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## **LifeTech Scientific Corporation**

**先健科技公司**

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

**(Stock Code: 1302)**

### **MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE COOPERATION AGREEMENT**

Reference is made to the Announcement of the Company dated 5 July 2013 in relation to the acquisition of Land Use Right in respect of the Land by its wholly-owned subsidiary, Lifetech Shenzhen.

The Board is pleased to announce that on 26 September 2014, Lifetech Shenzhen entered into the Cooperation Agreement with Mr. Xie and Mr. Wu pursuant to which the Parties agreed to jointly construct the Building and to jointly contribute a total amount of RMB250 million, pursuant to which Lifetech Shenzhen shall contribute RMB60 million (inclusive of the Acquisition Fee previously paid). On the other hand, Mr. Xie and Mr. Wu shall jointly and severally contribute capital at the total amount of RMB190 million, out of which Mr. Xie shall contribute 55% at RMB104.5 million while Mr. Wu shall contribute 45% at RMB85.5 million. In return, Mr. Xie and Mr. Wu will be entitled to the right to use their Allocated Areas according to their respective capital contribution percentage.

As the highest applicable percentage ratio calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Cooperation Agreement is more than 25% but less than 100%, the transaction contemplated under the Cooperation Agreement constitutes a major transaction under Chapter 14 of the Listing Rules.

In addition, as Mr. Xie and Mr. Wu are the Directors and controlling shareholders of the Company and hence connected persons of the Company under the Listing Rules. As the highest applicable percentage ratio is more than 25%, the transaction under the Cooperation Agreement is a non-exempt connected transaction of the Company which is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee has been formed to provide recommendation to the Independent Shareholders in relation to the Cooperation Agreement and the transaction contemplated thereunder. Optima, an independent financial adviser, has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

The Company expects that a circular containing, among other things, (i) details of the Cooperation Agreement; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from Optima to the Independent Board Committee and the Independent Shareholders; and (iv) other information as required under the Listing Rules will be dispatched to the Shareholders as soon as possible but in any event by 21 October 2014.

Reference is made to the Announcement of the Company dated 5 July 2013. As disclosed in the Announcement, Lifetech Shenzhen successfully acquired the Land Use Right in respect of the Land. The Board is pleased to announce that on 26 September 2014, Lifetech Shenzhen entered into the Cooperation Agreement with Mr. Xie and Mr. Wu pursuant to which the Parties agreed to jointly construct the Building and to jointly contribute a total amount of RMB250 million, pursuant to which Lifetech Shenzhen shall contribute RMB60 million (inclusive of the Acquisition Fee previously paid). On the other hand, Mr. Xie and Mr. Wu shall jointly and severally make a capital contribution at the total amount of RMB190 million, out of which Mr. Xie shall contribute 55% at RMB104.5 million while Mr. Wu shall contribute 45% at RMB85.5 million. In return, Mr. Xie and Mr. Wu will be entitled to the right to use their Allocated Areas according to their respective capital contribution percentage.

As confirmed by Zhong Lun Law Firm, PRC legal counsels to the Company, the terms of the Cooperation Agreement are in full compliance with the applicable PRC laws and regulations and will not contravene, conflict with or result in a breach of any compulsory requirements of the PRC Laws. Below is a summary of the key terms under the Cooperation Agreement:

## THE COOPERATION AGREEMENT

**Date:** 26 September 2014

**Parties:** Party A: Lifetech Shenzhen  
Party B: (1) Mr. Xie; (2) Mr. Wu

**Contribution Amounts:** For the total construction cost of RMB250 million, Party A shall contribute RMB60 million (inclusive of the Acquisition Fee previously paid) and Party B shall contribute RMB190 million. The Parties agree that the total maximum capital contribution for the construction of the Building shall not exceed RMB300 million.

If the actual construction cost is equal to or less than RMB250 million, Party A shall be responsible for 24% of the actual construction cost while Party B shall be responsible for 76% of the actual construction cost.

If the actual construction cost exceeds RMB250 million but the excess amount is less than RMB25 million (the “**Additional Construction Cost**”), Party A shall decide on any one of the following options below for Party B to make payment:

- (i) Party B shall be responsible for 76% of the Additional Construction Cost, subject to the maximum amount of RMB38 million (if applicable); or
- (ii) Party B shall be responsible for 100% of the Additional Construction Cost, subject to the maximum amount of RMB50 million (if applicable); or
- (iii) all Additional Construction Cost shall be paid by Party A and Party B shall not be responsible for the Additional Construction Cost.

If the Additional Construction Cost exceeds RMB25 million, unless Party A decides to be responsible for all such Additional Construction Cost, Party A shall obtain prior consent from Party B before deciding on option (i) or (ii) above, and Party B shall pay for the Additional Construction Cost within reasonable time as requested by Party A.

Each member of Party B shall be jointly and severally liable for the capital contribution of Party B, out of which Mr. Xie shall contribute 55% while Mr. Wu shall contribute 45%.

**Payment  
Term:**

Party B shall transfer a total of RMB190 million to Party A's designated bank account by installments in the following manner:

- (1) payment of 20% of the total amount shall be made within 10 working days after the signing of the Construction Agreement;
- (2) during the construction period, payment shall be made within 10 working days after receipt of Party A's payment requests to be issued pursuant to the payment timeline as set out in the Construction Agreement; and
- (3) payment of the remainder of the construction cost shall be made within 10 working days after the Building is available for use and the Parties enter into a separate agreement on the allocation of Saleable Areas.

Party B is liable for late payment penalty at (i) 0.05% of the outstanding amount for each day of delay, or (ii) the liquidated damages, penalties or other indemnities for breach of contract claimed against Party A by the third party contractors due to late payment, whichever is higher.

**Saleable  
Areas:**

Each of the Parties shall be entitled to the right to use part of the Saleable Areas of the Building in proportion to the Capital Contribution Ratio. Details of the allocation of the Saleable Areas between the Parties, including the number and location of rooms within the Building shall be negotiated and mutually agreed by the Parties after the construction of the Building is complete and the Building is available for use. Party A shall have the priority right to choose its desired Saleable Areas of the Building.

**Ownership  
Rights:**

Party B shall not be entitled to any ownership right of the Allocated Areas or the Land Use Right in respect of the Land. However, Party B shall have the right to receive the economic benefits from Allocated Areas by means of self-use or leasing out the Allocated Areas in accordance with the permitted uses of the Land. If Party B leases out the Allocated Areas, they shall ensure that the tenant shall only use such Allocated Areas for permitted uses in accordance with the local government requirements. Should Party A require additional premises within the Building to meet its operational and business needs, Party A shall have the priority right to leaseback such premises from the Allocated Areas on conditions which are not less favourable than those available to third party lessees.

**Party B's  
Authorized  
Representative:**

For the avoidance of doubt, the two individual members of Party B agrees to issue to Party A a power of attorney confirming the appointment of Mr. Wu as the authorized representative (the "**Authorized Representative**") of Party B on or before the date of signing the Cooperation Agreement. Upon appointment of the Authorized Representative, all rights and obligations carried out by Party A against the Authorized Representative pursuant to the Cooperation Agreement shall be deemed as all rights and obligations carried out by Party A against Party B. The allocation of rights between the individual members of Party B shall be provided for pursuant to their respective capital contribution percentage.

**Pre-emptive  
Rights:**

In the event that Lifetech Shenzhen decides to transfer its ownership rights in respect of the Building or the Allocated Areas pursuant to the prevailing PRC laws and regulations, Party B shall be entitled to a pre-emptive right for the Allocated Areas. The purchase price of the Allocated Areas shall be negotiated and mutually agreed by the Parties having considered, among other matters, the then current market value of the Allocated Areas and the beneficial interests of Party B. If an independent third party makes an offer to purchase the Building, Party B shall be entitled to a pre-emptive right to purchase the Building under the same price and conditions offered by such independent third party. However, if Party A only transfers all or part of the Allocated

Areas, then such transfer shall be subject to Party B's prior consent, unless such transfer is conducted by the order of the competent government or regulatory authorities, courts or decisions of the relevant arbitral tribunal.

Subject to the above, if Party A transfers the Building or any part thereof to any third party, Party A may terminate this Agreement and Party B's right to use the Allocated Areas, provided that Party A shall share the transfer price with Party B according to the Capital Contribution Ratio. However, in the case where the third party purchaser is only interested in purchasing Party A's economic rights to the Land and the Building and agrees to assume Party A's obligations under this Agreement, Party A shall have no obligation to pay any compensation to Party B.

**Land Use  
Right:**

If, at the expiry of the term of Land Use Right of the Land, Lifetech Shenzhen wishes to pay the Land Premium for the extension of the Land Use Right, then unless Lifetech Shenzhen decides to be responsible for all such Land Premium, Party B shall have the right to decide whether or not to fund the Land Premium according to the Capital Contribution Ratio and the parties shall enter into a separate agreement to define their rights and obligations. The Parties will consult with each other and decide whether or not to extend the term of the Land Use Right of the Land at least six months before the expiration of such term. If Party A decides not to extend the term of the Land Use Right while Party B intends to do so, the Parties shall discuss and decide to transfer or extend the Land Use Right under Party B's name (without Party A being registered as a nominal owner) to the extent permitted by the then applicable laws, and the Parties shall cooperate to complete the relevant formalities, provided that Party B shall be responsible for all the Land Premium and other fees (if any) for the transfer or extension. Thereafter, the economic rights to the entire Building shall belong to Party B, and taxes arising from the use of Building shall be borne by Party B.

**Sharing of Risks:**

The Parties agree that they will share the risks or losses associated with the construction and use of the Building according to the Capital Contribution Ratio. During the construction period, Party A shall timely notify Party B any potential risks associated with the construction of the Building by way of written notice.

**Termination:**

Either Party (“**Terminating Party**”) shall have the right to terminate the Cooperation Agreement by giving ten (10) working days’ prior written notice to the other Party in the event of any of the following circumstances:

- (i) the other Party materially breaches its obligations under the Cooperation Agreement not due to the Terminating Party’s default, and such breach is not remedied within thirty (30) working days after the Terminating Party’s written notice; or
- (ii) the implementation of the Cooperation Agreement is rendered impossible due to any force majeure event; or
- (iii) the Land or the Building is requisitioned by the government authorities without any default of any Party; or
- (iv) the Cooperation Agreement is held invalid or cannot be implemented due to change of law or policy, or any other causes beyond the Parties’ control.

If the Cooperation Agreement is terminated by Party A due to (i) above, Party A shall have no obligation to refund any capital contribution paid by Party B for the construction of the Building. If the Cooperation Agreement is terminated by Party B due to (i) above, Party A shall fully refund any capital contribution paid by Party B pursuant to the Cooperation Agreement.

If the Cooperation Agreement is terminated due to (ii) or (iii) above, the Parties shall share the remaining value of the Building or the compensations paid by the government authority (if any) for the requisition according to the Capital Contribution Ratio.

If the Cooperation Agreement is terminated due to (iv) above and Party A continues to own the property title of the Building, Party A shall collect on Party B’s behalf and transfer to Party B the

rental or other economic interests derived from the Allocated Areas. Except for the situation where Party B refuses to accept the economic interests transferred by Party A without valid reasons, if Party A has received Party B's rental payment entitlements but refuses to transfer such amounts to Party B without valid reasons, Party B shall have the right to request Party A to provide investment compensation which shall be equal to the price of the Building to be confirmed by a property valuer multiplied by the Capital Contribution Ratio of Party B. For the avoidance of doubt, the Parties acknowledge that Party A shall have no obligation to guarantee the amount of rental proceeds receivable for the Allocated Areas, and Party B shall assume any risks associated with the lease of the Building or rental collections thereof.

During the construction period of the Building (i.e., before the completion inspection of the entire Building), if Party B's combined direct or indirect equity interests in the Company fall below 10% due to Party B's transfer or disposal of such shares, or if any member of Party B no longer serves as a director of the Company, Party A shall have the right to terminate the Cooperation Agreement and shall refund to Party B its capital contribution amount. Party B shall not be entitled to any right or interest to the Allocated Areas after receipt of such refund.

If Party A undergoes material events such as restructuring, mergers and acquisitions or compliance requirements, or Party A has to terminate the Cooperation Agreement pursuant to certain compliance rules of securities authorities, administrative orders of government authorities or judgment of court or arbitration tribunal, Party A shall give Party B three months' prior notice to terminate the Cooperation Agreement. If Party A continues to own the property title of the Building upon termination of the Cooperation Agreement, Party A shall have the option to choose one of the following methods to compensate Party B:

- (a) collect on Party B's behalf and transfer to Party B the rental proceeds or other economic interests derived from the Allocated Areas; or
- (b) provide investment compensation to Party B which shall be equal to the price of the Building to be confirmed by a property valuer multiplied by the Capital Contribution Ratio of Party B.



## **BASIS OF DETERMINATION OF THE CONTRIBUTION AMOUNTS**

The Contribution Amounts for the Cooperation Agreement was determined based on arm's length negotiation between Party A and Party B. In particular, if there will be no change to the initial construction cost of the Building at the amount of RMB250 million, the Party A to Party B Capital Contribution Ratio is 6:19. Such ratio was calculated based on the estimated Saleable Areas required by Party A for constructing its production and business premises which are proportionate to Party A's capital contribution amount under the Cooperation Agreement.

## **REASONS FOR AND BENEFITS OF ENTERING INTO OF THE COOPERATION AGREEMENT**

One of the Group's main business activities is the production of advanced medical devices. It has always been the Group's intention to expand its production capacity by constructing new manufacturing facilities and purchasing new production and testing equipment. On the other hand, the Group would like to strike a balance between preserving its financial resources for supporting its core business activities and incurring significant capital expenditure for constructing the Building. In view of this, entering into the Cooperation Agreement with Party B enables the Group to obtain a stable source of funding to finance for the construction and development of the Land and Building without incurring any interest payments or finance costs. The Group intends to use the part of the Building which it is entitled to in accordance with the Cooperation Agreement to develop and manufacture new products and stimulate its business development.

The Directors (including the non-executive and independent non-executive Directors) are of the view that the terms of the Cooperation Agreement are on normal commercial terms and are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

Based on the maximum possible Contribution Amount by the Parties under the Cooperation Agreement, the highest applicable percentage ratio calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Cooperation Agreement is more than 25% but less than 100%. As such, the transaction contemplated under the Cooperation Agreement constitutes a major transaction under Chapter 14 of the Listing Rules.

Further, based on the maximum possible Contribution Amount by Party B under the Cooperation Agreement, the highest applicable percentage ratio in respect of Party B's capital contributions to the Cooperation Agreement is more than 25%. In addition, as Mr. Xie is an executive Director and Mr. Wu is a non-executive Director, each of them is a connected person of the Company as defined under the Listing Rules. Accordingly, the transaction under the Cooperation Agreement is a non-exempt connected transaction of the Company which is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Mr. Xie and Mr. Wu, in their capacity as Directors, shall abstain from voting in respect of the relevant resolutions passed at the Board meeting held for approving the transaction under the Cooperation Agreement. In addition, Mr. Xie, Mr. Wu, and their 100% owned investment holding vehicles, namely Xianjian Technology (holding 97,739,366 Shares at approximately 19.55% of the issued share capital of the Company) and GE Asia Pacific (holding 64,383,332 Shares at approximately 12.88% of the issued share capital of the Company) are the controlling shareholders and connected persons of the Company under the Listing Rules. As Xianjian Technology and GE Asia Pacific will be regarded as having a material interest in the Cooperation Agreement, they shall abstain from voting in respect of the relevant resolutions passed at the EGM of the Company for approving the transactions under the Cooperation Agreement.

The Independent Board Committee has been formed to provide recommendation to the Independent Shareholders in relation to the Cooperation Agreement and the transactions contemplated thereunder. Optima, an independent financial adviser, has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

The Company expects that a circular containing, among other things, (i) details of the Cooperation Agreement; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from Optima to the Independent Board Committee and the Independent Shareholders; and (iv) other information as required under the Listing Rules will be dispatched to the Shareholders as soon as possible but in any event by 21 October 2014.

## **INFORMATION ON THE COMPANY AND LIFETECH SHENZHEN**

The Company is a developer, manufacturer and marketer of advanced minimally invasive interventional medical devices for cardiovascular and peripheral vascular diseases and disorders.

The Group is dedicated to researching, developing, manufacturing and marketing advanced minimally invasive interventional medical devices for cardiovascular and peripheral vascular diseases and disorders, with a global reach and has subsidiaries in China, Netherlands, India, Russia and France. As a leading medical device company in China with 15 years of history, the Company has built up a strong worldwide sales network, offering a broad range of products to over 70 countries across Asia, Europe, South America, North America and Africa.

Lifetech Shenzhen is a wholly-owned operating subsidiary of the Company based in Shenzhen, PRC and engages in the manufacturing of medical devices.

## **DEFINITION**

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

“Acquisition Fee”	means the consideration paid by Lifetech Shenzhen for the acquisition of the Land Use Right in respect of the Land at the amount of RMB37.02 million
“Allocated Areas”	means such part of the Saleable Areas to be allocated to Party B pursuant to the Cooperation Agreement
“Announcement”	means the announcement published by the Company dated 5 July 2013
“Board”	means the board of Directors of the Company
“Building”	means the building to be constructed on the Land
“Capital Contribution Ratio”	means the ratio of capital contribution made by Lifetech Shenzhen and Party B (consisting of Mr. Xie and Mr. Wu) for the actual construction cost, including the Additional Construction Cost if applicable
“Company”	means LifeTech Scientific Corporation, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“controlling shareholders”	has the meaning ascribed to it under the Listing Rules

“Contribution Amounts”	means the RMB60 million (inclusive of the Acquisition Fee previously paid) contributed or to be contributed by Party A and the capital contribution at the total amount of RMB190 million to be made by Party B pursuant to the Cooperation Agreement
“Construction Agreement”	means the agreement to be entered into relation to the construction of the Building between Lifetech Shenzhen and an independent contractor
“Cooperation Agreement”	means the cooperation agreement dated 26 September 2014 entered into by and between Lifetech Shenzhen, Mr. Xie and Mr. Wu, pursuant to which the Parties agreed to jointly construct and invest in the Building
“Director(s)”	means directors of the Company or any one of them
“EGM”	means the extraordinary general meeting of the Company to be held for the purpose of approving the Cooperation Agreement
“GE Asia Pacific”	GE Asia Pacific Investments Ltd., a company incorporated under the laws of the British Virgin Islands with limited liability, which is wholly owned by Mr. Wu and is one of the controlling shareholders of the Company
“Group”	means the Company and its subsidiaries
“Independent Board Committee”	means an independent committee of the Board, comprised of Mr. Liang Hsien Tse Joseph, Mr. Zhou Luming and Mr. Zhou Gengshen, being all the independent non-executive Directors, which has been formed to make recommendations to the Independent Shareholders in respect of the Cooperation Agreement
“Independent Shareholders”	means the shareholders of the Company who are not required to abstain from voting at the EGM under the Listing Rules

“Land”	means a piece of land of 4,715.41 square metres situated at Lot T205-0008, Gaoxin South 1st Road, Nanshan Gaoxin District (南山高新區高新南一道) in Shenzhen, the PRC
“Land Premium”	means the premium to be paid for the extension of the Land Use Right upon expiry of the same
“Land Use Right”	means the contract for the grant of land use right dated 19 February 2013 entered into between Lifetech Shenzhen and the Bureau of Planning and Land Resources Committee of Shenzhen, Second Municipal Branch* (深圳市規劃和國土資源委員會第二直屬管理局)
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Lifetech Shenzhen”	Lifetech Scientific (Shenzhen) Co., Ltd. (先健科技(深圳)有限公司), a wholly-owned subsidiary of the Company duly organised under the laws of the PRC and having its principal place of business in Shenzhen
“Mr. Wu”	Mr. Wu Jianhui, a non-executive Director
“Mr. Xie”	Mr. Xie Yuehui, an executive Director and chairman of the Company
“Optima”	Optima Capital Limited, a corporation licensed under the SFO to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser in respect of the Cooperation Agreement
“Parties”	Party A and Party B
“Party A”	Lifetech Shenzhen
“Party B”	Mr. Wu and Mr. Xie, collectively
“PRC”	the People’s Republic of China, for the purposes of this announcement, excluding Hong Kong, Taiwan and Macau Special Administrative Region

“RMB”	Renminbi, the lawful currency of the PRC
“Saleable Areas”	means the usable areas of the Building after excluding the public area to be shares among the Parties
“Shareholders”	shareholders of the Company
“Shares”	means ordinary shares in the share capital of the Company at the nominal value of US\$0.00001 each
“Xianjian Technology”	Xianjian Advanced Technology Limited, a company incorporated under the laws of the British Virgin Islands with limited liability, which is wholly-owned by Mr. Xie and is one of the controlling shareholders of the Company
“%”	per cent.

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

Hong Kong, 26 September 2014

*As at the date of this announcement, the Board is comprised of Mr. XIE Yuehui and Mr. ZHAO Yiwei Michael being executive directors of the Company; Mr. WU Jianhui, Mr. MARTHA Geoffrey Straub, Dr. LIDDICOAT John Randall and Mr. JIANG Feng being non-executive directors of the Company; and Mr. LIANG Hsien Tse Joseph, Mr. ZHOU Luming and Mr. ZHOU Gengshen being independent non-executive directors of the Company.*

\* *For identification purpose only.*