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AUSTAR

Austar Lifesciences Limited

奧星生命科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6118)

**VOLUNTARY ANNOUNCEMENT — FORMATION OF JOINT VENTURE
AND
FUTURE CONTINUING CONNECTED TRANSACTIONS —
SERVICE FRAMEWORK AGREEMENTS**

VOLUNTARY ANNOUNCEMENT — FORMATION OF JOINT VENTURE

The Board is pleased to announce that on 3 July 2019 (Germany time), Austar Biosciences Germany, an indirect wholly-owned subsidiary of the Company, entered into the Investment Agreement with the JV Partner, the JV Partner Holding and the JV Partner Parent in relation to the Formation of Joint Venture to establish the Joint Venture in Germany. The Joint Venture will be owned by the Group as to 51% and become an indirect non-wholly owned subsidiary of the Company to carry out business regarding development, engineering, production, sale of systems and parts for systems, maintenance and other services for Purified Water and Highly Purified Water equipment requested by manufacturers and/or providers of medicinal drug products and other products and services in the pharmaceutical and life sciences industries and other customers in the life sciences industries (such as manufacturers of medical devices, animal laboratories and bio safety laboratories).

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the transactions contemplated under the Formation of Joint Venture is below 5%, the transactions contemplated under the Formation of Joint Venture does not constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

FUTURE CONTINUING CONNECTED TRANSACTIONS — SERVICE FRAMEWORK AGREEMENTS

As part of the Formation of Joint Venture, among other things, at the same time of the entering into of the Investment Agreement, the following Service Framework Agreements were entered into:

- (1) the JV Partner and the Joint Venture entered into the Engineering Framework Agreement for the provision of the Engineering Services by the JV Partner to the Joint Venture; and
- (2) the JV Partner and the JV Associate entered into the Pre-assembly and Assembly Framework Agreement for the provision of the Pre-assembly and Assembly Services by the JV Associate to the JV Partner for non-pharmaceutical applications.

Upon completion of the Formation of Joint Venture, each of the Joint Venture and the JV Associate will become an indirect non-wholly owned subsidiary of the Company whereby the JV Associate will become a wholly-owned subsidiary of the Joint Venture, and the Joint Venture will be owned by the Group as to 51% and as to 49% by the JV Partner. Accordingly, the JV Partner will become a connected person of the Company by virtue of its 49% interest in the Joint Venture under the Listing Rules, and therefore, the transactions contemplated under the Service Framework Agreements will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the transactions contemplated under the Service Framework Agreements constitute continuing connected transactions between the Group and a connected person at the subsidiary level of the Company on normal commercial terms, the transactions contemplated under the Service Framework Agreements are only subject to the reporting and announcement requirements, but is exempt from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

VOLUNTARY ANNOUNCEMENT — FORMATION OF JOINT VENTURE

The Board is pleased to announce that on 3 July 2019 (Germany time), (a) Austar Biosciences Germany, an indirect wholly-owned subsidiary of the Company; (b) the JV Partner; (c) the JV Partner Holding; and (d) the JV Partner Parent entered into the Investment Agreement in relation to the Formation of Joint Venture to establish the Joint Venture.

Subject matter of the Formation of Joint Venture

Pursuant to the Formation of Joint Venture, the Group will form a joint venture with the JV Partner, in which this joint venture will develop the Group's clean utility equipment business globally in the high-end market of pharmaceutical industry with mature, advanced manufacturing technology in Germany and utilising the intellectual property such as process design engineering drawings, technical knowhow and strong brand.

Under the transactions contemplated under the Formation of Joint Venture:

- (1) the Joint Venture, a limited liability company established under the laws of Germany, has been incorporated first as a wholly-owned subsidiary of the JV Partner;
- (2) the JV Associate, a limited liability company established under the laws of Germany which as at the date of this announcement, is a wholly-owned subsidiary of the JV Partner Holding, shall be reorganised as a wholly-owned subsidiary of the Joint Venture;
- (3) the pharmaceutical related business engaged by the JV Partner including relevant technology, know-how and trademarks will be injected/licensed to the Joint Venture; and
- (4) Austar Biosciences Germany, an indirect wholly-owned subsidiary of the Company, will then acquire 51% equity interest in the Joint Venture.

Under the Formation of Joint Venture, the capital contribution by the Group to the Joint Venture will be 1,500,000 Euros (equivalent to approximately RMB11,249,000) in cash which will be funded by the Group's internal resources.

Upon completion of the Formation of Joint Venture, each of the JV Associate and the Joint Venture will become an indirect non-wholly owned subsidiary of the Company, whereby the JV Associate will become a wholly-owned subsidiary of the Joint Venture and the Joint Venture will be owned by the Group as to 51% and as to 49% by the JV Partner.

Business scope of the Joint Venture

The Joint Venture will carry out business regarding development, engineering, production, sale of systems and parts for systems, maintenance and other services for Purified Water and Highly Purified Water equipment requested by manufacturers and/or providers of medicinal drug products and other products and services in the pharmaceutical and life sciences industries and other customers in the life sciences industries (such as manufacturers of medical devices, animal laboratories and bio safety laboratories).

Upon completion of the Formation of Joint Venture, the JV Partner, together with its affiliates, shall not directly or indirectly engage in any Purified Water and Highly Purified Water treatment business in pharmaceutical industry, including not conducting the pharmaceutical service business and any other business that competes against the Joint Venture worldwide.

Information on the parties to the Formation of Joint Venture

Austar Biosciences Germany, an investment holding company, is a limited liability company established under the laws of Germany and an indirect wholly-owned subsidiary of the Company.

The JV Partner, a limited liability company established under the laws of Germany, is a system integrator and provider of advanced water systems, solutions and products for a wide range of industrial applications. Historically, business of the JV Partner is focused on Purified Water and Highly Purified Water with membrane technologies where its products are applied in both pharmaceutical and non-pharmaceutical areas.

The JV Associate, a limited liability company established under the laws of Germany, is principally engaged as an individual workbench in plant construction, especially for water and waste water treatment plants and semiconductor industries including the necessary piping, cabling and labelling and providing certain relevant services.

The JV Partner Holding, a limited liability company established under the laws of Germany, is principally engaged in provision of water treatment solutions and comprehensive services and products to different kinds of industries. As at the date of this announcement, the JV Partner and the JV Associate are wholly-owned subsidiaries of the JV Partner Holding.

The JV Partner Parent, a stock corporation incorporated under the laws of Switzerland, is the sole shareholder of the JV Partner Holding.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, each of the JV Partner, the JV Partner Holding, the JV Partner Parent and its ultimate beneficial owner(s) is an Independent Third Party.

Reasons for the entering into of the Formation of Joint Venture

The Company is a company incorporated in the Cayman Islands with limited liability and the Group is an integrated engineering solutions provider targeting reputable pharmaceutical manufacturers and research institutes in the PRC and emerging countries whose main business can be categorised into six 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 Board believes that the Formation of Joint Venture will allow the development of the Group's clean utility equipment business globally in the high-end market of pharmaceutical industry with mature, advanced manufacturing technology in Germany and utilising the intellectual property such as process design engineering drawings, technical knowhow and strong brand. As mentioned in the 2018 annual report of the Company, the Group's first Germany-assembled purified water equipment which was partnered with the JV Partner was exhibited in the CPHI WORLDWIDE Madrid event held in October 2018. The quality of this equipment reflected the equipment craftsmanship skills of Germany, and strengthened the Group's determination in establishing manufacturing capacities in Germany. With the formation of the Joint Venture under the Formation of Joint Venture, it is expected that the new production facilities under the Joint Venture could enable the Group to support business growth opportunities in Europe, Middle East and North Africa and improve the Group's presence in these regions.

The Directors consider that the terms of the Formation of Joint Venture, which were determined after arm's length negotiation among the parties to the Formation of Joint Venture, are on normal commercial terms, fair and reasonable and the entering into of the Formation of Joint Venture are in the interests of the Company and the Shareholders as a whole.

Implications under the Listing Rules

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the transactions contemplated under the Formation of Joint Venture is below 5%, the transactions contemplated under the Formation of Joint Venture does not constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

FUTURE CONTINUING CONNECTED TRANSACTIONS — SERVICE FRAMEWORK AGREEMENTS

As part of the Formation of Joint Venture, among other things, at the same time of the entering into of the Investment Agreement, the following Service Framework Agreements were entered into:

- (1) the JV Partner and the Joint Venture entered into the Engineering Framework Agreement for the provision of the Engineering Services by the JV Partner to the Joint Venture; and
- (2) the JV Partner and the JV Associate entered into the Pre-assembly and Assembly Framework Agreement for the provision of the Pre-assembly and Assembly Services by the JV Associate to the JV Partner for non-pharmaceutical applications.

Upon completion of the Formation of Joint Venture, each of the Joint Venture and the JV Associate will become an indirect non-wholly owned subsidiary of the Company whereby the JV Associate will become a wholly-owned subsidiary of the Joint Venture, and the Joint Venture will be owned by the Group as to 51% and as to 49% by the JV Partner. Accordingly, the JV Partner will become a connected person of the Company by virtue of its 49% interest in the Joint Venture under the Listing Rules, and therefore, the transactions contemplated under the Service Framework Agreements will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The principal terms of each of the Engineering Framework Agreement and the Pre-assembly and Assembly Framework Agreement are summarised below.

Engineering Framework Agreement

(a) Date of the Engineering Framework Agreement

3 July 2019 (Germany time).

(b) Parties to the Engineering Framework Agreement

- (1) the JV Partner (as contractor); and
- (2) the Joint Venture (as client).

As at the date of this announcement, the Joint Venture is a wholly-owned subsidiary of the JV Partner. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, each of the JV Partner, and the Joint Venture and its ultimate beneficial owner(s) is an Independent Third Party.

Nonetheless, it is expected that upon completion of the Formation of Joint Venture, among other things, the Joint Venture will be owned by the Group as to 51% and as to 49% by the JV Partner. Accordingly, the Joint Venture will be a non-wholly owned subsidiary of the Company and the JV Partner will become a connected person of the Company by virtue of its 49% interest in the Joint Venture under the Listing Rules.

(c) *Duration of the Engineering Framework Agreement*

The term of the Engineering Framework Agreement is for a fixed period from the date of the Engineering Framework Agreement and until 31 December 2021.

(d) *Subject matter of the Engineering Framework Agreement*

Pursuant to the Engineering Framework Agreement, the JV Partner shall provide to the Joint Venture the Engineering Services, being the engineering and construction services and non-engineering services regarding the construction and development of apparatuses and plants for producing, storage and distribution of Purified Water and Highly Purified Water.

Under the terms of the Engineering Framework Agreement, so long as the JV Partner is a shareholder of the Joint Venture, the JV Partner shall be obliged to accept the Joint Venture's orders for the Engineering Services. If the JV Partner is no longer directly or indirectly a shareholder of the Joint Venture, the JV Partner may decide at its own discretion about the acceptance of the Joint Venture's orders. It is provided in the Engineering Framework Agreement that there is no obligation of the Joint Venture to request a specific amount of the Engineering Services from the JV Partner.

(e) *Pricing and payment terms of the Engineering Framework Agreement*

Pursuant to the Engineering Framework Agreement, the price, payment terms, specifications and detailed terms with respect to each individual order of the Engineering Services provided by the JV Partner to the Joint Venture shall be determined in accordance with the specific order to be agreed between the Joint Venture and the JV Partner which shall be on normal commercial terms negotiated on arm's length basis.

As the Engineering Services required by the Joint Venture is project-based which will vary from order to order, for the purpose of a framework agreement, the pricing of each order of the Engineering Services shall be determined based on its particular specification, estimated costs including direct materials, sub-contracting costs, charging rate of labours based on time and qualifications required and settlement terms.

Pre-assembly and Assembly Framework Agreement

(a) Date of the Pre-assembly and Assembly Framework Agreement

3 July 2019 (Germany time).

(b) Parties to the Pre-assembly and Assembly Framework Agreement

- (1) the JV Partner (as client); and
- (2) the JV Associate (as contractor).

As at the date of this announcement, the JV Partner Holding is the sole shareholder of each of the JV Partner and the JV Associate. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, each of the JV Partner, and the JV Partner Holding and its ultimate beneficial owner(s) is an Independent Third Party.

Nonetheless, it is expected that upon completion of the Formation of Joint Venture, among other things, the JV Associate will become a wholly-owned subsidiary of the Joint Venture whereby the Joint Venture will be owned by the Group as to 51% and as to 49% by the JV Partner. Accordingly, the JV Associate will be a non-wholly owned subsidiary of the Company and the JV Partner will become a connected person of the Company by virtue of its 49% interest in the Joint Venture under the Listing Rules.

(c) Duration of the Pre-assembly and Assembly Framework Agreement

The term of the Pre-assembly and Assembly Framework Agreement is for a fixed period from the date of the Pre-assembly and Assembly Framework Agreement and until 31 December 2021.

(d) Subject matter of the Pre-assembly and Assembly Framework Agreement

Pursuant to the Pre-assembly and Assembly Framework Agreement, the JV Associate shall provide to the JV Partner the Pre-assembly and Assembly Services on a non-exclusive basis for non-pharmaceutical applications, being pre-assembly and assembly services regarding equipment and plants for the purification and treatment of water and other liquids, and other services to be agreed in individual cases between the parties.

Under the terms of the Pre-assembly and Assembly Framework Agreement, the JV Partner undertakes to obtain its need for the Pre-assembly and Assembly Services solely and exclusively from the JV Associate and is obliged to place individual orders with the JV Associate and to engage JV Associate instead of the JV Associate's competitors or other third party with the provision of the Pre-assembly and Assembly Services. However, the JV Partner shall not be obliged to engage the JV Associate to provide the Pre-assembly and Assembly Services, if and to the extent that:

- (1) the JV Associate has no sufficient abilities or capacities (regarding in particular machines or personnel) to fulfil the individual orders of the JV Partner within a reasonable time frame compared with the previous normal practice in the past 12 months and the customer would for that reason not place the order with the Joint Venture; if such or a similar event should occur the parties thereto will in good faith negotiate how to proceed;
- (2) the ordering of the Pre-assembly and Assembly Services from the JV Associate would for regulatory (not tax) reasons be impossible and such reason may include the JV Associate's refusal to take up the order where taking up such order will or will likely result in the JV Associate's parent company, the Company, (i) having breached any rules under the Listing Rules or (ii) in the reasonable opinion of the JV Associate, unduly burdensome obligations on the part of the JV Associate's parent company, the Company; or
- (3) the prices requested by the JV Associate for the Pre-assembly and Assembly Services are considerably higher compared to market conditions in Germany.

(e) Pricing and payment terms of the Pre-assembly and Assembly Framework Agreement

Pursuant to the Pre-assembly and Assembly Framework Agreement, the price, payment terms, specifications and detailed terms with respect to each individual order of the Pre-assembly and Assembly Services provided by the JV Associate to the JV Partner shall be determined in accordance with the specific order to be agreed between the JV Associate and the JV Partner which shall be on normal commercial terms negotiated on arm's length basis.

As the Pre-assembly and Assembly Services required by the JV Partner is project-based which will vary from order to order, for the purpose of a framework agreement, the pricing of each order of the Pre-assembly and Assembly Services shall be determined based on its particular specification, estimated costs including direct materials, sub-contracting costs, charging rate of labours based on time and qualifications required and settlement terms.

Historical figures

The Joint Venture is a limited liability company incorporated first as a wholly-owned subsidiary of the JV Partner on 12 September 2018 in preparation for the Formation of the Joint Venture. Accordingly, for the three years ended 31 December 2016, 2017 and 2018, there are no historical figures of provision Engineering Services between the JV Partner and the Joint Venture.

Historically, business of the JV Partner is focused on Purified Water and Highly Purified Water with membrane technologies where its products are applied in both pharmaceutical and non-pharmaceutical areas. The JV Associate is an associate of the JV Partner by virtue of the fact that the JV Partner Holding is the sole shareholder of the JV Partner and, prior to the Formation of the Joint Venture, the JV Partner Holding holds the entire equity capital of the JV Associate. For the three years ended 31 December 2016, 2017 and 2018, all Pre-assembly and Assembly Services are intra-group transactions between the JV Partner and the JV Associate, and for illustrative purpose only, the revenue derived from the provision of the Pre-assembly and Assembly Services in aggregate amounted to, approximately 1,950,000 Euro, 1,860,000 Euro and 1,980,000 Euro respectively (equivalent to approximately RMB14,623,000, RMB13,948,000 and RMB14,848,000 respectively).

Expected Annual Caps

The expected Annual Caps in respect of the transactions contemplated under the Service Framework Agreements for each of the Year 2019, the Year 2020 and the Year 2021 are as follows:

	Year 2019 <i>(Euro)</i>	Year 2020 <i>(Euro)</i>	Year 2021 <i>(Euro)</i>
Engineering Annual Caps	600,000 (equivalent to approximately RMB4,499,000)	2,000,000 (equivalent to approximately RMB14,998,000)	2,500,000 (equivalent to approximately RMB18,748,000)
Pre-assembly and Assembly Annual Caps	3,000,000 (equivalent to approximately RMB22,497,000)	3,500,000 (equivalent to approximately RMB26,247,000)	4,000,000 (equivalent to approximately RMB29,996,000)

Each of the proposed Engineering Annual Caps and the proposed Pre-assembly and Assembly Annual Caps is estimated primarily with reference to a number of factors including the transaction amount the Group's business in relation to Purified Water and Highly Purified Water equipment; the historical amount of the pharmaceutical related business in relation to the Services engaged by the JV Partner; the expected demand for the business of the Joint Venture based on the relevant projects to be taken place; and the expected development of the Group's clean utility equipment business in relation to the pharmaceutical and life sciences industries taking into account the expected benefits to the Group as a result of the Formation of the Joint Venture, and on the principal assumptions that, for the duration of the period, there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which may materially affect the businesses of the Joint Venture and the Group.

In view of the above, the Directors (including the independent non-executive Directors) are of the view that each of the proposed Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Internal control procedures

To ensure that the transactions contemplated under the Service Framework Agreements are to be conducted in accordance with the pricing policy and terms of the Service Framework Agreements as well as the Listing Rules, the Company will adopt the following internal control measures:

- (1) In respect of the transactions under the Engineering Framework Agreement, as the Engineering Services required is project-based, the finance department of the Joint Venture will monitor and ensure the pricing of each order of the Engineering Services, based on its particular specification, estimated costs including direct materials, sub-contracting costs, charging rate of labours based on time and qualifications required and settlement terms, are fair and reasonable, with reference to the prevailing market information and terms of similar order to be entered into with independent third party contractors. The Joint Venture may engage other independent third party contractors who make more favourable offers.
- (2) In respect of the transactions under the Pre-assembly and Assembly Framework Agreement, as the Pre-assembly and Assembly Services required is project-based, the finance department of the Joint Venture will monitor and ensure the pricing of each order of the Pre-assembly and Assembly Services, based on its particular specification, estimated costs including direct materials, sub-contracting costs, charging rate of labours based on time and qualifications required and settlement terms, are fair and reasonable, with reference to the prevailing market information and be no less favourable comparing with the accepting order from the independent third party clients.
- (3) The finance department of the Company will monitor and ensure that transactions under the Service Framework Agreements are conducted in accordance with the terms of the respective Service Framework Agreements and do not exceed the respective Annual Caps.
- (4) The Board will review on a regular basis the Group's internal control system and its effectiveness.
- (5) The Company will appoint an external auditor pursuant to the Listing Rules to conduct annual reviews of the transactions under the Service Framework Agreements and their respective Annual Caps.

Reasons for the Service Framework Agreements

The Group is an integrated engineering solutions provider targeting reputable pharmaceutical manufacturers and research institutes in the PRC and emerging countries whose main business can be categorised into six 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.

Historically, business of the JV Partner is focused on Purified Water and Highly Purified Water with membrane technologies where its products are applied in both pharmaceutical and non-pharmaceutical areas. The JV Associate, an associate of the JV Partner, is principally engaged as an individual workbench in plant construction, especially for water and waste water treatment plants and semiconductor industries including the necessary piping, cabling and labelling and providing certain relevant services. As part of the arrangements under the Formation of the Joint Venture, the JV Associate shall be reorganised as a wholly-owned subsidiary of the Joint Venture, and the pharmaceutical related business engaged by the JV Partner including relevant technology, know-how and trademarks will be injected/licensed to the Joint Venture. The Joint Venture will become owned as to 51% by the Group and 49% by the JV Partner. The JV Partner, by itself, would focus on its previous business on non-pharmaceutical areas.

Given that the pharmaceutical related business of the JV Partner and the supporting plant construction business of the JV Associate will become part of the Joint Venture business as a result of the Formation of Joint Venture, the Group considers that the Service Framework Agreements could facilitate the transactions contemplated under the Formation of Joint Venture and also allow the JV Partner to continue its previous business on areas as agreed by the parties under the Formation of Joint Venture arrangements.

The Directors confirm that the terms of the Service Framework Agreement are on normal commercial terms and in the ordinary and usual course of business and are fair and reasonable to the Group and in the interests of the Shareholders and the Group as a whole. The Directors (including the independent non-executive Directors) are also of the view that the Annual Caps set out above are fair and reasonable and in the interests of the Shareholders as a whole. None of the Directors had material interests in the transactions contemplated under the Service Framework Agreements.

Implications under the Listing Rules

Upon completion of the Formation of Joint Venture, each of the Joint Venture and the JV Associate will become an indirect non-wholly owned subsidiary of the Company whereby the JV Associate will become a wholly-owned subsidiary of the Joint Venture, and the Joint Venture will be owned by the Group as to 51% and as to 49% by the JV Partner. Accordingly, the JV Partner will become a connected person of the Company by virtue of its 49% interest in the Joint Venture under the Listing Rules, and therefore, the transactions contemplated under the Service Framework Agreements will constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The independent non-executive Directors have confirmed that the terms of each of the Service Framework Agreements are fair and reasonable, the transactions contemplated thereunder are on normal commercial terms and in the interests of the Company and the Shareholders as a whole. As the transactions contemplated under the Service Framework Agreements constitute continuing connected transactions between the Group and a connected person at the subsidiary level of the Company on normal commercial terms, the transactions contemplated under the Service Framework Agreements are only subject to the reporting and announcement requirements, but is exempt from the circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

As no Director has any material interest in the Service Framework Agreements and the transactions contemplated thereunder, no Director had abstained from voting in the resolutions of the Board to approve the Service Framework Agreements and the transactions contemplated thereunder.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Annual Caps”	collectively, the Engineering Annual Caps and the Pre-assembly and Assembly Annual Caps, and if the context may require, may mean any one of them
“associate”	has the meaning as ascribed thereto in the Listing Rules
“Austar Biosciences Germany”	Austar Biosciences GmbH, a limited liability company established under the laws of Germany and an indirect wholly-owned subsidiary of the Company

“Board”	the board of Directors
“Company”	Austar Lifesciences Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Engineering Annual Caps”	the maximum aggregate annual transaction values in respect of the continuing connected transactions contemplated under the Engineering Framework Agreements for the Year 2019, the Year 2020 and the Year 2021
“Engineering Framework Agreement”	the framework agreement for the provision of the engineering services dated 3 July 2019 and entered into between the JV Partner and the Joint Venture in relation to the provision of the Engineering Services by the JV Partner to the Joint Venture
“Engineering Services”	the engineering and construction services and non-engineering services regarding the construction and development of apparatuses and plants for producing, storage and distribution of Purified Water and Highly Purified Water under the Engineering Framework Agreement
“Euro”	Euro, the lawful currency of the member states of the European Union
“Formation of Joint Venture”	the transactions contemplated under the Investment Agreement and related agreements in relation to the establishment of the Joint Venture
“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 People’s Republic of China

“Independent Third Party”	third party independent of the Company and the connected persons of the Company
“Investment Agreement”	the investment agreement dated 3 July 2019 and entered into between Austar Biosciences Germany, the JV Partner, the JV Partner Holding and the JV Partner Parent in relation to the Formation of Joint Venture
“Joint Venture”	H+E Pharma GmbH, a limited liability company established under the laws of Germany, to be owned as to 51% by Austar Biosciences Germany and as to 49% by the JV Partner in accordance with the terms under the Investment Agreement
“JV Associate”	S-Tec GmbH, a limited liability company established under the laws of Germany, and a wholly-owned subsidiary of the JV Partner Holding as at the date of this announcement
“JV Partner”	H+E GmbH, a limited liability company established under the laws of Germany and a wholly-owned subsidiary of the JV Partner Holding
“JV Partner Holding”	H+E Holding GmbH, a limited liability company established under the laws of Germany and a wholly-owned subsidiary of the JV Partner Parent
“JV Partner Parent”	Aquarion AG, a stock corporation established under the laws of Switzerland
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Pre-assembly and Assembly Annual Caps”	the maximum aggregate annual transaction values in respect of the continuing connected transactions contemplated under the Pre-assembly and Assembly Framework Agreements for the Year 2019, the Year 2020 and the Year 2021

“Pre-assembly and Assembly Framework Agreement”	the framework agreement for the provision of pre-assembly and assembly services dated 3 July 2019 and entered into between the JV Partner and the JV Associate in relation to the provision of the Pre-assembly and Assembly Services by the JV Associate to the JV Partner
“Pre-assembly and Assembly Services”	the pre-assembly and assembly services regarding equipment and plants for the purification and treatment of water and other liquids for non-pharmaceutical applications under the Pre-assembly and Assembly Framework Agreement
“Purified Water and Highly Purified Water”	“Purified Water” is the product of drinking water that has been pretreated and primary treated to meet the final required chemical and microbial specifications; “Highly Purified Water” is the product of water of highest quality for use in the pharmaceutical and biopharmaceutical industries, which quality is defined by the European Pharmacopoeia (PhEur, 8th Edition 2014) which meets the same quality standards as Water for Injection in the Japanese and United States Pharmacopoeia
“RMB”	Renminbi, the lawful currency of the PRC
“Services”	the Engineering Services and the Pre-assembly and Assembly Services, and as the context may require, the “Service” may mean any one of them
“Service Framework Agreements”	together, the Pre-assembly and Assembly Framework Agreement and the Engineering Framework Agreement
“Share(s)”	shares of the Company of HK\$0.01 each
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Year 2019”	a period from the date of the relevant Service Framework Agreements to 31 December 2019

“Year 2020” a period of one year from 1 January 2020 to 31 December 2020

“Year 2021” a period of one year from 1 January 2021 to 31 December 2021

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

Hong Kong, 3 July 2019

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.

Unless the context requires otherwise, the following exchange rates have been used for translation for the purpose of illustration only: Euro:RMB = 1:7.4990.