LifeTech Scientific Corporation

先 健 科 技 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8122)

ANNUAL RESULT ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies with a higher investment risk as compared with other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in companies listed on GEM and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the "Director(s)") of LifeTech Scientific Corporation (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

FINANCIAL HIGHLIGHTS

- The Group's revenue amounted to approximately RMB140,324,000 for the year ended 31 December 2011, which represented an increase of approximately 34.0% as compared with the Group's revenue recorded in the year ended 31 December 2010.

- The profit attributable to equity holders of the Company was approximately RMB11,830,000 for the year ended 31 December 2011 compared with that of approximately RMB3,936,000 recorded in the year ended 31 December 2010.

- Basic earnings per shares for the year ended 31 December 2011 was approximately RMB3.1 cents (2010: RMB1.6 cents).

- The Board does not recommend the payment of a final dividend for the year ended 31 December 2011 (2010: Nil).

ANNUAL RESULTS

The board of directors (the "Board") of LifeTech Scientific Corporation (the "Company") is pleased to announce the annual consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2011 together with the comparative figures for the year ended 31 December 2010.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2011

	NOTES	**2011** *RMB'000*	**2010** *RMB'000*
Revenue	3	140,324	104,704
Cost of sales		(27,357)	(21,066)
Gross profit		112,967	83,638
Other income and other gains and losses	4	5,018	3,333
Selling and distribution expenses		(34,552)	(20,057)
Administration expenses		(31,246)	(16,771)
Research and development expenses		(22,762)	(15,442)
Offering expenses		(13,634)	(182)
Profit before tax and change in fair value of convertible redeemable preferred shares		15,791	34,519
Change in fair value of convertible redeemable preferred shares		3,288	(24,107)
Profit before tax	5	19,079	10,412
Income tax expense	6	(6,517)	(6,621)
Profit for the year		12,562	3,791
Other comprehensive income (expenses):			
Exchange differences arising on translating foreign operation		729	(64)
Total comprehensive income for the year		13,291	3,727

	NOTE	2011	2010
		RMB'000	RMB'000
Profit (loss) for the year attributable to:			
Owner of the Company		11,830	3,936
Non-controlling interests		732	(145)
		12,562	3,791
Total comprehensive income (expenses) attributable to:			
Owner of the Company		12,559	3,872
Non-controlling interests		732	(145)
		13,291	3,727
Earnings per share	8		
- Basic (RMB)		0.031	0.016
- Diluted (RMB)		0.018	0.016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2011

	NOTES	**2011**	**2010**
		RMB'000	*RMB'000*
Non-current assets			
Property, plant and equipment		18,346	14,712
Investment property		1,912	1,697
Intangible assets		4,540	5,241
Deposit for acquisition of property, plant and equipment		7,398	2,325
Deferred tax assets		3,587	2,995
		35,783	26,970
Current assets			
Inventories		21,235	15,178
Trade receivables	9	36,516	26,948
Other receivables and prepayments	10	9,635	5,690
Amounts due from shareholders		—	140
Amount due from a related party		—	61
Structured deposits		25,000	—
Bank balances and cash		185,049	83,468
		277,435	131,485
Current liabilities			
Trade and other payables	11	35,416	21,689
Warranty provision		—	635
Tax payables		5,070	4,767
Amounts due to shareholders		54	1,231
Amounts due to directors		30	—
Convertible redeemable preferred shares		—	121,656
		40,570	149,978
Net current assets (liabilities)		236,865	(18,493)
Total assets less current liabilities		272,648	8,477

	2011	2010
	RMB'000	*RMB'000*
Non-current liability		
Government grants	4,808	5,400
	267,840	3,077
Capital and reserves		
Share capital	32	3
Share premium and reserves (deficit)	264,082	(214)
Equity attributable to owners of the Company	264,114	(211)
Non-controlling interests	3,726	3,288
Total equity	267,840	3,077

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2011

	Attributable to owners of the Company									
	Share capital	Share premium	Translation reserve	Statutory surplus reserve	Capital reserve	Contribution reserve	Accumulated profits (losses)	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Note i)	*(Note ii)*					
At 1 January 2010	3	—	26	8,958	(421)	32,531	(33,473)	7,624	3,393	11,017
Profit (loss) for the year	—	—	—	—	—	—	3,936	3,936	(145)	3,791
Other comprehensive expenses for the year	—	—	(64)	—	—	—	—	(64)	—	(64)
Total comprehensive income (expenses) for the year	—	—	(64)	—	—	—	3,936	3,872	(145)	3,727
Dividends paid (Note 7)	—	—	—	—	—	—	(11,707)	(11,707)	—	(11,707)
Capital contribution from a minority shareholder	—	—	—	—	—	—	—	—	40	40
Appropriations	—	—	—	2,976	—	—	(2,976)	—	—	—
At 31 DECEMBER 2010	3	—	(38)	11,934	(421)	32,531	(44,220)	(211)	3,288	3,077
Profit for the year	—	—	—	—	—	—	11,830	11,830	732	12,562
Other comprehensive income for the year	—	—	729	—	—	—	—	729	—	729
Total comprehensive income for the year	—	—	729	—	—	—	11,830	12,559	732	13,291
Issuance of shares	6	150,544	—	—	—	—	—	150,550	—	150,550
Capitalisation issue of shares	21	(21)	—	—	—	—	—	—	—	—
Transaction costs attributable to issue of shares	—	(10,077)	—	—	—	—	—	(10,077)	—	(10,077)
Award shares to employee	—	13,993	—	—	—	—	—	13,993	—	13,993
Conversion of convertible redeemable preferred shares	2	117,154	—	—	—	—	—	117,156	—	117,156
Dividends paid (Note 7)	—	(20,000)	—	—	—	—	—	(20,000)	—	(20,000)
Acquisition of additional interest in a subsidiary	—	—	—	—	144	—	—	144	(294)	(150)
Appropriations	—	—	—	1,477	—	—	(1,477)	—	—	—
At 31 DECEMBER 2011	32	251,593	691	13,411	(277)	32,531	(33,867)	264,114	3,726	267,840

Notes:

(i) Statutory surplus reserve is non-distributable and the transfer to this reserve is determined according to the relevant laws in the People's Republic of China (the "PRC") and by the board of directors of the PRC subsidiaries in accordance with the Article of Association of the subsidiaries. Statutory surplus reserve can be used to make up for previous year's losses or convert into additional capital of the PRC subsidiaries of the Company.

(ii) Capital reserve represents (i) the difference in the fair value of the consideration paid for the acquisition of Lifetech Scientific (Shenzhen) Co., Ltd. 先健科技(深圳)有限公司 from shareholders and the carrying amount of the share of net assets acquired in August 2006 and it is regarded as a deemed contribution from shareholders under merger accounting, and (ii) the difference between the fair value of consideration paid for the acquisition of additional equity interests in Shenzhen EnKe Medical Technology Co., Ltd., a non-wholly owned subsidiary of the Company, and the carrying amount of non-controlling interests acquired amounting to RMB144,000.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 RMB'000	2010 RMB'000
OPERATING ACTIVITIES		
Profit before tax	19,079	10,412
Adjustments for:		
Change in fair value of convertible redeemable preferred shares	(3,288)	24,107
Depreciation of property, plant and equipment	5,425	3,759
Amortisation charge of intangible assets	889	878
Allowance for inventories	257	371
Depreciation of an investment property	76	61
Allowance for trade receivables	12	—
Other receivables written off as uncollectible	602	—
Loss on disposal of property, plant and equipment	561	—
Government grants	(5,934)	(360)
Interest income	(455)	(392)
Interest income from structured deposits	(527)	—
Unrealised foreign exchange gain	(1,212)	(3,206)
Share-based compensation expenses	5,118	—
Operating cashflows before movements in working capital	20,603	35,630
(Increase) decrease in trade receivables	(9,580)	2,594
(Increase) decrease in inventories	(6,314)	508
(Increase) decrease in other receivables and prepayments	(4,547)	1,725
Increase in trade and other payables	13,431	4,997
Increase in government grants received for operating activities	5,003	6,606
Cash generated from operations	18,596	52,060
Income taxes paid	(6,806)	(7,305)
NET CASH FROM OPERATING ACTIVITIES	11,790	44,755

	2011	2010
	RMB'000	*RMB'000*
INVESTING ACTIVITIES		
Advance to a related party	—	(1,860)
Repayments of advance to a related party	61	4,994
Advances to shareholders	—	(636)
Repayments of advances to shareholders	140	9,647
Interest received	455	392
Interest received from structured deposits	527	—
Proceeds from disposal of property, plant and equipment	17	—
Payments for acquisition of property, plant and equipment	(15,001)	(6,272)
Purchase of intangible assets	(188)	—
Government grants received for acquisition of plant and equipment	—	700
Structured deposits placed	(233,400)	—
Release of structured deposits	208,400	—
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(38,989)	6,965
FINANCING ACTIVITIES		
Capital contribution from a minority shareholder of a subsidiary	—	40
Acquisition of additional interest in a subsidiary	(150)	—
Proceeds from issue of shares	159,425	—
Expenses on issue of shares	(10,077)	—
Repayments of advance from a shareholder	(1,231)	(8,422)
Advance from a shareholder	54	662
Advances from directors	30	—
Dividends paid	(20,000)	(19,005)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	128,051	(26,725)
NET INCREASE IN CASH AND CASH EQUIVALENTS	100,852	24,995
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	83,468	58,537
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	729	(64)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, representing bank balances and cash	185,049	83,468

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 Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 10 November 2011. Its ultimate controlling parties are Orchid Asia Group Limited, Xianjian Advanced Technology Limited and GE Asia Pacific Investments Ltd. The address of the registered office is PO Box 309, Ugland House, Grand Cayman, KV1-1104 Cayman Islands, and the address of the principal place of business is Floor 1-3, 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 Group are development, manufacture and trading of advanced interventional medical devices for cardiovascular and peripheral vascular diseases and disorders.

The consolidated financial statements are presented in Renminbi ("RMB"), which is the functional currency of the Company and the Group's major operating subsidiaries.

2. BASIS OF PREPARATION AND APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

Basis of Preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by International Accounting Standards Board ("IASB"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange and by the Hong Kong Companies Ordinance.

Application of new/revised IFRSs

The Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective.

IFRS 1 (Amendments)	Government Loans[2]
IFRS 7 (Amendments)	Disclosures - Transfers of Financial Assets[1]
IFRS 7 (Amendments)	Disclosures - Offsetting Financial Assets and Financial Liabilities[2]
IFRS 9	Financial Instruments[3]
IFRS 9 and IFRS 7 (Amendments)	Mandatory Effective Date of IFRS 9 and Transition Disclosures[3]
IFRS 10	Consolidated Financial Statements[2]

IFRS 11	Joint Arrangements[2]
IFRS 12	Disclosure of Interests in Other Entities[2]
IFRS 13	Fair Value Measurement[2]
IAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[5]
IAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[4]
IAS 19 (Revised 2011)	Employee Benefits[2]
IAS 27 (Revised 2011)	Separate Financial Statements[2]
IAS 28 (Revised 2011)	Investments in Associates and Joint Ventures[2]
IAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[6]
IFRIC-Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

[1] Effective for annual periods beginning on or after 1 July 2011
[2] Effective for annual periods beginning on or after 1 January 2013
[3] Effective for annual periods beginning on or after 1 January 2015
[4] Effective for annual periods beginning on or after 1 January 2012
[5] Effective for annual periods beginning on or after 1 July 2012
[6] Effective for annual periods beginning on or after 1 January 2014

The Directors anticipate that the application of these new standards may not have significant impact on the results and the financial position of the Group.

IFRS 9 Financial instruments

IFRS 9 Financial Instruments (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. IFRS 9 Financial Instruments (as amended in October 2010) includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Under IFRS 9, all recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

IFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted. The Group has not early adopted IFRS 9 and other new and revised standards, amendments and interpretations in the preparation of the consolidated financial statements. The directors of the Company (the "Directors") anticipate that the application of the new or revised standards, amendments and interpretations will have no material impact on the consolidated financial statements.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued by the International Accounting Standards Board ("IASB"), including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011) and are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five new or revised standards are applied early at the same time. The Directors anticipate that these new or revised standards will be applied in the Group's consolidated financial statements for financial year ending 31 December 2013 and the potential impact is described below.

IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and SIC - Int 12 Consolidation — Special Purpose Entities. IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios. The Directors anticipate that the application of these five standards may not have significant impact on amounts reported in the consolidated financial statements.

IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under IFRS 7 Financial Instruments: Disclosures will be extended by IFRS 13 to cover all assets and liabilities within its scope.

IFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted. The Directors anticipate that IFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new standard may not have material impact on the amounts reported in the consolidated financial statements and may not result in more extensive disclosures in the consolidated financial statements.

Amendments to IAS 1 Presentation of Items of Other Comprehensive Income

The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

Other than described above, the Directors anticipate that the application of the new or revised standards may not have material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

The segment information reported internally was analysed on the basis of their products supplied by the Group's operating divisions which is consistent with the internal information that are regularly reviewed by an executive director of the Company, the chief operating decision maker, for the purposes of resource allocation and assessment of performance.

The Group's operating segments under IFRS 8 are therefore as follows:

- Congenital heart diseases business: trade, manufacture, research and development of devices related to congenital and structural heart diseases.

- Peripheral vascular diseases business: trade, manufacture, research and development of devices related to peripheral vascular diseases.

- Surgical vascular repair business: trade, manufacture, research and development of devices related to surgical vascular repair.

Information regarding the above segments is reported below.

(a) **Segment revenue and results**

The following is an analysis of the Group's revenue and results by operating and reportable segments:

For the year ended 31 December 2011

	Congenital heart diseases business	**Peripheral vascular diseases business**	**Surgical vascular repair business**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
SEGMENT REVENUE				
External sales	95,046	45,222	56	140,324
Segment profit	75,952	36,978	37	112,967
Unallocated income				5,018
Unallocated expense				
- Selling and distribution expenses				(34,552)
- Administration expenses				(31,246)
- Research and development expenses				(22,762)
- Offering expenses				(13,634)
- Change in fair value of convertible redeemable preferred shares				3,288
Profit before tax				19,079

For the year ended 31 December 2010

	Congenital heart diseases business *RMB'000*	Peripheral vascular diseases business *RMB'000*	Surgical vascular repair business *RMB'000*	Total *RMB'000*
SEGMENT REVENUE				
External sales	75,501	28,169	1,034	104,704
Segment profit	59,520	23,850	268	83,638
Unallocated income				3,333
Unallocated expense				
- Selling and distribution expenses				(20,057)
- Administration expenses				(16,771)
- Research and development expenses				(15,442)
- Offering expenses				(182)
- Change in fair value of convertible redeemable preferred shares				(24,107)
Profit before tax				10,412

Segment profit represents the profit earned by each segment without allocation of certain income and expense as set out above. This is the measure reported to the chief operating decision maker, the executive director of the Company, for the purposes of resources allocation and assessment of segment performance.

(b) **Segment assets and liabilities**

The following is an analysis of the Group's assets and liabilities by operating and reportable segments:

Segment assets

	2011	2010
	RMB'000	*RMB'000*
Operating segments:		
Congenital heart diseases business	65,063	50,260
Peripheral vascular diseases business	30,956	14,818
Surgical vascular repair business	39	5,016
Total segment assets	96,058	70,094
Unallocated assets		
Bank balances and cash	185,049	83,468
Structured deposits	25,000	—
Other receivables and prepayments	1,612	—
Deferred tax assets	3,587	2,995
Investment property	1,912	1,697
Amounts due from shareholders	—	140
Amount due from a related party	—	61
Consolidated assets	313,218	158,455

Segment liabilities

	2011	2010
	RMB'000	*RMB'000*
Operating segments:		
Congenital heart diseases business	1,598	501
Peripheral vascular diseases business	760	784
Surgical vascular repair business	1	531
Total segment liabilities	2,359	1,816
Unallocated liabilities		
Convertible redeemable preferred shares	—	121,656
Government grants	19,530	14,527
Other payables	18,335	10,746
Warranty provision	—	635
Tax payables	5,070	4,767
Amounts due to shareholders	54	1,231
Amounts due to directors	30	—
Consolidated liabilities	45,378	155,378

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than bank balances and cash, structured deposits, deferred tax assets, investment property, other receivable, amount due from a related party and amounts due from shareholders; and

- all liabilities are allocated to operating segments other than convertible redeemable preferred shares, government grants, tax payables, other payables, warranty provision, amounts due to shareholders and amounts due to directors.

(c) **Other segment information**

For the year ended 31 December 2011

	Congenital heart diseases business	Peripheral vascular diseases business	Surgical vascular repair business	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts included in the measure of segment profit or segment assets:				
Capital expenditure (Note)	10,288	4,895	6	15,189
Depreciation of property, plant and equipment	3,675	1,748	2	5,425
Amortisation charge of intangible assets	602	286	1	889
Allowance of inventories	174	82	1	257

For the year ended 31 December 2010

	Congenital heart diseases business	Peripheral vascular diseases business	Surgical vascular repair business	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts included in the measure of segment profit or segment assets:				
Capital expenditure (Note)	3,018	1,083	794	4,895
Depreciation of property, plant and equipment	1,896	1,635	228	3,759
Amortisation charge of intangible assets	878	—	—	878
Allowance of inventories	371	—	—	371

Note: Capital expenditure includes additions to property, plant and equipment and intangible assets.

(d) **Geographical information**

The Group's operations are located in the PRC and India.

Information about the Group's revenue from external customers is presented based on the location of customers. Information about the Group's non-current assets is presented based on geographical locations of the assets.

	Revenue from external customers		Non-current assets	
	2011	**2010**	**2011**	**2010**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
PRC (country of domicile)	94,290	68,840	32,027	23,815
India	17,932	14,890	169	160
Europe	9,769	12,137	—	—
Asia, excluding PRC and India	12,284	6,729	—	—
South America	4,853	1,998	—	—
Africa	291	46	—	—
Others	905	64	—	—
Total	140,324	104,704	32,196	23,975

Note: Non-current assets excluded deferred tax assets.

(e) **Information about major customers**

No external customers of the Group individually contributed over 10% of the Group's revenue for the years ended 31 December 2011 and 2010.

4. OTHER INCOME AND OTHER GAINS AND LOSSES

	2011	**2010**
	RMB'000	*RMB'000*
Government grants	5,934	360
Interest on bank deposits	455	392
Interest on structured deposits	527	—
Rental income	823	647
Loss on disposal of property, plant and equipment	(561)	—
Net foreign exchange (loss) gain (Note)	(2,971)	2,096
Others	811	(162)
	5,018	3,333

Note: Net foreign exchange (loss) gain includes approximately RMB1,212,000 (2010: RMB3,564,000) gain arising from the translation of convertible redeemable preferred shares which is denominated in USD for the year ended 31 December 2011.

5. PROFIT BEFORE TAX

	2011	2010
	RMB'000	*RMB'000*
Profit before tax has been arrived at after charging (crediting):		
Staff costs, including Directors' remuneration		
Salaries, wages and other benefits	29,392	13,121
Share-based compensation expense	5,118	—
Retirement benefits scheme contributions	2,031	761
	36,541	13,882
Auditor's remuneration	1,599	25
Allowance for trade receivables	12	—
Cost of inventories recognised as expenses (Note)	27,357	21,066
Depreciation of property, plant and equipment	5,425	3,759
Depreciation of an investment property	76	61
Amortisation charge of intangible assets	889	878
Other receivables written off as uncollectible	602	—
Gross rental income from an investment property	(823)	(647)
Less: direct operating expenses from investment properties that generated rental income during the year	73	95
	(750)	(552)

Note: For the year ended 31 December 2011, cost of inventories included allowance for inventories of RMB257,000 (2010: RMB371,000)

6. INCOME TAX EXPENSE

	2011	2010
	RMB'000	*RMB'000*
Current tax		
PRC Enterprise Income Tax ("PRC EIT")	7,109	8,472
Deferred tax:		
Current year	(592)	(1,851)
	6,517	6,621

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”) 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 a major operating subsidiary in the PRC was qualified as High and New Technology Enterprises since 2009 and is entitled to a preferential income tax rate of 15% for 3 consecutive years from 2009 onwards.

For other PRC subsidiaries which are located in Special Economic Zone of the PRC, their applicable income tax rates are 22% and 24% for the years ended 31 December 2010 and 2011 respectively.

The New EIT Law and its implementing rules also permit qualified small-scale enterprise with low profit margins to enjoy a reduced enterprise income tax rate of 20%. One of the subsidiaries Shenzhen LifeTech Biological Medical Technology Co., Ltd. (“Shenzhen Biological”) 深圳市先健生物材料技術有限公司, was entitled to a reduced enterprise income tax rate of 20% as a small-scale enterprise with low profit margins in 2010. The applicable income tax rate is 24% for the year ended 31 December 2011.

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

The income tax expense for the year can be reconciled to the profit before tax per the consolidated statement of comprehensive income as follows:

	2011	**2010**
	RMB’000	*RMB’000*
Profit before tax	19,079	10,412
Tax at the applicable tax rate of 25% (2010:25%) (Note)	4,770	2,603
Tax effect of expenses not deductible for tax purpose:		
- fair value change on convertible redeemable preferred shares	(822)	6,026
- share-based compensation expense	1,279	—
- others	5,125	1,928
Tax effect of tax losses not recognised	1,022	981
Tax effect of income not taxable for tax purpose	(1,484)	(890)
Utilisation of tax losses not recognised in previous years	(85)	(200)
Effect of different tax rates of subsidiaries operating in other jurisdictions	671	—
Effect of income under tax concessions	(3,959)	(3,827)
Income tax expense for the year	6,517	6,621

Note: The applicable tax rate of 25% represents the applicable income tax rate of the subsidiary in Shenzhen in the PRC which constitute the substantial part of the Group's operation for the years ended 31 December 2011 and 2010.

7. DIVIDENDS

	2011	**2010**
	RMB'000	*RMB'000*
Dividends recognised as distribution during the year:		
2010: Interim - USD0.039 cents per share (equivalent to RMB0.26 cents per share)		
- Ordinary share	—	11,707
- Series A Preferred Shares	—	7,298
	—	19,005
2011: Interim - USD0.039 cents per share (equivalent to RMB0.27 cents per share)		
- Ordinary share	20,000	—
	20,000	19,005

No final dividend was paid or proposed during the year ended 31 December 2011, nor has any dividend proposed since the end of the reporting period.

8. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2011 *RMB'000*	2010 *RMB'000*
Earnings:		
Earnings for the purpose of basic earnings per share	11,830	3,936
Effect of dilutive potential ordinary shares:		
Change in fair value of convertible redeemable preferred shares	(3,288)	—
Exchange gain	(1,212)	—
Earnings for the purpose of diluted earnings per share	7,330	3,936
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share (in thousands)	381,451	240,249
Effect of dilutive potential ordinary shares:		
Convertible redeemable preferred shares (in thousands)	36,050	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share (in thousands)	417,501	240,249

The weighted average number of ordinary shares for the purpose of calculating basic earnings per shares for the years ended 31 December 2011 and 2010 have been prepared based on the assumption that the capitalisation issue had been effective on 1 January 2010.

For the year ended 31 December 2010, the computation of diluted earnings per share did not assume the conversion of Series A Preferred Shares, as such assumed conversion of the Series A Preferred Shares during that year prior to conversion would result in an increase in earnings per share, which is considered as anti-dilutive.

9. TRADE RECEIVABLES

Trade receivables are mainly arisen from sales of medical devices. No interest is charged on the trade receivables.

The Group normally allows a credit period of 30 to 90 days to its trade customers. The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period.

	2011	2010
	RMB'000	*RMB'000*
1 to 90 days	27,044	21,794
91 to 180 days	3,768	4,100
181 to 365 days	2,615	732
Over 365 days	3,089	322
	36,516	26,948

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed twice a year.

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of approximately RMB19,120,000 (2010: RMB11,318,000) which are past due as at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. The management of the Group reviews the ageing analysis at the end of reporting period and satisfied with the continuous subsequent settlement on the trade receivable balance, as a result, the impairment of trade receivable is estimated to be insignificant.

Ageing of past due but not impaired trade receivables

	2011	2010
	RMB'000	*RMB'000*
Age:		
Within 90 days	10,641	7,319
91 - 180 days	2,811	3,614
181 - 365 days	2,568	328
Over 365 days	3,100	57
	19,120	11,318

Movement in the allowance for doubtful debts

	2011	2010
	RMB'000	*RMB'000*
Impairment losses recognised on receivables for the year and at 31 December	12	—

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of RMB12,000 of which the debtors were in financial difficulties.

10. OTHER RECEVABLES AND PREPAYMENTS

	2011	2010
	RMB'000	*RMB'000*
Other receivables and prepayments		
Prepayment	1,157	1,507
Other debtors (Note)	3,563	438
Advance to employees	4,140	2,627
Other deposits	373	492
Rental deposits	402	626
	9,635	5,690

Note: Amount is unsecured, interest-free and repayable on demand. In the opinion of the Directors, the Group will demand for repayments within one year from the end of reporting period and the amounts are therefore considered as current.

11. TRADE AND OTHER PAYABLES

	THE GROUP	
	2011	**2010**
	RMB'000	*RMB'000*
Trade payables	2,359	1,816
Others:		
Government grants	14,722	9,127
Accrued payroll and bonus	6,645	4,418
Other payables	3,516	3,606
Accrued expenses	3,649	677
Value-added tax payables	1,235	1,207
Receipt in advance from customers	539	756
Other tax payables	460	82
Accrued audit fee	2,291	—
	35,416	21,689

The credit period granted by suppliers to the Group ranged from 30 to 90 days. The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	THE GROUP	
	2011	**2010**
	RMB'000	*RMB'000*
0 - 30 days	733	845
31 - 60 days	284	210
61 - 120 days	363	70
Over 120 days	979	691
	2,359	1,816

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Company 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, including 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 Chinese market accounted for approximately 67.2% of our total revenue (2010: approximately 65.8%). Our domestic sales realized a 37.0% growth during the year, indicating stronger brand and higher market share in China. Our international market realized a 28.4% growth in sales revenue. As at 31 December 2011, we have a well established distribution network for our products consisting of 161 distributors (2010: 157 distributors) in 33 countries (2010: 26 countries), reaching over 1,450 hospitals in aggregate. We expanded into new international markets including Mexico, Malaysia, Pakistan, Indonesia, El Salvador, Italy and Nigeria during the year of 2011 and on 28 December 2011, we opened the new office in Holland to serve as a new marketing base to expand our market in Europe.

Congenital heart diseases business

The Company offers one of the broadest product ranges of congenital heart defect occluders through our three generations of occluders series, i.e. HeartR, Cera and CeraFlex, as well as balloon catheter, introducer and snare, etc, and associated delivery and supporting devices. The turnover contributed by the congenital heart diseases business for the year ended 31 December 2011 was approximately RMB95.0 million (2010: approximately RMB75.5 million), realized a growth of 25.8%. The ASD occluder, VSD occluder and PDA occluder experienced growth of 10.5%, 41.5% and 24.1% respectively, as compared to the sales revenue of year ended 31 December 2010. The first generation of occluders, i.e. HeartR occluders, realized 10.4% growth of sales. The second generation, i.e. Cera occluders realized 76.8% increase as compared to sales in the year 2010. We started to sell CeraFlex PDA to the UK market during the year 2011, we believe the broad range of products in different markets would enable us to stay more competitive in the market.

Peripheral vascular diseases business

The products we offered in the peripheral vascular diseases business include vena cava filter, TAA and AAA stent graft, vascular plug and steerable introducer. The turnover contributed by the peripheral vascular diseases business for the year ended 31 December 2011 was approximately RMB45.2 million (2010: approximately RMB28.2 million), representing a growth of 60.3%. The vena cava filter realized 47.9% growth of sales revenue as compared to that of year 2010, mainly attributed to increased sales volume and consistency of the unit price during 2011. Our stent graft realized a growth of 74.0% during the year ended 31 December 2011, also mainly attributed to the increased in sales volume and consistency of unit price.

Surgical vascular repair business

Bovine heart valve is our main products in surgical vascular repair business. We have received China SFDA approval on bovine heart valve but have not begun sales on the products as at 31 December 2011. The turnover contributed by the surgical vascular repair business for the year ended 31 December 2011 was approximately RMB0.05 million (2010: approximately RMB1.0 million). The sales of bovine heart valve started in February, 2012.

Future Prospects

The Group will continue to rely on its two core businesses namely congenital heart diseases business and peripheral vascular diseases business, for growth potential in the year 2012. The Group will also actively expand its product offering and strengthen its established market position. We expect to obtain SFDA approval for Cera occluders in the second half of 2012, and our Cera occluders will be launched to the China market upon obtaining approval. A separate sales force and distribution network for our bovine valve in China will be established. In order to support our product launch plan, we will increase investments on physician training programs, and continue to expand our international sales force in Europe, India, Russia and Brazil. We have established a new office in Holland. It will create and reinforce the Lifetech Europe brand and help accelerate our growth in this strategic market.

We will continue to focus on broadening our product portfolio as well as designing innovative products to help capitalize on our growing sales network and infrastructure. Our LAA occluder is expected to complete animal studies and begin human clinical trial studies. Drug-eluting balloons will begin animal testing from second quarter of 2012. We completed clinical trials for Spider

PFO occluder in Europe in January, 2012, which is expected to receive CE certification in August, 2012 and then to commercial sales in Europe. Surgical stent grafts and Ankura II stent grafts will start clinical trials in China. Our Cera PFO occluders will be launched in the international market in 2012.

We will evaluate and explore acquisitions, partnerships, alliances and licensing opportunities in the year 2012, to enhance our competitiveness and market position in current key markets as well as selective new markets.

USE OF PROCEEDS

During the year ended 31 December 2011, the Company has successfully raised net proceeds of approximately HK$156.6 million through IPO. As the Company has only been listed for less than two months, it only used approximately 2% of the net proceeds, being HK$0.9 million to enhance market position of core cardiovascular and peripheral vascular devices in key emerging markets, HK$1.2 million to continue to develop and commercialize pipeline products and HK$0.9 million to the expansion into key international markets with current and pipeline products.

FINANCIAL REVIEW

Summary of the results of the Group for the financial year ended 31 December 2011 is as follows:

- Total turnover was approximately RMB140.3 million (2010: approximately RMB104.7 million), representing about a 34.0% increase as compared to the previous year.

- Gross profit was approximately RMB113.0 million (2010: approximately RMB83.6 million), representing about a 35.2% increase as compared to the previous year.

- Excluding the change in fair value of convertible redeemable preferred shares, the operating profit before tax was approximately RMB15.8 million (2010: approximately RMB34.5 million), representing about a decrease of 54.2% as compared to the previous year. The decrease was attributed to the offering expense and the increase of selling and distribution expenses, administration expenses and research and development expenses.

- Net profit attributable to owners of the Company was approximately RMB11.8 million (2010: approximately RMB3.9 million), representing approximately a two-fold increase as compared to the previous year.

- The Board does not recommend any payment of final dividend for the year ended 31 December 2011.

Revenue

The results of the Group for the year ended 31 December 2011 have shown rapid increase in turnover compared with the previous year. Total turnover of the Group for the year was approximately RMB140.3 million (2010: approximately RMB104.7 million). The increase in revenue of the Group was primarily attributed to the growth of congenital heart diseases business and peripheral vascular diseases business.

Gross profit and gross profit margin

Gross profit of the Group was approximately RMB113.0 million (2010: approximately RMB83.6 million). Gross profit margin was approximately 80.5% (2010: approximately 79.8%). The increase in gross profit of the Group was mainly attributed to the increase of revenue.

Selling and distribution expenses

Selling and distribution expenses for the year ended 31 December 2011 were approximately RMB34.6 million (2010: approximately RMB20.0 million). The increase was attributed to additional promotion and marketing efforts and expansion of sales force during the year.

Administrative expenses

Administrative expenses for the year ended 31 December 2011 amounted to approximately RMB31.2 million (2010: approximately RMB16.8 million). The increases were mainly due to the one time share based compensation amounting to RMB5.1 million to certain key management of the Group during 2011, a rise of numbers of experienced management team and related staff costs. The other reason is increased professional expenses spent on compliance and regulatory aspects of our business.

Research and development expenses

Research and development expenses for the year ended 31 December 2011 amounted to approximately RMB22.8 million (2010: approximately RMB15.4 million). The increases were mainly due to product registration and clinical trials of certain research and development projects that have been ahead of schedule and additional recruitment of staff and corresponding staff cost.

Changes in fair value of convertible redeemable preferred shares

For the convertible redeemable preferred shares of the Company (the "Convertible Redeemable Preferred Shares"), no quoted prices in an active market exist. The fair value of the convertible redeemable preferred shares is established by using the Binomial Option Pricing Model. During the year ended 31 December 2011, the Series A Preferred Shares holders signed a share conversion agreement and agreed to exercise their right to convert 28,070,210 Series A Preferred Shares into the same number of common shares at the par value of USD0.00001 each of the Company on the date of conversion. The change in fair value was approximately RMB3.3 million for the year ended 31 December 2011 (2010: negative RMB24.1 million).

Net profit

Net profit attributable to owners of the Company for the year ended 31 December 2011 was approximately RMB11.8 million (2010: RMB3.9 million). The net profit was mainly attributed to the increase of sales, increase of gross margin, and slightly gain of approximately RMB3.3 million due to change in fair value of Convertible Redeemable Preferred Shares of the Company (2010: loss of approximately RMB24.1 million).

LIQUIDITY AND FINANCIAL RESOURCES

The Group had total cash and bank balances of approximately RMB185.0 million as at 31 December 2011 (2010: approximately RMB83.5 million) and had no borrowings.

The Group recorded total current assets of approximately RMB277.4 million as at 31 December 2011 (2010: approximately RMB131.5 million) and total current liabilities of approximately RMB40.6 million as at 31 December 2011 (2010: approximately RMB150.0 million), the decrease of current liability is mainly because of the redemption of the Convertible Redeemable Preferred Shares. The current ratio of the Group, calculated by dividing the current assets by the current liabilities, was approximately 6.83 as at 31 December 2011 (2010: approximately 0.88).

CAPITAL STRUCTURE

Total equity attributable to equity holders of the Company amounted to approximately RMB264.1 million as at 31 December 2011 as compared with a deficiency of equity of RMB0.2 million as at 31 December 2010. There were no long-term or short-term borrowings for 2011 and 2010.

SIGNIFICANT INVESTMENT

The Group has made no significant investments during the year ended 31 December 2011.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

On 13 May 2011, Ms. Wen Weifang transferred her 10% equity interest in Shenzhen Enke, a subsidiary of our Group, to Lifetech Shenzhen, our key PRC operating subsidiary, for a consideration of RMB150,000. The purpose of this equity transfer is to enable the Group to exercise full control over Shenzhen Enke. Besides this acquisition, the Group did not make any other material acquisitions or disposals during the year ended 31 December 2011.

UPDATE ON PENDING LITIGATION IN INDIA AND IMPACT ON OUR CONTINGENT LIABILITIES

The Group is currently involved in litigation issue in India. AGA Medical Corporation ("AGA") filed a suit with the High Court of New Delhi (the "Court") against our Company, alleging that our occluders sold in India infringed its patent. For details, please refer to the section headed "Risk Factors-Risk Related to Intellectual Property Rights" in the IPO prospectus of the Company. As at the date of this annual report, the cross-examination of AGA's expert witness has been fixed for 23 May 2012, but the Company has been informed that the expert witness is unlikely to turn up for the cross-examination and it is likely to be adjourned. After seeking legal advice, the Board of directors of the Company is of the opinion that it is very unlikely that the Court will grant a permanent injunction to the Plaintiff and it is also very unlikely for the Court to award damages to the Plaintiff or direct delivery of infringing devices. Accordingly, the Board considers that no provision is necessary for any potential liability in the consolidated financial statements.

CAPITAL EXPENDITURE

For the year ended 31 December 2011, capital expenditure of the Group for property, plant and equipment amounted to approximately RMB15.2 million (2010: approximately RMB4.9 million).

FOREIGN EXCHANGE RISK

During the year, the Group's operations are primarily based in the PRC and India. The revenue derived from India accounted for approximately 12.8% (2010: approximately 14.2%) of the total revenue of the Group. The financial statements of Lifetech Scientific India Private Limited, our sole subsidiary in India are presented in Renminbi, while a portion of the revenue and expenses are denominated in US Dollar. Indian Rupees suffered depreciation during the year, and the Group's operational results and financial condition may be affected by changes in the exchange rates of Renminbi against India Rupees. To minimize exposure to foreign exchange risk, most of the bank deposits of the Group are being kept in Renminbi and Hong Kong dollars. The Directors believe that there is no significant foreign exchange risk to the Group. Therefore, the Group had not implemented any formal hedging or other alternative policies to deal with such exposure during the year.

CHARGES ON GROUP ASSETS

As at 31 December 2011, the Group did not have any charges on its assets.

CAPITAL COMMITMENT

As at 31 December 2011, the Group had capital expenditure contracted for but not provided in the consolidated financial statements amounting to RMB1.7 million (2010: RMB1.2 million).

SEGMENT INFORMATION

During the year, the revenue of the Group was principally generated from: (1) congenital heart diseases business; (2) peripheral vascular diseases business; and (3) surgical vascular repair business. Financial information in respect of these operations is presented in Note 3 to the consolidated financial statements

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2011, the Group had 412 (2010: 275) full time employees (including directors). Total staff costs, including Directors' emoluments, amounted to approximately RMB36.5 million for the year under review (2010: approximately RMB13.9 million).

The Group's remuneration policies were determined with reference to the performance, qualification and experience of individual employee, as well as the results of the Group and the market conditions. The benefits provided by the Group to its employees include discretionary bonus, basic medical insurance, work injury insurance, unemployment insurance and share option to the employees. Discretionary bonus is linked to the performance of the Group as well as individual performance. The Group also arranges its staff for training to enhance their skills and knowledge.

ACHIEVEMENT OF BUSINESS OBJECTIVES

As disclosed in prospectus, the achievement of our business objectives as at 31 December 2011 is as follows:

Business objectives for the period from 24 October 2011 to 31 December 2011		**Actual business progress up to 31 December 2011**
Enhance Market Position of Core Cardiovascular and Peripheral Vascular Devices in Key Emerging Markets	**We will establish an external key opinion leaders advisory board for China, Brazil, Russia and India to facilitate the regular exchange of medical device knowledge between key opinion leaders and us;**	We have hired a consultant located in UK, a global marketing director base in US, and a medical affair officer in Beijing, China, to facilitate the regular exchange of medical device knowledge between key option leaders and us. The above experts have more than 25 years of experience in interventional industrial.
	We will build a local sales and marketing force in Russia and expand our sales and marketing force in China;	We started the recruitment program in Russia for this purpose. We have expanded our sales force and hired a regional marketing executive for China market.
	We will strengthen the training activities at the Sino-Russian training center in Harbin, China;	The Russian physicians maintained academic exchange activities with Harbin training center. Russian physicians visited Harbin center and received training in August and December.
	We will facilitate the second Sino-European physician exchange program;	The second Sino-European physician exchange program is still in its planning stages, and we expect to conduct it in 2013.

Business objectives for the period from 24 October 2011 to 31 December 2011		Actual business progress up to 31 December 2011
	We will complete registration of Cera occluders in Thailand;	The registration of Cera occluders in Thailand is still in progress, it was postponed because of change of registration agent. We expect to obtain approval in the third quarter of 2012
	We will complete registration for stent graft and vena cava filter in Russia.	The registration of stent graft and vena cava filter in Russia are in progress, we expect to obtain approval in the third quarter of 2012.
Continue to Develop and Commercialize Pipeline Products	**We will complete the enrollment of more patients into our PFO clinical trial in Europe;**	We enrolled more patients into clinical trial in EU as planned and completed the clinical trial in January, 2012. And Cera PFO and CeraFlex PFO have obtained CE approval in March 2012 .
	We will continue animal testing for LAA occluders;	We completed LAA occluders' animal testing in the first quarter of 2012. We are now preparing the human clinical trials for LAA occluders.
	We will continue our animal testing of PTCA and PTA drug-eluting balloons.	The animal testing of PTCA and PTA drug-eluting balloons are in progress.
Expansion into Key International Markets with Current and Pipeline Products	**We will establish a sales office in Holland, Europe;**	We established a sales office in Holland by the end of 2011, and it has started providing service to EU market.
	We will build a local sales and marketing team in Germany;	We hired two sales managers in Europe who are fluent in German to help build this market.

Business objectives for the period from 24 October 2011 to 31 December 2011		Actual business progress up to 31 December 2011
	We will complete registration of Cera occluders in Taiwan;	The registration of Cera occluders in Taiwan is still in progress, which is postponed because we have to obtain SFDA approval before applying for registration in Taiwan. We expect to get approval by the end of 2012.
	We will continue registration of Cera occluders in Australia; and	The registration of Cera occluders in Australia are still in progress, and expect to get approval by the end of 2012.
	We will launch snares in the United States.	We have identified a strategic partner in the United States and expect to launch shares in 2012.
Expansion into Complementary Product Offerings	**We will continue animal testing of absorbable coronary stent; and**	Animal testing of absorbable coronary stent would spend a long time, and is expected to complete in 2014.
	We will continue animal testing for peripheral stent.	Animal testing of peripheral stent is still in progress and is expected to complete in September 2012.
Pursue Opportunistic Acquisitions, Partnerships, Alliances and Licensing Opportunities	**We will evaluate and explore acquisitions, partnerships, alliances and licensing opportunities.**	We have evaluated and explored a number of acquisitions, partnerships, alliances and licensing opportunities, none of which has materialized during the period from 24 October 2011 to 31 December 2011.

FINAL DIVIDEND

The directors do not recommend the payment of a final dividend for the year ended 31 December 2011 (2010: Nil).

ANNUAL GENERAL MEETING

The 2012 Annual General Meeting of the Company ("2012 Annual General Meeting") will be held on Monday, 28 May 2012.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the shareholders who are entitled to attend and vote at the 2012 Annual General Meeting, the register of members of the Company will be closed from Wednesday, 23 May 2012 to Monday, 28 May 2012, both days inclusive, during which no transfer of shares of the Company will be effected. All transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Investor Sevices Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, by no later than 4:30 p.m. on Tuesday, 22 May 2012.

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

During the year ended 31 December 2011, 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 Piper Jaffray Asia Limited ("PJ"), the Company's compliance adviser, neither PJ 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 31 December 2011.

CORPORATE GOVERNANCE

The Company is committed to achieving high standards of corporate governance to safeguard the interest of its shareholders and enhance its corporate value. The Company's corporate governance practices are based on the principles, code provisions and certain recommended best practices as set out in the Code on Corporate Governance Practices in the GEM Listing Rules (the "CG Code"). Throughout the year ended 31 December 2011, the Company has complied with the practices.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in Rule 5.46 of the GEM Listing Rules — Model Code for Securities Transactions by Directors of Listed Companies. 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 31 December 2011.

AUDIT COMMITTEE REVIEW

The Group's annual audited results for the year ended 31 December 2011 have been reviewed by the audit committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure has been made.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This preliminary results announcement will be posted on the website of the Stock Exchange (*http://www.hkexnews.hk*) and the website of the Company (*http://www.lifetechmed.com*). The annual report for the financial year will be despatched to the shareholders of the Company and available on the same websites in due course.

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

Shenzhen, PRC, 28 March 2012

As at the date of announcement, the Board comprises Mr. XIE Yuehui and Mr. ZHAO Yiwei Michael being executive directors of the Company; Mr. ZENG Min Frank, Mr. LI Gabriel, Mr. WU Jianhui and Ms. CONG Ning being non-executive directors of the Company; and Mr. LIANG Hsien Tse Joseph, Mr. ZHANG Xingdong, Mr. ZHOU Gengshen being independent non-executive directors of the Company.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at http://www.hkgem.com for 7 days from the date of its posting. This announcement will also be posted on the Company's website at http://www.lifetechmed.com