

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 Island with limited liability)

(Stock Code: 1302)

INSIDE INFORMATION MEMORANDUM OF UNDERSTANDING IN RELATION TO FORMATION OF JOINT VENTURE

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Memorandum of Understanding

The Board announces that on 28 March 2019 (non-trading hours), Lifetech Shenzhen (a wholly-owned subsidiary of the Company) and Shenzhen Mingke, which is owned as to 49%, 14% and 4% by Dr. Zhang (a person who was a Director in the last 12 months), Mr. Xie and Mr. Liu (each an executive Director), entered into the MOU. Under the MOU, the parties agree to enter into discussion in relation to the formation of the JV Company. The JV Company will be owned by Lifetech Shenzhen and Shenzhen Mingke as to 49% and 51%, respectively. The proposed principal business of the JV Company will include the research and development, manufacturing and sale of the metallic bioabsorbable products for medical use and the provision of related technical services.

The proposed JV Company is subject to, among others, further negotiation concerning the entering into of a formal agreement. As at the date of this announcement, the parties are still in the process of negotiating the structure and terms of the proposed formation of the JV Company and have not entered into a formal agreement for the proposed formation of the JV Company. Should the parties enter into an agreement or arrangement in relation to the formation of the JV Company, it will constitute a connected transaction of the Company. The Company will comply with all applicable requirements under the Listing Rules. **The Company will make further announcement as and when appropriate. Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.**

This announcement is made by the Company pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

THE MOU

On 28 March 2019 (non-trading hours), Lifetech Shenzhen and Shenzhen Mingke entered into the MOU, pursuant to which the parties have conditionally agreed to invest in and establish a proposed JV Company. The principal terms of the MOU are set out below:

Date: 28 March 2018 (non-trading hours)

Parties: (i) Lifetech Shenzhen
(ii) Shenzhen Mingke

Shenzhen Mingke is owned by Dr. Zhang (a person who was a Director in the last 12 months), Mr. Xie and Mr. Liu (each an executive Director) as to 49%, 14% and 4%, respectively. Accordingly, Shenzhen Mingke is a connected person of the Company. The remaining 33% interest in Shenzhen Mingke is held by Mrs. Lin (as the representative of the employees to hold the employees' interests in the JV Company).

Core Business

Subject to the approval by the relevant regulatory authorities in the PRC, the proposed principle business of the JV Company will include the research and development, manufacturing and sale of the metallic bio-absorbable products for medical use and the provision of related technical services.

Lifetech Shenzhen will have priority rights to take part in the co-operation in relation to the products of the JV Company and their associated rights.

Shareholding structure

The expected initial registered capital of the proposed JV Company is RMB10.0 million, which will be contributed by Lifetech Shenzhen and Shenzhen Mingke as to 49% and 51%, respectively. The amount of capital contribution of each of the parties was determined after taking into account the business prospects and working capital needs of the JV Company. The capital contributions of the parties are expected to be satisfied by cash and transfer of certain intellectual properties (including patents and know-how) and fixed assets to the JV Company.

Lifetech Shenzhen will have the right of first refusal on any proposed transfer by Shenzhen Mingke of its equity interest in the JV Company.

Legal validity

Except the provisions relating to confidentiality, governing law and jurisdiction, the provisions of the MOU are not binding on the parties.

REASONS FOR AND BENEFITS OF ENTERING INTO THE MOU

The Project has been undertaken by the Group. Dr. Zhang is responsible for overseeing the Project with the support of a core technical team. The Directors believe that the JV Company in which the core technical team will hold indirect interests will provide a separate platform for the Project to raise funds from external investors, which would enhance the valuation of the Project, and to allow the Project to independently access capital markets when needs for additional funding for the Project arise in the future.

The Directors also believe that allowing Dr. Zhang and the core technical team to take charge of the daily operation and management of the Project would motivate them to greater dedication and contribution to the Project and attract and retain the services of qualified and experienced talents, enhancing the research and development and marketing capabilities of the Project. Dr. Zhang resigned as an executive Director with effect from 28 March 2019, please refer to the announcement of the Company dated 28 March 2019 in relation to the resignation of executive Director.

Besides, since part of the capital contribution to the JV Company will be made by Dr. Zhang and the core technical team and the JV Company may meet its capital demand through external financing in the future, the formation of the JV Company would allow the Group to maintain a stake in the Project and yet reduce the Group's additional capital commitment to the Project, allowing the Group to maintain sufficient liquidity to capture other new development and business opportunities in the future.

The Group will continue to co-operate with Dr. Zhang and the core technical team in the development of the Project, which the Directors believe will create synergy and ensure a timely commercialisation of the Project, which is in line with the long-term interests of both parties.

The proposed formation of the JV Company is subject to, among others, further negotiation concerning the entering into of a formal agreement. As at the date of this announcement, the parties are still in the process of negotiating the structure and terms of the proposed formation of the JV Company and have not entered into a formal agreement for the proposed formation of the JV Company. Should the parties enter into an agreement or arrangement in relation to the formation of the JV Company, it will constitute a connected transaction of the Company. The Company will comply with all applicable requirements under the Listing Rules. **The Company will make further announcement as and when appropriate. Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.**

DEFINITIONS

Unless the context otherwise requires, capitalised terms used in this announcement have the following meanings:

“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 on 6 November 2013 (Stock Code: 1302)
“Connected Person”	has the meaning given to it in the Listing Rules
“Directors”	the directors of the Company
“Dr. Zhang”	Dr. Zhang Deyuan, a person who was a Director in the last 12 months
“GEM”	GEM of the Stock Exchange
“Group”	the Company and its subsidiaries

“JV Company”	a limited liability company proposed to be jointly established by Lifetech Shenzhen and Shenzhen Mingke in the PRC
“Lifetech Shenzhen”	Lifetech Scientific (Shenzhen) Co., Ltd. (先健科技(深圳)有限公司), a wholly-owned subsidiary of the Company established in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	a memorandum of understanding entered into by Lifetech Shenzhen and Shenzhen Mingke on 28 March 2019 (non-trading hours)
“Mr. Liu”	Mr. Liu Jianxiong, an executive Director
“Mr. Xie”	Mr. Xie Yuehui, an executive Director
“Mrs. Lin”	Mrs. Lin Wenjiao, a member of the core technical team of the Project
“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, the Hong Kong Special Administrative Region and the Macao Special Administrative Region of the PRC and Taiwan)
“Project”	the project relating to the research and development, manufacturing and sale of metallic bio-absorbable products for medical use
“RMB”	Renminbi, the lawful currency of the PRC
“Shenzhen Mingke”	Shenzhen Mingke Technology Co., Ltd. (深圳市茗柯技術有限公司), a company established in the PRC and held by Dr. Zhang (a person who was a Director in the last 12 months), Mr. Xie and Mr. Liu (each an executive Director) and Mrs. Lin (as the representative of the employees to hold the employees’ interests in the JV Company) as to 49%, 14%, 4% and 33%, respectively
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

The English names of Chinese entities included in this announcement are unofficial translations of their Chinese names and are included for identification purposes only.

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

Hong Kong, 28 March 2019

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