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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 21 September 2020, LHCS, 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 establish the Joint Venture Company to carry out Internet medical health service platforms, biomedicine research and development, pharmaceuticals and medical materials production bases and other businesses.

Pursuant to the terms of the Joint Venture Agreement, the registered capital of the Joint Venture Company will be USD10,000,000 (equivalent to approximately HK\$77,500,000). LHCS will contribute USD6,000,000 (equivalent to approximately HK\$46,500,000) and the Joint Venture Partners will contribute the remaining USD4,000,000 (equivalent to approximately HK\$31,000,000) in aggregate towards the registered capital of the Joint Venture Company. The Joint Venture Company will be owned as to 60% by LHCS 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 21 September 2020, LHCS, 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 requirements of the laws of the Kingdom of Cambodia and the provisions of the Joint Venture Agreement.

The proposed name of the Joint Venture Company is Life Healthcare Technology Holding Limited (KH) (蓮和醫療科技控股有限公司).

Purpose of the Joint Venture Company

The Joint Venture Company will be primarily engaged in Internet medical health service platforms, biomedicine research and development, pharmaceuticals and medical materials production bases.

Capital contribution

Pursuant to the terms of the Joint Venture Agreement, the registered capital of the Joint Venture Company will be USD10,000,000 (equivalent to approximately HK\$77,500,000). LHCS will contribute USD6,000,000 (equivalent to approximately HK\$46,500,000) and the Joint Venture Partners will contribute the remaining USD4,000,000 (equivalent to approximately HK\$31,000,000) in aggregate towards the registered capital of the Joint Venture Company. The Joint Venture Company will be owned as follows upon its establishment.

Shareholder	Capital contribution (USD)	Shareholding percentage
LHCS	6,000,000	60%
Mr. Zhang	3,000,000	30%
Deep Net	1,000,000	10%
Total	10,000,000	100%

The parties to the Joint Venture Agreement shall make their respective capital contribution in cash or by way of injection of assets and/or patent technologies within 6 months after the establishment of the Joint Venture Company.

The amount of capital contribution was determined after arm's length negotiations between LHCS 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 the net proceeds from the placements completed in August 2020, the rest will be finance 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 three (3) directors. Each shareholder shall be entitled to nominate one director to the board.

Information on the Joint Venture Partners

Mr. Zhang

To the best of the Directors' knowledge, information and belief and after making reasonable enquires, Mr. Zhang is a Cambodian national who is the Founder of Cambodia (Phnom Penh) Stem Cell Clinical Research and Comprehensive Application Base (柬埔寨 (金邊) 幹細胞臨床研究及綜合應用基地) and the Founder of the Cambodian-China Nonhuman Primate Experimental Animal Strategic Reserve Base (柬中非人靈長類實驗動物戰略儲備基地). Mr. Zhang is also the controlling shareholder of MJ Health Care Co., Ltd., a strategic partner of the Group (details of which are set out in the announcement of the Company dated 11 September 2020). Save for the aforesaid, to the best of the Directors' knowledge, information and belief and after making reasonable enquires, Mr. Zhang is independent of the Company and connected persons of the Company.

Deep Net

To the best of the Directors' knowledge, information and belief and after making reasonable enquires, Deep Net is a company incorporated in Singapore and is principally engaged in SaaS services. Deep Net has a global technology team, which provides AI, blockchain and IoT software services to various enterprises through innovative products. The ultimate beneficial owner of Deep Net is Meng Jing.

To the best of the Directors' knowledge, information and belief and after making reasonable enquires, each of Deep Net and its ultimate beneficial owners are independent of the Company and connected persons of the Company.

Reasons and benefits

The Group is principally engaged in the healthcare products and services business. LHCS is a wholly-owned subsidiary of the Company principally engaged in corporate administrative services.

The investment in the Joint Venture Company, which will be principally engaged in Internet medical health service platforms, biomedicine research and development, pharmaceuticals and medical materials production bases, allows the Group to further develop its core businesses in the healthcare industry and expand the geographical footprint of its business to the Kingdom of Cambodia, which is in line with the business development strategy of the Group. In addition, the Board considers that, through the formation of the Joint Venture Company, the Group can take more efficient use of group internal resources and leverage the resources and network of the Joint Venture Partners, which are beneficial to the development of the Group.

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:

“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
“Deep Net”	Deep Net Information Technology Pte. Ltd. (新加坡深網信息技術有限公司), a company incorporated in Singapore with limited liability
“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 21 September 2020 and entered into by and between LHCS 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 Kingdom of Cambodia pursuant to the terms of the Joint Venture Agreement
“Joint Venture Partners”	Mr. Zhang and Deep Net
“LHCS”	Life Healthcare Corporate Services Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Zhang”	Mr. Zhang Shengbiao, a Cambodian national

“Shareholder(s)”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USD”	United States dollar, the lawful currency of the United States of America
“%”	per cent

This announcement contains translation between USD and Hong Kong dollar amounts at USD1 = HK\$7.75, being the exchange rate prevailing on 21 September 2020. The translation should not be taken as a representation that the USD 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, 21 September 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. Cheng Chun Man
Ms. Zheng Xin

Non-executive Directors:

Ms. Shan Hua
Ms. Fu Xiaoji