



LifeTech Scientific Corporation

先健科技公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 1302



2013
Third Quarterly Report



HIGHLIGHTS

- Turnover for the nine months ended 30 September 2013 was approximately RMB160.5 million, representing an increase of approximately 20.7% as compared with the corresponding period in 2012.
- Loss attributable to shareholders of the Company for the nine months ended 30 September 2013 was approximately RMB54.6 million primarily due to the record of change in fair value of conversion notes of approximately RMB67.3 million for the nine months ended 30 September 2013. For illustrative purposes, with the exclusion of the change in fair value of convertible notes derivatives, the Company would have recorded profit attributable to owners of the Company of approximately RMB12.7 million for the nine months ended 30 September 2013, representing a decrease of approximately 58.9% as compared with the corresponding period in 2012.
- The Board does not recommend the payment of any dividend for the nine months ended 30 September 2013.

UNAUDITED THIRD QUARTERLY RESULTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2013

The board of Directors (the “Board”) of the Company is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three months and nine months ended 30 September 2013 together with the unaudited comparative figures for the respective corresponding period in 2012 as follows:

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| | Notes | Three months ended 30 September | | Nine months ended 30 September | |
|--------------------------------------------------------------------------------------------|-------|------------------------------------|--------------------------------|-----------------------------------|--------------------------------|
| | | 2013 (Unaudited) RMB'000 | 2012 (Unaudited) RMB'000 | 2013 (Unaudited) RMB'000 | 2012 (Unaudited) RMB'000 |
| Revenue | 5 | 51,817 | 44,081 | 160,510 | 132,966 |
| Cost of sales | | (10,309) | (9,441) | (28,935) | (27,166) |
| Gross profit | | 41,508 | 34,640 | 131,575 | 105,800 |
| Other income and other gains and losses | 4 | 3,407 | 3,373 | 3,865 | 6,978 |
| Selling and distribution expenses | | (11,974) | (9,729) | (36,756) | (27,144) |
| Administration expenses | | (12,332) | (7,942) | (36,422) | (23,687) |
| Research and development expenses | | (7,454) | (4,800) | (21,031) | (17,575) |
| Finance cost | | (3,015) | — | (7,302) | — |
| Share of loss of an associate | | (2,651) | (3,643) | (11,283) | (5,416) |
| Profit before tax and change in fair value of convertible notes derivatives | 6 | 7,489 | 11,899 | 22,646 | 38,958 |
| Change in fair value of convertible notes derivatives | | (3,356) | — | (67,312) | — |
| Profit before tax | | 4,133 | 11,899 | (44,666) | 38,956 |
| Income tax expense | 7 | (2,678) | (2,708) | (9,795) | (7,555) |
| Profit for the period | | 1,455 | 9,191 | (54,461) | 31,401 |
| Other comprehensive income (expenses): | | | | | |
| Exchange differences arising on translation of foreign operation | | 319 | (88) | 780 | (33) |
| Total comprehensive income for the period | | <u>1,774</u> | <u>9,103</u> | <u>(53,681)</u> | <u>31,368</u> |
| Profit for the period attributable to: | | | | | |
| Owners of the Company | | 1,394 | 9,042 | (54,646) | 30,908 |
| Non-controlling interests | | 61 | 149 | 185 | 493 |
| | | <u>1,455</u> | <u>9,191</u> | <u>(54,461)</u> | <u>31,401</u> |
| Total comprehensive income (expenses) attributable to: | | | | | |
| Owners of the Company | | 1,713 | 8,954 | (53,866) | 30,875 |
| Non-controlling interests | | 61 | 149 | 185 | 493 |
| | | <u>1,774</u> | <u>9,103</u> | <u>(53,681)</u> | <u>31,368</u> |
| Earnings per share | 8 | | | | |
| – Basic (RMB) | | 0.003 | 0.018 | (0.109) | 0.062 |
| – Diluted (RMB) | | 0.003 | N/A | (0.109) | N/A |



CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Attributable to owners of the Company

| | Share | Share | Translation | Statutory | Capital | Contribution | Accumulated | Total | Non- | Total Equity |
|-------------------------------------------------------------|-----------|----------------|--------------|---------------|--------------|---------------|-----------------|----------------|--------------|----------------|
| | capital - | | | Surplus | | | (Loss) | | controlling | |
| | common | premium | reserve | reserve | reserve | reserves | profits | interests | | |
| | shares | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| At January 1, 2012 | 32 | 251,593 | 691 | 13,411 | (277) | 32,531 | (33,867) | 264,114 | 3,726 | 267,840 |
| (Loss)/profit for the period | | | | | | | 30,908 | 30,908 | 493 | 31,401 |
| Other comprehensive (expenses) income for the period | | | (33) | | | | | (33) | | (33) |
| Contribution from non-controlling Interests of a subsidiary | | | | | | | | | 3 | 3 |
| Total comprehensive (expenses) income for the period | | | (33) | | | | 30,908 | 30,875 | 496 | 31,371 |
| At September 30, 2012 | <u>32</u> | <u>251,593</u> | <u>658</u> | <u>13,411</u> | <u>(277)</u> | <u>32,531</u> | <u>(2,959)</u> | <u>294,989</u> | <u>4,222</u> | <u>299,211</u> |
| At January 1, 2013 | 32 | 251,593 | 792 | 19,244 | (277) | 32,531 | (7,348) | 296,567 | 4,243 | 300,810 |
| (Loss)/profit for the period | | | | | | | (54,646) | (54,646) | 185 | (54,461) |
| Other comprehensive (expenses) income for the period | | | 780 | | | | | 780 | | 780 |
| Total comprehensive (expenses) income for the period | | | 780 | | | | (54,646) | (53,866) | 185 | (53,681) |
| At September 30, 2013 | <u>32</u> | <u>251,593</u> | <u>1,572</u> | <u>19,244</u> | <u>(277)</u> | <u>32,531</u> | <u>(61,994)</u> | <u>242,701</u> | <u>4,428</u> | <u>247,129</u> |



NOTES:

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 17 August 2006 as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). With reference to the announcements issued by the Company dated 31 May 2013 and 29 October 2013, the listing of the shares of the Company was transferred from GEM to the Main Board of the Stock Exchange on 6 November 2013. Its ultimate controlling shareholders are Mr. Xie Yuehui, Mr. Wu Jianhui and Medtronic, Inc. (“Medtronic”). The address of the registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104 Cayman Islands, and the address of the principal place of business is Cybio Electronic Building, Langshan 2nd Street, North Area of High-tech Park, Nanshan District, Shenzhen, Guangdong Province, the People’s Republic of China (the “PRC”).

The Company is an investment holding company. The principal activities of the Company’s subsidiaries are development, manufacture and trading of advanced interventional medical devices for cardiovascular and peripheral vascular diseases and disorders.

The condensed consolidated financial statements are presented in Renminbi (“RMB”), which is the functional currency of the Company and its major operating subsidiaries.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the nine months ended 30 September 2013 have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) and the applicable disclosure requirements of the GEM Listing Rules.

3. PRINCIPAL ACCOUNTING POLICIES

The accounting policies used are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2012 and interim report for the six months ended 30 June 2013.



4. OTHER INCOME AND OTHER GAINS AND LOSSES

| | Three months ended 30 September | | Nine months ended 30 September | |
|----------------------------------|------------------------------------|--------------------------------|-----------------------------------|--------------------------------|
| | 2013 (Unaudited) RMB'000 | 2012 (Unaudited) RMB'000 | 2013 (Unaudited) RMB'000 | 2012 (Unaudited) RMB'000 |
| Government grants | 3,040 | 1,332 | 4,207 | 2,934 |
| Rental Income | 300 | 303 | 906 | 915 |
| Interest income on bank deposits | 953 | 66 | 1,396 | 217 |
| Interest on structured deposits | (96) | 660 | 318 | 1,443 |
| Net foreign exchange (loss)/gain | (411) | 903 | (2,863) | 828 |
| Others | (379) | 109 | (99) | 641 |
| | 3,407 | 3,373 | 3,865 | 6,978 |

5. SEGMENT INFORMATION

Segment revenue

| | Three months ended 30 September | | Nine months ended 30 September | |
|------------------------------------------|------------------------------------|--------------------------------|-----------------------------------|--------------------------------|
| | 2013 (Unaudited) RMB'000 | 2012 (Unaudited) RMB'000 | 2013 (Unaudited) RMB'000 | 2012 (Unaudited) RMB'000 |
| Congenital heart diseases business | 27,824 | 26,559 | 81,350 | 75,734 |
| Peripheral vascular diseases business | 23,979 | 17,310 | 78,945 | 56,838 |
| Surgical vascular diseases business | 14 | 212 | 215 | 394 |
| | 51,817 | 44,081 | 160,510 | 132,966 |

6. PROFIT BEFORE TAX AND CHANGE IN FAIR VALUE OF CONVERTIBLE NOTES DERIVATIVES

Profit before tax and change in fair value of convertible notes derivatives has been arrived at after charging:

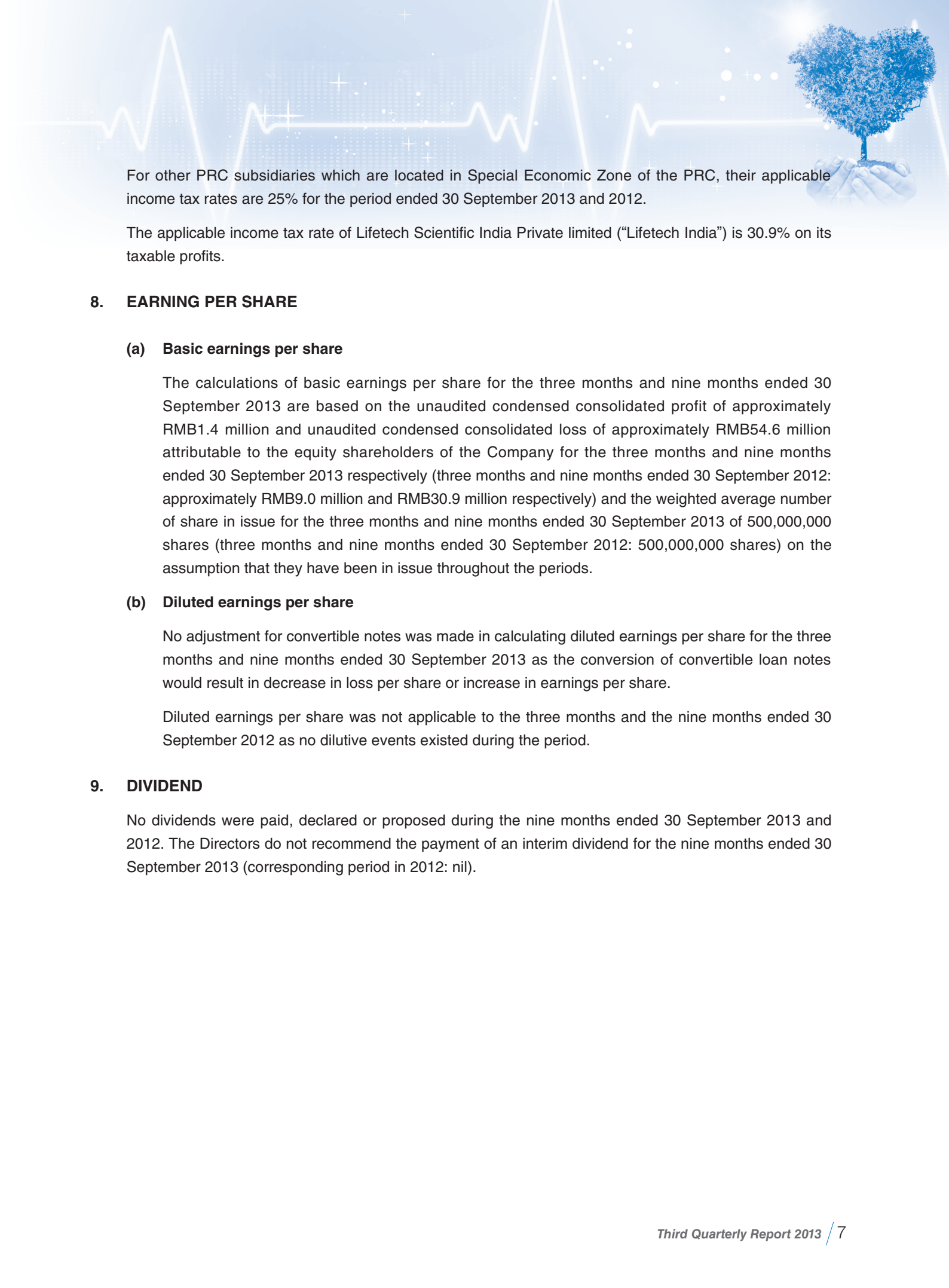
| | Three months ended 30 September | | Nine months ended 30 September | |
|------------------------------------------------|------------------------------------|--------------------------------|-----------------------------------|--------------------------------|
| | 2013 (Unaudited) RMB'000 | 2012 (Unaudited) RMB'000 | 2013 (Unaudited) RMB'000 | 2012 (Unaudited) RMB'000 |
| Depreciation of property, plant and equipment | 1,376 | 1,763 | 4,230 | 4,998 |
| Staff costs, including Directors' remuneration | | | | |
| Salaries, wages and other benefits | 11,156 | 10,913 | 33,444 | 30,643 |
| Retirement benefits scheme contributions | 1,366 | 687 | 3,303 | 1,875 |
| | <u>12,522</u> | <u>11,600</u> | <u>36,747</u> | <u>32,518</u> |

7. INCOME TAX EXPENSE

| | Three months ended 30 September | | Nine months ended 30 September | |
|---------------------------------------|------------------------------------|--------------------------------|-----------------------------------|--------------------------------|
| | 2013 (Unaudited) RMB'000 | 2012 (Unaudited) RMB'000 | 2013 (Unaudited) RMB'000 | 2012 (Unaudited) RMB'000 |
| Current tax | | | | |
| PRC Enterprise Income Tax ("PRC EIT") | 4,051 | 2,214 | 16,233 | 8,271 |
| Deferred tax | (1,373) | 494 | (6,438) | (716) |
| | <u>2,678</u> | <u>2,708</u> | <u>9,795</u> | <u>7,555</u> |

The Company is tax exempted under the laws of the Cayman Islands. New Centre International Limited 新城市國際有限公司 ("New Centre"), a subsidiary of the Company, is subject to Hong Kong Profits Tax rate of 16.5% on profits earned in Hong Kong. No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% except that two major operating subsidiaries in the PRC were qualified as High and New Technology Enterprises since 2009, and are entitled to a preferential income tax rate of 15% for the period from 2010 to 2012 and is subject to review once every three years. These two major subsidiaries have obtained the approval to enjoy the preferential income tax rate of 15% from 2012 to 2015.



For other PRC subsidiaries which are located in Special Economic Zone of the PRC, their applicable income tax rates are 25% for the period ended 30 September 2013 and 2012.

The applicable income tax rate of Lifetech Scientific India Private limited (“Lifetech India”) is 30.9% on its taxable profits.

8. EARNING PER SHARE

(a) Basic earnings per share

The calculations of basic earnings per share for the three months and nine months ended 30 September 2013 are based on the unaudited condensed consolidated profit of approximately RMB1.4 million and unaudited condensed consolidated loss of approximately RMB54.6 million attributable to the equity shareholders of the Company for the three months and nine months ended 30 September 2013 respectively (three months and nine months ended 30 September 2012: approximately RMB9.0 million and RMB30.9 million respectively) and the weighted average number of share in issue for the three months and nine months ended 30 September 2013 of 500,000,000 shares (three months and nine months ended 30 September 2012: 500,000,000 shares) on the assumption that they have been in issue throughout the periods.

(b) Diluted earnings per share

No adjustment for convertible notes was made in calculating diluted earnings per share for the three months and nine months ended 30 September 2013 as the conversion of convertible loan notes would result in decrease in loss per share or increase in earnings per share.

Diluted earnings per share was not applicable to the three months and the nine months ended 30 September 2012 as no dilutive events existed during the period.

9. DIVIDEND

No dividends were paid, declared or proposed during the nine months ended 30 September 2013 and 2012. The Directors do not recommend the payment of an interim dividend for the nine months ended 30 September 2013 (corresponding period in 2012: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a developer, manufacturer and marketer of advanced minimally invasive interventional medical devices for cardiovascular and peripheral vascular diseases and disorders. There are three lines of business in our Group, namely congenital and structural heart diseases business (“congenital heart diseases business”), surgical vascular repair business and peripheral vascular diseases business, providing clinically effective and commercially attractive product offerings.

China is our largest market, and sales generated from the Chinese market accounted for approximately 73.2% of our total revenue for the nine months ended at 30 September 2013 (corresponding period in 2012: approximately 72.2%). Our domestic sales realized a 22.4% growth for the nine months ended 30 September 2013 as compared to the last corresponding period. Our international market realized a 16.3% growth in sales revenue as compared to the last corresponding period. The increase in revenue was mainly attributable to the rapid growth of sales volume of our primary products along with the expansion of our sales network.

We have conducted the following activities in the third quarter of 2013:

- CeraFlex occluder has been launched in Brazil. We introduced the CeraFlex device to physicians at the exhibition we participated and they started to use our product.
- We attended LAMBRE Left Atrial Appendage (“LAA”) occluder live case demonstration in APCASH of China, aiming to attract more customers and enhance competitiveness.
- We participated PFO Salons in China, such as 中國第一屆PFO診斷與治療專家學術沙龍, and expect to open up the PFO device market for Lifetech in China.
- European customer service center in Netherlands is engaged to operate for the Company.

FINANCIAL REVIEW

Summary of the results of the Group for the nine months ended 30 September 2013 and the corresponding period in 2012 are as follows:

- Total turnover was approximately RMB160.5 million (corresponding period in 2012: approximately RMB133.0 million), representing approximately a 20.7% increase as compared to the corresponding period in 2012. The increase was primarily attributable to an increase of approximately RMB22.1 million in revenue from peripheral vascular diseases business.
- Gross profit was approximately RMB131.6 million (corresponding period in 2012: approximately RMB105.8 million), representing approximately a 24.4% increase as compared to the corresponding period in 2012. The increase was primarily attributable to an increase of approximately RMB27.5 million in revenue.
- The operating profit before tax and before change in fair value of convertible notes derivatives was approximately RMB22.6 million (corresponding period in 2012: approximately RMB39.0 million), representing an decrease of approximately 42.1% as compared to the corresponding period in 2012. The decrease was primarily due to 1) share of loss of an associate; 2) finance costs arisen from convertible notes; 3) increase of administration expenses.



- Loss attributable to shareholders of the Company for the nine months ended 30 September 2013 was approximately RMB54.6 million primarily due to the record of change in fair value of conversion notes of approximately RMB67.3 million for the nine months ended 30 September 2013. For illustrative purposes, with the exclusion of the change in fair value of conversion notes, the Company would have recorded profit attributable to owners of the Company of approximately RMB12.7 million for the nine months ended 30 September 2013, representing a decrease of approximately 58.9% as compared with the corresponding period in 2012.

As disclosed in the announcement of the Company dated 12 July 2013, the Group has advanced RMB32 million to 上海博生實業有限公司, an independent third party, through an entrusted loan arrangement. The term of the loan is one year from 28 April 2013 and the interest rate on the loan amount shall be 7% per annum, payable quarterly.

BUSINESS OUTLOOK

The Group will continue to rely on its two core businesses, namely congenital heart diseases business and peripheral vascular diseases business as growth driver in 2013. The Group will also actively expand its product offering and strengthen its established market position.

Since a European customer service center in Netherlands is engaged to operate for the Company, it will provide local, premium customer service including quicker product availability within the European Union. This improved service is expected to further expand our European business as a whole.

With the full launch of CeraFlex in Europe, we expect it will bring brighter prospects on sales in next quarter.

In November 2013, the Company will attend the Shenzhen Hi-Tech Fair in China, which will strengthen patient education and boost the Company's corporate image.

In November 2013, we will participate LAA Frankfurt in Germany, in which L'Ambre LAA live case and physician presentation will improve our reputation in the LAA industry.

With a view to enhance the corporate profile and image of the Group and to improve the public awareness of the Company, as disclosed in the announcements of the Company dated 31 May 2013 and 29 October 2013, the Company has made an application for the transfer of listing of the shares of the Company from the GEM to the Main Board of the Stock Exchange (the "Transfer of Listing") under Chapter 9A of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"). On 28 October 2013, the approval-in-principle for the Transfer of Listing was granted by the Stock Exchange. The last day of dealings in the shares of the Company on GEM (under stock code: 8122) was 5 November 2013, and dealings in the shares of the Company on the Main Board (under stock code: 1302) commenced on 6 November 2013. For further details on the Transfer of Listing, please refer to the above announcements of the Company.

It is believed that the Transfer of Listing will be beneficial to the future growth, financial flexibility and business development of the Company. Aligned with the market practice of the majority of companies listed on Main Board, the Company does not intend to publish quarterly results announcements and reports after the Transfer of Listing pursuant to the Listing Rules, except that the 2013 third quarterly results announcement and this report are published in order to comply with the GEM Listing Rules applicable to the Company before the date of the Transfer of Listing.

USE OF PROCEEDS GENERATED FROM THE COMPANY'S INITIAL PUBLIC OFFERING

The net proceeds from the Company's issue of new shares at the time of its listing in November 2011 (the "Listing"), after deduction of related expenses, amounted to approximately HK\$156.6 million. During the nine months ended 30 September 2013, the net proceeds from issuance of new shares of the Company had been applied as follows:

| | Planned use of proceeds as stated in the prospectus from Listing to 30 September 2013 (HK\$ million) | Actual use of proceeds from Listing to 30 September 2013 (HK\$ million) |
|------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|
| 1 Enhance market position of core cardiovascular and peripheral vascular devices in key emerging markets | 7.2 | 6.8 |
| 2 Continue to develop and commercialize pipeline products | 40.0 | 40.0 |
| 3 Expansion into key international markets with current and pipeline products | 7.2 | 6.8 |
| 4 Expansion of our manufacturing facilities | 88 | 53.2 (<i>Note 1</i>) |
| 5 Expansion into complementary product offers and pursue opportunistic acquisitions, partnerships, alliances and licensing opportunities | 10.0 (<i>Note 2</i>) | 9.5 |

Note 1 On 19 February 2013, Lifetech Shenzhen made a successful bid for the land use right in respect of the land located in Nanshan District, Shenzhen, the PRC at a price of RMB37,020,000 (equivalent to approximately HK\$45,697,000) through an open tender organized by the Shenzhen Land Transaction Centre. The deed tax arising from the land acquisition amounts to approximately RMB1.1 million. Other expense arisen is approximately HKD6.2 million.

Note 2 This represents the amount allocatable to any of the period from November 2011 to 31 December 2013.

The net proceeds applied, as at 30 September 2013 are less than expected primarily due to delayed acquisition of land in Nanshan District.

The unused proceeds have been placed in interest bearing deposit accounts maintained with banks in Hong Kong and mainland China.



DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 September 2013, the interests of Directors and chief executives of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which they are taken or deemed to have under such provisions of the SFO) and required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(a) Long position in ordinary shares and underlying shares of the Company ("Shares")

| Name of Director | Nature of interest | Number of shares | Position | Percentage of the Company's issued share capital |
|---------------------------------|------------------------------------------------------|------------------|----------|--------------------------------------------------|
| XIE Yuehui ("Mr. XIE") | Interest of controlled corporation (<i>Note 1</i>) | 98,739,366 | Long | 19.75% |
| WU Jianhui ("Mr. WU") | Interest of controlled corporation (<i>Note 2</i>) | 79,683,332 | Long | 15.94% |
| ZHAO Yiwei Michael ("Mr. ZHAO") | Interest of controlled corporation (<i>Note 3</i>) | 13,583,333 | Long | 2.72% |

Note 1: These shares are held through Xianjian Advanced Technology Limited, a company wholly owned by Mr. XIE, the chairman and executive director of our Company.

Note 2: These shares are held through GE Asia Pacific Investments, Ltd., a company wholly owned by Mr. WU, a non-executive director of our Company.

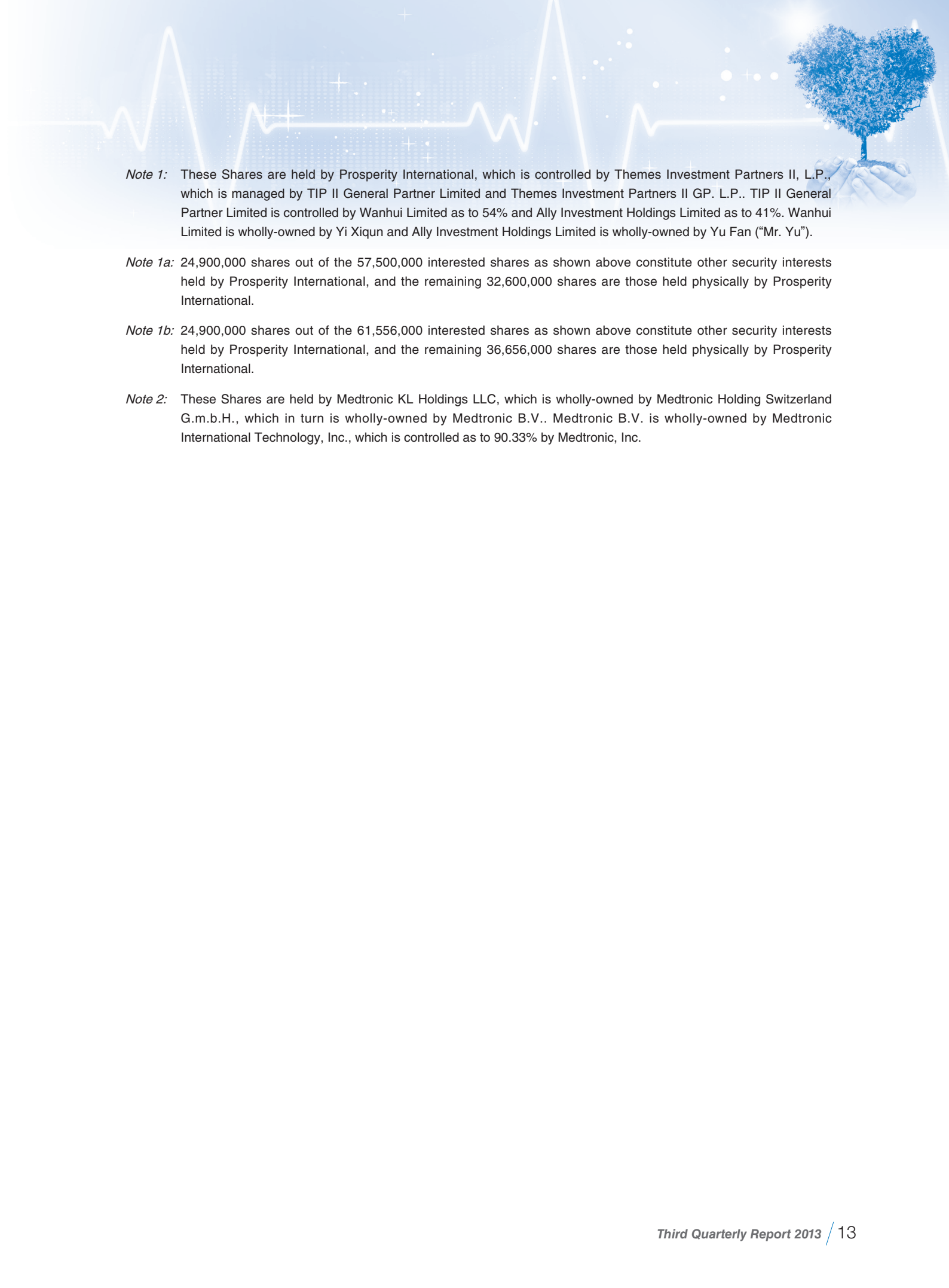
Note 3: These shares are held through St. Christopher Investment Ltd., a company wholly owned by Mr. ZHAO, the chief executive officer and executive director of our Company.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2013, other than the interests of a director or chief executive of the Company as disclosed under the heading "Directors' and chief executive's interests and short position in the shares, underlying shares and debentures" above, the interests and short positions of persons in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

(a) Long positions in the Company

| Name of Shareholder | Number of shares | Position | Capacity | Percentage of the Company's issued share capital |
|---------------------------------------------------------|------------------|----------|------------------------------------|--------------------------------------------------|
| Xianjian Advanced Technology Limited | 98,739,366 | Long | Beneficial owner | 19.75% |
| GE Asia Pacific Investments Ltd. | 79,683,332 | Long | Beneficial owner | 15.94% |
| Prosperity International (Note 1 and 1a) | 57,500,000 | Long | Beneficial owner | 11.50% |
| Yi Xiqun (Note 1 and 1b) | 61,556,000 | Long | Interest of controlled corporation | 12.31% |
| Yu Fan (Note 1 and 1b) | 61,556,000 | Long | Interest of controlled corporation | 12.31% |
| Themes Investment Partners II, GP. L.P. (Note 1 and 1b) | 61,556,000 | Long | Interest of controlled corporation | 12.31% |
| Themes Investment Partners II, L.P. (Note 1 and 1b) | 61,556,000 | Long | Interest of controlled corporation | 12.31% |
| TIP II General Partner Limited (Note 1 and 1b) | 61,556,000 | Long | Interest of controlled corporation | 12.31% |
| Ally Investment Holdings Limited (Note 1 and 1a) | 57,500,000 | Long | Interest of controlled corporation | 11.50% |
| Wanhui Limited (Note 1 and 1a) | 57,500,000 | Long | Interest of controlled corporation | 11.50% |
| Medtronic KL Holdings LLC (Note 2) | 95,000,000 | Long | Beneficial owner | 19.00% |
| Medtronic B.V. (Note 2) | 95,000,000 | Long | Interest of controlled corporation | 19.00% |
| Medtronic Holding Switzerland G.m.b.H. (Note 2) | 95,000,000 | Long | Interest of controlled corporation | 19.00% |
| Medtronic International Technology, Inc (Note 2) | 95,000,000 | Long | Interest of controlled corporation | 19.00% |
| Medtronic, Inc (Note 2) | 95,000,000 | Long | Interest of controlled corporation | 19.00% |



Note 1: These Shares are held by Prosperity International, which is controlled by Themes Investment Partners II, L.P., which is managed by TIP II General Partner Limited and Themes Investment Partners II GP. L.P.. TIP II General Partner Limited is controlled by Wanhui Limited as to 54% and Ally Investment Holdings Limited as to 41%. Wanhui Limited is wholly-owned by Yi Xiqun and Ally Investment Holdings Limited is wholly-owned by Yu Fan (“Mr. Yu”).

Note 1a: 24,900,000 shares out of the 57,500,000 interested shares as shown above constitute other security interests held by Prosperity International, and the remaining 32,600,000 shares are those held physically by Prosperity International.

Note 1b: 24,900,000 shares out of the 61,556,000 interested shares as shown above constitute other security interests held by Prosperity International, and the remaining 36,656,000 shares are those held physically by Prosperity International.


Note 2: These Shares are held by Medtronic KL Holdings LLC, which is wholly-owned by Medtronic Holding Switzerland G.m.b.H., which in turn is wholly-owned by Medtronic B.V.. Medtronic B.V. is wholly-owned by Medtronic International Technology, Inc., which is controlled as to 90.33% by Medtronic, Inc.

(b) Derivative interests

| Name of Shareholder | Number of underlying shares | Position | Capacity | Percentage of the Company's issued share capital |
|-------------------------------------------------------------------|-----------------------------|----------|------------------------------------|--------------------------------------------------|
| Prosperity International <i>(Note 1)</i> | 24,900,000 | Long | Beneficial owner | 4.98% |
| Themes Investment Partners II GP. L.P. <i>(Note 1)</i> | 24,900,000 | Long | Interest of controlled corporation | 4.98% |
| Themes Investment Partners II, L.P. <i>(Note 1)</i> | 24,900,000 | Long | Interest of controlled corporation | 4.98% |
| TIP II General Partner Limited <i>(Note 1)</i> | 24,900,000 | Long | Interest of controlled corporation | 4.98% |
| Yi Xiqun <i>(Note 1)</i> | 24,900,000 | Long | Interest of controlled corporation | 4.98% |
| Yu Fan <i>(Note 1)</i> | 24,900,000 | Long | Interest of controlled corporation | 4.98% |
| Ally Investment Holdings Limited <i>(Note 1)</i> | 24,900,000 | Long | Interest of controlled corporation | 4.98% |
| Wanhui Limited <i>(Note 1)</i> | 24,900,000 | Long | Interest of controlled corporation | 4.98% |
| Medtronic KL Holdings LLC <i>(Note 2 and 3)</i> | 378,571,429 | Long | Beneficial owner | 75.71% |
| Medtronic B.V. <i>(Note 2 and 3)</i> | 378,571,429 | Long | Interest of controlled corporation | 75.71% |
| Medtronic Holding Switzerland G.m.b.H. <i>(Note 2 and 3)</i> | 378,571,429 | Long | Interest of controlled corporation | 75.71% |
| Medtronic International Technology, Inc. <i>(Note 2 and 3)</i> | 378,571,429 | Long | Interest of controlled corporation | 75.71% |
| Medtronic, Inc. <i>(Note 2 and 3)</i> | 378,571,429 | Long | Interest of controlled corporation | 75.71% |

Note 1: These Shares are held by Prosperity International, which is controlled by Themes Investment Partners II, L.P., which is managed by TIP II General Partner Limited and Themes Investment Partners II GP. L.P.. TIP II General Partner Limited is controlled by Wanhui Limited as to 54% and Ally Investment Holdings Limited as to 41%. Wanhui Limited is wholly-owned by Yi Xiqun and Ally Investment Holdings Limited is wholly-owned by Mr. Yu.

Note 2: These Shares are held by Medtronic KL Holdings LLC, which is wholly-owned by Medtronic Holding Switzerland G.m.b.H., which in turn is wholly-owned by Medtronic B.V.. Medtronic B.V. is wholly-owned by Medtronic International Technology, Inc., which is controlled as to 90.33% by Medtronic, Inc.



Note 3: Capitalised terms used in this paragraph shall have the same meanings as those defined in the circular of the Company dated 6 January 2013. These Shares are the underlying Shares to be issued upon the full conversion of the First Tranche Convertible Notes and the Second Tranche Convertible Notes pursuant to the terms and conditions under the Investment Agreement dated 14 October 2012. Completion of the subscription of the First Tranche Convertible Notes at the principal amount of HK\$152 million, which are convertible into 40,000,000 new Shares at the conversion price of HK\$3.80, took place on 30 January 2013. As at the date of this report, the Company has not been notified by the noteholder of its intention to convert the First Tranche Convertible Notes, and the subscription of the Second Tranche Convertible Notes is pending to be completed.

Save as disclosed above, as at 30 September 2013, the directors of the Company were not aware of any other person (other than the directors and chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

The Company has not granted or issued any option under the existing share option scheme of the Company adopted on 22 October 2011 (“Share Option Scheme”) up to 30 September 2013. In view of the Transfer of Listing, the Company has updated the Share Option Scheme to comply with the Main Board Listing Rules, but all other material terms of the Share Option Scheme remain unchanged.

INTERIM DIVIDEND

The Directors do not recommend the payment of any interim dividend for the nine months ended 30 September 2013.

DIRECTOR’S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the details as disclosed under the heading “Directors’ and chief executives’ interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations” above, at no time during the nine months ended 30 September 2013 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SHARES

During the nine months ended 30 September 2013, there were no purchases, sales or redemptions of the Company’s listed securities by the Company or any of its subsidiaries.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by First Shanghai Capital Limited (“FSCL”), the Company’s compliance adviser, neither FSCL nor any of its directors or employees or associates had any interests in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) as at 30 September 2013.

DIRECTOR'S INTERESTS IN COMPETING INTERESTS

During the nine months ended 30 September 2013 and save as disclosed in the annual report of 2012, the Directors were not aware of any business or interest of the Directors or the management shareholders of the Company and their respective associates (as defined under the GEM Listing Rules) that had competed or might compete with the business of the Group and any other conflicts of interests which any such person had or might have with the Group.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a Model Code for securities transactions by directors of the Company on terms set out in Appendix 10 of the Listing Rules regarding the directors' securities transactions in securities of the Company. Specific enquiry has been made of all the Directors and the Directors have confirmed that they had complied with such code of conduct from the date of listing of the Company's shares on the Stock Exchange up to 30 September 2013.

AUDIT COMMITTEE

The Company established an audit committee on 22 October 2011 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3.3 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 in the Listing Rules. The Audit Committee consists of three members, the majority of whom are independent non-executive Directors, namely Mr. Liang Hsien Tse Joseph, a Director with the appropriate professional qualifications who serves as the chairman of the audit committee, Mr. Wu Jianhui and Mr. Zhou Gengshen.

The primary duties of the audit committee are to assist our Board in providing an independent view of the effectiveness of our financial reporting process, internal control and risk management system, to oversee the audit process and to perform other duties and responsibilities as assigned by our Board.

The Group's unaudited results for the nine months ended 30 September 2013 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards, the Stock Exchange and legal requirements and that adequate disclosure has been made.

On behalf of the Board
LifeTech Scientific Corporation
XIE Yuehui
Chairman and Executive Director

Hong Kong, 14 November 2013

As at the date of report, 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.