of Practice Note 15 of the Listing Rules.

Having considered that Sichuan Ruijian Medical and the Company would need to comply with the requirements under the laws of the PRC and the benefits expected to accrue to Sichuan Ruijian Medical and the Company as a result of the Proposed Spin-off as illustrated above and given that it is intended that Sichuan Ruijian Medical will remain as a subsidiary of the Company upon completion of the Proposed Spin-off subject to the Company and its auditor's assessment under HKFRS, the Directors are of the view that the Proposed Spin-off and the non-provision of an assured entitlement in relation to the Proposed Spin-off is fair and reasonable, and in the interests of the Company and its Shareholders as a whole. The Board also confirms with the Company that the Proposed Spin-off and a waiver from compliance with the assured entitlement requirement under Paragraph 3(f) of Practice Note 15 of the Listing Rules are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

Accordingly, the Company has applied for a waiver from compliance with the assured entitlement requirement under Paragraph 3(f) of Practice Note 15 of the Listing Rules (the “**Waiver**”) and the Stock Exchange has granted the Waiver on the condition that the Company would publish an announcement stating:

- (a) the reasons for not providing assured entitlement to the Shareholders;
- (b) the legal restrictions under the PRC laws and regulations in providing assured entitlement; and
- (c) the Board's confirmation to the Company that the Proposed Spin-off and the Waiver are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

## **TERMINATION OF THE SPECIAL RIGHTS**

As disclosed in the circular of the Company dated December 31, 2021, Medcore Investment is entitled to enjoy the special rights, including pre-emptive rights, right to transfer of equity interest in Sichuan Ruijian Medical, restriction on the transfer of equity interest in Sichuan Ruijian by the Vendors, right of first refusal, liquidation preference and drag-along rights (the “**Special Rights**”).

On June 14, 2024, Medcore Investment entered into a supplemental agreement to the Share Transfer Agreement, pursuant to which to terminate the Special Rights with effect from the date on which the application for the NEEQS Quotation is accepted. Such termination of the Special Rights is required under relevant rules of NEEQS.

**Shareholders and potential investors should note that the Proposed Spin-off is subject to, among other things, the prevailing market conditions and approvals from relevant authorities, including the NEEQS, the CSRC and Beijing Stock Exchange. Accordingly, Shareholders and potential investors should be aware that the Company does not guarantee that the Proposed Spin-off will materialize, nor the timing thereof. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**



## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“Company”	PW Medtech Group Limited (普华和顺集团公司), an exempted company incorporated under the laws of the Cayman Islands with limited liability on May 13, 2011
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“HKFRS”	Hong Kong Financial Reporting Standard
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Lepu Medical”	Lepu Medical Technology (Beijing) Co., Ltd. (乐普(北京)医疗器械股份有限公司), a joint stock company incorporated in the PRC on June 11, 1999 and listed on the Shenzhen Stock Exchange (stock code: 300003)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
“Medcore Investment”	Medcore Investment Limited (美宜科投资有限公司), a limited company incorporated under the laws of Hong Kong on September 9, 2021 and a wholly-owned subsidiary of the Company
“NEEQS”	National Equities Exchange and Quotations System
“NEEQS Quotation”	the proposed spin-off of Sichuan Ruijian Medical, by way of a separate quotation on NEEQS without issuance of new shares
“PN15”	Practice Note 15 of the Listing Rules
“PRC”	The People’s Republic of China, which expression for the purpose of this announcement, except where the context requires otherwise, does not include Hong Kong, the Macau Special Administrative Region and Taiwan
“Proposed Spin-off”	the NEEQS Quotation and the Subsequent Listing

“R&D”	research and development
“Share(s)”	ordinary share(s) of par value US\$0.0001 each in the equity interest of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Sichuan Ruijian Medical”	Sichuan Rekind Medtec., Inc. (also known as Sichuan Ruijian Medical Technology Co. Ltd.) (四川睿健醫療科技股份有限公司), a joint stock limited liability company established in PRC on August 6, 2013, a non-wholly owned subsidiary of the Company
“Sichuan Ruijian Medical Group”	Sichuan Ruijian Medical and its subsidiaries
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsequent Listing”	a subsequent listing of Sichuan Ruijian Medical on Beijing Stock Exchange subject to the then market conditions and its strategic development needs
“subsidiary(ies)”	has the meaning ascribed to it in the Listing Rules
“Vendors”	collectively, Ningbo Yihui Investment Management Center (Limited Partnership) (寧波醫惠投資管理中心(有限合夥)), Shanghai Junwei Investment Management Center (Limited Partnership) (上海鈞衛投資管理中心(有限合夥)), Pingxiang Chengrui Management Consulting Partnership (Limited Partnership) (萍鄉成睿管理諮詢合夥企業(有限合夥)), Tianjin Tongchen Medical Technology Partnership (Limited Partnership) (天津同辰醫療科技合夥企業(有限合夥)), Ningbo Zhengyao Investment Management Center (Limited Partnership) (寧波正垚投資管理中心(有限合夥)) and Wang Tao (王滔)
“%”	per cent

By Order of the Board  
**PW Medtech Group Limited**  
 普华和顺集团公司  
**Yue’e Zhang**  
*Chairman & Chief Executive Officer*

Hong Kong, July 2, 2024

*As at the date of this announcement, the Board comprises one executive director, namely, Ms. Yue’e Zhang; two non-executive directors, namely Mr. Jiang Liwei and Mr. Lin Junshan; and three independent non-executive directors, namely, Mr. Wang Xiaogang, Mr. Chen Geng and Ms. Wang Fengli.*