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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 —
SHARE PURCHASE PURSUANT TO SHARE AWARD SCHEME

Reference is made to the announcement of the Company dated 28 December 2018 in relation to the adoption of the Share Award Scheme.

On 28 December 2018, the Purchaser, a wholly-owned subsidiary of the Trustee, the Trustee, the Vendor and the Company entered into the Agreement, pursuant to which the Purchaser, as instructed by the Company, conditionally agreed to purchase, with funding to be provided by the Company, and the Vendor conditionally agreed to sell, an aggregate of not more than 300,000,000 Shares, for the purpose of the Share Award Scheme.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Vendor is interested in 972,000,000 Shares, representing approximately 22.42% of the issued share capital of the Company. Immediately after completion of the Agreement (assuming that the maximum of 300,000,000 Shares will be sold to the Purchaser and there is no change in the issued share capital of the Company), the Vendor will be interested in 672,000,000 Shares, representing approximately 15.50% of the issued share capital of the Company.

The Vendor is a connected person of the Company under Chapter 14A of the Listing Rules by virtue of it being a substantial Shareholder. The Transaction constitutes a deemed connected transaction for the Company.

Since the relevant applicable percentage ratios (as defined in the Listing Rules) in respect of the Transaction are more than 5%, the Transaction is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the Transaction. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

The EGM will be convened for Shareholders to consider and, if thought fit, approve the Transaction. Only Independent Shareholders will be entitled to vote at the EGM on the resolution to approve the Transaction. The Vendor and its associates, which together own and control approximately 22.42% of the issued share capital of the Company as at the date of this announcement, will be required to abstain from voting on the resolution to approve the Transaction.

A circular containing, among other things, (i) details of the Transaction; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders and a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Transaction; and (iii) a notice convening the EGM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules. It is expected that the circular will be despatched to the Shareholders on or before 29 March 2019 as additional time is required to prepare and finalise the information to be included in the circular.

SHARE PURCHASE PURSUANT TO THE SHARE AWARD SCHEME

On 28 December 2018, the Purchaser, a wholly-owned subsidiary of the Trustee, the Trustee, the Vendor and the Company entered into the Agreement, pursuant to which the Purchaser, as instructed by the Company, conditionally agreed to purchase, with funding to be provided by the Company, and the Vendor conditionally agreed to sell, an aggregate of not more than 300,000,000 Shares, for the purpose of the Share Award Scheme.

Details of the Agreement are as follows:

Date: 28 December 2018

Parties:

- (1) the Vendor
- (2) the Purchaser
- (3) the Trustee
- (4) the Company

Sale Shares to be transferred

The Vendor conditionally agreed to sell, and the Purchaser, as instructed by the Company, conditionally agreed to purchase, not more than 300,000,000 Shares, representing approximately 6.92% of the issued share capital of the Company as at the date of this announcement.

The Vendor and the Company shall discuss and agree on the final number of the Sale Shares that the Purchaser is instructed to purchase under the Agreement, which shall not be more than 300,000,000 Shares, no later than 15 business days before the Completion Date. Within 3 business days of such agreement, the Company shall provide a written notice (the “**Written Notice**”) to the Trustee and the Purchaser to confirm the number of Shares to be purchased by the Purchaser. If the Trustee and the Purchaser did not receive the Written Notice 10 business days before the Completion Date, it is deemed that the Transaction will not proceed.

Consideration

The consideration for the Sale Shares shall be HK\$1.23 per Sale Share, which shall be settled, with the funding from the Company, in cash on the Completion Date.

The HK\$1.23 per Sale Share represents:

- (a) a discount of approximately 15.75% to the closing price of HK\$1.46 per Share as quoted on the Stock Exchange on the date of the Agreement; and
- (b) a discount of approximately 15.98% to the average closing price of HK\$1.464 per Share for the last five consecutive trading days immediately prior to the date of the Agreement; and

- (c) a discount of approximately 16.72% to the average closing price of HK\$1.477 per Share for the last ten consecutive trading days immediately prior to the date of the Agreement.

Condition

Completion of the Agreement is conditional on the approval by the Independent Shareholders at the EGM of the Transaction having been obtained in compliance with the requirements of the Listing Rules.

No party to the Agreement may waive the above condition. If the above condition shall not have been fulfilled by 5:00 p.m. (Hong Kong time) on the date falling 120 days after the date of the Agreement (or such later date as the Vendor, the Company and the Trustee may agree), the Agreement shall terminate, and the parties shall be released and discharged from their respective obligations under the Agreement (except for any liability for antecedent breach of any obligation, and that the certain provisions shall remain in effect).

Completion

Subject to the above condition being fulfilled and the Vendor and the Company having agreed to the lock-up and payment conditions in respect of Awarded Shares no later than 15 business days before the Completion Date, completion of the Agreement will take place on the 20th business day after the above condition is fulfilled (or such other date as the Vendor, the Company and the Trustee may agree in writing).

Upon completion of the Agreement, the Shares are to be held directly or indirectly by the Trust for the benefit of the Selected Participants under the Trust on and subject to the terms and conditions of the Share Award Scheme and the Trust Deed. Unless otherwise determined by the Board at its discretion, the Purchaser shall hold Awarded Shares until such Shares are vested in the Selected Participants in accordance with the rules of the Share Award Scheme.

Other terms

Under the Agreement, the Company agreed and undertook with the Vendor (for itself and as trustee for other member(s) of the Vendor Group) that at any time during the period commencing from the Completion Date and ending on the date which is the third anniversary of the Completion Date (the “**Lock-up Period**”), unless with the prior written consent of the Vendor it will not and will procure the Trustee and the Purchaser not to, offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell or grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of the Sale Shares

(including all and any stock or shares issued in exchange therefor by way of conversion or reclassification and any stock or shares representing or deriving from such shares as a result of any sub-division or consolidation, or increase in or reorganization or variation of the capital of the Company (including additional stock or shares allotted and issued pursuant to bonus, dividend or capitalisation issue in respect thereof) after the Completion Date) (or any interest therein) (including, but not limited to any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, any such shares or any interest therein) (the “**Relevant Securities**”) or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Relevant Securities, whether any of the foregoing transactions or arrangement is to be settled by delivery of such shares, in cash or otherwise, or offer or agree to do any of the foregoing, **Provided That** (1) the Purchaser shall be entitled to offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell or grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, the legal and/or beneficial interest of (i) such number of the Sale Shares in an amount of up to 33% of the Sale Shares (the “**First Tranche**”) at any time after the first anniversary of the Completion Date; and (ii) and such number of the Sale Shares in an amount of up to an additional 33% of the Sale Shares at any time after the second anniversary of the Completion Date (for the avoidance of doubt, in addition to any un-disposed Sale Shares in the First Tranche), in each case, to Selected Participant(s) in accordance with the Trust and the Share Award Scheme (including the terms and provisions of the Trust Documents and the Scheme Rules) and (2) nothing in this clause shall restrict the Company from granting any Awards or issuing any award notices (subject to such award notices having been approved or deemed approved by the Vendor pursuant to the terms of the Agreement).

For so long as the Vendor Group holds not less than 7% of the issued Shares, the Vendor (for itself and as trustee for other member(s) of the Vendor Group) reserves the right to nominate up to one candidate to be appointed as non-executive Director subject to applicable requirements under the Listing Rules, the Company’s articles of association, the Companies Law (2018 Revision) of the Cayman Islands, and such other requirements as may be imposed by the Stock Exchange. The Vendor shall cause such non-executive Director to resign and cease to act when the Vendor Group holds less than 7% of the issued Shares.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best knowledge and information of the Directors, the shareholding information of the Company (1) as at the date of this announcement and (2) immediately after the Transaction (assuming that the maximum of 300,000,000 Shares will be sold to the Purchaser and there is no change in the issued share capital of the Company) is as follows:

	As at the date of this announcement		Immediately upon completion of the Agreement (based on the above assumptions)	
	Number of Shares	Shareholding percentage (approximate)	Number of Shares	Shareholding percentage (approximate)
Mr. XIE Yuehui (<i>Note 1</i>)	19,600,000	0.45	19,600,000	0.45
Xianjian Advanced Technology Limited (<i>Note 1</i>)	781,914,928	18.03	781,914,928	18.03
Mr. ZHANG Deyuan (<i>Note 2</i>)	63,135,240	1.46	63,135,240	1.46
Mr. LIU Jianxiong (<i>Note 3</i>)	8,000,000	0.18	8,000,000	0.18
The Vendor (<i>Note 4</i>)	972,000,000	22.42	672,000,000	15.50
The Purchaser	—	—	300,000,000	6.92
Other Shareholders	<u>2,491,641,032</u>	<u>57.46</u>	<u>2,491,641,032</u>	<u>57.46</u>
	<u>4,336,291,200</u>	<u>100.00</u>	<u>4,336,291,200</u>	<u>100.00</u>

Notes:

1. Mr. XIE Yuehui is an executive Director, the chairman and the chief executive officer of the Company. Xianjian Advanced Technology Limited is a company wholly-owned by Mr. XIE Yuehui.
2. Mr. ZHANG Deyuan is the President, executive Director and chief technology officer.
3. Mr. LIU Jianxiong is the Vice President, executive Director, chief financial officer and company secretary.
4. The entire issued share capital of the Vendor is wholly controlled by China Everbright Venture Capital Limited, which in turn is wholly owned by China Everbright Limited. China Everbright Limited is controlled as to 0.35% by Everbright Investment & Management Limited, which in turn is wholly owned by China Everbright Holdings Company Limited. China Everbright Limited is controlled as to 49.39% by Honorich Holdings Limited, which in turn is wholly owned by Datten Investments Limited. Datten Investments Limited is wholly owned by China Everbright Holdings Company Limited, which in turn is wholly owned by China Everbright Group Ltd.. China Everbright Group Ltd. is controlled as to 55.67% by Central Huijin Investment Ltd.

INFORMATION ON THE PARTIES

To the best knowledge and information of the Directors, the Vendor is a company incorporated in the British Virgin Islands which is a substantial Shareholder and is engaged in investments in the healthcare business sector.

To the best knowledge and information of the Directors, the Purchaser is a company incorporated in the British Virgin Islands which is a wholly-owned subsidiary of the Trustee. It was established for the purpose of holding the Shares for the purpose of the Scheme.

To the best knowledge and information of the Directors, the Trustee is a company incorporated in Hong Kong and is engaged in acting as trustee to companies and individuals and providing trust services.

INFORMATION ON THE GROUP

The Company is an investment holding company. The principal activities of the Group are development, manufacturing and trading of advanced interventional medical devices for cardiovascular and peripheral vascular diseases and disorders.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Share Award Scheme was adopted with a view to recognising and motivating the contributions by certain Eligible Participants and giving incentives thereto in order to retain them for the continual operation and development of the Group.

Taking into consideration the fact that (a) the Agreement enables the Trustee to set aside a pool of Shares available for allocation to the Eligible Participants under the Share Award Scheme with a view to incentivizing the Eligible Participants, (b) the consideration per Sale Share is at a discount to the current market price of the Shares, (c) the liquidity of the Shares on the market is currently low in which the 30-day average volume of transactions is 3,893,951 Shares, being less than 0.1% of the issued share capital of the Company, (d) the purchase of such Shares from the Vendor is considered to have the least effect on the price of the Shares in the market, and (e) the purchase of existing Shares by the Trustee or its nominee (as opposed to issuance of new Shares to the Trustee or its nominee) will not cause any dilution impact on the shareholding of the existing Shareholders, the Directors consider that the terms of the Transaction are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors has or is deemed to have a material interest in the Agreement or is required to abstain from voting on the relevant board resolution.

The Directors, excluding the members of the independent non-executive Directors who will express their view after considering the advice from the independent financial adviser, consider that the terms of the Transaction are fair and reasonable and normal commercial terms and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Vendor is interested in 972,000,000 Shares, representing approximately 22.42% of the issued share capital of the Company. Immediately after completion of the Agreement (assuming that the maximum of 300,000,000 Shares will be sold to the Purchaser and there is no change in the issued share capital of the Company), the Vendor will be interested in 672,000,000 Shares, representing approximately 15.50% of the issued share capital of the Company.

The Vendor is a connected person of the Company under Chapter 14A of the Listing Rules by virtue of it being a substantial Shareholder. The Transaction constitutes a connected transaction for the Company.

Since the relevant applicable percentage ratios (as defined in the Listing Rules) in respect of the Transaction are more than 5%, the Transaction is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders on the Transaction. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

The EGM will be convened for Shareholders to consider and, if thought fit, approve the Transaction. Only Independent Shareholders will be entitled to vote at the EGM on the resolution to approve the Transaction. The Vendor and its associates, which together own and control approximately 22.42% of the issued share capital of the Company as at the date of this announcement, will be required to abstain from voting on the resolution to approve the Transaction.

A circular containing, among other things, (i) details of the Transaction; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders and a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Transaction; and (iii) a notice convening the EGM, will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules. It is expected that the circular will be despatched to the Shareholders on or before 29 March 2019 as additional time is required to prepare and finalise the information to be included in the circular.

DEFINITIONS

“Agreement”	the sale and purchase agreement dated 28 December 2018 by and among the Vendor, the Purchaser, the Trustee and the Company in relation to the transfer of the Sale Shares from the Vendor to the Purchaser;
“associates”	has the meaning given to it in the Listing Rules;
“Award”	an award by the Board to a Selected Participant entitling the Selected Participant to receive such number of Awarded Shares and the related income on such terms and conditions as the Board may determine;
“Awarded Shares”	in respect of a Selected Participant, such number of Shares determined by the Board under an Award;
“Board”	the board of Directors;
“Company”	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 after being transferred from the Growth Enterprise Market of the Stock Exchange on 6 November 2013 (Stock Code: 1302);
“Completion Date”	the date on which completion of the Agreement takes place

“connected persons”	has the meaning given to it in the Listing Rules;
“Director(s)”	the director(s) of the Company;
“EGM”	an extraordinary general meeting to be held by the Company to consider, and if thought fit, approve the Transaction;
“Eligible Participant”	any Employee and non-executive director of the Company and/or any member of the Group (excluding any Excluded Participant) who, in the sole opinion of the Board, will contribute or have contributed to any member of the Group;
“Employee”	any employee (whether full time or part time, including without limitation any executive director) of any member of the Group;
“Excluded Participant”	any Employee and non-executive director of any member of the Group who has tendered his/her resignation or who has been given a notice of dismissal by the relevant member of the Group;
“Group”	the Company and such entities which are considered as subsidiaries of the Company under the applicable accounting standard and policy;
“Independent Board Committee”	an independent Board committee comprising all the independent non-executive Directors, which has been formed to advise the Independent Shareholders on the Transaction;
“Independent Shareholders”	Shareholders other than (a) the Vendor and its associates and (b) Shareholders who have a material interest in the Transaction;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Purchaser”	Eternal Space Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Trustee, and which, to the best knowledge, information and belief of the Directors having made all reasonable enquiry, as independent of the Company and connected persons of the Company;

“Sale Shares”	not more than 300,000,000 Shares;
“Scheme Rules”	the rules of the Share Award Scheme, as amended from time to time;
“Selected Participant”	Eligible Participant(s) selected by the Board pursuant to rules of the Share Award Scheme who holds a subsisting Award;
“Share Award Scheme”	the share award scheme adopted by the Company on 28 December 2018 (in its present or any amended form);
“Share(s)”	ordinary share(s) of US\$0.00000125 each in the capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time);
“Shareholder(s)”	the shareholder(s) of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transaction”	the transaction contemplated under the Agreement;
“Trust”	the trust constituted by the Trust Deed;
“Trust Deed”	a trust deed dated 28 December 2018 and entered into by and among the Company, the Trustee and the Purchaser (as restated, supplemented and amended from time to time);
“Trustee”	The Core Trust Company Limited, the trustee which, to the best knowledge information and belief of the Directors having made all reasonable enquiry, is independent of the Company and connected persons of the Company and which has been appointed by the Board to manage the Share Award Scheme; and

“Vendor”	Synergy Summit Limited, a company incorporated in the British Virgin Islands, and a wholly-owned subsidiary of China Everbright Limited
“Vendor Group”	China Everbright Limited, its affiliates and funds managed by any of them

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

Hong Kong, 28 December 2018

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