LifeTech Scientific Corporation
先 健 科 技 公 司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1302)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

HIGHLIGHTS

- The Group's revenue amounting to approximately RMB282.7 million for the year ended 31 December 2014, which represented an increase of approximately 22.4% as compared with the Group's revenue recorded in the year ended 31 December 2013.
- The operating profit of the Company was approximately RMB49.8 million for 2014, representing an increase of approximately 18.0% as compared with 2013 which is mainly due to the increase of sales revenue.
- Net loss attributable to owners of the Company for the year ended 31 December 2014 was approximately RMB81.2 million (2013: net loss amounting to approximately RMB65.7 million). The net loss was mainly attributable to (i) the continuous record of the fair value loss of conversion option of the First Tranche Convertible Notes (as defined in the circular of the Company dated 6 January 2013) issued on 30 January 2013; and (ii) the increase in administration expenses. The Board is of the opinion that the fair value loss of convertible notes is a non-operating and non-cash flow item. Excluding the influence arised therefrom, the Company would have recorded a net profit attributable to owners of the Company of approximately RMB35.2 million for 2014, representing a high growth as compared with 2013. The Board is of the view that the Group's operating and financial positions are healthy and the Board remains positive on the prospects of the Group.
- Basic loss per share for the year ended 31 December 2014 was approximately RMB2.0 cents (Basic loss per share for the year ended 31 December 2013: RMB1.6 cents).
- The Board does not recommend the payment of a final dividend for the year ended 31 December 2014 (2013: nil).

ANNUAL RESULTS

The board of directors (the "Board") of LifeTech Scientific Corporation (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2014, together with the comparative figures for the corresponding period of 2013, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

	NOTES	2014 RMB'000	2013 RMB'000
Revenue	3	**282,679**	231,035
Cost of sales		**(52,544)**	(42,399)
Gross profit		**230,135**	188,636
Other income and other gains and losses	4	**(2,289)**	(48)
Selling and distribution expenses		**(69,083)**	(52,123)
Administration expenses		**(75,671)**	(63,221)
Research and development expenses		**(33,308)**	(31,039)
Operating profit		**49,784**	42,205
Finance income		**2,690**	4,037
Finance costs		**(11,245)**	(10,145)
Finance costs, net		**(8,555)**	(6,108)
Share of results of associates		**(1,458)**	(11,018)
Gain on disposal of an associate		**14,538**	—
Loss on disposal of a subsidiary		**—**	(806)
Net exchange gain on convertible notes and other financial asset		**869**	6,360
Fair value losses on convertible notes and other financial asset		**(104,635)**	(83,826)
Impairment loss on a deposit for acquisition of a long term investment		**(18,354)**	—
Loss before tax	5	**(67,811)**	(53,193)
Income tax expense	6	**(12,921)**	(12,187)
Loss for the year		**(80,732)**	(65,380)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation foreign operations		**936**	671
Share of exchange gain (loss) of an associate		**54**	(54)
Other comprehensive income for the year		**990**	617
Total comprehensive expense for the year		**(79,742)**	(64,763)
Loss for the year attributable to:			
Owners of the Company		**(81,244)**	(65,666)
Non-controlling interests		**512**	286
		(80,732)	(65,380)
Total comprehensive expense attributable to:			
Owners of the Company		**(80,254)**	(65,049)
Non-controlling interests		**512**	286
		(79,742)	(64,763)
Loss per share	7		
– Basic (RMB)		**(0.020)**	(0.016)
– Diluted (RMB)		**(0.020)**	(0.016)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2014

	NOTES	2014	2013
		RMB'000	RMB'000
Non-current assets			
Property, plant and equipment		**55,434**	34,044
Investment properties		**1,693**	1,766
Intangible assets		**53,095**	31,757
Prepaid lease payments		**34,529**	35,800
Deposits for acquisition of property, plant and equipment		**5,795**	2,340
Deferred tax assets		**14,156**	17,350
Interests in associates		**1,109**	1,126
Other financial asset		**—**	—
Deposits for acquisition of long term investment/intangible asset		**12,600**	30,887
		178,411	155,070
Current assets			
Inventories		**30,860**	32,559
Trade receivables	9	**64,873**	49,166
Other receivables and prepayments	10	**25,114**	17,942
Loan receivable		**—**	32,000
Prepaid lease payments		**1,271**	1,271
Structured deposits	11	**9,440**	6,500
Bank balances and cash	12	**256,322**	225,468
		387,880	364,906
Current liabilities			
Trade and other payables	13	**51,407**	59,428
Tax payables		**14,106**	18,050
		65,513	77,478
Net current assets		**322,367**	287,428
Total assets less current liabilities		**500,778**	442,498
Non-current liabilities			
Government grants		**29,395**	18,192
Convertible notes		**78,483**	67,058
Conversion option derivative liability		**236,595**	121,201
		344,473	206,451
Net assets		**156,305**	236,047

	2014	2013
	RMB'000	RMB'000
Capital and reserves		
Share capital	**32**	32
Share premium and reserves	**151,232**	231,486
Equity attributable to owners of the Company	**151,264**	231,518
Non-controlling interests	**5,041**	4,529
Total equity	**156,305**	236,047

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014

	Attributable to owners of the Company									
	Share capital RMB'000	Share premium RMB'000	Translation reserve RMB'000	Statutory surplus reserve RMB'000 (Note i)	Capital reserve RMB'000	Contribution reserve RMB'000 (Note ii)	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2013	32	251,593	792	19,244	(277)	32,531	(7,348)	296,567	4,243	300,810
Loss for the year	–	–	–	–	–	–	(65,666)	(65,666)	286	(65,380)
Other comprehensive income for the year	–	–	617	–	–	–	–	617	–	617
Total comprehensive income (expense) for the year	–	–	617	–	–	–	(65,666)	(65,049)	286	(64,763)
Realised on disposal of a subsidiary	–	–	–	(118)	(144)	–	262	–	–	–
Appropriations	–	–	–	9,858	–	–	(9,858)	–	–	–
At 31 December 2013	32	251,593	1,409	28,984	(421)	32,531	(82,610)	231,518	4,529	236,047
At 1 January 2014	32	251,593	1,409	28,984	(421)	32,531	(82,610)	231,518	4,529	236,047
Loss for the year	–	–	–	–	–	–	(81,244)	(81,244)	512	(80,732)
Other comprehensive income for the year	–	–	990	–	–	–	–	990	–	990
Total comprehensive income (expense) for the year	–	–	990	–	–	–	(81,244)	(80,254)	512	(79,742)
Appropriations	–	–	–	5,389	–	–	(5,389)	–	–	–
At 31 December 2014	**32**	**251,593**	**2,399**	**34,373**	**(421)**	**32,531**	**(169,243)**	**151,264**	**5,041**	**156,305**

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) Contribution reserve represents the difference between 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.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2014

	2014	2013
	RMB'000	RMB'000
OPERATING ACTIVITIES		
Loss before tax	(67,811)	(53,193)
Adjustments for:		
Depreciation of property, plant and equipment	6,011	5,789
Gain on disposal of property, plant and equipment	—	(15)
Amortisation of intangible assets	1,223	1,099
Depreciation of investment properties	73	73
Release of prepaid lease payments	1,271	1,059
Write-down on inventories	6,849	2,008
Impairment loss recognised on trade receivables, net	178	1,474
Impairment loss recognised on other receivables	25	—
Loss on disposal of a subsidiary	—	806
Government grants	(4,809)	(5,656)
Finance income	(2,690)	(4,037)
Finance costs	11,245	10,145
Share of results of associates	1,458	11,018
Gain on disposal of an associate	(14,538)	—
Net loss on other financial asset and convertible notes	103,766	77,466
Impairment loss on a deposit for acquisition of a long term investment	18,354	—
Operating cash flows before movements in working capital	60,605	48,036
Increase in inventories	(5,150)	(9,865)
Increase in trade receivables	(24,628)	(13,742)
Increase in other receivables and prepayments	(8,034)	(5,318)
Increase in trade and other payables	8,623	21,982
Increase in government grants received for operating activities	1,782	6,348
Cash generated from operations	33,198	47,441
Income taxes paid	(13,671)	(12,478)
NET CASH FROM OPERATING ACTIVITIES	19,527	34,963

	2014	2013
	RMB'000	RMB'000
INVESTING ACTIVITIES		
Interest received from bank deposits	**758**	2,040
Interest received from structured deposits	**620**	485
Interest received from loan receivable	**1,312**	1,512
Purchase of other financial asset	**—**	(17,214)
Proceeds from disposal of property, plant and equipment	**22**	259
Deposits paid for and purchase of property, plant and equipment	**(30,944)**	(14,273)
Payments for intangible assets	**(387)**	(116)
Purchases of prepaid lease payments	**—**	(38,130)
Deposits paid for acquisition of long term investment/intangible asset	**—**	(12,034)
Development costs paid	**(22,174)**	(15,595)
Government grants received for acquisition of plant and equipment	**7,500**	700
Loan advanced	**—**	(32,000)
Receipt of loan repayment	**32,000**	—
Structured deposits placed	**(80,280)**	(45,750)
Release of structured deposits	**77,340**	43,500
Proceeds from disposal of a subsidiary (net of cash and cash equivalents disposed)	**—**	218
Proceeds from disposal of an associate	**24,624**	—
NET CASH FROM (USED IN) INVESTING ACTIVITIES	**10,391**	(126,398)
FINANCING ACTIVITIES		
Net proceeds from issue of convertible notes	**—**	118,990
Bank borrowings raised	**—**	35,000
Repayments of bank borrowings	**—**	(35,000)
Interest paid	**—**	(1,128)
NET CASH FROM FINANCING ACTIVITIES	**—**	117,862
NET INCREASE IN CASH AND CASH EQUIVALENTS	**29,918**	26,427
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**225,468**	198,443
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**936**	598
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, representing bank balances and cash	**256,322**	225,468

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

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 "HKSE") until 5 November 2013 when its shares were delisted from the Growth Enterprise Market of HKSE and listed on the Main Board of HKSE by way of transfer of listing. Its ultimate controlling shareholders are Mr. Xie Yuehui, Mr. Wu Jianhui and Medtronic, Inc. ("Medtronic"). A controlling shareholder, Mr. Xie Yuehui, is also the Chairman and Managing Director of the Company. 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 PRC.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (collectively referred to as 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. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSS")

Application of new and revised IFRSs

The Group has applied a number of amendments to IFRSs and a new interpretation issued by the International Accounting Standards Board ("IASB") for the first time in the current year.

The application of the amendment to IFRSs and a new interpretation in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised IFRSs issued but not yet effective

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

IFRS 9	Financial Instruments[1]
IFRS 14	Regulatory Deferral Accounts[2]
IFRS 15	Revenue from Contracts with Customers[3]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[5]
Amendments to IAS 1	Disclosure Initiative[5]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[5]
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions[4]
Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle[6]
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle[4]
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle[5]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[5]
Amendments to IAS 27	Equity Method in Separate Financial Statements[5]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception[5]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for first annual IFRS financial statements beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2017
4 Effective for annual periods beginning on or after 1 July 2014
5 Effective for annual periods beginning on or after 1 January 2016
6 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

IFRS 9 Financial Instruments

IFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

Key requirements of IFRS 9 are described as follows:

- All recognised financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at 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 reporting 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.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that 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 consolidated income statement. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to consolidated income statement. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that the adoption of IFRS 9 in the future may have impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

IFRS 15 Revenue from Contracts with Customers

In 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contracts with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The directors of the Company anticipate that the application of IFRS 15 in the future may have an impact on the amounts reported and disclosures made in the Group’s consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review.

The directors of the Company anticipate that the application of other new and revised IFRSs will have no material impact on the consolidated financial statements of the Group.

No consolidated statement of financial position as at 1 January 2013 has been presented as the re-classifications stated above have no effects on the financial position of the Group presented in the consolidated statement of financial position in respect of the end of the previous financial year.

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 executive directors of the Company, the chief operating decision maker, for the purposes of resource allocation and assessment of performance. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

The Group’s operating segments under IFRS 8 are 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 2014

	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	137,259	145,408	12	282,679
Segment profit (loss)	110,154	123,947	(3,966)	230,135
Unallocated income				
- Finance income				2,690
- Net exchange gain on convertible note and other financial asset				869
- Share of results of associates				(1,458)
- Gain on disposal of an associate				14,538
Unallocated expense				
- Other income and other gains and losses				(2,289)
- Selling and distribution expenses				(69,083)
- Administration expenses				(75,671)
- Research and development expenses				(33,308)
- Finance costs				(11,245)
- Fair value losses on convertible notes and other financial asset				(104,635)
- Impairment loss on a deposit for acquisition of a long term investment				(18,354)
Loss before tax				(67,811)

For the year ended 31 December 2013

	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	120,600	110,215	220	231,035
Segment profit (loss)	96,065	92,800	(229)	188,636
Unallocated income				
- Finance income				4,037
- Net exchange gain on other financial asset and convertible notes				6,360
Unallocated expense				
- Other income and other gains and losses				(48)
- Selling and distribution expenses				(52,123)
- Administration expenses				(63,221)
- Research and development expenses				(31,039)
- Finance costs				(10,145)
- Loss on disposal of a subsidiary				(806)
- Share of loss of associates				(11,018)
- Fair value losses on other financial asset and convertible notes				(83,826)
Loss before tax				(53,193)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) represents the gross profit (loss) earned (incurred) by each segment without allocation of all other items of income and expenses, as set out above. This is the measure reported to the chief operating decision maker, the executive directors 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

	2014	2013
	RMB'000	RMB'000
Operating segments:		
Congenital heart diseases business	**141,139**	102,557
Peripheral vascular diseases business	**123,389**	94,625
Surgical vascular repair business	**5,392**	4,816
Total segment assets	**269,920**	201,998
Unallocated assets		
Property, plant and equipment	**1,030**	544
Investment properties	**1,693**	1,766
Deferred tax assets	**14,156**	17,350
Interests in associates	**1,109**	1,126
Deposits for acquisition of long term investment/intangible asset	**12,600**	30,887
Other receivables and prepayments	**21**	2,337
Loan receivable	**—**	32,000
Structured deposits	**9,440**	6,500
Bank balances and cash	**256,322**	225,468
Consolidated assets	**566,291**	519,976

Segment liabilities

	2014	2013
	RMB'000	RMB'000
Operating segments:		
Congenital heart diseases business	**2,270**	1,778
Peripheral vascular diseases business	**3,350**	1,922
Surgical vascular repair business	**8**	133
Total segment liabilities	**5,628**	3,833
Unallocated liabilities		
Other payables	**41,915**	45,001
Tax payables	**14,106**	18,050
Government grants	**33,259**	28,786
Convertible notes	**78,483**	67,058
Conversion option derivative liability	**236,595**	121,201
Consolidated liabilities	**409,986**	283,929

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 properties, certain other receivables and prepayments, loan receivable, contain property, plant and equipment, interests in associates and deposits for acquisition of long term investment/intangible asset, and
- only trade payables are allocated to operating segments in arriving at segment liabilities, which therefore exclude government grants (include current portion under other payables and non-current portion), tax payables, other payables, convertible notes and conversion option derivative liability.

(c) Other segment information

For the year ended 31 December 2014

	Congenital heart diseases business RMB'000	Peripheral vascular diseases business RMB'000	Surgical vascular repair business RMB'000	Unallocated RMB'000	`Total RMB'000
Amounts included in the measure of segment profit or segment assets:					
Capital expenditure (Note)	**25,702**	**27,228**	**2**	**573**	**53,505**
Depreciation of property, plant and equipment	**2,876**	**3,047**	**—**	**88**	**6,011**
Amortisation of intangible assets	**594**	**629**	**—**	**—**	**1,223**
Write-down on inventories	**3,326**	**3,523**	**—**	**—**	**6,849**

For the year ended 31 December 2013

	Congenital heart diseases business RMB'000	Peripheral vascular diseases business RMB'000	Surgical vascular repair business RMB'000	Unallocated RMB'000	`Total RMB'000
Amounts included in the measure of segment profit or segment assets:					
Capital expenditure (Note)	35,268	32,230	64	552	68,114
Depreciation of property, plant and equipment	3,018	2,758	5	8	5,789
Amortisation of intangible assets	574	524	1	—	1,099
Write-down on inventories	1,048	958	2	—	2,008

Note: Capital expenditure includes additions to property, plant and equipment, intangible assets, prepaid lease payments and deposits for property, plant and equipment.

(d) **Geographical information**

The Group operates in three principal geographical areas including the PRC, Europe 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	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
PRC (country of domicile)	**197,520**	163,422	**149,325**	104,962
Europe	**25,754**	18,105	**545**	—
India	**20,672**	18,756	**177**	194
Asia, excluding PRC and India	**21,394**	16,634	**—**	—
South America	**14,395**	10,936	**—**	—
Africa	**1,444**	1,214	**—**	—
Others	**1,500**	1,968	**499**	551
Total	**282,679**	231,035	**150,546**	105,707

Note: Non-current assets excluded deferred tax assets, interests in associates and deposits for acquisition of long term investment/intangible asset.

(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 2014 and 2013.

4. OTHER INCOME AND OTHER GAINS AND LOSSES

	2014	2013
	RMB'000	RMB'000
Government grants	**4,809**	5,656
Rental income	**1,032**	1,203
Gain on disposal of property, plant and equipment	**—**	15
Net foreign exchange loss	**(7,865)**	(6,456)
Others	**(265)**	(466)
	(2,289)	(48)

5. LOSS BEFORE TAX

	2014	2013
	RMB'000	RMB'000
Loss before tax has been arrived at after charging (crediting):		
Staff costs, including directors' remuneration		
Directors' fee	**198**	180
Salaries, wages and other benefits	**63,169**	51,685
Performance related bonus	**9,897**	5,401
Retirement benefits scheme contributions	**4,994**	3,982
Less: capitalised in development costs	**(8,257)**	(6,736)
	70,001	54,512
Auditor's remuneration	**1,503**	1,980
Impairment loss on trade receivables, net	**178**	1,474
Impairment loss on other receivables	**25**	—
Impairment loss on a deposit for acquisition of a long term investment	**18,354**	—
Cost of inventories recognised as expenses (Note)	**52,544**	42,399
Depreciation of property, plant and equipment	**6,011**	5,789
Depreciation of investment properties	**73**	73
Amortisation of intangible assets	**1,223**	1,099
Release of prepaid lease payments	**1,271**	1,059
Gross rental income from investment properties	**(1,032)**	(1,203)
Less: direct operating expenses incurred for investment properties that generated rental income during the year	**73**	73
	(959)	(1,130)

Note: For the year ended 31 December 2014, cost of inventories recognised as expenses included write-down on inventories of RMB6,849,000 (2013: RMB2,008,000).

6. INCOME TAX EXPENSE

	2014	2013
	RMB'000	RMB'000
Current tax charge (credit):		
PRC Enterprise Income Tax ("PRC EIT")	**9,727**	22,770
Overprovision in prior years	**—**	(2)
Deferred tax credit:		
Current year	**3,194**	(10,581)
	12,921	12,187

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, a subsidiary of the Company, is subject to Hong Kong Profits Tax rate of 16.5% on assessable profits earned in 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%. The qualification of High and New Technology Enterprises is subject to review once every three years and the two major operating subsidiaries continued to be recognised as a hi-tech enterprise for the years ended 31 December 2014 and 2013.

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

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

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

	2014	2013
	RMB'000	RMB'000
Loss before tax	**(67,811)**	(53,193)
Tax at the applicable tax rate of 25% (2013: 25%) (Note)	**(16,953)**	(13,298)
Tax effect of share of result of an associate	**365**	2,755
Tax effect of expenses not deductible for tax purpose	**26,388**	33,570
Tax effect of tax losses not recognised	**14,434**	1,923
Tax effect of additional deductible research and development expenditure	**(2,350)**	(1,136)
Tax effect of income not taxable for tax purpose	**(3,635)**	—
Overprovision in prior years	**—**	(2)
Effect of income under tax concessions	**(5,328)**	(11,625)
Income tax expense for the year	**12,921**	12,187

Note: The tax rate of 25% represents the prevail income tax rate of the subsidiary in the PRC which constitute the substantial part of the Group's operations for the years ended 31 December 2014 and 2013.

7. LOSS PER SHARE

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

	2014	2013
	RMB'000	RMB'000
Loss:		
Loss for the purpose of basic earnings per share	**81,244**	65,666

	2014	2013
	'000	'000
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**4,000,000**	4,000,000

The computations of diluted loss per share for the year ended 31 December 2014 and 2013 do not assume the conversion of convertible notes because the conversion of convertible notes would result in decrease in loss per share.

The calculation of the basic and diluted loss per share for the year ended 31 December 2014 and 2013 have been adjusted as a result of the share subdivision effective on 12 January 2015.

8. DIVIDENDS

No final dividend was paid or proposed during the years ended 31 December 2014 and 2013, nor any dividend proposed since the end of the reporting period.

9. TRADE RECEIVABLES

	2014	2013
	RMB'000	RMB'000
Trade receivables	68,229	52,381
Less: allowance for doubtful debts	(3,356)	(3,215)
	64,873	49,166

Included in trade receivables are trade balances with a shareholder of RMB7,069,000 (2013: nil) and an associate of RMB2,009,000 (2013: nil).

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, net of allowance for doubtful debts, presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates.

	2014	2013
	RMB'000	RMB'000
1 to 90 days	51,207	41,569
91 to 180 days	5,308	5,667
181 to 365 days	4,816	1,421
Over 365 days	3,542	509
	64,873	49,166

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 regularly.

Included in the Group's trade receivables are debtors with aggregate carrying amount of approximately RMB13,241,000 (2013: RMB11,572,000) 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

	2014	2013
	RMB'000	RMB'000
Age:		
Within 90 days	**4,751**	6,985
91 - 180 days	**4,491**	2,911
181 - 365 days	**3,760**	1,367
Over 365 days	**239**	309
	13,241	11,572

Movement in the allowance for doubtful debts

	2014	2013
	RMB'000	RMB'000
At 1 January	**3,215**	1,741
Impairment losses recognised on receivables	**178**	1,484
Amount written off during the year as uncollectible	**(37)**	—
Impairment losses reversed	**—**	(10)
At 31 December	**3,356**	3,215

IIncluded in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of RMB3,356,000 (2013: RMB3,215,000) of which the debtors were in financial difficulties.

10. OTHER RECEIVABLES AND PREPAYMENTS

	2014	2013
	RMB'000	RMB'000
Other debtors (Note)	12,206	4,970
Less: allowance for doubtful debts	(629)	(629)
	11,577	4,341
Prepayments	6,057	5,162
Other tax recoverable	825	561
Advance to employees	4,838	6,214
Rental deposits	1,378	1,309
Other deposits	439	355
	25,114	17,942

Movement in the allowance for doubtful debts

	2014	2013
	RMB'000	RMB'000
At 1 January	629	629
Impairment losses recognised on other receivables	25	—
Amount written off during the year as uncollectible	(25)	—
At 31 December	629	629

Note: Amount is unsecured and interest-free. 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. STRUCTURED DEPOSITS

As at 31 December 2014, the structured deposits consist of financial products of RMB9,440,000 (2013: RMB6,500,000) issued by banks in the PRC, with an expected but not guaranteed return of 5.4% per annum (2013: 4.9% per annum), depending on the market price of underlying financial instruments, including listed shares and debentures. The Group has the right to redeem the structured deposits at any time with one day notice. The structured deposits are designated at FVTPL on initial recognition as they contain non-closely related embedded derivative. The directors consider the fair values of the structured deposits, which are based on the prices provided by the counterparty banks which represented the prices they would pay to redeem the deposits at the end of reporting period, approximate to their carrying values at the same day. The fair value of the embedded derivatives is insignificant.

The structured deposits have been fully redeemed in January 2015 at the principal amount together with returns which approximated the expected return.

12. BANK BALANCES AND CASH

The Group's bank balances carry interest at market rates which range from 0.01% to 0.35% (2013: 0.01% to 0.385%) per annum.

13. TRADE AND OTHER PAYABLES

	2014	2013
	RMB'000	RMB'000
Trade payables	**5,628**	15,997
Other payables:		
Government grants	**3,864**	10,594
Accrued payroll and bonus	**16,615**	13,212
Other payables	**7,494**	1,687
Accrued expenses	**10,473**	10,104
Value-added tax payables	**3,903**	3,588
Receipt in advance from customers	**942**	1,235
Other tax payables	**1,150**	1,541
Others	**1,338**	1,470
	45,779	43,431
	51,407	59,428

Included in trade payables is trade balances with a shareholder of RMB2,250,000 (2013: RMB12,164,000).

The credit period granted by suppliers to the Group ranged from 30 to 120 days. The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2014	2013
	RMB'000	RMB'000
0 - 30 days	**2,699**	13,975
31 - 60 days	**1,285**	1,047
61 - 90 days	**212**	158
91 - 120 days	**610**	69
Over 120 days	**822**	748
	5,628	15,997

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

The Group is a developer, manufacturer and marketer of advanced minimally invasive interventional medical devices for cardiovascular and peripheral vascular diseases and disorders. We have three main product lines, including congenital and structural heart diseases business ("congenital heart diseases business"), peripheral vascular diseases business and surgical vascular repair business, providing clinically effective and commercially attractive product offerings.

Today, our products are being used in 78 countries across Asia, Africa, North America, South America and Europe, mainly through our network of distributors consisting of 142 distributors worldwide.

China is still our largest market, and sales generated from Chinese market accounted for approximately 69.9% of our total revenue (2013: approximately 70.7%). Our domestic sales realized approximately a 20.9% growth during the year, indicating stronger brand and higher market share in China. Our international market realized approximately a 26.0% growth in sales revenue. In 2014, we strengthened our sales force and improved market penetration which led to an increase in our market share.

Research and development ("R&D")

In 2014, we have made the following achievements in R&D field:

- Lifetech Scientific (Shenzhen) Co., Ltd. ("Lifetech Shenzhen"), a wholly-owned subsidiary of the Company obtained the final approval of the innovative medical device status ("Status") from the Center for Medical Device Evaluation of the CFDA for its iron-based bioresorbable drug-eluting coronary scaffold system (the "Product"). And the Product has been approved as an innovative medical device. Earlier in 2014, the LAmbre™ LAA occluder, another medical device produced by Lifetech Shenzhen, has also obtained the same Status and the Product is now the second medical device of Lifetech Shenzhen which has the Status. As at the date of this announcement, Lifetech Shenzhen is the only company in China which has two products obtaining the Status;
- The registration certificate of FuStar Steerable Introducer was obtained in China in July 2014;
- Lung volume reduction bronchial valve is in the progress of development, and has completed to change the design of Lung bronchial valve from passive volume reduction to the initiative volume reduction warrior circle design;
- Peripheral Stent System and Iliac bifurcation stent graft system started clinical trail in China;
- Clinical implantation of LAmbre™ LAA occluder in Europe and China were completed, and the test results were positive;

Marketing activity

- We expanded our activities in tradeshow marketing, sales network coverage, adopted new focus and commercial trade policies, broadened our reach to global Key Opinion Leaders, and developed more evidenced based medicine studies;

- We had held a total of 23 international communication activities in ten cities of six countries, with around 165 doctors participating through the platform Lifetech Knowledge Exchange Program ("LKEP") as at 31 December 2014. Additionally, we organized Asia First Ventricular Septal Defect Occluder ("VSD Occluder") and Peripheral Products Workshops, respectively. LKEP provided a diversified platform for technology communication and optimization. We also helped to organize the consultation of doctors in many provinces of China and held more than ten regional forums to promote invasive transthoracic device closure surgery. Meanwhile, we worked with the experts to prepare and publish invasive transthoracic device closure relevant literature, scientific articles and surgery videos. Through all these activities, more and more cardiac surgeons have been trained and could operate the invasive transthoracic device closure surgery;

- Lifetech and Medtronic entered into the second supplemental services agreement and the second supplemental distribution agreement, Medtronic opened 21 European countries distribution channel, and our occluders products could be sold in more than 70 countries globally.

- We assisted with the Chinese Pediatric Congenital Heart Disease Consortium ("CHD") to organize two professional forums in Nanning and Changsha, which improved the capability for pediatric CHD diagnosis and constructed the referral treated channels;

- In India, we finished the registration for Ankura series stent graft products in 2014 and organized promotion activities or congresses in over 25 Indian hospitals. Ankura has also entered into the Greek market which is an important territory of the whole European market. In 2014, Ankura thoracic series have occupied more than 50% market share of the entire Greek thoracic stent graft market. We held the first session of China-Greece academic exchange forum, which has led to the improvement of clinical technology;

- We propagandized and promoted FuStar Steerable Introducer in 31 provinces nationwide, which brought FuStar Steerable Introducer into the domestic market as the first and unique product in this field.

FINANCIAL REVIEW

Overview

The Company has kept a high growth rate for the year ended 31 December 2014. With the potent cooperation with Medtronic, we are confident that our business will expand to more countries and have a bright future.

Revenue

Our revenue amounted to approximately RMB282.7 million for the year ended 31 December 2014, with an increase of approximately RMB51.7 million or approximately 22.4% as compared to the year ended 31 December 2013. The growth in revenue was mainly attributable to the rapid increase of sales of stent graft by approximately RMB20.7 million or approximately 39.8% and vena cava filter by approximately RMB14.5 million or approximately 26.5%.

Revenue from congenital heart diseases business

The turnover contributed by the congenital heart diseases business for the year ended 31 December 2014 was approximately RMB137.3 million (2013: approximately RMB120.6 million), realized a growth of 13.8%.

With the diversification of product portfolio, our products cover a wide spectrum of congenital heart defect occluders. There are three series named HeartR, Cera and CeraFlex. During the period from the year ended 31 December 2013 to the year ended 31 December 2014, revenue generated from the sales of HeartR devices increased by approximately 7.3% from approximately RMB65.5 million to approximately RMB70.3 million. Cera devices decreased from approximately RMB27.8 million to approximately RMB27.3 million, which was mainly due to the third generation CeraFlex being launched to the market and replaced part of the market share. CeraFlex devices increased by approximately 236.3% from approximately RMB8.0 million to approximately RMB26.9 million. The ASD occluder, VSD occluder and PDA occluder experienced growth of approximately 23.4%, 27.0% and 9.7% respectively, as compared to the sales revenue for the year ended 31 December 2013. We believe that existing products namely balloon catheter, introducer, snare, associated delivery and supporting devices, as well as the launch of CeraFlex, will also win competitive market share in the future.

Revenue from peripheral vascular diseases business

The turnover contributed by the peripheral vascular diseases business for the year ended 31 December 2014 was approximately RMB145.4 million (2013: approximately RMB110.2 million), representing approximately a growth of approximately 31.9%.

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 vena cava filter realized approximately 26.5% growth of sales revenue for the year ended 31 December 2014 as compared to the corresponding period of 2013. Our stent graft realized approximately a growth of approximately 39.8% during the year ended 31 December 2014.

Revenue from surgical vascular repair business

The products we offered in the surgical vascular repair business include heart valve. Revenue generated from the sales of surgical vascular repair business was only RMB12,000 for the year ended 31 December 2014 (2013: approximately RMB220,000). The decrease was mainly because Medtronic has been helping with the building of research and technical system in Beijing to improve the quality of heart valve product since 2012, and has paused the sales of it during the period.

Gross profit and gross profit margin

As a result of the increased sales and diversity of our products, gross profit of the Group increased by approximately 22.0% from approximately RMB188.6 million for the year ended 31 December 2013 to approximately RMB230.1 million for the year ended 31 December 2014. Gross profit margin decreased by 0.2% from approximately 81.6% for the year ended 31 December 2013 to approximately 81.4% for the year ended 31 December 2014. The decrease was mainly due to the pause of sales of heart valve product with the help of Medtronic on the building of research and technical system in Beijing to improve the quality of heart valve product since 2012, which led to the increase in production costs, and we had provisioned for an impairment loss of approximately RMB2.8 million for inventories of this product. Excluding the influence of this part, the gross profit margin would increase by 0.8% as compared with 2013.

Selling and distribution expenses

Selling and distribution expenses increased by 32.6% from approximately RMB52.1 million for the year ended 31 December 2013 to approximately RMB69.1 million for the year ended 31 December 2014. The increase was primarily due to (i) an increase of salary, bonus and related expenses for additional personnel engaged in sales and marketing; and (ii) an increase of marketing expenses as a result of the increased attendance at conference and tradeshows for our products promotion.

Administrative expenses

Administrative expenses increased by 19.8% from approximately RMB63.2 million for the year ended 31 December 2013 to approximately RMB75.7 million for the year ended 31 December 2014. The increase was primarily attributable to the service fee of approximately RMB29.0 million payable to Medtronic pursuant to the service agreement between the two companies entered into in 2012 and the second supplemental services agreement entered into in 2014.

Research and development expenses

Research and development expenses increased by 7.4% from approximately RMB31.0 million for the year ended 31 December 2013 to approximately RMB33.3 million for the year ended 31 December 2014. The increase was primarily due to (i) increased expenditure in developing projects; and (ii) an increase of salary, bonus and related expenses for additional staffs in research and development department.

Operating profit

Operating profit increased by approximately 18.0% from approximately RMB42.2 million for the year ended 31 December 2013 to approximately RMB49.8 million for the year ended 31 December 2014. The increase was primarily due to the increase of sales revenue.

Share of results of associates

In order to focus on our main business, the Group disposed of all its equity shares in Broncus Holding Corporation ("Broncus") and its subsidiary Broncus Medical Inc. ("Broncus Medical"). On 23 May 2014, the Group, other noteholders and the Broncus entered into a note restructuring agreement pursuant to which the Group converted the convertible note with consideration of USD2,800,000 into equity shares. And on the same date, the Group and an independent third party entered into a share purchase agreement pursuant to which the Group sold all the equity shares in Broncus with a cash proceed of USD4,000,000. During the year ended 31 December 2014, the Company recorded a profit of approximately RMB14.5 million on the disposal of all the equity shares in the Broncus. The Group's share of loss of the Broncus for the year ended 31 December 2014 was approximately RMB1.8 million (2013: approximately RMB11.1 million).

The Group's 49% equity interest in Enke Medical Technology Co., Ltd. ("Enke Medical") had been accounted for as interest in an associate. The Group's share of gain Enke Medical was approximately RMB0.3 million for the year ended 31 December 2014 (2013: share of gain approximately RMB0.1 million).

Fair value losses on convertible notes and other financial asset

During the year ended 31 December 2014, the fair value losses on convertible notes and other financial asset were approximately RMB104.6 million, including fair value loss on convertible notes the Company issued to Medtronic of approximately RMB116.4 million, representing an increase of approximately 74.3% as compared with the corresponding period in 2013, and fair value gain on other financial asset Broncus issued to the Company of approximately RMB11.8 million (2013: fair value loss approximately RMB17.0 million).

Impairment loss on a deposit for acquisition of a long term investment

The Group entered into a strategic partnership agreement with an independent third party, which manages and operates an investment fund, on 12 April 2012, to enter into a long-term strategic alliance and equal partnership to collaborate across incubation projects over the period up to 12 April 2014. Deposit for acquisition of long term investment represents the consideration of USD3,000,000 paid by the Group for the acquisition of options, on a priority basis, to invest or co-invest in any and/or all incubation projects and to acquire distribution rights, manufacturing rights and intellectual property licenses with respect to the incubation projects. On 10 April 2014, the Group entered into a supplementary agreement to the strategic partnership agreement to extend the project period from 12 April 2014 to 12 September 2014. During the year ended 31 December 2014, the management determines the recoverable amount of the deposit for acquisition of the long term investment is less than the carrying amount and, accordingly, the deposit for acquisition of the long term investment amounted approximately RMB18.4 million is fully impaired (2013: impairment loss is nil).

Finance income and finance costs

The Company realized approximately RMB2.7 million of interest income in 2014 as compared to approximately RMB4.0 million in 2013.

The finance cost representing effective interest expenses arising from the convertible notes issued to Medtronic was approximately RMB11.2 million in 2014, representing an increase of approximately 24.4% as compared with 2013. No finance cost of bank borrowings was recorded in 2014 (2013: approximately RMB1.1 million).

Net loss

Net loss attributable to owners of the Company for the year ended 31 December 2014 was approximately RMB81.2 million (corresponding period in 2013: approximately RMB65.7 million). The net loss was mainly attributable to (i) the continuous record of the fair value loss of conversion option of the First Tranche Convertible Notes (as defined in the circular of the Company dated 6 January 2013) issued on 30 January 2013; and (ii) the increase in administration expenses. Based on the fact that fair value loss on convertible notes is a non-operating and non-cash flow item, the Board is of the view that the Group's operating and financial positions are healthy and the Board remains positive on the prospects of the Group.

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 2015. The Group will also actively expand its product offering and strengthen its established market position. We launched Cera occluders to the China market in 2013 of which its sales in China had an outstanding growth in 2014, and strengthen our role to better serve patients in China. In addition, as a competitive product in the international market, we believe CeraFlex occluders will continually stimulate the growth in sales overseas.

We will continue to focus on broadening our product portfolio as well as designing innovative products to help capitalize our growing sales network and infrastructure. We expect our LAmbre™ LAA occluder will be the significant products to our sales in the near future.

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 are actively exploring sales network for our peripheral products in addition to growing our existing congenital heart diseases business in the international market.

We expect that our heart valve product will re-launch in the year 2015 after reforming and qualifying with Medtronic's help and we believe the product will be of growing importance in our product portfolio going forward.

The future activities will be funded by operational income of the Group.

We will continue to evaluate and explore acquisitions, partnerships, alliances and licensing opportunities in 2015, so as to enhance our competitiveness and market position in current key markets as well as selective new markets.

Strategic cooperation with Medtronic

As stipulated in the second supplemental services agreement and the second supplemental distribution agreement and several agreements entered into between Medtronic and the Company in July 2014 (the "New Transaction Agreements"), we are pleased to expand both the scope and nature of the consulting services, know-how and expertise that Medtronic will provide Lifetech through our strategic alliance. We expect our future together to be bright so long as each company works to achieve our mutual goals. We prepare to re-launch the heart valve product in 2015. After reforming and qualifying with Medtronic's help, we believe the product will be of growing importance in our product portfolio going forward.

Since this strategic cooperation made between Lifetech and Medtronic, Medtronic opened 21 European countries distribution channel, and our occluders products could be sold in more than 70 countries globally.

To expand this alliance to include pacemaker and cardiac lead products to be manufactured and commercialized in China for the PRC market, the Company, by itself or through its affiliates, entered into the New Transaction Agreements on 25 July 2014. Under the New Transaction Agreements, Medtronic and its affiliates will provide the Company or its affiliates with (i) licenses to know-how and other intellectual property; (ii) certain consulting services; (iii) certain equipments and components; (iv) manufacturing capabilities and (v) marketing, promotion and distribution in connection with certain implantable cardiac rhythm management products to be developed and manufactured by the Company at the Company's facility in Shenzhen, the PRC. For further details, please refer to the announcement of the Company dated 28 July 2014 and the supplemental announcement of the Company dated 7 August 2014.

In collaborating with leading clinicians, researchers and scientists, Medtronic offers a wide range of innovative medical technology for the interventional and surgical treatment of cardiovascular disease and cardiac arrhythmias. The Company will continue its commitment to offering products and services that deliver clinical and economic value to healthcare consumers and providers worldwide.

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, amounting to approximately HK$156.6 million. As at 31 December 2014, 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 31 December 2014 (HK$ million)	Actual use of proceeds from Listing to 31 December 2014 (HK$ million)
1	Enhance market position of core cardiovascular and peripheral vascular devices in key emerging markets	8.0	7.6
2	Continue to develop and commercialize pipeline products	46.0	46.0
3	Expansion into key international markets with current and pipeline products	8.0	7.6
4	Expansion of our manufacturing facilities	88.0	82.4 *(Note 1)*
5	Expansion into complementary product offers and pursue opportunistic acquisitions, partnerships, alliances and licensing opportunities	10.0 *(Note 2)*	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 (equivalent to approximately HK$1.4 million). As at 31 December 2014, other accumulative expenses arisen are approximately HK$35.3 million.

Note 2 This represents the amount allocatable to any of the period from November 2011 to 31 December 2014.

The net proceeds applied, as at 31 December 2014, are less than expected primarily due to delayed acquisition of land use right in Nanshan District. As at the date of this announcement, the remaining proceeds of approximately HK$3.5 million had been used in expanding our manufacturing facilities.

USE OF PROCEEDS FROM THE SUBSCRIPTION OF THE FIRST TRANCHE CONVERTIBLE NOTES BY MEDTRONIC

Reference is made to the announcements of the Company dated 15 October 2012, 6 January 2013, and 30 January 2013 and the circular in relation to the subscription of the First Tranche Convertible Notes by Medtronic. The issuance and subscription of the First Tranche Convertible Notes took place on 30 January 2013 (i.e. the First Tranche Completion Date) and the net proceeds from the subscription was approximately HK$146.6 million.

As at 31 December 2014, all the actual use of net proceeds from the subscription of the First Tranche Convertible Notes was approximately HK$146.6 million, which have been applied to their intended uses for the period from the First Tranche Completion Date until 31 December 2014.

As at 31 December 2014, the net proceeds from issuance of convertible notes of the Company had been applied as follows:

Uses of proceeds	Details of Specific Plans	Planned use of proceeds as stated in the circular from the completion of the First Tranche Convertible Notes to 30 January 2015 (HK$ million)	Actual use of proceeds from the completion of the First Tranche Convertible Notes to 31 December 2014 (HK$ million)
1. Internal system upgrade	Establish and promote a culture of quality which permeates to all levels of the Company; improve the quality management system of the Company and purchase appropriate equipment for system upgrade	40.0	41.5
	Establish and promote a culture of compliance which permeates to all levels of the Company and recruit compliance and internal audit talents	15.0	15.6
	Establish a sound management system, including an enterprise resource planning system	13.0	13.5

Uses of proceeds		Details of Specific Plans	Planned use of proceeds as stated in the circular from the completion of the First Tranche Convertible Notes to 30 January 2015 (HK$ million)	Actual use of proceeds from the completion of the First Tranche Convertible Notes to 31 December 2014 (HK$ million)
2.	Expansion of the production capability of PerMed and improvement of the operation level of PerMed	Recruit more workers at the production facilities and conduct training	7.0	4.9 *(Note)*
		Improve the quality management system of PerMed	7.0	20.1 *(Note)*
		Purchase equipment for conducting manufacturing and operational activities and upgrade production facilities	20.0	10.2 *(Note)*
		Recruit management talents	4.0	4.1
3.	Expansion into key international markets with current and pipeline products	Expand the business of the Company in the existing markets, including China, India, Europe, including the recruitment of more sales talents, attending exhibitions, conducting training in respect of the Company's products, etc.	35.0	36.7

Note: The net proceeds of PerMed applied, as at 31 December 2014, are less or more than expected primarily due to delays in the production and the sales plan. The Company focused on enhancing and improving the quality management system of PerMed, as a result, the net proceeds are primarily spent on quality management, the actual use of proceeds of workers at the production facilities and conduct training and equipment for conducting manufacturing are temporarily less than expected.

The directors of the Company (the "Directors", each a "Director") have closely monitored the application of the proceeds and kept the shareholders of the Company informed of the latest developments.

LIQUIDITY AND FINANCIAL RESOURCES

In 2014, the Group mainly financed its operations with its own working capital, proceeds on issue of convertible notes and equity funding.

The Group recorded total current assets of approximately RMB387.9 million as at 31 December 2014 (2013: approximately RMB364.9 million) and total current liabilities of approximately RMB65.5 million as at 31 December 2014 (2013: approximately RMB77.5 million). The current ratio of the Group, calculated by dividing the current assets by the current liabilities, was approximately 5.92 as at 31 December 2014 (2013: approximately 4.71).

GEARING RATIO

As at 31 December 2014, the gearing ratio (calculated as a ratio of borrowing consisting of convertible notes to total equity) of the Group is approximately 50.2% (2013: 28.4%).

CAPITAL STRUCTURE

Total equity attributable to equity holders of the Company amounted to approximately RMB151.2 million as at 31 December 2014 as compared to approximately RMB231.5 million as at 31 December 2013. There were no short-term bank borrowings (2013: approximately RMB35.0 million) and interest of bank borrowings (2013: approximately RMB1.1 million) in 2014.

LAND ACQUISITION AND BUILDING CONSTRUCTION

On 19 February 2013, Lifetech Shenzhen made a successful bid for the land use right in respect of the land located at lot T205-0008, Gaoxin South 1st Road, Nanshan Gaoxin District, Shenzhen, the PRC (the "Land") 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. For further details, please refer to announcement of the Company dated 5 July 2013. The deed tax arising from the land acquisition amounts to approximately RMB1.1 million (equivalent to approximately HK$1.4 million).

On 19 December 2014, Lifetech Shenzhen entered into the construction contract with the China Construction Fourth Engineering Division the Third Construction & Engineering Co. (中建四局第三建築工程有限公司) (the "Original Construction Contract") pursuant to which the Contractor has agreed to undertake the construction work for the Company at the Contract Price (as defined below). The Original Construction Contract was subsequently supplemented by the supplemental agreement entered into between Lifetech Shenzhen and the Contractor dated 19 December 2014. The contract price for the construction work is up to an aggregate amount of RMB250,000,000 which is subject to up to 18% downward adjustments (the "Contract Price") that is customary within the PRC construction industry and includes but is not limited to the labour cost, material cost, the fees for construction of infrastructure, installation of facilities and construction management, testing fees, inspection fees and other construction cost. The Contract Price was determined after arm's length negotiations with the Contractor and was based on normal commercial terms with reference to the expertise, experience and market position of the Contractor, along with the complexity and amount of the construction work involved. It is intended that the Contract Price will be financed by internal resources of, and the banking facilities available to the Group. For further details, please refer to the announcement of the Company dated 19 December 2014. As at 31 December 2014, the building is in the process of construction.

MATERIAL ACQUISITIONS AND DISPOSAL OF ASSOCIATES

On 23 May 2014, the Group entered into a sale and purchase agreement with an independent third party (the "Purchaser"), pursuant to which the Group disposed of all the equity shares in the Broncus, an associated company of the Group, for a cash consideration of USD4,000,000 (equivalent to approximately RMB24,624,000) (the "Disposal"). Upon completion of the Disposal, the Group lost significant influence over the Broncus.

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

The Group is currently involved in a lawsuit issue in India. AGA Medical Corporation ("AGA") has filed a suit with the High Court of New Delhi (the "Court") against our companies, 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 prospectus of the Company dated 31 October 2011 (the "Prospectus"). As at the date of this announcement, the cross-examination of all the witnesses of AGA and of the Group were completed. The cross-examination of the last witness, our IT administrator, has concluded on 25 August 2014 and the final arguments are still awaited in the suit.

After seeking legal advice, the Board 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.

Save as disclosed in this announcement, the Group did not have any other contingent liabilities as of 31 December 2014.

FINANCIAL INSTRUMENT

On 30 January 2013, the Company issued HK$152,000,000 unsecured 1% convertible notes which are due in 2018 ("Convertible Notes") to Medtronic. The Convertible Notes bear interest at 1% per annum and mature on 29 January 2018 ("Maturity Date"). The holder of the Convertible Notes has the right to convert the principal amount of Convertible Notes into shares of the Company at an initial conversion price of HK$3.8 per share. And the initial conversion price was adjusted to HK$0.475 per share upon the share subdivision of the Company effective on 12 January 2015. For further details, please refer to the announcement of the Company dated 5 December 2014, the circular of the Company dated 22 December 2014 and the announcement of the Company dated 9 January 2015. The Company may not redeem the Convertible Notes at its option prior to the Maturity Date. The noteholder will have the right at noteholder's option, to require the Company to redeem all, or only some, of the Convertible Notes prior to the Maturity Date at a price equal to their principal amount and interest accrued to the date fixed for redemption subject to the occurrence of specific events as defined in the terms and conditions of the Convertible Notes Agreement.

On 16 September 2013, the Company entered into a secured convertible note purchase agreement (the "Purchase Agreement") with a related party, Broncus Medical for the purchase of convertible notes in the principal amount of US$2,800,000 (equivalent to RMB17,214,000).

On 23 May 2014, the noteholders, Broncus and Broncus Medical entered into a note restructuring agreement pursuant to which the noteholders contributed, transferred and assigned all their rights and obligation as the holder of the notes to Broncus, and Broncus accepted the notes and assumed the rights and obligations thereunder as the holder thereof (the "Note Contribution"). Broncus Medical consented to the Note Contribution.

Upon and concurrently with the Note Contribution, Broncus issued to each noteholder or their designated affiliate Broncus shares at US$0.83 per share. On the same date, the Company and the purchaser entered into a share purchase agreement pursuant to which the Company disposed of all the equity shares in Broncus with cash proceeds of USD4,000,000 (equivalent to RMB24,624,000). As at 31 December 2014, the Company had no interest in Broncus.

CAPITAL EXPENDITURE

For the year ended 31 December 2014, the capital expenditure of the Group for property, plant and equipment ("PPE"), intangible assets, prepaid lease payments and deposits for PPE amounting to approximately RMB53.5 million (2013: approximately RMB68.1 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 7.3% (2013: approximately 8.1%) 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, and in the Group a portion of the revenue and expenses are denominated in United States Dollars and Euro. Indian Rupees was unstable 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 2014, the Group did not have any charges on its assets.

LOAN TRANSACTION

On 28 April 2013, Lifetech Shenzhen and Shanghai Pudong Development Bank Shenzhen Branch (the "Lending Agent") entered into the entrusted loan agency agreement, pursuant to which the Lending Agent agreed to act as the lending agent under the entrusted loan agreement (the "Loan Agreement") in return for an agency fee of 0.03% of the loan amount of RMB32.0 million (the "Loan"), subject to and upon the terms and conditions in the announcement of the Company dated 12 July 2013. On the same date, Lifetech Shenzhen entered into the Loan Agreement with an independent third party (the "Borrower") and the Lending Agent, pursuant to which Lifetech Shenzhen agreed to entrust the Loan amount of RMB32.0 million (equivalent to approximately HK$40.0 million) to the Lending Agent, with interest rate of 7% per annum on the Loan amount, for on-lending to the Borrower for a term of one year subject to the terms and conditions under the Loan Agreement. As at 31 December 2014, the Group had received the loan repayment and all the interest receivables from the Lending Agent.

CAPITAL COMMITMENT

As at 31 December 2014, the Group's capital expenditure contracted for but not provided in the consolidated financial statements amounted to approximately RMB255.8 million (2013: approximately RMB14.2 million).

SEGMENT INFORMATION

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

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2014, the Group had 581 (2013: 511) full time employees and 2 executive Directors (2013: 2). Total staff costs, including Directors' emoluments, amounted to approximately RMB70.0 million for the year 2014 (2013: approximately RMB54.5 million). In respect of retirement benefit scheme, the defined contribution plan is adopted by the Group. In 2014, the amount of contributions to retirement benefits scheme is approximately RMB5.0 million (2013: approximately RMB4.0 million). Forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) may not be used by the Group to reduce the existing level of contributions.

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 options to the employees. Discretionary bonus is linked to the performance of the Group as well as individual performance. The Group also arranges training for the staffs to enhance their skills and knowledge.

EVENT AFTER REPORTING PERIOD

Share Subdivision

On 12 January 2015, upon the share subdivision becoming effective, each of the existing issued and unissued shares of par value of US$0.00001 each in the share capital of the Company be subdivided into eight (8) subdivided shares of par value of US$0.00000125 each. The authorized share capital of the Company become US$50,000 divided into 40,000,000,000 subdivided shares of US$0.00000125 each and the issued share capital become US$5,000 divided into 4,000,000,000 subdivided shares of US$0.00000125 each. For further details, please refer to the announcement of the Company dated 5 December 2014, the circular of the Company dated 22 December 2014 and the announcement of the Company dated 9 January 2015.

DIRECTORS' INTERESTS IN CONTRACTS

On 26 September 2014, a cooperation agreement was entered into between Lifetech Shenzhen, Mr. XIE Yuehui and Mr. WU Jianhui (the "Contract Parties"), pursuant to which the Contract Parties agreed to jointly contribute capital for the construction of the building involving the total capital amount of RMB250 million, which is located at Lot T205-0008, Gaoxin South 1st Road, Nanshan Gaoxin District in Shenzhen, PRC. For further details, please refer to announcement of the Company dated 26 September 2014.

On 8 December 2014, a termination agreement was entered into between the Contract Parties, pursuant to which the Contract Parties agreed to terminate the cooperation agreement dated 26 September 2014. For further details, please refer to announcement of the Company dated 8 December 2014.

Mr. XIE Yuehui and Mr. WU Jianhui, being executive Director and non-executive Director respectively, has abstained from voting in respect of such resolutions of the Board for approving the cooperation agreement and the termination agreement.

Save for the above, the Directors have confirmed that so far as they are aware, there were no contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2014.

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

During the year ended 31 December 2014, there were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries.

DIRECTORS' INTEREST IN A COMPETING BUSINESS

During the year ended 31 December 2014 and save as disclosed in the Prospectus, the Directors were not aware of any business or interest of the Directors or any substantial shareholder (as defined under the Rules Governing the Listing of Securities on the HKSE (the "Listing Rules")) of the Company and their respective associates 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.

In order to restrict competition activities with the Company, Mr. XIE Yuehui, Mr. WU Jianhui, Xianjian Advanced Technology Limited and GE Asia Pacific Investments Ltd. (collectively, the "Covenantors") have entered into a deed of non-competition in favour of the Company dated 22 October 2011 (the "Non-Competition Deed").

The undertakings and covenants stipulated under the Non-Competition Deed cover any business which involves the business of the Group as described in the Prospectus and any other business from time to time conducted by any member of the Group in Hong Kong, the PRC and such other parts of the world where by any of the Group carries on business from time to time.

In determining whether the Covenantors had fully complied with the non-competition undertakings during the year ended 31 December 2014 for the annual assessment, the Company noted that (a) the Covenantors declared that they had fully complied with the non-competition undertakings in the Non-Competition Deed as at 31 December 2014, (b) no new competing business was reported by the Covenantors as at 31 December 2014, (c) there was no particular situation rendering the full compliance of the non-competition undertakings being questionable, and (d) the independent non-executive Directors had reviewed the compliance of the non-competition undertakings by the Covenantors as part of the annual review process.

In view of the above, the Company confirmed that all of the non-competition undertakings in the Non-Competition Deed have been complied with by the Covenantors for the year ended 31 December 2014, and the Directors were not aware of any business or interest of the Directors, the substantial shareholders of the Company and their respective associates (as defined under the Listing Rules) and the Covenantors 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 during the year ended 31 December 2014.

BANK BORROWINGS

The Group has no bank borrowings of the Group as at 31 December 2014 (2013: Nil).

CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as rules governing the dealings by Directors in the listed securities of the Company. Having made specific enquiry with all Directors, each of the Directors has confirmed that he/she has complied with the required standard of dealings as set out in the Model Code during the year ended 31 December 2014.

CORPORATE GOVERNANCE

The Company has applied the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance and confirms that it has complied with all material code provisions and most of the recommended best practices under the CG Code throughout the year ended 31 December 2014, save for the deviations from code provision A.6.7 which are explained in the following paragraph.

Code Provision A.6.7

According to code provision A.6.7 of the CG Code, independent non-executive Directors and other non-executive Directors should attend general meetings and developed a balanced understanding of the views of the shareholders.

During the year ended 31 December 2014, three general meetings were held on 3 April 2014, 28 May 2014 and 15 September 2014 respectively. JIANG Feng, non-executive Director, was unable to attend the general meetings held on 3 April 2014 and 28 May 2014 while two non-executive Directors, viz, MARTHA Geoffrey Straub and LIDDICOAT John Randall and an independent non-executive Directors, viz, ZHOU Luming were unable to attend all of the three general meetings due to other business commitments and time difference between China and the countries they were in at the meeting time. The Company will improve its meeting schedule to avoid such non-compliance in the future.

Code Provision A.2.1

During the year ended 31 December 2014, the Company has complied with the code provision A.2.1 of the CG Code that the roles of chairman of the Board and chief executive officer should be separate and should not be performed by the same individual.

Subsequent to the resignation of Mr. ZHAO Yiwei Michael as Chief Executive Officer with effect from 2 March 2015, Mr. XIE Yuehui, Chairman of the Board, has been appointed to act as the Chief Executive Officer. Accordingly, the roles of the Chairman of the Board and the Chief Executive Officer are performed by the same individual. Although the dual roles of Chairman and Chief Executive Officer is a deviation from the code provision A.2.1 of the CG Code, the Board believes that vesting the roles of both Chairman and Chief Executive Officer in an experienced and qualified person such as Mr. XIE Yuehui provides the Company with strong and consistent leadership while allowing for effective and efficient planning and implementation of business decisions and strategies.

The Company will continue to review and enhance its corporate governance to ensure that it will continue to meet the requirements of the CG Code and the rising expectations of shareholders and investors.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2014 (2013: Nil).

ANNUAL GENERAL MEETING

The 2015 annual general meeting of the Company ("2015 Annual General Meeting") will be held on 28 May 2015.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the shareholders who are entitled to attend and vote at the 2015 Annual General Meeting, the register of members of the Company will be closed from Tuesday, 26 May 2015 to Thursday, 28 May 2015, both days inclusive, during which period 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 Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, by no later than 4:30 p.m. on Friday, 22 May 2015.

AUDIT COMMITTEE REVIEW

The Group's audited annual results for the year ended 31 December 2014 have been reviewed by the audit committee of the Company, 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.

SCOPE OF WORK OF DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, condensed consolidated statement of cash flows and the related notes thereto for the year ended 31 December 2014 as set out in this results announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This preliminary results announcement will be posted on the website of Hong Kong Exchanges and Clearing Limited (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, Chief Executive Officer
and Executive Director

Hong Kong, 30 March 2015

As at the date of this announcement, the Board comprises Mr. XIE Yuehui and Mr. LIU Jianxiong being executive Directors of the Company; Mr. WU Jianhui, Mr. MARTHA Geoffrey Straub, Mr. MONAGHAN Shawn Del and Mr. JIANG Feng being non-executive Directors of the Company; and Mr. LIANG Hsien Tse Joseph, Mr. ZHOU Luming and Mr. ZHOU Gengshen being independent non-executive Directors of the Company.