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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, certified public accountant or other professional adviser.

**If you have sold or transferred** all your shares in LifeTech Scientific Corporation, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser**



**財通國際融資有限公司**

CAITONG INTERNATIONAL CAPITAL COMPANY LIMITED

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A notice convening the EGM (as defined in this circular) to be held at Floor 8, LifeTech Building, No.22, Keji 12th Road South, High-tech Park, Nanshan District, Shenzhen, PRC on Friday, 22 March 2019 at 10:00 a.m. or any adjournment thereof is set out on pages 40 to 41 of this circular. A form of proxy for use at the EGM is enclosed.

Whether or not you are able to attend and vote in person at the EGM, you are requested to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return it, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of the power of attorney or authority, to the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding such EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting if you so wish and in such event, the form of proxy shall be deemed to be revoked.

This circular is published on the designated website of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and on the Company's website (<http://www.lifetechmed.com>).

7 March 2019

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

“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 GEM 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”	the extraordinary general meeting of the Company to be held at Floor 8, LifeTech Building, No.22, Keji 12th Road South, High-tech Park, Nanshan District, Shenzhen, PRC on Friday, 22 March 2019 at 10:00 a.m. or any adjournment thereof for the purpose of considering and if thought fit, passing the ordinary resolution relating to the approval of 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;

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## DEFINITIONS

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“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 Financial Adviser” or “Caitong International Capital”	Caitong International Capital Co., Limited, a corporation which is licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Transaction;
“Independent Shareholders”	Shareholders other than (a) the Vendor and its associates and (b) Shareholders who have a material interest in the Transaction;
“Latest Practicable Date”	1 March 2019, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“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, is 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;

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## DEFINITIONS

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“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Selected Participant”	Eligible Participant(s) selected by the Board pursuant to Scheme Rules 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;
“Vendor”	Synergy Summit Limited, a company incorporated in the British Virgin Islands, and a wholly-owned subsidiary of China Everbright Limited; and
“Vendor Group”	China Everbright Limited, its affiliates and funds managed by any of them

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LETTER FROM THE BOARD

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**LIFETECH SCIENTIFIC CORPORATION**

**先健科技公司**

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

**(Stock Code: 1302)**

*Executive Directors:*

Mr. XIE Yuehui

*(Chairman and Chief Executive Officer)*

Mr. ZHANG Deyuan

*(President and Chief Technology Officer)*

Mr. LIU Jianxiong *(Vice President,*

*Chief Financial Officer and Company Secretary)*

*Non-executive Director:*

Mr. JIANG Feng

*Independent Non-executive Directors:*

Mr. LIANG Hsien Tse Joseph

Mr. ZHOU Luming

Mr. WANG Wansong

*Registered Office in the*

*Cayman Islands:*

PO Box 309

Ugland House

Grand Cayman, KY1-1104

Cayman Islands

*Principal place of business*

*and address of headquarters:*

Cybio Electronic Building,

Langshan 2nd Street,

North Area of High-tech Park,

Nanshan District,

Shenzhen 518057,

PRC

*Principal place of business in*

*Hong Kong registered under*

*Part 16 of the Hong Kong*

*Companies Ordinance:*

31/F, 148 Electric Road,

North Point,

Hong Kong

7 March 2019

*To the Shareholders*

Dear Sir or Madam,

**CONNECTED TRANSACTION —  
SHARE PURCHASE PURSUANT TO SHARE AWARD SCHEME  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

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## LETTER FROM THE BOARD

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### INTRODUCTION

References are made to the announcements of the Company dated 28 December 2018 and 25 January 2019 in relation to the Transaction.

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.

The purpose of this circular is to provide Shareholders with (i) further information in respect of the Transaction; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Transaction; and (iv) a notice convening the EGM at which ordinary resolution will be proposed for the Independent Shareholders to consider and if thought fit, approve the Transaction.

### 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 6.94% of the issued share capital of the Company as at the Latest Practicable Date.

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## LETTER FROM THE BOARD

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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;
- (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;
- (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; and
- (d) a discount of approximately 26.79% to the closing price of HK\$1.68 per Share as quoted on the Stock Exchange as at the Latest Practicable Date.

Notwithstanding the fact that the consideration for the Sale Shares shall be settled with the funding from the Company, the Selected Participants (but not the Company) will be entitled to the shareholders’ rights (including but not limited to voting rights, rights to dividends or distributions) of the Awarded Shares upon vesting of the Awarded Shares. Prior to such vesting, a Selected Participant is not entitled to any of such rights attaching to the unvested Awarded Shares.

### **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).



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## LETTER FROM THE BOARD

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### 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 so purchased by the Purchaser shall form part of the capital of the trust fund under the Share Award Scheme and 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 Awarded Shares shall be held by the Purchaser on trust for the benefit of the Selected Participants until such Shares are transferred to and vested in the Selected Participants in accordance with the Scheme Rules. The Shares so purchased and held by the Purchaser will not be mixed up with, and can be easily distinguished from, the Shares to be held in the name of the Company as treasury shares which need to be cancelled upon purchase by the Company in accordance with Rule 10.06(5) of the Listing Rules.

### Other terms

Under the Agreement, the Company agreed with and undertook to 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

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## LETTER FROM THE BOARD

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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 Deed 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).

The Sale Shares represent approximately 6.94% of the issued share capital of the Company as at the Latest Practicable Date. The Lock-up Period and the transfer of the Sale Shares to the Selected Participants in tranches to which the Trustee is subject would avoid any possible disposal of such a large block of Shares by the awardee(s) immediately after they are vested in the awardee(s), which would likely result in exerting considerable downward pressure on the Share price. At the same time, the Company can continue to incentivise employees by granting Awards to the Selected Participant(s) during the Lock-up Period (subject to such award notices having been approved or deemed approved by the Vendor pursuant to the terms of the Agreement). The lock-up arrangement is therefore consistent with the objective of the Share Award Scheme to motivate and retain the Eligible Participants for the continual operation and development of the Group. Taking into consideration the number of Shares involved and the fact that the lock-up can avoid a slump in the share price of the Company while achieving the objective of the Share Award Scheme, the Directors are of the view that the three-year lock-up arrangement above is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Any change to the Lock-up Period and the terms of the lock-up arrangement will not constitute a new connected transaction under Chapter 14A of the Listing Rules. If such changes take effect after the Independent Shareholders have already approved the Transaction at the EGM, the Company will seek the Independent Shareholders' approval again and will publish an announcement as appropriate.

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.

Under Article 16.4 of the Company's articles of association, a Shareholder (irrespective of its equity interest in the Company) has a right to nominate a person for election as a Director at any general meeting of the Company by, among others, lodging a notice to the Company. The right of the Vendor to nominate up to one candidate to be appointed as non-executive Director for so long as the Vendor Group holds not less than 7% of the issued Shares is therefore not inconsistent with the relevant provisions of the Company's articles of association.

The nomination of the Director by the Vendor (for itself and/or as trustee for other member(s) of the Vendor Group) shall be subject further to the recommendation of the nomination committee of the Company and the appointment of the Board after the standard procedural review process based on merit and against the objective criteria laid down under the applicable laws, the Company's articles of association, the Listing Rules and corporate governance practices. An appointment of Director will only be made by the Board if it is considered to be in the interests of the Company and the Shareholders as a whole. Any Director nominated by the Vendor pursuant to the nomination right provision under the Agreement, if so appointed by the Board, will also be subject to the standard retirement, re-election and shareholders' approval requirements under the Company's articles of association.

## LETTER FROM THE BOARD

### 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 Latest Practicable Date 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 Latest Practicable Date		Immediately upon completion of the Agreement (based on the above assumptions)	
	Number of Shares	Shareholding percentage (approximate)	Number of Shares	Shareholding percentage (approximate)
Xianjian Advanced Technology Limited (Note 1)	781,914,928	18.07%	781,914,928	18.07%
Mr. ZHANG Deyuan (Note 2)	63,135,240	1.46%	63,135,240	1.46%
Mr. LIU Jianxiong (Note 3)	8,000,000	0.18%	8,000,000	0.18%
The Vendor (Note 4)	722,000,000	16.68%	422,000,000	9.75%
China Everbright Financial Investments Limited (Note 4)	200,000,000	4.62%	200,000,000	4.62%
The Purchaser	—	—	300,000,000	6.94%
Other Shareholders	<u>2,552,531,032</u>	<u>58.98%</u>	<u>2,552,531,032</u>	<u>58.98%</u>
	<u>4,327,581,200</u>	<u>100.00%</u>	<u>4,327,581,200</u>	<u>100.00%</u>

*Notes:*

- Xianjian Advanced Technology Limited is a company wholly-owned by Mr. XIE Yuehui. Mr. XIE Yuehui is an executive Director, the chairman and the chief executive officer of the Company.
- Mr. ZHANG Deyuan is the President, executive Director and chief technology officer.
- Mr. LIU Jianxiong is the Vice President, executive Director, chief financial officer and company secretary.
- 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. The entire issued share capital of China Everbright Financial Investments Limited is wholly controlled by Emporium (HK) 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..
- Certain percentage figure(s) set out in this table are subject to rounding adjustments. The percentages may not add up to 100% due to rounding.

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## LETTER FROM THE BOARD

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### 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 under the Share Award 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.

No separate trustees will be established for the shares to be awarded to Eligible Participants who are the Company's connected persons and those who are independent of the Company.

The Company has internal controls to monitor and keep track of the percentage of all connected persons' aggregate interests in the Scheme. The Company will maintain a register of the Awards which will set forth details of the Awards and the Selected Participants including whether they are connected persons of the Company. The Company will assign sufficient staff to maintain and update the register and will provide appropriate training to such staff to ensure that they will accurately keep track of and keep the management informed of the latest percentage of all connected persons' aggregate interests in the Scheme.

Under the circumstances when the Trustee becomes an associate of the Company's connected person, the Company is required to comply with Chapter 14A of the Listing Rules for the relevant transactions with the Trustee and/or issuance of new Shares to the Trustee (if any).

### 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.

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## LETTER FROM THE BOARD

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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 in the market is currently low in which the 30-day average volume of transactions was 3,893,951 Shares as at the date of the Agreement, 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.

The purchase of such Shares from the Vendor is considered to have the least effect on the price of the Shares in the market as the Trustee only needs to purchase from one party off the exchange at one price. If the Trustee purchases on the exchange, it will need to purchase from various shareholders on the exchange at different times and at the then market prices. This will likely cause fluctuation in the share price. The Company has considered but has decided not to acquire the Shares from Xianjian Advanced Technology Limited, which is wholly owned by Mr. XIE Yuehui, the Chairman, chief executive officer and executive Director, so as to not diminish the direct economic interest of the senior management of the Group in the Company and such that a long-term relationship between the senior management and the Group can be better maintained.

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, including the members of the independent non-executive Directors, 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 Latest Practicable Date, the Vendor is interested in 722,000,000 Shares, representing approximately 16.68% 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 422,000,000 Shares, representing approximately 9.75% 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 as the Company is funding the Purchaser's acquisition of the Sale Shares from the Vendor.

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## LETTER FROM THE BOARD

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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. Caitong International Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

### THE EGM

The notice convening the EGM to be held at Floor 8, LifeTech Building, No.22, Keji 12th Road South, High-tech Park, Nanshan District, Shenzhen, PRC on Friday, 22 March 2019 at 10:00 a.m. or any adjournment thereof is set out on pages 40 to 41 of this circular for the purpose of considering and if thought fit, passing the ordinary resolution relating to the approval of 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 21.31% of the issued share capital of the Company as at the Latest Practicable Date, will be required to abstain from voting on the resolution to approve the Transaction.

Pursuant to Rules 13.39(4) and 13.39(5) of the Listing Rules, the voting on the proposed resolution at the EGM will be taken by way of a poll and an announcement on the poll results will be made by the Company after the EGM.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend and vote in person at the EGM, you are requested to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return it, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of the power of attorney or authority, to the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding such EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting if you so wish and in such event, the form of proxy shall be deemed to be revoked.

### RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 14 of this circular; and (ii) the letter from the Independent Financial Adviser set out on pages 15 to 32 of this circular which contains its recommendation to the Independent Board Committee and the Independent Shareholders.

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## LETTER FROM THE BOARD

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Having taken into account the factors and reasons considered by and the opinion of the Independent Financial Adviser as stated in its letter, the Board and the Independent Board Committee are of the view that although the Transaction is not in the ordinary and usual course of business of the Group, the Transaction is incidental to the Group's development of its ordinary and usual course of business and is fair and reasonable, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole. The Board and the Independent Board Committee therefore recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Transaction.

### GENERAL

Your attention is drawn to the general information set out in the appendix to this circular.

Yours faithfully,  
For and on behalf of the Board  
**LifeTech Scientific Corporation**  
**XIE Yuehui**  
*Chairman, Chief Executive  
Officer and Executive Director*



**LIFETECH SCIENTIFIC CORPORATION**

**先健科技公司**

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

**(Stock Code: 1302)**

7 March 2019

*To the Shareholders*

Dear Sir or Madam,

**CONNECTED TRANSACTION —  
SHARE PURCHASE PURSUANT TO SHARE AWARD SCHEME  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

We refer to the circular of the Company to the Shareholders dated 7 March 2019 (the “**Circular**”), of which this letter forms part. Unless the context otherwise requires, capitalized terms used in this letter will have the same meanings as defined in the Circular.

We have been appointed by the Board as the members of the Independent Board Committee to consider and to give recommendation to the Independent Shareholders on the Transaction. We wish to draw your attention to the letter from the Board set out on pages 4 to 13 of the Circular and the letter from the Independent Financial Adviser set out on pages 15 to 32 of the Circular.

Having considered the factors and reasons considered by and the opinion of the Independent Financial Adviser as stated in its letter, we are of the view that although the Transaction is not in the ordinary and usual course of business of the Group, the Transaction is incidental to the Group’s development of its ordinary and usual course of business and is fair and reasonable, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Transaction.

Yours faithfully,  
**Independent Board Committee**

**Mr. LIANG Hsien Tse Joseph**  
*Independent non-executive  
Director*

**Mr. ZHOU Luming**  
*Independent non-executive  
Director*

**Mr. WANG Wansong**  
*Independent non-executive  
Director*



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the text of a letter of advice from, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Transaction, which has been prepared for the purpose of incorporation in this circular.*



Units 2401-03, 24th Floor  
Grand Millennium Plaza  
181 Queen's Road Central  
Hong Kong

7 March 2019

*To the Independent Board Committee and the Independent Shareholders*

Dear Sir or Madam,

### CONNECTED TRANSACTION — SHARE PURCHASE PURSUANT TO SHARE AWARD SCHEME

#### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Transaction, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular dated 7 March 2019 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Unless otherwise defined, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

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.

As at the Latest Practicable Date, the Vendor is interested in 722,000,000 Shares, representing approximately 16.68% 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 422,000,000 Shares, representing approximately 9.75% 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.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Vendor and its associates, which together own and control approximately 21.31% of the issued share capital of the Company as at the Latest Practicable Date, will be required to abstain from voting on the resolution to approve the Transaction. Save as disclosed above, to the best of the knowledge, information and belief of the Directors, no other Shareholder has a material interest in the Agreement and the Transaction and is required to abstain from voting at the EGM.

### THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all the independent non-executive Directors (namely Mr. LIANG Hsien Tse Joseph, Mr. ZHOU Luming and Mr. WANG Wansong), who have no direct or indirect interest in the Transaction, has been formed to advise the Independent Shareholders as to (i) whether the Transaction is in the ordinary and usual course of business of the Group, on normal commercial terms and in the interests of the Company and the Shareholders as a whole; (ii) whether the terms of the Transaction are fair and reasonable so far as the Independent Shareholders are concerned; and (iii) how the Independent Shareholders should vote in respect of the relevant resolution to be proposed at the EGM. We, Caitong International Capital, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

### OUR INDEPENDENCE

As at the Latest Practicable Date, we were not aware of any relationships or interests among us and the Company, the Trustee, the Purchaser and the Vendor or their respective substantial shareholders or associates that could be reasonably be regarded as a hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser. Accordingly, we are considered eligible to give independent advice on the Transaction. Apart from the normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser, no arrangement exists whereby we will receive any fees or benefits from the Company, the Trustee, the Purchaser and the Vendor or their respective substantial shareholders or associates.

### BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have reviewed, among other things, the Scheme Rules, the Company's articles of association (the "**Articles**") the Agreement, the annual report of the Company for the year ended 31 December 2017 (the "**2017 Annual Report**"), the interim report of the Company for the six months ended 30 June 2018 (the "**2018 Interim Report**") and the Circular.

In addition, we have relied on the information, facts and representations provided, and the opinions expressed, by the Company and/or the Directors and/or the management of the Group (the "**Management**"). We have also relied on the information, facts and representations contained or referred to in the Circular and have assumed that the information, facts and representations provided, and the opinions expressed to us are true, accurate and complete in all material respects at the time they were made and will remain true, accurate and complete in all material respects up to the Latest Practicable Date. Independent Shareholders will be notified of material changes of such information provided and our opinion, if any, as soon as possible after the Latest Practicable Date and up to the

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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date of the EGM. We have also assumed that all statements of beliefs and opinions made by the Directors in the Circular were reasonably made after due enquiry and the expectations and intentions made by the Company and/or the Directors and/or the Management will be met or carried out as the case may be. We have also sought and received confirmation from the Company that no material facts have been omitted from the information provided and the opinions expressed to us. We consider that the information we have received is sufficient for us to formulate our opinion and recommendation as set out in this letter and have no reason to believe that any material information has been omitted or withheld, or to doubt the truth or accuracy of the information provided to us. We have not, however, conducted any independent investigation into the business and affairs of the Group, the Trustee, the Purchaser and/or the Vendor in their respective existing state, nor have we carried out any independent verification of the information provided by the Company and/or the Directors and/or the Management.

The Directors jointly and severally accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquires, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or the Circular misleading. This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Transaction. Except for its inclusion in the Circular, this letter may not be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion and recommendation in respect of the Transaction, we have considered the following principal factors and reasons:

#### **1. Information on the Group**

##### ***(a) Business overview of the Group***

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

To date, with the expansion of product range, the Group has three main product lines, namely (i) structural heart diseases business, which mainly includes congenital heart diseases occluder and LAA occluder; (ii) peripheral vascular diseases business, which mainly includes vena cava filter and stent graft; and (iii) cardiac pacing and electrophysiology business, which is mainly related to pacemakers.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*(b) Financial review of the Group*

Set out below is a summary of the audited consolidated financial information of the Group for the years ended 31 December 2016 and 2017, as extracted from the 2017 Annual Report, the unaudited consolidated financial information of the Group for the six months ended 30 June 2017 and 2018, as extracted from the 2018 Interim Report.

	<b>For the year</b>		<b>For the six months</b>	
	<b>ended 31 December</b>		<b>ended 30 June</b>	
	<b>2017</b>	<b>2016</b>	<b>2018</b>	<b>2017</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue	409,125	352,849	246,879	175,896
Gross profit	331,957	276,534	204,225	140,994
Profit for the year/ period attributable to:				
Owners of the Company	163,472	145,652	67,329	84,204

The Group's revenue recorded approximately RMB409.1 million for the year ended 31 December 2017, representing an increase of approximately 16.0% as compared to approximately RMB352.8 million for the year ended 31 December 2016. The increase in revenue was mainly attributable to the growth of sales volume of its primary products along with the expansion of its sales network, higher market penetration and increasing market share. Despite facing with the increasingly fierce competition in the global medical device industry, coupled with the revolution of medical devices bidding mode in the People's Republic of China and more stringent price regulations, the Group still achieved a substantial growth for the six months ended 30 June 2018. The Group's revenue was approximately RMB246.9 million for the six months ended 30 June 2018, with an increase of approximately RMB71.0 million or approximately 40.4% as compared to that of the same period in 2017. Such an increase was primarily the outcome of the increase of revenue from stent grafts, vena cava filter and LAmbré™ LAA occlude through its endeavours in increasing market share.

We note that apparently 100% of the Group's revenue was still contributed fully by its two core product lines, namely (i) structural heart diseases business; and (ii) peripheral vascular diseases business. The preparation for mass production of HeartTone™ implantable pacemaker categorised under the cardiac pacing and electrophysiology business was completed but the new product had yet to be commercialised until the second half of 2018, resulting in generating no revenue from that business line before then. As set out in the 2018 Interim Report, the business and revenue of the Group were expected to grow along with the steady momentum of its two core product lines coupled with the up-and-coming commercialisation and monetisation of the new product pipeline.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Group recorded a net profit attributable to owners of the Company of approximately RMB163.5 million for the year ended 31 December 2017, representing a growth of approximately 12.2% as compared to that of the year ended 31 December 2016. Such double-digit growth was driven by, to a large extent, (i) the growth of sales; (ii) reasonable control of expenses; and (iii) increase in other income resulting from a one-off consulting service provided to the purchaser of a then subsidiary of the Group for 12 months starting from December 2016.

The net profit attributable to owners of the Company for the six months ended 30 June 2018 was approximately RMB67.3 million, as compared to the net profit of approximately RMB84.2 million for the six months ended 30 June 2017. The decrease was mainly due to (i) approximately RMB27.7 million decrease in other income resulting from the expiration of the above mentioned consulting service in November 2017; (ii) approximately RMB13.9 million increase in the income tax generated by Lifetech Scientific (Shenzhen) Co., Ltd. allocating profits to the parent company; and (iii) approximately RMB8.0 million increase in the share-based payment expenses from approximately RMB7.5 million for the six months ended 30 June 2017 to approximately RMB15.5 million for the six months ended 30 June 2018. Taking out the aforesaid one-off and/or non-core business related elements, the Group would have recorded a net profit attributable to owners of the Company for the six months ended 30 June 2018 which was approximately RMB96.7 million, as compared to a net profit attributable to owners of the Company of approximately RMB64.0 million for the same period in 2017, representing an increase of approximately 51.1%.

The Company is of the view that its employees' dedication and effort is crucial to the past success of the Group, particularly the encouraging results in the year of 2017 and the first half of 2018, and the key to sustainable business growth in the long run. As set out in the paragraph headed "Background of the Share Award Scheme and the Transaction" below, the Share Award Scheme was so adopted for the purpose of rewarding their contributions to the Group, and fostering the cohesiveness of the Group so as to retain backbone employees to devote themselves to the objectives of increasing the value of the Company throughout the evolving business development of the Group ahead.

### **2. Information on the parties**

As set out in the Letter from the Board, 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.

As set out in the Letter from the Board, 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 under the Share Award Scheme.

As set out in the Letter from the Board, 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.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 3. Background of the Share Award Scheme and the Transaction

#### *(a) Share Award Scheme*

As set out in the announcement of the Company dated 28 December 2018 in relation to the adoption of the Share Award Scheme, the Share Award Scheme was adopted on 28 December 2018 (the “**Adoption Date**”) with the specific objectives (i) to recognise and motivate the contributions by certain Eligible Participants and to give incentives thereto in order to retain them for the continual operation and development of the Group; (ii) to attract suitable personnel for further development of the Group; and (iii) to provide certain Eligible Participants with a direct economic interest in attaining a long-term relationship between the Group and certain Eligible Participants.

With reference to the Scheme Rules, the Board shall (after having regard to all relevant circumstances and affairs of the Group including without limitation the Group’s business and financial performance of the Group) determine the maximum amount of funds to be allocated by the Board out of the Company’s resources for the purchase or subscription of the Awarded Shares, as the Board deems appropriate, pursuant to the Share Award Scheme.

The Board shall not make any further grant of Award such that the total number of shares granted under the Share Award Scheme will exceed 10% of the total number of issued Shares (the “**Scheme Limit**”) as at the Adoption Date. If the relevant subscription or purchase would result in the Trustee holding in aggregate, more than 10% of the total number of issued Shares as at the Adoption Date, the Trustee shall not subscribe for or purchase any further Shares.

The Management confirmed that no Awards have been granted under the Share Award Scheme since the Adoption Date and up to the Latest Practicable Date.

#### *(b) The Transaction*

The Directors stated in the Letter from the Board that the Vendor had conditionally agreed to sell, and the Purchaser, as instructed by the Company, had conditionally agreed to purchase, not more than 300,000,000 Shares, representing approximately 6.94% of the issued share capital of the Company as at the Latest Practicable Date.

The Transaction is conducted according to the terms of the Share Award Scheme to purchase Shares in the market either on the exchange or off the exchange and the maximum of 300,000,000 Sale Shares proposed to be purchased pursuant to the Agreement is within the Scheme Limit.

Based on the above, we concur with the view of the Directors that the Agreement enables the Trustee to set aside a pool of Shares available for allocation to the Eligible Participants under the Share Award Scheme as stated below.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 4. Reasons for and benefits of the Transaction

As set out in the Letter from the Board, the Company has taken 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 incentivising 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 in the market is currently low in which the 30-day average volume of transactions was 3,893,951 Shares as at the date of the Agreement, 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 as the Trustee only needs to purchase from one party off the Stock Exchange at one price. If the Trustee purchases on the exchange, it will need to purchase from various Shareholders on the Stock Exchange at different times and at the then market prices. This will likely cause fluctuation in the Share price; 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.

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.

In light of the foregoing, the Directors 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.

Having considered the above reasons for and benefits of the Transaction as cited by the Board, and our analyses in this letter below, we also concur with the Directors' view that the Transaction is fair and reasonable so far as the Independent Shareholders are concerned, as well as incidental to the Group's development of its ordinary and usual course of business though not in the ordinary course of business of the Group and is on normal commercial terms and is in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 5. Principal terms of the Transaction

Summarised below are the principal terms of the Transaction. Independent Shareholders are advised to read in full for further details of the Transaction as set out in the Letter from the Board.

#### (a) *Consideration*

As set out in the Letter from the Board, 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 (the “**Sale Share Price**”) represents:

- (i) 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;
- (ii) 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;
- (iii) 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; and
- (iv) a discount of approximately 26.79% to the closing price of HK\$1.68 per Share as quoted on the Stock Exchange as at the Latest Practicable Date.

Notwithstanding the fact that the consideration for the Sale Shares shall be settled with the funding from the Company, the Selected Participants (but not the Company) will be entitled to the shareholders’ rights (including but not limited to voting rights, rights to dividends or distributions) of the Awarded Shares upon vesting of the Awarded Shares. Prior to such vesting, a Selected Participant is not entitled to any of such rights attaching to the unvested Awarded Shares.

To assess the fairness and reasonableness in determining the Consideration, we have analysed the Sale Share Price with reference to (i) the historical price performance of the Shares; and (ii) the historical trading liquidity of the Shares.



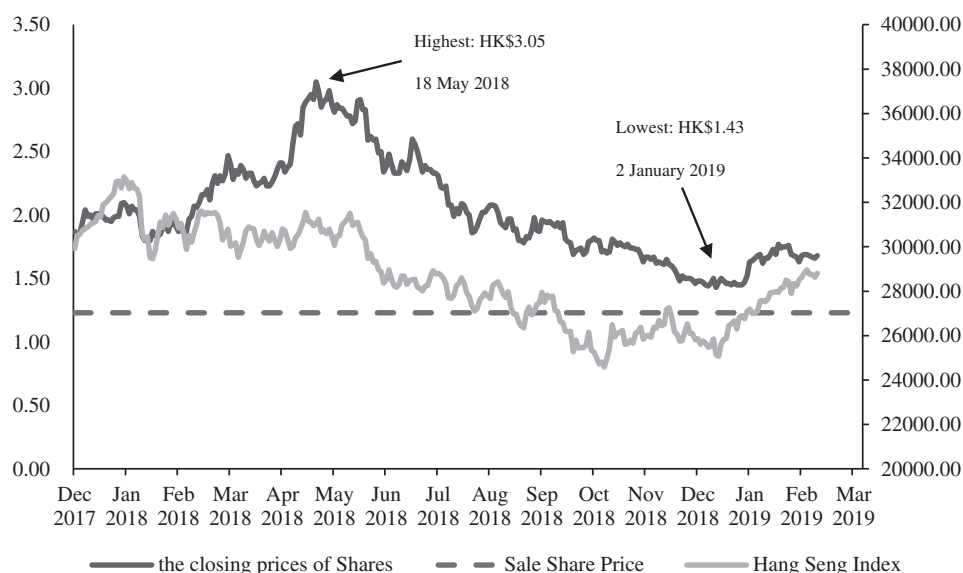
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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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(i) *Historical price performance of the Shares*

The chart below depicts the closing price level of the Shares as quoted on the Stock Exchange from 29 December 2017, being the 12-month period immediately preceding the announcement of the Company dated 28 December 2018 in relation to the Transaction, to the Latest Practicable Date (both dates inclusive) (the “**Review Period**”), including a comparison to the Hang Seng Index available at [www.finance.yahoo.com](http://www.finance.yahoo.com):



Source: website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk)) and website of Yahoo Finance ([www.finance.yahoo.com](http://www.finance.yahoo.com))

The Review Period is selected on the basis that it is a reasonable time frame given that it covers a period encompassing the general trend and level of movement of the closing prices of the Shares, which is sufficient for us to carry out our analysis on the historical share price performance as well as reflecting the Company’s fundamental financial performance and the business cycle in the corresponding period to illustrate the recent price movement of the Shares for conducting a reasonable comparison among the historical closing prices of the Shares and the Sale Share Price. Besides, we consider that such time frame is long enough to avoid any short-term fluctuation which may distort our analysis, and that it also reflects both recent price performance and trading volume of the Shares.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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During the Review Period, as shown in the chart above, the closing prices of the Shares ranged from HK\$1.43 to HK\$3.05, with an average closing price of approximately HK\$2.03. The Sale Share Price is lower than all the daily closing prices of the Shares quoted on the Stock Exchange during the Review Period, and represents a discount of approximately 14.0% to the lowest closing price of HK\$1.43 recorded on 2 January 2019, and a discount of approximately 59.7% to the highest closing price of HK\$3.05 recorded on 18 May 2018. Moreover, the Sale Share Price also represents a discount of approximately 39.4% to the average closing price of approximately HK\$2.03 during the Review Period.

As shown in the chart above, since the outset of the Review Period being the end of 2017, the closing prices of the Shares have generally moved in line with the stock market and tracked the Hang Seng Index, which is the main indicator of the performance of the Hong Kong stock market in general. Subsequently the Company released its strong financial results for the year ended 31 December 2017 via publication of the positive profit alert announcement and the 2017 Annual Report on 6 March 2018 and 6 April 2018 respectively, the Share price began to soar along the upward trend. Such trend gained further momentum after the announcement of the Company in relation to the disposal of equity interests in the Company by Medtronic Group to China Everbright Limited (stock code: 165.HK) and another investor respectively, following which Medtronic Group ceased to have any interests in the Shares and ceased to be a substantial Shareholder (the “**Change of Substantial Shareholder**”) on 6 May 2018. The closing price of the Shares reached its record high of HK\$3.05 on 18 May 2018, representing a premium of approximately 148.0% over the Sale Share Price. Such rally began to gradually run along a downward trend in July 2018. Since then, the Share prices have generally moved back in line with the stock market and tracked the Hang Seng Index again.

It is also noted on 28 December 2018 when the Transaction was disseminated to the market after trading hours by way of publication of announcement, the closing price per Share appeared a slight rebound from HK\$1.46 to HK\$1.50 on the following trading day, which may indicate the Transaction was not negatively viewed by the Shareholders and the investors. The Share price stayed mostly stable since then, and closed at HK\$1.68 on the Latest Practicable Date.

With the Sale Share Price being consistently lower than the closing prices of the Shares quoted on the Stock Exchange during the entire Review Period, we echoed the opinion of the Directors that the terms of the Transaction are fair and reasonable and on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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(ii) *Historical trading liquidity of the Shares*

The table below sets out the total monthly trading volume of the Shares and the percentage of such average daily trading volume to the total issued shares of the Company respectively during the Review Period:

Month/Period	Total trading volume of the Shares for the month/ period	Average daily trading volume of the Shares for the month/ period <i>(Note 1)</i>	Percentage of average daily trading volume of the Shares to total issued Shares <i>(Note 2)</i>
<b>2017</b>			
December	7,070,000	7,070,000	0.163%
<b>2018</b>			
January	351,732,800	15,987,855	0.369%
February	164,198,936	9,122,163	0.211%
March	409,263,800	19,488,752	0.450%
April	181,982,600	9,578,032	0.221%
May	536,890,735	25,566,225	0.590%
June	232,894,200	11,644,710	0.269%
July	170,737,400	8,130,352	0.187%
August	185,919,750	8,083,467	0.186%
September	67,414,000	3,548,105	0.082%
October	104,815,457	4,991,212	0.115%
November	97,720,520	4,441,842	0.102%
December	113,882,000	5,993,789	0.138%
<b>2019</b>			
January	93,271,785	4,239,627	0.098%
February	73,953,565	4,350,210	0.101%
March (on Latest Practicable Date)	2,960,000	2,960,000	0.068%

*Source: website of the Stock Exchange (www.hkex.com.hk)*

*Notes:*

1. Average daily trading volume of the Shares is calculated by dividing the total trading volume for the month/period by the number of trading days during the month/period.
2. The calculation is based on the average daily trading volume of the Shares divided by the total issued share capital of the Company at the end of each month or as at the Latest Practicable Date, as applicable.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The average daily trading volume of the Shares as a percentage of the total issued Shares ranged from approximately 0.068% to approximately 0.590% during the Review Period. We note that the Shares exhibited very high trading volumes immediately after the release of the announcement of the Company in relation to the Change of Substantial Shareholder on 6 May 2018. The daily trading volumes of the Shares in the week of 7 May 2018 (being the first five consecutive trading days after such announcement) ranged from 25,477,782 Shares to 65,030,000 Shares, of which 65,030,000 Shares hit the highest daily trading volume throughout the Review Period. Subsequently after the market sentiment faded away, the average trading volume again showed a general downward trend since July 2018.

Based on the above table, the average daily trading volume of the Shares during the Review Period was approximately 9,074,771 Shares. We consider that the trading volume of the Shares has been thin as a whole during the Review Period. Since the Shares are illiquid, it may not be easy for the Company to acquire such large block of Shares equivalent to 300,000,000 Shares on the exchange without increasing the total acquisition cost of the Company, which would have negative impact on the financial performance of the Group. On the other hand, if the Vendor disposes of such large block of Shares in the open market, it would trigger price slump of the Shares.

In light of the aforesaid, we are of the view that the Transaction, which provides an orderly exit arrangement for the Vendor to realise its investments in the Sale Shares as well as an opportunity for the Company to acquire the Sale Shares for setting aside a pool of Shares available for allocation to the Eligible Participants under the Share Award Scheme with a view to recognising and reward their contributions to the Group, and provide incentives to them enabling the Group to retain talents for the continual operation and development of the Group, is fair and reasonable or advantageous, so far as the Group is concerned and in the interests of the Shareholders as a whole.

***(b) 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).

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*(c) Other terms*

*(i) Lock-up*

We had reviewed the Agreement and noted that, the Sale Shares are subject to a lock-up period of three years, provided that (a) the Purchaser shall be entitled to transfer to the Selected Participant(s) up to 33% of the Sale Shares at any time after the first anniversary of the Completion Date and up to an additional 33% of the Sale Shares at any time after the second anniversary of the Completion Date; and (b) nothing in this clause shall prohibit 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).

Taking into account the large block of Shares held by the Vendor and the fact that after the Transaction, the Vendor will continue to hold 9.75% of the issued share capital of the Company (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) and, together with its associates, continue to be a substantial Shareholder, we consider that the Vendor's request for having the Sale Shares to be subject to the lock-up arrangement as mentioned above is in general commercially justified and beneficial to the Shareholders, as such lock-up arrangement could avoid an immediate and material impact on the stability of the Share price and protects the investors' interests and also the Independent Shareholders' interests while the Company can continue to incentivise employees by granting Awards to the Selected Participant(s) during the Lock-up Period (subject to such award notices having been approved or deemed approved by the Vendor pursuant to the terms of the Agreement).

As advised by the Management, vesting conditions may be set out in the relevant award notices to the Selected Participant(s). Without taking into account any such vesting conditions which may apply, the Lock-up Period and the transfer of the Sale Shares to the Selected Participants in tranches to which the Trustee is subject would avoid any possible disposal of a large block of Shares by the awardee(s) immediately after they are vested in the awardee(s), which would likely result in exerting considerable downward pressure on the Share price.

In addition, the Lock-up Period and the transfer of the Sale Shares to the Selected Participants in tranches is consistent with the objective of the Share Award Scheme as to motivate and retain the Eligible Participants for the continual operation and development of the Group, and to provide the Eligible Participants with a direct economic interest in attaining a long-term relationship with the Group.

Taking into consideration of the above, we concur with the view of the Directors that such term is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*(ii) Nomination of Director*

As stated in the Letter from the Board, 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 Articles, the Companies Law (2018 Revision) of the Cayman Islands, and such other requirements as may be imposed by the Stock Exchange.

According to Article 16.4 of the Articles independently obtained and reviewed by us, we noted that at each annual general meeting or any general meeting of the Company for the election and removal of directors, each of the Shareholders, irrespective of its equity interest in the Company, has a right to nominate a person for election as a director by, among others, lodging a notice of intention signed by such Shareholder duly qualified to attend and vote at the meeting. Furthermore, as stipulated in the Agreement that the nomination of the Director by the Vendor (for itself and/or as trustee for other member(s) of the Vendor Group) shall be subject further to the recommendation of the nomination committee of the Company (the “**Nomination Committee**”) and the appointment of the Board after the standard procedural review process based on merit and against the objective criteria laid down under the applicable laws, the Articles, the Listing Rules and corporate governance practices. An appointment of Director will only be made by the Company, if it is in the interests of the Company and the Shareholders as a whole. Any Director nominated by the Vendor pursuant to the nomination right provision under the Agreement, if so appointed by the Board, will also be subject to the standard retirement, re-election and shareholders’ approval requirements under the Articles.

As such, in the Directors’ opinion, the Vendor’s director nomination right under the Agreement is broadly in line with those rights available to other Shareholders under the Articles, granting no additional material rights to the Vendor nor imposing additional material obligations on the part of the Company. Accordingly, all Shareholders (including the Vendor) are treated in a fair and equal manner.

We discussed with the Company on the 7% equity interest threshold required for the director nomination right and were advised that such term was a commercial term of the Transaction based on arms’ length negotiations between the Vendor and the Purchaser. Taking into account the fact that the granting of such right may allow the Group to forge a closer bond with the Vendor who will continue to hold 9.75% of the issued share capital of the Company (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) and, together with its associates, continue to be a substantial Shareholder, while such term will not grant additional material rights to the Vendor nor impose additional material obligations on the part of the Company as explained above, we consider that such agreed terms are normal commercial terms and are reasonable.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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To further assess the reasonableness and fairness of such 7% equity interest threshold, we have identified 13 listed companies in Hong Kong (the “**Comparables**”) that (i) are listed on the Stock Exchange; and (ii) announced the entering into of the subscription agreements/ share transfer agreements during the Review Period, under which the shares transacted were less than 30% of the issued share capital of the listed companies without giving rise to a general offer obligation and not constituting a whitewashed transaction. Given the fact that the Vendor holds approximately 16.68% of the issued share capital of the Company as at the date of the Agreement and will continue to have a substantial stake in the Company upon completion of the Transaction, we consider that the Comparables can provide a reference on the recent “non- controlling stake” share transactions though not an absolute yardstick since the listed companies/their respective underlying transactions may inevitably have characteristics different from the Company/those of the Company in terms of, among others, the principal business, market capitalisation, profitability, and also the nature, background and structure of transaction.

The table below illustrates transaction details of the Comparables:

Date of announcement (dd/mm/yyyy)	Company name (stock code)	Nomination right (Note 1)	Shareholding percentage threshold (Note 2)	Shareholding percentage upon completion
18/01/2019	Beijing Enterprises Water Group Limited (371)	1 ED	Not less than 10.00%	4.76%
29/10/2018	Asia Investment Finance Group Limited (33)	2 EDs	N/A	5.09%
27/09/2018	Tianyun International Holdings Limited (6836)	2 directors and 1 CFO (Note 3)	N/A	27.00% (Note 3)
14/08/2018	Chong Hing Bank Limited (1111)	1 NED	Not less than 5.00%	9.70%
02/07/2018	Silver Grant International Industries Limited (171)	2 directors and/or company secretary (Note 3)	N/A	28.44% (Note 3)
27/04/2018	China Logistics Property Holdings Co., Ltd. (1589)	1 NED	7.92%	9.90%
26/04/2018	Cosmo Lady (China) Holdings Company Limited (2298)	1 NED	Not less than 2.00%	2.48%
23/04/2018	China Baoli Technologies Holdings Limited (164)	2 directors	N/A	9.06%
06/04/2018	Ausnutria Dairy Corporation Ltd. (1717)	1/3 of board (Note 3)	N/A	25.18% (Note 3)
19/03/2018	China Traditional Chinese Medicine Holdings Co. Limited (570)	1 NED	Not less than 5.00%	12.00%
12/02/2018	China Primary Energy Holdings Limited (8117)	1 NED	N/A	9.09%

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Date of announcement (dd/mm/yyyy)	Company name (stock code)	Nomination right (Note 1)	Shareholding percentage threshold (Note 2)	Shareholding percentage upon completion
29/01/2018	Honma Golf Limited (6858)	2 NEDs	Not less than 10.00%	10.00%
03/01/2018	Hua Hong Semiconductor Limited (1347)	1 director	N/A	18.94%
		<b>Maximum</b>	<b>Not less than 10.00%</b>	<b>18.94%</b>
		<b>Minimum</b>	<b>Not less than 2.00%</b>	<b>2.48%</b>
28/12/2018	The Company	1 NED	Not less than 7%	9.75%

Source: website of the Stock Exchange ([www.hkexnews.com.hk](http://www.hkexnews.com.hk))

*Notes:*

1. ED denotes executive director, NED denotes non-executive director, and CFO denotes chief financial officer.
2. N/A represents there is no specific shareholding percentage threshold disclosed in the respective announcements.
3. The shareholding upon completion of the respective share transactions of (i) Silver Grant International Industries Limited; (ii) Tianyun International Holdings Limited; and (iii) Ausnutria Dairy Corporation Ltd. (collectively the “Outliers”) are excluded from the calculations as they are considered as outliers in comparison with the rest of the Comparables, which may distort the result of our analysis. As noted in the announcements of the Outliers, the underlying transactions involved significant number of shares in close proximity to a majority stake of which the purchasers generally requested for a wider scope of nomination right extending to ED or equivalent level with practical involvement in the operation of the listed companies.

As illustrated above, (i) the shareholding percentage thresholds for nomination right of the Comparables range from a low of not less than 2% to a high of not less than 10%; and (ii) the shareholding percentage upon completion of the Comparables range from 2.48% to 18.94%. The 7% equity interest threshold entitling the Vendor to nominate one candidate to be appointed as non-executive Director falls within the aforementioned market ranges as represented by the Comparables. Therefore, such 7% equity interest threshold is considered normal commercial terms and is not uncommon.



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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On the above bases and taking into account (i) the appointment of Director nominated by the Vendor (for itself and/or as trustee for other member(s) of the Vendor Group) shall still be subject to the approval of the Nomination Committee in compliance with the applicable laws, the Articles, the Listing Rules and corporate governance practices; (ii) any Director nominated by the Vendor, if so appointed by the Board, will also be subject to the standard re-election and shareholders' approval requirements; (iii) the Agreement does not grant any additional material rights to the Vendor nor impose additional material obligations on the part of the Company; and (iv) the 7% equity interest threshold for director nomination right is within the market ranges as represented by the Comparables, we concur with the Directors' view that such director nomination right is fair and reasonable, and is in the interests of the Company and the Shareholders as a whole.

### 5. Effects on the shareholding structure of the Company

As set out in the Letter from the Board, to the best knowledge and information of the Directors, the shareholding information of the Company (i) as at the Latest Practicable Date; and (ii) 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:

	<b>As at the Latest Practicable Date</b>		<b>Immediately upon completion of the Agreement (based on the above assumptions)</b>	
	<i>Number of Shares</i>	<i>Shareholding percentage (approximate)</i>	<i>Number of Shares</i>	<i>Shareholding percentage (approximate)</i>
Xianjian Advanced Technology Limited ( <i>Note 1</i> )	781,914,928	18.07%	781,914,928	18.07%
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> )	722,000,000	16.68%	422,000,000	9.75%
China Everbright Financial Investments Limited ( <i>Note 4</i> )	200,000,000	4.62%	200,000,000	4.62%
The Purchaser	—	—	300,000,000	6.94%
Other Shareholders	<u>2,552,531,032</u>	<u>58.98%</u>	<u>2,552,531,032</u>	<u>58.98%</u>
	<u>4,327,581,200</u>	<u>100.00%</u>	<u>4,327,581,200</u>	<u>100.00%</u>

*Notes:*

1. Xianjian Advanced Technology Limited is a company wholly-owned by Mr. XIE Yuehui. Mr. XIE Yuehui is an executive Director, the chairman and the chief executive officer of the Company.
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.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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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. The entire issued share capital of China Everbright Financial Investments Limited is wholly controlled by Emporium (HK) 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..
5. Certain percentage figure(s) set out in this table are subject to rounding adjustments and may not add up to totals.

Having considered that (i) the issuance of new Shares to the Trustee or its nominee will ultimately dilute the shareholding stake of the existing Shareholders; and (ii) the on-market share purchase from other Shareholders will likely have to offer a higher price given a discount to the prevailing market price of the Shares would not have been attractive to such Shareholders whose holdings of the Shares are relatively small and could easily be sold in the open market, we thus consider that the Transaction is beneficial to and in the interests of the Company and the Shareholders as a whole.

### RECOMMENDATION

Having considered the principal factors and reasons above, we are of the opinion that (i) the Transaction is incidental to the Group's development of its ordinary and usual course of business though not in the ordinary course of business of the Group, and on normal commercial terms; and (ii) the terms of the Transaction are fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Board Committee to recommend and we also recommend the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM to approve the Transaction.

Yours faithfully,  
For and on behalf of  
**Caitong International Capital Co., Limited**  
**Michael Lam**  
*Chief Executive Officer*

*Mr. Michael Lam has been a responsible officer registered with the Securities and Futures Commission to carry out Type 6 (advising on corporate finance) regulated activity under the SFO since 2004 and has participated in the provision of independent financial advisory services for various transactions across different categories involving companies listed in Hong Kong.*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the Latest Practicable Date, the interests or short positions of Directors and chief executives of the Company in the Shares and underlying Shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules, were as follows:

Name of Director	Nature of interest	Number of Shares / underlying Shares	Position	Approximate Percentage of the Company's issued share capital
XIE Yuehui	Interest of controlled corporation and beneficial owner ( <i>Note 1</i> )	834,782,928	Long	19.29%
ZHANG Deyuan	Beneficial owner ( <i>Note 2</i> )	120,655,240	Long	2.79%
LIU Jianxiong	Beneficial owner ( <i>Note 3</i> )	49,620,000	Long	1.15%

*Note 1:* These interests represented:

- (a) 781,914,928 Shares held by Xianjian Advanced Technology Limited, which is wholly owned by Mr. XIE Yuehui, the Chairman, chief executive officer and executive Director;
- (b) 19,600,000 options granted to Mr. XIE Yuehui on 5 May 2015, which were subject to certain vesting conditions pursuant to the Share Option Scheme of the Company; and
- (c) 33,268,000 options granted to Mr. XIE Yuehui on 10 May 2018, which were subject to certain vesting conditions pursuant to the Share Option Scheme of the Company.

*Note 2:* These interests represented:

- (a) 63,135,240 Shares held by Mr. ZHANG Deyuan, the President, executive Director and chief technology officer;
- (b) 18,800,000 options granted to Mr. ZHANG Deyuan on 5 May 2015, which were subject to certain vesting conditions pursuant to the Share Option Scheme of the Company; and
- (c) 38,720,000 options granted to Mr. ZHANG Deyuan on 10 May 2018, which were subject to certain vesting conditions pursuant to the Share Option Scheme of the Company.

*Note 3:* These interests represented:

- (a) 8,000,000 Shares held by Mr. LIU Jianxiong, the Vice President, executive Director, chief financial officer and company secretary;
- (b) 16,800,000 options granted to Mr. LIU Jianxiong on 5 May 2015, which were subject to certain vesting conditions pursuant to the Share Option Scheme of the Company; and
- (c) 24,820,000 options granted to Mr. LIU Jianxiong on 10 May 2018, which were subject to certain vesting conditions pursuant to the Share Option Scheme of the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors is a director or employee of a company which has, or is deemed to have, an interest or a short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### 3. SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at the Latest Practicable Date, other than the interests of a Director or chief executive of the Company as disclosed under the heading "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures" above, the interests and short positions of persons in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of Shareholder	Nature of interest	Number of Shares/underlying Shares	Position	Approximate percentage of the Company's issued share capital
Xianjian Advanced Technology Limited	Beneficial Owner ( <i>Note 1</i> )	781,914,928	Long	18.07%
Synergy Summit Limited	Beneficial owner ( <i>Note 2</i> )	722,000,000	Long	16.68%
China Everbright Venture Capital Limited	Interest of controlled corporation ( <i>Note 2</i> )	722,000,000	Long	16.68%

Name of Shareholder	Nature of interest	Number of Shares/underlying Shares	Position	Approximate percentage of the Company's issued share capital
China Everbright Financial Investments Limited	Beneficial owner (Note 2)	200,000,000	Long	4.62%
Emporium (HK) Limited	Interest of controlled corporation (Note 2)	200,000,000	Long	4.62%
China Everbright Limited	Interest of controlled corporation (Note 2)	922,000,000	Long	21.31%
Honorich Holdings Limited	Interest of controlled corporation (Note 2)	922,000,000	Long	21.31%
Datten Investments Limited	Interest of controlled corporation (Note 2)	922,000,000	Long	21.31%
China Everbright Holdings Company Limited	Interest of controlled corporation (Note 2)	922,000,000	Long	21.31%
China Everbright Group Ltd	Interest of controlled corporation (Note 2)	922,000,000	Long	21.31%
Central Huijin Investment Ltd	Interest of controlled corporation (Note 2)	922,000,000	Long	21.31%
Eternal Space Limited	Beneficial owner (Note 3)	300,000,000	Long	6.93%

Name of Shareholder	Nature of interest	Number of Shares/underlying Shares	Position	Approximate percentage of the Company's issued share capital
TCT (BVI) Limited	Interest of controlled corporation (Note 3)	300,000,000	Long	6.93%
The Core Trust Company Limited	Interest of controlled corporation (Note 3)	300,000,000	Long	6.93%
Wellington Management Hong Kong Ltd.	Beneficial owner (Note 4)	139,548,000	Long	3.22%
Wellington Management Global Holdings, Ltd.	Interest of controlled corporation (Note 4)	139,548,000	Long	3.22%
Wellington Management Company LLP	Beneficial owner (Note 4)	79,647,250	Long	1.84%
Wellington Investment Advisors Holdings LLP	Interest of controlled corporation (Note 4)	219,195,250	Long	5.07%
Wellington Group Holdings LLP	Interest of controlled corporation (Note 4)	219,195,250	Long	5.07%
Wellington Management Group LLP	Interest of controlled corporation (Note 4)	219,195,250	Long	5.07%

*Note 1:* The entire issued share capital of Xianjian Advanced Technology Limited is wholly owned by Mr. XIE Yuehui, the Chairman, chief executive officer and executive Director.

*Note 2:* The entire issued share capital of Synergy Summit Limited is wholly controlled by China Everbright Venture Capital Limited, which in turn is wholly owned by China Everbright Limited. The entire issued share capital of China Everbright Financial Investments Limited is wholly controlled by Emporium (HK) 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.

*Note 3:* The issued share capital of Eternal Space Limite is wholly owned by TCT (BVI) Limited, which in turn is wholly owned by The Core Trust Company Limited.

*Note 4:* The issued share capital of Wellington Management Hong Kong Ltd. is wholly controlled by Wellington Management Global Holdings, Ltd.. The issued share capital of Wellington Management Company LLP is controlled as to 99.99% by Wellington Investment Advisors Holdings LLP, The issued share capital of Wellington Management Global Holdings, Ltd. is controlled as to 94.10% by Wellington Investment Advisors Holdings LLP, which in turn is controlled as to 99.99% by Wellington Group Holdings LLP. The issued share capital of Wellington Group Holdings LLP is controlled as to 99.70% by Wellington Management Group LLP.

Save as disclosed above, as at the Latest Practicable Date, the Directors of the Company were not aware of any other person (other than the Directors and chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

#### **4. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter into a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

#### **5. DIRECTORS' INTEREST IN COMPETING BUSINESS**

As at the Latest Practicable Date, so far as was known to the Directors, none of the Directors or their respective associates had interests in any business apart from the Group's business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

#### **6. INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP**

As at the Latest Practicable Date, none of the Directors:

- (i) had any interest in any assets which have been since 31 December 2017 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; or

- (ii) was materially interested in any contract or arrangement, subsisting at the date of this circular, which is significant in relation to the business of the Group.

## 7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2017, being the date to which the latest published audited consolidated financial statements of the Company were made up.

## 8. EXPERT AND CONSENT

The following is the qualification of the expert who has provided its opinion or advice, which is contained in this circular:

<b>Name</b>	<b>Qualification</b>
Caitong International Capital	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Caitong International Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its letter and references to its name and advice or opinion in the form and context in which they respectively appear.

As at the Latest Practicable Date, Caitong International Capital:

- (a) did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (b) was not interested, directly or indirectly, in any assets which have been or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2017, being the date to which the latest published audited accounts of the Company were made up.

## 9. MISCELLANEOUS

- (a) The registered office of the Company is PO Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands.
- (b) The branch share registrar of the Company in Hong Kong is Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) The company secretary of the Company is Mr. LIU Jianxiong. Mr. LIU has been a member of the Association of Chartered Certified Accountants since 1997 and a registered tax agent since 1999.



- (d) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

#### **10. DOCUMENTS FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours at the place of business in Hong Kong at 31/F, 148 Electric Road, North Point, Hong Kong up to and including the date of the EGM:

- (a) the Agreement;
- (b) the letter of recommendation from the Independent Board Committee, the text of which is set out on page 14 of this circular;
- (c) the letter from the Independent Financial Adviser, the text of which is set out on pages 15 to 32 of this circular; and
- (d) the written consent referred to in paragraph 8 of this appendix.



**LIFETECH SCIENTIFIC CORPORATION**

**先健科技公司**

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

**(Stock Code: 1302)**

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the extraordinary general meeting (the “**EGM**”) of LifeTech Scientific Corporation (the “**Company**”) will be held at Floor 8, LifeTech Building, No.22, Keji 12th Road South, High-tech Park, Nanshan District, Shenzhen, PRC on Friday, 22 March 2019 at 10:00 a.m. or any adjournment thereof for the purpose of considering and if thought fit, passing the following resolution, with or without modification, as ordinary resolution of the Company:

**ORDINARY RESOLUTION**

“**THAT:**

- (a) the sale and purchase agreement dated 28 December 2018 (a copy of which is marked “**A**” and signed by the chairman of the Meeting for the purpose of identification) entered into by and among Synergy Summit Limited (the “**Vendor**”), Eternal Space Limited (the “**Purchaser**”), The Core Trust Company Limited and the Company in relation to the transfer of not more than 300,000,000 shares of the Company from the Vendor to the Purchaser (the “**Agreement**”) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) any one director of the Company (the “**Director**”) or (if affixing of seal is required) any two Directors be authorised for and on behalf of the Company, among others, to sign, execute, perfect, deliver (including under seal where applicable) all such other documents and deeds, and to do or authorise doing all such acts, matters and things, as he may in his absolute discretion consider necessary, expedient or desirable to give effect to and implement and/or complete all matters in connection with:
  - (i) the Agreement and all other matters contemplated thereunder, and the closing and implementation thereof; and

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## NOTICE OF EGM

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- (ii) the approval of any amendments or variations to the Agreement and/or the transactions contemplated thereunder or the granting of waivers of any matters contemplated thereby that are, in the Director's opinion, of a non-material nature and are in the interests of the Company, including without limitation the signing (under the common seal of the Company where required or expedient) of any supplemental or ancillary agreements and instruments and the giving of any undertakings and confirmations for any such purposes, and all of such acts of the Director(s) as aforesaid be hereby approved, confirmed and ratified."

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

Hong Kong, 7 March 2019

*Notes:*

1. A form of proxy for use at the EGM is enclosed.
2. Any member of the Company ("**Member**") entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or, if he is the holder of two or more shares, more proxies to attend and, subject to the provisions of the articles of association of the Company, vote in his stead. A proxy need not be a member of the Company.
3. In order to be valid, the proxy form and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, must be delivered to the Company's branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time fixed for holding the meeting (or any adjournment thereof).
4. The Directors have fixed 4:30 p.m. on Tuesday, 19 March 2019 as the record time and date for ascertaining Shareholders' entitlement to attend and vote at the EGM. All transfers of shares accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at the address set out at Note (3) above not later than 4:30 p.m. on Tuesday, 19 March 2019.

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