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LifeTech Scientific Corporation

先健科技公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1302)

CONNECTED TRANSACTION

UPDATES ON THE PROGRESS OF OPERATION OF THE JV COMPANY

Reference is made to the announcement made by the Company on 16 September 2019 headlined “Formation of a Joint Venture”.

The Board hereby announces that, on 8 November 2019, Lifetech Shenzhen entered into the Technology Transfer Agreement with JV Company having received the assessment and advice from an independent third-party professional consulting agency.

Technology Transfer Agreement

Pursuant to the Technology Transfer Agreement, Lifetech Shenzhen agreed to transfer the patents in relation to the project of IBS Angel™ iron alloy bioabsorbable stent system for blood vessels in lungs (“**IBS Angel**”) and the patents in relation to the project of IBS Titan™ iron alloy bioabsorbable peripheral stent system (“**IBS Titan**”) to the JV Company. The consideration for the transfer amounted to RMB11.47 million, which was arrived at based on the valuation by an independent qualified valuation company based on fair asset value.

Business Progress of the JV Company

As of the date of this announcement, the application for registration of CE Mark in respect of the IBS Angel project has been submitted, while Chinese and European multicenter clinical study is in preparation for the IBS Titan project. In order to support the carrying out of the abovementioned businesses, Lifetech Shenzhen entered into the Technology Transfer Agreement with the JV Company, which arrangement has further implemented the Group’s plan to develop the business of bioabsorbable materials project of the JV Company and broaden the product mix of the Group. The Group will continue to assist the JV Company for its healthy and sound operation, with a view to continuously enhancing the overall strength and competitiveness of the Group.

LISTING RULES IMPLICATIONS

As at the date of this announcement, (i) Dr. Zhang was a director of the Company in the last 12 months as he resigned as an executive Director of the Company in March 2019; (ii) to the best of the Directors' information and knowledge, Dr. Zhang is interested as to not less than 30% of Shenzhen Xinyuan (with certain employees of the Group interested in the remaining portion); and (iii) Lifetech Shenzhen and Shenzhen Xinyuan are interested as to 70% and 30% of the JV Company, respectively. Therefore, Dr. Zhang, Shenzhen Xinyuan and the JV Company are connected persons of the Company within the meaning of Chapter 14A of the Listing Rules. Meanwhile, as Lifetech Shenzhen and Shenzhen Xinyuan are interested as to 70% and 30% of the JV Company, respectively, the transfer of technology will constitute a deemed disposal of 30% of the Patents. The deemed disposal contemplated under the Technology Transfer Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Technology Transfer Agreement and the deemed disposal exceed 0.1% but are less than 5%, such events are connected transactions subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

TECHNOLOGY TRANSFER AGREEMENT

On 8 November 2019, Lifetech Shenzhen entered into the Technology Transfer Agreement with JV Company in relation to the transfer of certain patents, the details of which are set out below:

Date:

8 November 2019

Parties:

- (i) Lifetech Shenzhen, as the transferor
- (ii) JV Company, as the transferee

CONSIDERATION

Pursuant to the Technology Transfer Agreement, Lifetech Shenzhen shall dispose of the Patents (as defined below) at a total consideration of RMB11.47 million. The consideration for the transfer amounted to RMB11.47 million, which was arrived at based on the valuation by an independent qualified valuation company based on fair asset value. Meanwhile, the Group does not expect to record any significant gains or losses in respect of this transaction. The proceeds from the disposal of approximately RMB11.47 million will be used as the general working capital of the Group.

The JV Company shall settle the consideration by making a one-off cash payment to Lifetech Shenzhen within 10 working days upon the entering into of the Technology Transfer Agreement.

PATENTS

The patents to be transferred and listed in the Technology Transfer Agreement include the patents in relation to the project of IBS Angel and the patents in relation to the project of IBS Titan (the “**Patents**”). This transfer of the Patents is mainly for the purpose of supporting most updated business development of the IBS Angel and IBS Titan projects.

INFORMATION ON THE GROUP AND THE JV COMPANY

The Group is principally engaged in the developing, manufacturing and marketing of advanced minimally invasive interventional medical devices for cardiovascular and peripheral vascular diseases and disorders.

The JV Company is a subsidiary non-wholly owned by the Company and established in Shenzhen, PRC, which is owned as to 70% and 30% by Lifetech Shenzhen and Shenzhen Xinyuan, respectively. Its principal business includes the research and development, manufacturing and sale of metallic bioabsorbable products for medical use and the provision of related technical services.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The entering into of the Technology Transfer Agreement has further implemented the Group’s plan to develop the principal business of the JV Company and broaden the product mix of the Group. The Company will continue to assist the JV Company for its healthy and sound operation, with a view to continuously enhancing the overall strength and competitiveness of the Group.

The Directors (including the independent non-executive Directors) are of the view that the entering of the Technology Transfer Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and 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. As none of the Directors has any material interest in the Technology Transfer Agreement, no Directors were required to abstain from voting on the relevant board resolutions passed.

LISTING RULES IMPLICATIONS

As at the date of this announcement, (i) Dr. Zhang was a director of the Company in the last 12 months as he resigned as an executive Director of the Company in March 2019; (ii) to the best of the Directors' information and knowledge, Dr. Zhang is ultimately interested as to not less than 30% of Shenzhen Xinyuan (with certain employees of the Group interested in the remaining portion); and (iii) Lifetech Shenzhen and Shenzhen Xinyuan are interested as to 70% and 30% of the JV Company, respectively. Therefore, Dr. Zhang, Shenzhen Xinyuan and the JV Company are connected persons of the Company within the meaning of Chapter 14A of the Listing Rules. Meanwhile, as Lifetech Shenzhen and Shenzhen Xinyuan are interested as to 70% and 30% of the JV Company, respectively, the transfer of technology will constitute a deemed disposal of 30% of the patent. The deemed disposal contemplated under the Technology Transfer Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Technology Transfer Agreement and the deemed disposal exceed 0.1% but are less than 5%, such events are connected transactions subject to the reporting and announcement requirements but exempt from the circular (including independent financial advice) and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“Board”	means the board of Directors of the Company
“Company”	means LifeTech Scientific Corporation, a company incorporated in the Cayman Islands with limited liability, the shares of which were listed on the Main Board of the Stock Exchange after being transferred from Growth Enterprise Market of the Stock Exchange on 6 November 2013
“connected person”	has the meaning ascribed to it under the Listing Rules

“Director(s)”	means the directors of the Company or any one of them
“Dr. Zhang”	means Dr. Zhang Deyuan (張德元), who resigned as a director of the Company on 28 March 2019 and, as at the date of this announcement, was a director of the Company in the last 12 months and a connected person of the Company
“Group”	means the Company and its subsidiaries
“JV Company”	means Yuanxin Technology (Shenzhen) Co., Ltd.* (元心科技(深圳)有限公司), a subsidiary not wholly owned by the Company and established in Shenzhen, PRC
“Lifetech Shenzhen”	means Lifetech Scientific (Shenzhen) Co., Ltd.* (先健科技(深圳)有限公司), a company incorporated in Shenzhen, PRC and wholly-owned by the Company
“Shenzhen Xinyuan”	means Shenzhen Xinyuan Investment Enterprise LLP* (深圳市心元投資企業(有限合夥)), a limited liability partnership established in Shenzhen, PRC and owned as to not less than 30% by Dr. Zhang (a person who was a Director in the last 12 months) and the remaining portion is interested by employees of the Group who are otherwise third parties independent of the Company and connected persons of the Company
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	means the People’s Republic of China, for the purposes of this announcement, excluding Hong Kong Special Administrative Region of the People’s Republic of China, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	means Renminbi, the legal currency of the PRC

“Technology Transfer Agreement”

means the technology transfer (patent) agreement entered into between Lifetech Shenzhen and the JV Company dated 8 November 2019 in relation to the transfer of patent technologies as further set out in this announcement

“%”

means per cent.

* *English names are translated for identification purpose only*

By order of the Board
LifeTech Scientific Corporation
XIE Yuehui
*Chairman, Chief Executive Officer
and Executive Director*

Hong Kong, 8 November 2019

As at the date of this announcement, the Board comprises Mr. XIE Yuehui and Mr. LIU Jianxiong being executive Directors; Mr. JIANG Feng and Mr. FU Feng being non-executive Directors; and Mr. LIANG Hsien Tse Joseph, Mr. WANG Wansong and Mr. ZHOU Luming being independent non-executive Directors.