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LIFE HEALTHCARE GROUP LIMITED

蓮和醫療健康集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 928)

DISCLOSEABLE TRANSACTION — FORMATION OF JOINT VENTURE COMPANY

FORMATION OF THE JOINT VENTURE COMPANY

On 26 June 2020, Beijing Life Healthcare entered into the Joint Venture Agreement with the Joint Venture Partners pursuant to which the parties agreed to jointly establish the Joint Venture Company to carry out the business of research and development of medical technology innovations such as genomics and cell therapy and their application in the field of human health and precision medicine; development and operation of medical and health industrial park; development and operation of online medical and health service platform.

Pursuant to the terms of the Joint Venture Agreement, the registered capital of the Joint Venture Company will be RMB200,000,000 (equivalent to approximately HK\$219,020,000). Beijing Life Healthcare will contribute RMB30,000,000 (equivalent to approximately HK\$32,853,000) and the Joint Venture Partners will contribute the remaining RMB170,000,000 in aggregate (equivalent to approximately HK\$186,167,000) towards the registered capital of the Joint Venture Company. The Joint Venture Company will be owned as to 15% by Beijing Life Healthcare upon its establishment.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Company's investment in the Joint Venture Company exceeds 5% and all of the percentage ratios are less than 25%, the Joint Venture Agreement constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

FORMATION OF THE JOINT VENTURE COMPANY

On 26 June 2020, Beijing Life Healthcare, a wholly-owned subsidiary of the Company, entered into the Joint Venture Agreement with the Joint Venture Partners pursuant to which the parties agreed to jointly establish the Joint Venture Company.

The principal terms of the Joint Venture Agreement are set out below.

Subject matter

The Joint Venture Company will be a limited liability company to be established in accordance with the laws of the PRC and the provisions of the Joint Venture Agreement.

The proposed name of the Joint Venture Company is 北京蓮和眾成醫療科技有限公司 (Beijing Life Healthcare Zhongcheng Medical Technologies Co., Ltd.*).

Purpose of the Joint Venture Company

The principal business activities of the Joint Venture Company will be research and development of medical technology innovations such as genomics and cell therapy and their application in the field of human health and precision medicine; development and operation of medical and health industrial park; development and operation of online medical and health service platform.

Capital contribution

Pursuant to the terms of the Joint Venture Agreement, the registered capital of the Joint Venture Company will be RMB200,000,000 (equivalent to approximately HK\$219,020,000). The capital contribution and shareholding percentage of each of the parties to the Joint Venture Agreement in the Joint Venture Company upon its establishment are as follows:

Party	Amount of capital contribution (RMB)	Amount of capital contribution (HK\$) (approximate)	Shareholding percentage
Beijing Life Healthcare	30,000,000	32,853,000	15%
Joint Venture Partners:			
Shenyang Zhongkesaier	40,000,000	43,804,000	20%
Beijing Zhongwangxingde	40,000,000	43,804,000	20%
Shenzhen Qupinyun	50,000,000	54,755,000	25%
Yizhong Lianhe	40,000,000	43,804,000	20%
Total:	<u>200,000,000</u>	<u>219,020,000</u>	<u>100%</u>

Each of the parties to the Joint Venture Agreement shall make their respective capital contribution in the form of cash, assets or patent technologies within six (6) months of the establishment of the Joint Venture Company.

The amount of capital contribution was determined after arm's length negotiations between Beijing Life Healthcare and the Joint Venture Partners with reference to the initial capital requirement of the Joint Venture Company.

The Group intends to finance its investment in the Joint Venture Company from its internal resources.

Composition of the board of directors

Pursuant to the terms of the Joint Venture Agreement, the board of directors of the Joint Venture Company will comprise of five (5) directors, and each party to the Joint Venture Agreement shall be entitled to nominate one director.

Information on the Joint Venture Partners

To the best of the Directors' knowledge, information and belief and after making reasonable enquires, each of the Joint Venture Partners and their respective ultimate beneficial owners are independent of the Company and connected persons of the Company.

To the best of the Directors' knowledge, information and belief and after making reasonable enquires:

- (a) Shenyang Zhongkesaier is a technology company specialized in cell and gene therapy technology, precision medical technology development and technical services, regenerative medicine technology research and development, achievement transformation, and clinical application. The ultimate beneficial owners of Shenyang Zhongkesaier are Liu Jicai and Chen Shanbin;
- (b) Beijing Zhongwangxingde is principally engaged in real estate, industrial park and tourism. The ultimate beneficial owner of Beijing Zhongwangxingde is Hong Bo;
- (c) Shenzhen Qupinyun is a high-tech company principally engaged in medical informatization construction which is committed to using advanced technologies such as blockchain, cloud service and digital currency to empower the medical and health field. The ultimate beneficial owners of Shenzhen Qupinyun are Wu Yanzhao, Niu Jun, Sun Shengyong and other persons each of whom holds not more than 5% equity interest in Shenzhen Qupinyun; and
- (d) Yizhong Lianhe is an operation company of Sino-Italian International Financial Services Holdings Limited, which was founded by Irene Pivett. Yizhong Lianhe is a global comprehensive financial service enterprise with capital investment services and industrial operation management. The ultimate beneficial owners of Yizhong Lianhe are Irene Pivett and Zhou Kai.

Reasons and benefits

The Company has been actively seeking opportunities to accelerate the business growth in its early cancer detection business and medical and health products and services business by further fostering cooperation with business partners, governmental authorities and academic institutions and forming strategic alliance with other market players.

Through the establishment of a cooperative platform under the Joint Venture Agreement, the Group and the Joint Venture Partners can integrate their respective resources and give full play to their respective advantages in the healthcare industry. In this connection, the parties can cooperate in market development, investment and financing, new product R&D and mergers and acquisitions in the healthcare fields including genetic testing and stem cell technology development and application, Internet medical technology and medical and health industrial park, thereby achieving mutual benefit for all joint venture partners with win-win results. The Directors are of the view that the Group's participation in such platform will enhance the product diversity and upgrade the quality of healthcare products and services being offered by the Group, which will in turn bolster the Group's performance in its healthcare businesses.

The terms of the Joint Venture Agreement are negotiated after arm's length negotiations. The Directors are of the view that the terms of the Joint Venture Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Company's investment in the Joint Venture Company exceeds 5% and all of the percentage ratios are less than 25%, the Joint Venture Agreement constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, capitalised terms used shall have the following meanings:

“Beijing Life Healthcare”	Beijing Life Healthcare Medical Technology Company Limited* (北京蓮合醫療科技有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Beijing Zhongwangxingde”	Beijing Zhongwangxingde Travel Development Co., Ltd* (北京眾望興德旅游發展有限公司), a company established in the PRC with limited liability
“Board”	the board of Directors

“Company”	Life Healthcare Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 928)
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company from time to time
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Joint Venture Agreement”	the joint venture agreement dated 26 June 2020 and entered into by and between Beijing Life Healthcare and the Joint Venture Partners in relation to the formation and management of the Joint Venture Company
“Joint Venture Company”	the joint venture company to be established in the PRC pursuant to the terms of the Joint Venture Agreement
“Joint Venture Partners”	collectively, Shenyang Zhongkesaier, Beijing Zhongwangxingde, Shenzhen Qupinyun and Yizhong Lianhe
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholders of the Company
“Shenyang Zhongkesaier”	Shenyang Zhongkesaier Bio-Tech Co., Ltd* (瀋陽中科賽爾生物科技有限公司), a company established in the PRC with limited liability
“Shenzhen Qupinyun”	Shenzhen Qupinyun Technology Co., Ltd* (深圳趣拼雲科技有限公司), a company established in the PRC with limited liability
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Yizhong Lianhe” Yizhong Lianhe International Investment Management Co., Ltd* (意中聯合國際投資管理有限公司), a company established in the PRC with limited liability

“%” per cent

* *English transliteration of the Chinese name(s) is for identification purpose only and should not be regarded as the official English name(s) of such Chinese names(s)*

This announcement contains translation between Renminbi and Hong Kong dollar amounts at RMB1 = HK\$1.0951, being the exchange rate prevailing on 26 June 2020. The translation should not be taken as a representation that the Renminbi could actually be converted into Hong Kong dollars at that rate or at all.

By order of the Board
LIFE HEALTHCARE GROUP LIMITED
Xu Xueping
Executive Director

Hong Kong, 26 June 2020

As at the date of this announcement, the Board comprises:

Executive Directors:

Mr. Xu Xueping (*Chairman*)

Mr. Man Wai Lun

Mr. Yang Zhiying

Independent non-executive Directors:

Mr. Liu Xinghua

Mr. Zheng Chunlei

Mr. Cheng Chun Man

Non-executive Director:

Ms. Shan Hua