

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



LifeTech Scientific Corporation

先健科技公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1302)

ESTABLISHMENT OF US JOINT VENTURE AND ENTERING INTO COOPERATION FRAMEWORK AGREEMENT IN RELATION TO WATER-SOLUBLE CANNABINOID PRODUCTS

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

Reference is made to the announcement of the Company dated 4 June 2019 headlined “Subsidiary Obtained Industrial Hemp Planting License and Processing Pre-License” (the “**Announcement**”). Unless otherwise defined, terms used in this announcement shall have the same meanings as defined in the Announcement.

The Board is pleased to further announce that, on 3 June 2019, the Company has entered into a cooperation framework agreement with Sorrento Therapeutics (NASDAQ: SRNE) (“**Cooperation Framework Agreement**”), pursuant to which, (i) upon the initiation of the cooperation on the industrial hemp layout via Shenzhen Yunma, Sorrento Therapeutics and the Group shall further collaborate to establish Scintilla Health, Inc. (“**Scintilla Health**”) in the US for the research and development, production and commercialization of water-soluble cannabidiol (CBD) and other water-soluble cannabinoids (“**Water-Soluble Cannabinoids**”) products (to the extent legally permissible) in the global market outside Asia; and (ii) Sorrento Therapeutics shall grant the exclusive long-term license at nil consideration to Shenzhen Yunma in Asia (ex-Japan) and Scintilla Health in other regions outside Asia, respectively, for the research and development, production and commercialization of Water-Soluble Cannabinoids, using its proprietary water-soluble formula technology (“**Water-Soluble Technology**”). However, the commercialization arrangements in Japan shall be separately discussed between the parties.

This announcement is made by the Company on a voluntary basis in accordance with the Listing Rules. To the best of the knowledge, information and belief of the Board, having made all reasonable enquiries, Sorrento Therapeutics is a third party independent of the Company and its connected persons pursuant to the Listing Rules.

The Cooperation Framework Agreement

Details of the Cooperation Framework Agreement are set out as follows:

Date: 3 June 2019

Parties: (1) The Company
(2) Sorrento Therapeutics

Establishment of the US Joint Venture, Scintilla Health

Scintilla Health is a US joint venture established by Sorrento Therapeutics and the Group, the business of which includes the research and development, production and commercialization of industrial hemp, CBD and Water-Soluble Cannabinoids products (to the extent legally permissible). Sorrento Therapeutics and the Group holds 80% and 20% of the equity interest of Scintilla Health, respectively.

As all applicable percentage ratios of the establishment of US Joint Venture are less than 5%, the establishment of Scintilla Health does not constitute a discloseable transaction under Rule 14 of the Listing Rules.

License for Water-Soluble Technology

Sorrento Therapeutics shall grant the exclusive long-term license at nil consideration to Shenzhen Yunma in Asia (ex-Japan) and Scintilla Health in other regions outside Asia, respectively, for the research and development, production and commercialization of Water-Soluble Cannabinoids products, using its proprietary Water-Soluble Technology. However, the commercialization arrangements in Japan shall be separately discussed between the parties.

Reasons and Benefits

Application of the leading Water-Soluble Technology of Sorrento Therapeutics will enable the application of CBD in functional beverages, foods and medicines, which opens up a broader market for CBD consumer products and its medical applications. The scientific research team of Sorrento Therapeutics has extensive experiences in the development of innovative water-soluble pharmaceutical products using GRAS (Generally Recognized as Safe) excipients (the “**GRAS material**”) approved by

FDA. The strategic cooperation will make full use of these water-soluble scientific research achievements in the application of Water-Soluble Cannabinoids consumer products and medical applications, which would shorten the development cycles to accelerate market launch and commercialization process of such products.

The strategic cooperation benefits both parties by utilizing their respective geographical and industrial advantages to establish a global downstream sales channel network for the CBD food and beverage additives market through the application of Water-Soluble Technology, and shall initiate the research and development process and market launch of CBD medical products as soon as possible, which would facilitate the process of materialization of the industrial hemp and CBD business chain, so as to seize such market opportunities and establish the new business growth point.

About Sorrento Therapeutics

Sorrento Therapeutics is a Nasdaq-listed company in the United States (stock code: SRNE), which is a clinical stage, antibody-centric, biopharmaceutical company developing new therapies to turn malignant cancers into manageable and possibly curable diseases. Sorrento Therapeutics' multimodal approach in fighting cancer is made possible by its extensive immuno-oncology platforms, including key assets such as fully human antibodies, clinical stage immuno-cellular therapies, intracellular targeting antibodies, antibody-drug conjugates, and clinical stage oncolytic virus.

Sorrento's commitment to life-enhancing therapies for cancer patients is also demonstrated by our effort to advance RTX, a first-in-class (TRPV1 agonist) non-opioid pain management small molecule, ZTlido and SP-102, a non-opioid corticosteroid gel. RTX is completing Phase 1B trials in terminal cancer patients and knee osteoarthritis patients, and its studies in osteoarthritis knee pain are scheduled to start in late 2019. ZTlido was approved by US FDA on 28 February. The SP-102 is in Phase 3 pivotal study for the treatment of lumbar radicular pain/sciatica. For more information, please visit <http://sorrentotherapeutics.com/>.

About Water-Soluble Technology

CBD belongs to a class of fat-soluble hydrophobic compound and this property has been a major hurdle for its absorption into human blood circulation. The bio-availability of CBD after oral dosage is only 4% and this can be greatly enhanced through water solubilization technology to further increase its absorption, which results in much improved bio-availability.

As a biotech company, Sorrento Therapeutics has built extensive knowledge and know-how in developing water-soluble technology for pharmaceutical industry. Sorrento Therapeutics' proprietary Water-Soluble Technology formulation can utilize FDA approved GRAS material and effectively disperse hydrophobic molecules, such as CBD, into homogenous water solution with particle size smaller than 100 nM. This formulation can achieve stable solution in the range from 5% to 10% of CBD in water (in the range from 50 grams to 100 grams of CBD in a litre) with the ability to be serially diluted to lower concentrations without affecting the solution stability. Water-soluble technology served as a major advancement of the application of other extensive and convenient food additive and consumer products based on the development of CBD as medication.

Risks Warning

The application of the water-soluble CBD products is still in the trial stage and is subject to the risks of trial failure. Meanwhile, food and drug applications of CBD are subject to market launch approval by the relevant authorities, and there is a risk of failure or delay in obtaining such approval. The Company shall comply with all applicable requirements of the Listing Rules and make further announcements as and when appropriate. **Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

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

Hong Kong, 4 June 2019

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