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## **LifeTech Scientific Corporation**

**先健科技公司**

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

**(Stock Code: 1302)**

### **NON-EXEMPT CONTINUING CONNECTED TRANSACTION SECOND SUPPLEMENTAL SERVICES AGREEMENT WITH MEDTRONIC**

Reference is made to the announcement (the “Announcement”) of LifeTech Scientific Corporation (the “Company”) dated 15 October 2012 relating to, among other things, the Services Agreement entered into between the Company and Medtronic for the provision of consulting services with respect to the Group’s operational, quality systems and product development processes. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

#### **THE SECOND SUPPLEMENTAL SERVICES AGREEMENT**

As disclosed in the Announcement, on 14 October 2012, the Company and Medtronic entered into a Services Agreement under which Medtronic would provide the Company with the Services, which comprise, among other things, consultative services with respect to certain internal operations, quality systems and product development processes of the Company. The Services Agreement was subsequently amended by the supplemental agreement relating to the Services Agreement dated 14 October 2012 entered into between Medtronic and Lifetech on 5 January 2013 (collectively referred to as the “Services Agreement”).

The Board is pleased to announce that on 24 January 2014, the Company, Medtronic and Lifetech Scientific (Shenzhen) Co. Ltd (“Lifetech (Shenzhen)”) further entered into a second supplemental agreement to the Services Agreement (the “Second Supplemental Services Agreement”) pursuant to which Medtronic will provide consultative services to Lifetech that may be required at any time in relation to certain supplemental medical device products. The consultative services will be conducted in the Company’s ordinary course of business.

There are no material changes to the pre-existing Services Agreement.

### **LISTING RULES IMPLICATIONS ON THE SECOND SUPPLEMENTAL SERVICES AGREEMENT**

As Medtronic is a substantial shareholder of the Company and hence a connected person of the Company under the Listing Rules, the transaction under the Second Supplemental Services Agreement is a continuing connected transaction of the Company as defined under the Listing Rules. The transaction under the Second Supplemental Services Agreement is therefore subject to Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules for the annual caps of the continuing connected transaction under the Second Supplemental Services Agreement is higher than 5%, the continuing connected transaction contemplated under the Second Supplemental Services Agreement constitutes a non-exempt continuing connected transaction of the Company that is subject to reporting, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Hong Kong Listing Rules.

The Independent Board Committee has been formed to provide recommendation to the Independent Shareholders in relation to the Second Supplemental Services Agreement and the transactions contemplated thereunder. Optima Capital Limited, an independent financial adviser, has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

The Company expects that a circular (the “Circular”) containing, among other things, (i) details of the Second Supplemental Services Agreement; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from an independent financial adviser to the Independent Board Committee and the Independent Shareholders; and (iv) other information as required under the Listing Rules will be dispatched to the Shareholders as soon as possible but in any event by 18 February 2014.

**Reference is made to the Announcement.**

As disclosed in the Announcement, on 14 October 2012, Medtronic and Lifetech entered into the Services Agreement under which Medtronic would provide the Company with the Services, which comprise, among other things, consultative services with respect to certain internal operations, quality systems and product development processes of the Company. The Services Agreement was subsequently amended on 5 January 2013.

The Board is pleased to announce that on 24 January 2014, the Company, Medtronic and Lifetech (Shenzhen) further entered into the Second Supplemental Services Agreement pursuant to which Medtronic will provide additional consultative services to Lifetech that may be required at any time in relation to certain supplemental medical device products. The consultative services will be conducted in the Company's ordinary course of business.

There are no material changes to the pre-existing Services Agreement.

**Particulars of the Second Supplemental Services Agreement are described as follows:**

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| Date:     | 24 January 2014   |
| Parties:  | Medtronic, the Company and Lifetech (Shenzhen)  |
| Term:     | From 24 January 2014 to 2 years from the First Tranche Completion Date  |
| Services: | Pursuant to the Services Agreement (as amended by the Second Supplemental Services Agreement), Medtronic shall provide consultative services including competent personnel to the Company with respect to those matters which the Company is responsible for achieving and any clinical trial program, any statistical analysis, and development of any clinical evidence that may be required at any time in relation to certain supplemental medical device products. |

The services include the assignment of 11 Medtronic's personnel to the Company for a period of 3 to 18 months depending on the function of the individual personnel.

Medtronic shall provide the Company or its Affiliates with the Services to the Company's reasonable satisfaction and the Services shall be in compliance with the standards stipulated in the Services Agreement (as amended by the Second Supplemental Services Agreement).

Consideration: In consideration of performance of the services added to the Services Agreement by the Second Supplemental Services Agreement, Lifetech (Shenzhen) shall pay to Medtronic a one-time payment of USD3,000,000 ("Additional Fee") by no later than 15 April 2014.

#### **BASIS OF CONSIDERATION:**

The total consideration of USD 3,000,000 was determined between the Company and Medtronic on an arm's length basis with reference to both parties' anticipated direct cost of providing the services, namely (with respect to the employees actually providing the Services) a pro-rata portion of each employee's compensation, benefits and actual expenses.

The total consideration will be satisfied by the Company's internal resources.

No guarantee or other security was given or required as part of or in connection with the transaction.

The Board (other than the independent non-executive Directors whose view will be included in the Circular after being advised by the independent financial adviser) is of the view that that the terms of the Second Supplemental Services Agreement (including the consideration provided for therein) are fair and reasonable.

#### **INFORMATION ON MEDTRONIC**

To the best understanding, knowledge and belief of the Directors, Medtronic is one of the largest medical technology companies based in the United States composed of six main business units which develop and manufacture medical devices and therapies. Medtronic was incorporated under the laws of Minnesota on 23 April, 1957, and its shares are listed on the New York Stock Exchange. As Medtronic is a substantial shareholder of the Company, it is accordingly a connected person as defined under the Listing Rules.

## **INFORMATION ON THE COMPANY AND LIFETECH (SHENZHEN)**

The Company is a developer, manufacturer and marketer of advanced minimally invasive interventional medical devices for cardiovascular and peripheral vascular diseases and disorders. The Group is dedicated to researching, developing, manufacturing and marketing advanced minimally invasive interventional medical devices for cardiovascular and peripheral vascular diseases and disorders, with a global reach and has subsidiaries in China, Netherlands, India, Russia and France. As a leading medical device company in China with 13 years of history, the Company has built up a strong worldwide sales network, offering a broad range of products to over 30 countries across Asia, Europe, South America, North America and Africa. Lifetech (Shenzhen) is an operating subsidiary of the Group based in Shenzhen, PRC and engages in the manufacturing of medical devices including the supplemental medical device products specified under the Second Supplemental Services Agreement.

## **REASONS AND BENEFITS OF THE SECOND SUPPLEMENTAL SERVICES AGREEMENT TO THE COMPANY**

The Company believes that the transaction contemplated by the Second Supplemental Services Agreement will enable the Company to achieve synergies in collaboration with Medtronic and to become a world-class leading provider of cardiovascular products including the supplemental medical device products specified under the Second Supplemental Services Agreement in China and other locations. Medtronic, being a globally recognized and well-regarded market player in the medical devices industry, will bring in technical, operational and management expertise to the Company. The Company, being an emerging player in the China medical devices industry, will benefit from the extensive international sales network and cutting edge industry expertise of Medtronic for product development and brand-building. In view of the potential synergies, the Company considers that the Second Supplemental Services Agreement is in the interests of the Company and its Shareholders as a whole.

## **IMPLICATION OF THE TRANSACTION UNDER THE MAINBOARD LISTING RULES**

As Medtronic is a substantial shareholder of the Company defined under the Listing Rules and hence a connected person of the Company under the Listing Rules, the transaction under the Second Supplemental Services Agreement is a continuing connected transaction of the Company as defined under the Listing Rules. The transaction under the Second Supplemental Services Agreement is therefore subject to Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules for the annual caps of the continuing connected transaction under the Second Supplemental Services Agreement are higher than 5%, the connected transaction contemplated under the Second Supplemental Services Agreement constitutes a non-exempt continuing connected transaction of the Company that are subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

Given that the Additional Fee of USD 3,000,000 only refers to the consultative services by Medtronic in relation to certain supplemental medical device products under the Second Supplemental Services Agreement and that those products are substantially different in nature from the Products under the pre-existing Services Agreement, the proposed annual caps for the continuing connected transaction under the Second Supplemental Services Agreement is separate from the original annual caps under the Services Agreement.

The proposed annual cap for 2014 under the Second Supplemental Services Agreement is USD 3,000,000 based on the fact that the consideration provided for under the Second Supplemental Services Agreement is a one-time payment of USD 3,000,000.

The Independent Board Committee has been formed, comprising all the independent non-executive Directors to provide recommendation to the Independent Shareholders in relation to the Second Supplemental Services Agreement and the transactions contemplated thereunder. In particular, the Independent Board Committee will advise the Independent Shareholders as to whether the terms and conditions are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote. None of the member of the Independent Board Committee has any material interest in the transaction contemplated under the Second Supplemental Services Agreement.

Optima Capital Limited, an independent financial adviser, has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

The Company expects that the Circular containing, among other things, (i) further details of the Second Supplemental Services Agreement; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders; (iii) the letter of advice from an independent financial adviser to the Independent Board Committee and the Independent Shareholders; and (iv) other information as required under the Listing Rules will be dispatched to the Shareholders as soon as possible but in any event by 18 February 2014.

## DEFINITIONS

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

- “Affiliates” means any other entity that directly or indirectly through one or more intermediaries, Controls, or is controlled by, or is under common Control with, the first entity
- “Board” the board of Directors of the Company
- “Business Day” means a day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 5:00 p.m. and is not lowered at or before 5:00 p.m. or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 8:00 p.m. and is not discontinued at or before 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
- “Company” LifeTech Scientific Corporation, a company incorporated in the Cayman Islands with limited liability, the shares of which were listed on the Main Board of the Stock Exchange after being transferred from Growth Enterprise Market of the Stock Exchange on 6 November 2013
- “Control” means possession, indirectly or indirectly, of the power to direct or cause the direction of the management or policies of a person, whether through the ownership of voting securities, by contract or otherwise
- “Director(s)” directors of the Company or any one of them
- “Distribution Agreement” the supply and exclusive distribution agreement entered into between the Company, PerMed and Medtronic dated 14 October 2012

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| “EGM”                             | the extraordinary general meeting of the Company to be held for the purpose of approving the Second Supplemental Services Agreement  |
| “First Tranche Completion Date”   | means the date falling on the fifth Business Day after fulfillment of the First Tranche Conditions in accordance with the Investment Agreement   |
| “First Tranche Conditions”        | the conditions precedent to completion of the First Tranche Convertible Notes  |
| “First Tranche Convertible Notes” | the first tranche convertible notes issued by the Company and subscribed by Medtronic under the Investment Agreement   |
| “Listing Rules”                   | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited   |
| “Lifetech (Shenzhen)”             | a subsidiary of the Company duly organised under the laws of PRC and having its principal place of business in Shenzhen and a subsidiary of the Company  |
| “Independent Board Committee”     | an independent board committee of the Board, comprising Mr. Liang Hsien Tse Joseph, Mr. Zhang Xingdong and Mr. Zhou Gengshen, being all the independent non-executive Directors, which has been formed to make recommendation to the Independent Shareholders in respect of the Second Supplemental Services Agreement |
| “Independent Shareholders”        | the shareholders of the Company who are not required to abstain from voting at the EGM under the Listing Rules   |
| “Investment Agreement”            | The investment agreement entered into between Medtronic and the Company dated 14 October 2012  |
| “Medtronic”                       | Medtronic, Inc., a company incorporated under the laws of Minnesota on 23 April 1957, the shares of which are listed on the New York Stock Exchange  |



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| “PerMed”                                 | Beijing PerMed Biomedical Engineering Co., Ltd., a company established under the laws of the PRC and having its principal place of business in Beijing and a wholly-owned subsidiary of the Company   |
| “PRC” or “China”                         | the People’s Republic of China, for the purposes of this announcement, excluding HongKong, Taiwan and Macau Special Administrative Region   |
| “Products”                               | means the goods and products PerMed will sell to Medtronic and that Medtronic will purchase from PerMed under the Distribution Agreement, which as of the effective date, includes all current and future heart valve products developed by, manufactured by, licensed to, owned by or otherwise available to PerMed, the Company or either of their affiliates, and may include any additional products that the parties agree for Medtronic to distribute upon exercising the right of first negotiation as defined in the Distribution Agreement |
| “Services”                               | the services to be provided by Medtronic to the Company under the Services Agreement (as amended by the Second Supplemental Services Agreement)   |
| “Services Agreement”                     | the services agreement dated 14 October 2012 entered into between the Company and Medtronic for the provision of certain services by Medtronic to the Company, together with the first supplemental services agreement dated 5 January 2013 signed by the Company and Medtronic   |
| “Second Supplemental Services Agreement” | the services agreement dated 24 January 2014 entered into between the Company, Lifetech (Shenzhen) and Medtronic for the provision of certain services by Medtronic to the Company in relation to supplemental medical device products  |

“USD”

US dollars, the lawful currency of the United States of America

By order of the Board  
**LifeTech Scientific Corporation**  
**XIE Yuehui**  
*Chairman and Executive Director*

Hong Kong, 27 January 2014

*As at the date of this announcement, the Board comprises Mr. XIE Yuehui and Mr. ZHAO Yiwei Michael being executive directors of the Company; Mr. WU Jianhui, Mr. MARTHA Geoffrey Straub and Dr. LIDDICOAT John Randall being non-executive directors of the Company; and Mr. LIANG Hsien Tse Joseph, Mr. ZHANG Xingdong and Mr. ZHOU Gengshen being independent non-executive directors of the Company.*