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LifeTech Scientific Corporation

先健科技公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1302)

VOLUNTARY ANNOUNCEMENT IN RELATION TO INTRODUCTION OF SERIES A INVESTORS TO BIOTYX MEDICAL

This announcement is made by LifeTech Scientific Corporation (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Reference is made to the announcement of the Company dated 16 September 2019 headlined “Formation of a Joint Venture” and the announcement dated 8 November 2019 headlined “Updates on the Progress of Operation of the JV Company”. The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that Series A Investors (as defined below) have been introduced to Biotyx Medical (Shenzhen) Co., Ltd. (“**Target Company**” or “**Biotyx Medical**”, previously referred to in English as Yuanxin Technology (Shenzhen) Co., Ltd.), a subsidiary of the Company. On 25 November 2020, the Company, through Lifetech Scientific (Shenzhen) Co., Ltd (“**Lifetech Shenzhen**”), a wholly-owned subsidiary of the Company, and/or the Target Company and other existing shareholders of the Target Company entered into the following transaction documents with the respective parties (“**Series A Investors**”):

- I. a capital increase agreement (the “**Capital Increase Agreement I**”) with, amongst other, (i) Tianjin Dehui Investment Management Partnership (Limited Partnership)* as the leading investor (“**Dehui Investment**” or the “**Leading Investor**”), and (ii) Shenzhen Lingrui Co-Stone Equity Investment Fund Partnership (Limited Partnership)* (“**Lingrui Co-Stone**”) and Guangdong Youhe Kangde Equity Investment Partnership (Limited Partnership)* (“**Guangdong Youhe**”) as tag-along investors A (the “**Tag-Along Investors A**”);

- II. a capital increase agreement (the “**Capital Increase Agreement II**”) with, amongst others, Hangzhou Guonong Ronghe Trading Co., Ltd.* (“**Hangzhou Guonong**”), Shanghai Baoquan Investment Partnership (Limited Partnership)* (“**Shanghai Baoquan**”), Man Jianyong and Xiong Xiaocong, together as Tag-Along investors B (the “**Tag-Along Investors B**”); and
- III. a shareholders’ agreement (the “**Shareholders’ Agreement**”) with, amongst others, the Leading Investor, the Tag-Along Investors A and the Tag-Along Investors B.

Pursuant to the above, Series A Investors will inject a total of RMB160 million into the capital of the Target Company. Upon completion of the capital increase transactions under the Capital Increase Agreement I and Capital Increase Agreement II (collectively, the “**Capital Increases**”), Series A Investors (in aggregate) and the Company will respectively hold approximately 13.19% and 54.30% equity interest in the Target Company. The Target Company will remain a holding subsidiary of the Company to be consolidated into the combined financial statements of the Company.

The strategic investment of Series A Investors in Biotyx Medical further shows the confidence from the industry toward iron alloy bioabsorbable stent system project (“**IBS Project**”), which also helps Biotyx Medical to accelerate the integration of internal and external resource advantages and accelerate the clinical development and application approval of IBS Project. Completion of the Capital Increases will allow Biotyx Medical to further diversify its existing product portfolio, encourage the project team and attract external talents, promote the comprehensive and sustainable development of business. Biotyx Medical will also benefit from the Capital Increases in establishing an independent capital market operation platform, hence improving the value of the Group as a whole.

Completion of the Capital Increases is subject to the fulfilment of relevant conditions precedent, and conditional on closing of the transactions and completion of the relevant business registration procedures. Therefore, the Capital Increases may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

I. Summary of the Capital Increases

The Board is pleased to announce that, on 25 November 2020, the Company, through Lifetech Shenzhen and/or ther Target Company and other existing shareholders of the Target Company, entered into the following transaction documents with the respective parties:

- I. the Capital Increase Agreement I with Dehui Investment as the Leading Investor, Lingrui Co-Stone and Guangdong Youhe as Tag-Along investors A, amongst others;
- II. the Capital Increase Agreement II with Hangzhou Guonong, Shanghai Baoquan, Man Jianyong and Xiong Xiaocong together as Tag-Along investors B, amongst others; and
- III. the Shareholders' Agreement with the Leading Investor, the Tag-Along Investors A and the Tag-Along Investors B, amongst others.

Upon completion of the Capital Increases, the registered capital of Biotyx Medical will be increased from RMB122,400,000 to RMB141,004,800. Series A Investors (in aggregate) and the Company will respectively hold approximately 13.19% and 54.30% equity interest in the Target Company. The Target Company will remain a holding subsidiary of the Company to be consolidated into the combined financial statements of the Company.

This announcement is made by the Company on a voluntary basis pursuant to the Listing Rules. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, all Series A Investors are independent third parties of the Group. The transactions do not constitute connected transactions under Chapter 14A of the Listing Rules; meanwhile, as all applicable percentage ratios (as defined under the Listing Rules) are less than 5%, the entering into of the Capital Increase Agreement I, Capital Increase Agreement II and Shareholders' Agreement are not subject to the announcement and reporting requirements under Chapter 14 and 14A of the Listing Rules nor need to be submitted to the shareholders' general meeting of the Company for consideration.

II. Summary of Transaction Documents

(i) Capital Increase Agreement I and Capital Increase Agreement II

The principal terms of the Capital Increase Agreement I and the Capital Increase Agreement II are set out below:

Date

25 November 2020

Parties to Capital Increase Agreement I

(1) Dehui Investment, (2) Lingrui Co-Stone, (3) Guangdong Youhe, (4) Lifetech Shenzhen, (5) Shenzhen Xinyuan Investment Enterprise (Limited Partnership)* (“**Shenzhen Xinyuan**”), (6) Shenzhen Lifetech New Materials Technology Enterprise (Limited Partnership)* (“**Shenzhen Lifetech New Materials**”), (7) Zhang Deyuan and (8) Biotyx Medical

Parties to Capital Increase Agreement II

(1) Hangzhou Guonong, (2) Shanghai Baoquan, (3) Man Jianyong, (4) Xiong Xiaocong and (5) Biotyx Medical

Registered Capital

Before the Capital Increases, the registered capital of the Target Company was RMB122,400,000 and owned as to approximately 62.56%, 32.63% and 4.81% by Lifetech Shenzhen, Shenzhen Xinyuan and Shenzhen Lifetech New Materials, respectively.

Capital Increase Arrangement

The transaction price for the Capital Increases was determined by the parties after arm’s length negotiation and on a willing and fair basis.

First Capital Increase Arrangement

Pursuant to the Capital Increase Agreement I and Capital Increase Agreement II, Series A Investors will subscribe for newly-registered capital of the Target Company of RMB9,792,000 at a consideration of RMB80,000,000 (the “**First Capital Increase Amount**”) to acquire approximately 7.41% equity interest in the Target Company after the capital increase (the “**First Capital Increase**”). Upon completion of the First Capital Increase, the registered capital of the Target Company will be RMB132,192,000.

Second Capital Increase Arrangement

Pursuant to the Capital Increase Agreement I and Capital Increase Agreement II, each of the parties agreed that subject to the completion of the First Capital Increase and fulfilment of certain conditions precedent, including but not limited to Biotyx Medical obtaining the approval for the phase II clinical trials (confirmatory clinical trials) of “IBS Sirolimus-Eluting Iron Bioresorbable Coronary Scaffold System”, Series A Investors will subscribe for newly-registered capital of the Target Company of RMB8,812,800 at a consideration of RMB80,000,000 (the “**Second Capital Increase Amount**”) to acquire 6.25% equity interest in the Target Company after the capital increase (the “**Second Capital Increase**”). Upon completion of the Second Capital Increase, the registered capital of the Target Company will be RMB141,004,800.

Pursuant to the above, upon completion of the Capital Increases, Series A Investors will inject a total amount of RMB160 million into the capital of the Target Company and hold in aggregate of approximately 13.19% equity interest in the Target Company. The shares held by Lifetech Shenzhen in the Target Company will decrease from approximately 62.56% to approximately 54.30%.

Use of Capital Increase Amount

Biotyx Medical will use the proceeds from the financing primarily for the increase of working capital, purchase of relevant assets needed in the ordinary course of business, promote clinical studies, afford labor cost and related research and development expenses.

(ii) Shareholders’ Agreement

The principal terms of the Shareholders’ Agreement are set out below:

Date

25 November 2020

Parties

(1) Biotyx Medical, (2) Zhang Deyuan, (3) Lifetech Shenzhen, (4) Shenzhen Xinyuan, (5) Shenzhen Lifetech New Materials, (6) Dehui Investment, (7) Lingrui Co-Stone, (8) Guangdong Youhe, (9) Hangzhou Guonong, (10) Shanghai Baoquan, (11) Man Jianyong and (12) Xiong Xiaocong

Scope of Business of the Target Company

The principal business of the Target Company includes the research, development, manufacturing and sales of metallic bioabsorbable products for medical use and provision of related technology services.

Management Structure of the Target Company

The board of directors of the Target Company, being the chief operating decision maker of the Target Company, is responsible for the shareholders' meeting.

Pursuant to the Shareholders' Agreement, the board of directors of the Target Company shall consist of five members, three of whom being nominated by Lifetech Shenzhen, one by Shenzhen Xinyuan and one by Dehui Investment. Each director shall hold office for a term of three years.

The Target Company shall have one general manager and one financial director, both of whom being nominated by Lifetech Shenzhen and/or Dehui Investment and appointed at a meeting of the board of directors, for a term of three years.

The Target Company shall have a board of supervisors, consisting of three supervisors, one of whom being nominated by Lifetech Shenzhen, one by Lingrui Co-Stone and the remaining one being held by such staff representative as agreed by each shareholder, for a term of three years. A supervisor shall not be a director or senior management member of the Target Company.

III. Reasons for and Benefits of the Transactions

The strategic investment of Series A Investors in Biotyx Medical further shows the confidence from the industry toward IBS Project, which also helps Biotyx Medical to accelerate the integration of internal and external resource advantages and accelerate the clinic development and application approval of IBS Project. Completion of the Capital Increases will allow Biotyx Medical to further diversify its existing product portfolio, encourage the project team and attract external talents, promote the comprehensive and sustainable development of business. Biotyx Medical will also benefit from the Capital Increases in establishing an independent capital market operation platform, hence improving the value of the Group as a whole.

IV. Major Information in Relation to the Investors

Information in relation to Dehui Investment

Tianjin Dehui Investment Management Partnership (Limited Partnership)* is an investment entity under IDG Capital, a global leading investment firm focusing on investing extraordinary companies in different developing stages through its expertise in venture capital, private equity and mergers and acquisitions, to achieve sustainable growth. Founded in Boston, USA in 1992, IDG Capital was the first foreign investment institution to enter Chinese market in 1993. Committed to long-term value investment for years, now IDG Capital maintains a long-term cooperative relationship with diversified investment partners from all over the world. Its limited partners include many internationally reputable investors, sovereign wealth funds, social security funds, institutional investors, major charities, university endowments, family offices and business luminaries.

Information in relation to Lingrui Co-Stone

Shenzhen Lingrui Co-Stone Equity Investment Fund Partnership (Limited Partnership)* is an investment entity under ShenZhen Co-Stone Asset Management Co., Ltd (“Co-Stone”). Founded in 2001, Co-Stone is a profound private equity investment firm with 19-years of experience in investment management, and it is known to be one of the earliest private equity investment firms in China. Headquartered in Shenzhen, Co-Stone has a nationwide spread of business, branched in Beijing, Shanghai, Hong Kong, Hefei and Nanjing. Currently, Co-Stone has established more than 80 funds in angel investment, venture capitalism, private equity, mergers & acquisition, private placements and securities, with a total asset valuation of over RMB50 billion under its management and plays a leading role in China’s asset management industry.

V. Others

The Company will make further announcements as appropriate in compliance with all applicable requirements under the Listing Rules.

Completion of the Capital Increases is subject to the fulfilment of relevant conditions precedent, and conditional on closing of the transactions and completion of the relevant business registration procedures. Therefore, the Capital Increases may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 25 November 2020

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

* *For identification only*