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## **IVD Medical Holding Limited**

### **華檢醫療控股有限公司**

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

**(Stock Code: 1931)**

## **CONNECTED TRANSACTION FORMATION OF PARTNERSHIP**

### **FORMATION OF PARTNERSHIP**

The Board is pleased to announce that on 3 August 2020 (after trading hours), Vastec Shanghai, a wholly-owned subsidiary of the Company (as a limited partner), entered into the Partnership Agreement with Huatuo (as a limited partner), Shandong Guohui (as a limited partner) and Zhongmin Huiyuan (as the general partner), in relation to the formation of the Partnership focusing on equity investments. Upon establishment, the Partnership will be owned as to approximately 19.99% by Vastec Shanghai, as to approximately 29.99% by Huatuo, as to approximately 49.99% by Shandong Guohui and as to approximately 0.03% by Zhongmin Huiyuan.

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Huatuo is a controlling shareholder of the Company and thus a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the formation of the Partnership contemplated under the Partnership Agreement constitutes a connected transaction of the Company.

As the highest applicable percentage ratio in respect of the formation of the Partnership contemplated under the Partnership Agreement is more than 0.1% but less than 5%, the formation of the Partnership contemplated thereunder is subject to reporting, announcement and annual review requirements but is exempt from the requirement of circular and independent shareholders' approval under Chapter 14A of the Listing Rules.

## INTRODUCTION

On 3 August 2020 (after trading hours), Vastec Shanghai, a wholly-owned subsidiary of the Company, entered into the Partnership Agreement with Huatuo, Shandong Guohui and Zhongmin Huiyuan in relation to the formation of the Partnership focusing on equity investments. The principal terms of the Partnership Agreement are set out below.

## THE PARTNERSHIP AGREEMENT

### Date

3 August 2020

### Parties

- (i) Vastec Shanghai, a wholly-owned subsidiary of the Company (as a Limited Partner);
- (ii) Huatuo, a controlling shareholder and therefore a connected person of the Company (as a Limited Partner);
- (iii) Shandong Guohui (as a Limited Partner); and
- (iv) Zhongmin Huiyuan (as the General Partner).

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, Shandong Guohui and Zhongmin Huiyuan, together with their respective ultimate beneficial owners, are third parties independent of the Company and the connected persons of the Company.

### Capital Commitment

Upon establishment, the Partnership will be owned as to approximately 19.99% by Vastec Shanghai, as to approximately 29.99% by Huatuo, as to approximately 49.99% by Shandong Guohui and as to approximately 0.03% by Zhongmin Huiyuan.

The Partnership shall have a total capital commitment of RMB300.1 million, which shall be contributed by Vastec Shanghai, Huatuo, Shandong Guohui and Zhongmin Huiyuan in proportion to their respective partnership interests in the Partnership as follows:

Party	Capital contribution (RMB)	Approximate percentage of partnership interest in the Partnership	Capacity
Vastec Shanghai	60,000,000	19.99%	Limited Partner
Huatuo	90,000,000	29.99%	Limited Partner
Shandong Guohui	150,000,000	49.99%	Limited Partner
Zhongmin Huiyuan	100,000	0.03%	General Partner
<b>Total</b> <i>(Note 1)</i>	<b>300,100,000</b>	<b>100 %</b>	

*Note*

(1) Please note that the percentages may not add up to 100% due to rounding.

The respective capital commitment in the Partnership as set out above was determined after arm's length negotiation between the General Partner and the Limited Partners with reference to the capital requirements of the Partnership and the intended proportion of capital commitment by each party.

Subject to provisions provided under the Partnership Agreement, including satisfaction of certain conditions precedent, the Limited Partners shall fulfill their capital commitment in installments in accordance with the payment notices to be issued by the General Partner to the Limited Partners from time to time within ten business days upon receipt thereof. The first installment shall be equal to 20% of the respective capital commitment of each Limited Partner. The General Partner shall pay 100% of its capital commitment in one installment.

The capital commitment of Vastec Shanghai will be paid in cash and funded by internal resources of the Company.

### **Term**

The term of the Partnership shall be seven (7) years from the Closing Date, which may be amended with unanimous consent of the Partners in accordance with the Partnership Agreement.

### **Investment Scope**

The Partnership will engage in equity investments in IVD industry, focusing on microbiological testing, molecular diagnostics, and other innovative IVD technology products, through mergers and acquisitions or other forms of financial transactions in accordance with the Partnership Agreement.

### **Investment Committee**

The Investment Committee shall comprise of five (5) members, three (3) of which are to be appointed by each of Vastec Shanghai, Huatuo and Zhongmin Huiyuan, respectively, and two of which are to be appointed by Shandong Guohui.

The Investment Committee is responsible for approving matters relating to investment, change of investment and exit of investment of the Partnership. Resolutions of the Investment Committee shall only be passed with unanimous votes from all the five (5) members of the Investment Committee.

### **General Partner**

In accordance with the Partnership Agreement, the General Partner has been appointed as the execution partner and fund manager of the Partnership, and is responsible for, among other things, implementation of the Investment Committee's decision and performance of various administrative functions as operation of the Partnership may require from time to time.

## **Other Major Terms**

Management fee:	An annual management fee equal to 2% of the aggregate amount of the Limited Partners' paid-in capital contribution shall be paid to the General Partner in advance on or before the tenth business day from 1 January each year, subject to adjustments made in accordance with the Partnership Agreement.
Restrictions on partnership interest transfers:	<p>Unless pursuant to the relevant laws or regulations or with unanimous consent by all the other Partners, the General Partner cannot transfer all or any part of its interest in the Partnership.</p> <p>The Limited Partner can transfer all or any part of its interest in the Partnership to any other Limited Partner or a third party with unanimous consent by all the other Partners, subject to the terms and conditions of the Partnership Agreement.</p>
Distribution:	<p>Any distribution by the Partnership will be made to its General Partner and Limited Partners pro rata to their respective paid-in capital contribution in the Partnership.</p> <p>When the aggregate distribution received by each of the Limited Partners exceeds their respective paid-in capital contribution plus 8% annualised return, 20% of the remaining distributable proceeds shall be paid to the General Partner, with 80% to be paid to the Limited Partners pro rata to their respective paid-in capital contribution in the Partnership upon dissolution of the Partnership.</p>
Dissolution of the Partnership:	The Partnership will be dissolved upon occurrence of certain events, including but not limited to (i) expiry of the term of the Partnership in accordance with the Partnership Agreement; (ii) exit or removal of the General Partner pursuant to the Partnership Agreement and no general partner has been appointed in lieu thereof within 60 days; (iii) material loss incurred by the Partnership (equal to or exceeding 50% of the paid-in capital contribution by all Partners); and (iv) the purpose of the Partnership can no longer be fulfilled.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE PARTNERSHIP AGREEMENT AND THE FORMATION OF THE PARTNERSHIP**

The Company is a leading distributor of IVD products in the PRC. The Partnership will invest in selected companies in the IVD industry with great potential, which is expected to generate favourable financial return and secure additional source of income for the benefit of the Company's shareholders. In addition, leveraging on the resources of the Partnership, the Company will be able to identify quality products and service providers, as well as potential client base, in the upstream and downstream of the IVD industry, thus creating business synergy and symbiosis. Furthermore, the Partnership will accelerate development of the IVD industry in the PRC, which will in turn boost demand for IVD products and increase revenue from the Company's distribution of IVD products.

## **INFORMATION ABOUT THE COMPANY AND THE PARTIES**

### **The Company**

The Company is principally engaged in the distribution of IVD products in the PRC, as well as research, development, manufacturing and sales of its self-branded IVD products.

### **Vastec Shanghai**

Vastec Shanghai, a wholly-owned subsidiary of the Company, is principally engaged in the sales, marketing and after-sales services of IVD products.

### **Huatuo**

Huatuo, a wholly-owned subsidiary of Shinva, is principally engaged in research and development, import and export trade, information services and investment.

### **Shinva**

Shinva is primarily engaged in the research and development, manufacturing and sale of medical equipment and pharmaceutical equipment as well as the provision of healthcare services.

### **Shandong Guohui**

Shandong Guohui is an investment platform indirectly wholly owned by Shandong SASAC.

### **Zhongmin Huiyuan**

Zhongmin Huiyuan is principally engaged in equity investments and investment management in healthcare industry. It is owned indirectly as to approximately 30% by Shandong SASAC, as to approximately 30% by China Minsheng Investment Co., Ltd. (中國民生投資股份有限公司), an investment company in the PRC, and as to approximately 40% by other independent third parties.

## LISTING RULES IMPLICATIONS

As at the date of this announcement, Huatuo is a controlling shareholder of the Company and thus a connected person of the Company under Chapter 14A of the Listing Rules. Therefore, the formation of the Partnership contemplated under the Partnership Agreement constitutes a connected transaction of the Company.

As the highest applicable percentage ratio in respect of the formation of the Partnership contemplated under the Partnership Agreement is more than 0.1% but less than 5%, the formation of the Partnership contemplated thereunder is subject to reporting, announcement and annual review requirements but is exempt from the requirement of circular and independent shareholders' approval under Chapter 14A of the Listing Rules.

## GENERAL

The Directors (including the independent non-executive Directors) are of the view that the terms of the Partnership Agreement were determined after arm's length negotiation, and are fair, reasonable and on normal commercial terms, and the formation of the Partnership contemplated under the Partnership Agreement is in the interests of the Company and its shareholders as a whole.

Since Mr. Chen Xingang and Mr. Yang Zhaoxu, each being a non-executive Director, hold directorship or senior management position(s) in Shinva and its associates, they abstained from voting on the relevant Board resolutions approving the Partnership Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the other Directors has material interests in the transactions contemplated under the Partnership Agreement or was required to abstain from voting on the relevant Board resolutions.

## DEFINITIONS

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

“Board”	the board of directors of the Company;
“Closing Date”	the date on which statutory registration of the Partnership is duly completed, or the date on which each of the Limited Partners has paid first installment of its respective capital commitment in accordance with the first payment notice issued by the General Partner, whichever is later;
“Company”	IVD Medical Holding Limited (華檢醫療控股有限公司), an exempted company incorporated under the laws of the Cayman Islands with limited liability and whose shares are listed and traded on the Main Board of the Stock Exchange (Stock Code: 1931);
“connected person”, “controlling shareholder” and “subsidiary(ies)”	each has the meaning ascribed to it under the Listing Rules;

“Director(s)”	the director(s) of the Company;
“General Partner”	Zhongmin Huiyuan;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Huatuo”	Huatuo International Development Co., Limited (華佗國際發展有限公司), a company incorporated under the laws of Hong Kong with limited liability and a controlling shareholder of the Company, which is wholly owned by Shinva;
“Investment Committee”	the investment decision committee of the Partnership established in accordance with the Partnership Agreement;
“IVD”	in vitro diagnostic;
“Limited Partners”	Vastec Shanghai, Huatuo and Shandong Guohui collectively, and each a “Limited Partner”;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Partners”	the Limited Partners and the General Partner collectively;
“Partnership”	Huiyuan Huajian Medical Laboratory Science Equity Investment Partnership (Limited Partnership)*(惠遠華檢醫學檢驗股權投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC pursuant to the Partnership Agreement focusing on equity investments;
“Partnership Agreement”	the partnership agreement dated 3 August 2020 and entered into between Vastec Shanghai, Huatuo, Shandong Guohui and Zhongmin Huiyuan in relation to the formation of the Partnership;
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shandong Guohui”	Shandong Guohui Reform and Development Fund Partnership Enterprise (Limited Partnership)*(山東國惠改革發展基金合夥企業(有限合夥)), a limited partnership established under the laws of the PRC;
“Shandong SASAC”	the State-owned Assets Supervision and Administration Commission of Shandong Province of the PRC;

“Shinva”	Shinva Medical Instrument Co., Ltd (山東新華醫療器械股份有限公司), a company established under the laws of the PRC with limited liability and whose A shares are listed and traded on the Shanghai Stock Exchange (Stock Code: 600587);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vastec Shanghai”	Vastec Medical Equipment (Shanghai) Co., Ltd. (威士達醫療設備(上海)有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company; and
“Zhongmin Huiyuan”	Zhongmin Huiyuan (Shandong) Equity Investment Management Company Limited* (中民惠遠(山東)股權投資管理有限公司), a company established under the laws of the PRC with limited liability.

\* *For identification purpose only*

By order of the Board of  
**IVD Medical Holding Limited**  
**Ho Kuk Sing**  
*Chairman and Executive Director*

Hong Kong, 3 August 2020

*As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Ho Kuk Sing, Mr. Leung King Sun and Mr. Lin Xianya, three non-executive Directors, namely, Mr. Chen Xingang, Mr. Yang Zhaoxu and Mr. Chan Kwok King, Kingsley and three independent non-executive Directors, namely, Mr. Lau Siu Ki, Mr. Zhong Renqian and Mr. Leung Ka Sing.*