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**Austar Lifesciences Limited**  
**奥星生命科技有限公司**

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 6118)**

**DISCLOSEABLE TRANSACTION -  
RELOCATION COMPENSATION AGREEMENT  
FOR THE SONGJIANG LAND AND FACILITY**

On 6 May 2020, Shanghai Austar, an indirect wholly-owned subsidiary of the Company, entered into the Relocation Compensation Agreement with the Urban Industrial Park Management Committee pursuant to which Shanghai Austar shall receive an aggregate sum of RMB92,324,760 as Relocation Compensation for the Songjiang Land and Facility.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the arrangement contemplated under the Relocation Compensation exceeds 5% but is less than 25%, the arrangement contemplated under the Relocation Compensation constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

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Further particulars of the Relocation Compensation Agreement are set out below.

**THE RELOCATION COMPENSATION AGREEMENT**

**Date** : 6 May 2020

- Parties** :
- (1) 松江區永豐街道都市產業園區管委會 (Songjiang District Yongfeng Street Urban Industrial Park Management Committee\*); and
  - (2) 上海奧星製藥技術裝備有限公司 (Shanghai Austar Pharmaceutical Technology Equipment Co., Ltd.\*), an indirect wholly-owned subsidiary of the Company which is principally engaged in the provision of integrated engineering solutions and pharmaceutical equipment manufacturing.

The Urban Industrial Park Management Committee is a PRC government district authority which to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Urban Industrial Park Management Committee and its ultimate beneficial owner(s) is an Independent Third Party.

- Subject matter of the Relocation Compensation** :
- The Songjiang Land and Facility, a parcel of land situated in Songjiang, Shanghai, the PRC with an aggregate site area of approximately 33,300 sq. m. and the buildings constructed thereon with an aggregate gross floor area of approximately 3,700 sq. m. As at the date of this announcement, the buildings constructed on the Songjiang Land and Facility were used as production plants, offices and other facilities of the Group.

- Amount of the Relocation Compensation** :
- RMB92,324,760.

The amount of the Relocation Compensation was arrived at after arm's length negotiation between Shanghai Austar and the Urban Industrial Park Management Committee in accordance with the relevant PRC laws and regulations.

The Relocation Compensation will be paid to the Group in three instalments commencing after the Group serving a written notice of relocation to the Urban Industrial Park Management Committee until after completion of the delivery of possession.

- Delivery of possession** : Relocation shall be completed within 18 months after the date of the Relocation Compensation Agreement. In the event that Shanghai Austar could not complete the relocation within such period, Shanghai Austar shall be entitled to postpone such date for a period of 3 months by giving 3 months' notice in writing to the Urban Industrial Park Management Committee. Under the Relocation Compensation Agreement, the postponement of the relocation shall not exceed 6 months unless with the consent of the Urban Industrial Park Management Committee.
- Property right cancellation** : Under the Relocation Compensation Agreement, from the date of Shanghai Austar giving the notice of relocation to the Urban Industrial Park Management Committee, the parties can initiate the process of property right cancellation. In the event that the procedure for property right cancellation has been completed prior to the date of completion of delivery of possession, Shanghai Austar shall have the right to continue to use the Songjiang Land and Facility, at no cost, until the completion of the delivery of possession.

## **BACKGROUND AND REASONS FOR THE RELOCATION COMPENSATION**

The Group is a leading integrated engineering solutions provider targeting reputable pharmaceutical manufacturers and research institutes in the PRC and the emerging countries. The Group provides its services and products under six business segments, namely, (1) Liquid and Bioprocess System; (2) Clean Room and Automation Control and Monitoring System; (3) Powder and Solid System; (4) GMP Compliance Service; (5) Life Science Consumables; and (6) Distribution and Agency of Pharmaceutical Equipment.

The Songjiang Land and Facility, located in Songjiang, Shanghai, the PRC, occupies an aggregate site area of approximately 33,300 sq. m. and together with the buildings constructed thereon of an aggregate gross floor area of approximately 3,700 sq. m., were owned by Shanghai Austar and used as production plants, offices and other facilities of the Group. As part of the whole Songjiang area development and for the business development of the Group, Shanghai Austar negotiated with the Urban Industrial Park Management Committee to surrender the Songjiang Land and Facility and the parties have thus entered into the Relocation Compensation Agreement.

The Group has acquired a new parcel of land (“**New Land**”) located also in the Songjiang area for the construction of new facilities in preparation for the relocation of the existing facilities. Prior to the completion of such relocation, the existing facilities on the Songjiang Land and Facility will continue to operate. It is intended that the Relocation Compensation will be applied as general working capital and business development of the Group. At the same time, as a result of such relocation it is expected that the development plan of the Songjiang Production Centre will together be consolidated with the new facilities to be constructed on the New Land, in line with the long term goal of expanding capabilities of the Group and allow the Group to cope with its expanding business and capture future opportunities. The management will ensure a smooth transition of the Group's facilities and operations to the New Land as the construction of the new facilities are completed. As such, the Directors believe that the relocation of the relevant facilities will not lead to any material disruption to the business of the Group.

The unaudited net book value of the Songjiang Land and Facility as at 31 March 2020 was approximately RMB11.5 million. The Relocation Compensation exceeds such unaudited net book value by approximately RMB80.8 million, and an unaudited gain on disposal of approximately RMB80.0 million is expected to be recognised in the financial statements of the Company from the Relocation Compensation. Shareholders should note that the actual amount of gain/loss in relation to the Relocation Compensation Agreement to be recorded by the Group will be subject to review and audit by the auditors of the Company.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Relocation Compensation Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **IMPLICATION UNDER THE LISTING RULES**

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the arrangement contemplated under the Relocation Compensation exceeds 5% but is less than 25%, the arrangement contemplated under the Relocation Compensation constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“associate”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors

“Company”	Austar Lifesciences 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
“connected person”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a party independent of the Company and the connected persons of the Company and their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Relocation Compensation”	the aggregate amount of RMB92,324,760 payable to Shanghai Austar as relocation compensation under the Relocation Compensation Agreement
“Relocation Compensation Agreement”	上海市城市非居住房屋拆遷補償安置協議 (Shanghai Urban Non-residential Buildings Relocation Compensation Settlement Agreement*) dated 6 May 2020 entered into between the Urban Industrial Park Management Committee and Shanghai Austar
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Austar”	上海奧星製藥技術裝備有限公司 (Shanghai Austar Pharmaceutical Technology Equipment Co., Ltd.*), a wholly foreign owned enterprise established in the PRC and an indirect wholly-owned subsidiary of the Company

“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Songjiang Land and Facility”	the parcel of land situated in Songjiang, Shanghai, the PRC with a site area of an aggregate site area of approximately 33,300 sq. m. together with the buildings constructed thereon
“Songjiang Production Centre”	the new production centre to be constructed by the Group in Songjiang, Shanghai, the PRC, further details are set out in the section headed “Business – Business Strategies – To establish R&D centre and consolidate production workshops” in the prospectus of the Company dated 28 October 2014
“sq. m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Urban Industrial Park Management Committee”	松江區永豐街道都市產業園區管委會 (Songjiang District Yongfeng Street Urban Industrial Park Management Committee*)

On behalf of the Board  
**Austar Lifesciences Limited**  
**Ho Kwok Keung, Mars**  
*Chairman and Chief Executive Officer*

Hong Kong, 6 May 2020

*As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Ho Kwok Keung, Mars, Mr. Ho Kin Hung, Mr. Chen Yuewu and Madam Zhou Ning; one non-executive Director, namely Madam Ji Lingling; and three independent non-executive Directors, namely Mr. Cheung Lap Kei, Madam Chiu Hoi Shan and Mr. Leung Oi Kin.*

*\* For identification purpose only*