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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 TRANSACTION IN RELATION TO THE CONSTRUCTION CONTRACT FOR THE INDUSTRIAL PARK IN SONGSHAN LAKE, DONGGUAN

Reference is made to the Announcement of the Company dated 26 June 2019 in relation to the acquisition of the Land Use Right in respect of the Land by its wholly-owned subsidiary, Dongguan Lifetech Medical.

The Board is pleased to announce that on 24 April 2020, Dongguan Lifetech Medical entered into the Construction Contract with the Contractor in relation to the construction of our industrial park located at Songshan Lake, Dongguan, Guangdong, the PRC, pursuant to which the Contractor has agreed to undertake the Construction Works for the Group at the Contract Price.

The Directors consider that the terms of the Construction Contract and the Contract Price are fair and reasonable and in the interests of the Company and its Shareholders as a whole. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, the Contractor and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

It has always been the Group's intention to meet its demands for increasing production capacity and accelerate the progress and development of new projects by adding manufacturing facilities and more advanced research and development equipments. In light of this, the construction of industrial park of LifeTech in Song Shan Lake, Dongguan will be beneficial for the Group to expand its facilities including plant and office premises used for the research and development and the manufacturing of new products, as well as the exploration of new projects, thus laying a solid foundation for the Company's rapid development.

As the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Construction Contract are more than 25% but less than 100%, the transaction contemplated under the Construction Contract constitutes a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

A circular containing, among other things, details of the Construction Contract and other information as required under the Listing Rules will be despatched to the Shareholders as soon as possible but in any event on or before 28 May 2020.

Reference is made to the Announcement of the Company dated 26 June 2019 in relation to the acquisition of the Land Use Right in respect of the Land by its wholly-owned subsidiary, Dongguan Lifetech Medical. As disclosed in the Announcement, Dongguan Lifetech Medical successfully acquired the Land Use Right in respect of the Land for a industrial park to be constructed by the Group.

THE CONSTRUCTION CONTRACT

The Board is pleased to announce that on 24 April 2020, Dongguan Lifetech Medical entered into the Construction Contract with the Contractor in relation to the construction of our industrial park located at Songshan Lake, Dongguan, Guangdong, the PRC pursuant to which the Contractor has agreed to undertake the Construction Works for the Company at the Contract Price.

The Construction Contract

A summary of the principle terms of the Construction Contract is as follows:

Date: 24 April 2020

Parties: (1) Dongguan Lifetech Medical; and

(2) the Contractor

(Dongguan Lifetech Medical and the Contractor are collectively referred to as the "**Parties**")

Construction Works

Pursuant to the Construction Contract, the Contractor is responsible for constructing the industrial park located in Dongguan, Guangdong, the PRC, which consists of seven buildings including underground car parks, comprising plant, offices, canteen and dormitories which will be with a total site area of approximately 43,604 square meters to cater for our day-to-day business and operational needs of the Group in Dongguan and nearby regions.

Contract Price

The Contract Price for the Construction Works is up to a maximum aggregate amount of RMB620 million, which is subject to downward adjustments arising from changes in the Construction Works or fluctuations in labour and building materials costs during the construction process. The Contract Price was determined after arm's length negotiations with the Contractor and is based on normal commercial terms with reference to the expertise, experience and market position of the Contractor, along with the complexity and volume of the Construction Works involved.

It is intended that the Contract Price will be financed by borrowings, internal resources of the Group and any other means as the Group considers appropriate.

Payment terms

Progress payments

Dongguan Lifetech Medical shall pay to the Contractor the following progress payments representing 70% of the settlement costs accrued from time to time for the Construction Works completed at various stages, namely:

- (i) completion portion of the main structure of the basement reaching 1/2 of the gross floor area of the basement;
- (ii) completion portion of the main structure of the upper-ground buildings reaching 1/3 of the total gross floor area of the upper-ground buildings;
- (iii) completion portion of the main structure of the upper-ground buildings reaching 2/3 of the total gross floor area of the upper-ground buildings;
- (iv) completion of the main structure of all buildings; and
- (v) all buildings being completed and satisfied with acceptance condition

(collectively the "**Progress Payments**").

Dongguan Lifetech Medical shall pay to the Contractor 85% of the Contract Price (deducting all the Progress Payments paid) when the Construction Works have been completed with the requisite completion recordal filed with the respective regulatory authority and 95% of the Contract Price (deducting payment of 85% of the Contract Price) when the entire Construction Works have been completed and successfully accepted. All payments shall be payable by Dongguan Lifetech Medical within 14 days after signing of the payment certificates upon completion.

Retention Money

5% of the remaining Contract Price shall be withheld by Dongguan Lifetech Medical for five years from the date of completion, inspection and acceptance of the Construction Works (the “**Retention Period**”) as retention money.

The Retention Money shall be paid by Dongguan Lifetech Medical to the Contractor, after deduction of any cost of maintenance work, in the following manner:

- (i) 80% of the Retention Money shall be paid to the Contractor after two years from the commencement of the Retention Period; and
- (ii) the remaining 20% of the Retention Money shall be paid to the Contractor after five years from the commencement of the Defect Liability Period.

Duration of the Construction Works

According to the Construction Contract, the duration of the Construction Works is to be mutually agreed by the Parties, which is expected to be within 580 days after commencement of the Construction Works, subject to any changes to be mutually agreed between the Parties.

REASONS FOR AND BENEFITS OF ENTERING INTO THE CONSTRUCTION CONTRACT

It has always been the Group’s intention to meet its demands for increasing production capacity and accelerate the progress and development of new projects by adding manufacturing facilities and more advanced research and development equipments. In light of this, the construction of industrial park of LifeTech in Song Shan Lake, Dongguan will be beneficial for the Group to expand its facilities including plant and office premises used for the research and development and the manufacturing of new products, as well as the exploration of new projects, thus laying a solid foundation for the Company’s rapid development. The Directors consider that the terms of the Construction Contract and the Contract Price are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Construction Contract are more than 25% but less than 100%, the transaction contemplated under the Construction Contract constitutes a major transaction of the Company and is subject to the reporting, announcement and shareholders’ approval requirements under Chapter 14 of the Listing Rules.

If the amounts payable under the Construction Contract have to be adjusted in the course of construction, the Company will re-assess the situation and will make further announcement as required under the Listing Rules where appropriate to ensure its compliance with the disclosure requirements of the Listing Rules.

In view of intervening Hong Kong and PRC public holidays at the end of April and the beginning of May 2020, a circular containing, among other things, details of the Construction Contract and other information as required under the Listing Rules will be despatched to the Shareholders as soon as possible but in any event on or before 28 May 2020.

INFORMATION ON THE COMPANY, DONGGUAN LIFETECH MEDICAL AND THE CONTRACTOR

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, the Netherlands, India, Russia, Greece, Germany, the United States and the British Virgin Islands. As a leading medical device company in China with 20 years of history, the Company has built up a strong worldwide sales network spreading all over the world and have distributors in numerous countries across Asia, Africa, North America, South America and Europe.

Dongguan Lifetech Medical is a wholly-owned subsidiary of the Company based in Guangdong, the PRC and engages in the development, manufacturing and trading of medical devices.

Based on the publicly available information and as confirmed by the Contractor, the Contractor is a state-owned construction company and a wholly-owned subsidiary of China State Construction Engineering Corporation Limited (SSE: 601668), principally engages in the provision of construction services, which includes housing, municipal works, electric engineering, bridges and roads, and steel structure projects. The Directors consider that the Contractor would be suitable for carrying out the Construction Work as the Contractor is a reputable construction enterprise and has expertise and a track record of carrying out construction work in the PRC. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, the Contractor and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

DEFINITION

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

| | |
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| “Announcement” | the announcement in relation to the acquisition of Land Use Right published by the Company dated 26 June 2019 |
| “Board” | the board of Directors of the Company |
| “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 |
| “Construction Contract” | the construction contract entered into between the Contractor and Dongguan Lifetech Medical on 24 April 2020 in respect of the Construction Work |
| “Construction Works” | the construction works to be carried out under the Construction Contract involving the construction of an industrial park, which shall be located in Dongguan, Guangdong, the PRC with a total site area of approximately 43,604 square metres |
| “Contractor” | China Construction Second Engineering Bureau Limited* (中國建築第二工程局有限公司) |
| “Contract Price” | the total consideration price payable by Dongguan Lifetech Medical to the Contractor under the Construction Contract up to a maximum aggregate amount of RMB620,000,000, subject to downward adjustments arising from changes in the Construction Works or fluctuations in labour and building materials costs during the construction process |
| “Director(s)” | directors of the Company or any one of them |
| “Dongguan Lifetech Medical” | Dongguan LifeTech Medical Co., Ltd. (東莞市先健醫療有限公司) a wholly-owned subsidiary of the Company duly established under the laws of the PRC and having its principal place of business in Guangdong, the PRC |
| “Group” | the Company and its subsidiaries |

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| “Land” | a piece of land of 43,604 square meters situated at intersection of Southeast of the intersection of South 1 Road and South 8 Road in Eastern Songshan Lake, Dongguan, Guangdong, the PRC* (東莞市松山湖東部地區南區一路與南區八路交叉口) |
| “Land Use Right” | the contract for the grant of land use right dated 26 June 2019 entered into between Dongguan Lifetech Medical and Dongguan Natural Resources Bureau* (東莞市自然資源局) |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited |
| “PRC” | the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong Special Administrative Region, Taiwan and Macau Special Administrative Region |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Shareholders” | shareholders of the Company |

* *For identification purpose only*

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

24 April 2020, Hong Kong

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.