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 2017

FINANCIAL HIGHLIGHTS

- Revenue of the Group was approximately RMB409.1 million for the year ended 31 December 2017 in comparison with approximately RMB352.8 million for the corresponding period of 2016, representing a growth of approximately 16.0%. The growth in revenue was mainly attributable to the increase of revenue from stent grafts, LAmbre™ LAA occluder and other primary products.
- Gross profit was approximately RMB332.0 million for the year ended 31 December 2017 in comparison with approximately RMB276.5 million for the corresponding period of 2016, representing a growth of approximately 20.1%.
- Net profit attributable to owners of the Company for the year ended 31 December 2017 was approximately RMB163.5 million as compared to the net profit amounting to approximately RMB145.7 million in 2016. The increase in net profit was mainly attributable to (i) the growth of sales; (ii) reasonable control of expenses; and (iii) increase of other income resulting from consulting service.
- The Board does not recommend the payment of final dividend for the year ended 31 December 2017 (2016: nil).

ANNUAL RESULTS

The board (the "Board") of directors (the "Directors") 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 2017, together with the comparative figures for the corresponding period of 2016, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	NOTES	**2017**	2016
		RMB'000	RMB'000
Revenue	3	**409,125**	352,849
Cost of sales		**(77,168)**	(76,315)
Gross profit		**331,957**	276,534
Other income and other gains and losses	4	**60,169**	22,491
Selling and distribution expenses		**(84,772)**	(81,574)
Administration expenses		**(52,946)**	(51,621)
Research and development expenses		**(62,201)**	(57,525)
Operating profit		**192,207**	108,305
Finance income		**2,746**	1,721
Finance costs		**(812)**	(16,041)
Finance income (costs), net		**1,934**	(14,320)
Share of result of an associate	13	**(518)**	(491)
Fair value and net exchange loss on convertible notes		**—**	(110,392)
Gain on disposal of a subsidiary		**—**	203,848
Profit before tax	5	**193,623**	186,950
Income tax expense	6	**(30,049)**	(41,240)
Profit for the year		**163,574**	145,710
Other comprehensive expense:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(887)**	(1,092)
Total comprehensive income for the year		**162,687**	144,618
Profit for the year attributable to:			
Owners of the Company		**163,472**	145,652
Non-controlling interests		**102**	58
		163,574	145,710
Total comprehensive income attributable to:			
Owners of the Company		**162,585**	144,560
Non-controlling interests		**102**	58
		162,687	144,618
Earnings per share	8		
– Basic (RMB)		**0.038**	0.036
– Diluted (RMB)		**0.038**	0.036

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2017

	NOTES	2017	2016
		RMB'000	RMB'000
Non-current assets			
Property, plant and equipment		**322,821**	334,736
Investment properties		**129,952**	1,547
Intangible assets		**151,709**	110,693
Prepaid lease payments		**30,884**	31,987
Deposits for acquisition of property, plant and equipment		**7,119**	13,615
Deferred tax assets		**20,406**	18,153
Interest in an associate	13	**—**	1,044
Other receivables	10	**—**	6,300
		662,891	518,075
Current assets			
Inventories		**39,408**	40,350
Trade receivables	9	**73,721**	83,421
Other receivables and prepayments	10	**40,499**	41,743
Prepaid lease payments		**1,308**	1,271
Bank balances and cash	11	**451,930**	645,208
		606,866	811,993
Current liabilities			
Trade and other payables	12	**131,628**	157,814
Tax payables		**24,852**	43,303
Bank borrowings due within one year		**—**	20,000
		156,480	221,117
Net current assets		**450,386**	590,876
Total assets less current liabilities		**1,113,277**	1,108,951
Non-current liabilities			
Government grants		**57,311**	58,356
Bank borrowings due after one year		**—**	180,000
		57,311	238,356
Net assets		**1,055,966**	870,595

	2017	2016
	RMB'000	RMB'000
Capital and reserves		
Share capital	**35**	35
Share premium and reserves	**1,052,741**	867,582
Equity attributable to owners of the Company	**1,052,776**	867,617
Non-controlling interests	**3,190**	2,978
Total equity	**1,055,966**	870,595

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2017

	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)	Share option reserve RMB'000	Capital reserve RMB'000	Contribution reserve RMB'000 (Note ii)	Accumulated (losses) profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2016	32	251,593	2,471	44,582	26,137	—	32,531	(177,093)	180,253	21	180,274
Profit for the year	—	—	—	—	—	—	—	145,652	145,652	58	145,710
Other comprehensive expense for the year	—	—	(1,092)	—	—	—	—	—	(1,092)	—	(1,092)
Total comprehensive (expense) income for the year	—	—	(1,092)	—	—	—	—	145,652	144,560	58	144,618
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	—	—	(4)	(4)
Conversion of convertible notes	3	515,017	—	—	—	—	—	—	515,020	—	515,020
Share option lapsed during the year	—	—	—	—	(406)	—	—	406	—	—	—
Recognition of equity-settled share-based payments	—	—	—	—	26,730	—	—	—	26,730	—	26,730
Exercise of share options	—	1,645	—	—	(588)	—	—	—	1,057	—	1,057
Acquisition of partial interest in a subsidiary	—	—	—	—	—	(3)	—	—	(3)	3	—
Disposal of partial interest in a subsidiary	—	—	—	—	—	—	—	—	—	2,900	2,900
Appropriations	—	—	—	5,476	—	—	—	(5,476)	—	—	—
At 31 December 2016	35	768,255	1,379	50,058	51,873	(3)	32,531	(36,511)	867,617	2,978	870,595
Profit for the year	—	—	—	—	—	—	—	163,472	163,472	102	163,574
Other comprehensive expense for the year	—	—	(887)	—	—	—	—	—	(887)	—	(887)
Total comprehensive (expense) income for the year	—	—	(887)	—	—	—	—	163,472	162,585	102	162,687
Recognition of equity-settled share-based payments	—	—	—	—	11,585	—	—	—	11,585	—	11,585
Exercise of share options	—	17,048	—	—	(6,059)	—	—	—	10,989	—	10,989
Acquisition of partial interest in a subsidiary	—	—	—	—	—	—	—	—	—	(1,000)	(1,000)
Deemed disposal of partial interest in a subsidiary	—	—	—	—	—	—	—	—	—	1,110	1,110
Appropriations	—	—	—	45	—	—	—	(45)	—	—	—
At 31 December 2017	35	785,303	492	50,103	57,399	(3)	32,531	126,916	1,052,776	3,190	1,055,966

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. ("Lifetech Shenzhen") 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 2017

	NOTES	**2017**	2016
		RMB'000	RMB'000
OPERATING ACTIVITIES			
Profit before tax		**193,623**	186,950
Adjustments for:			
Depreciation of property, plant and equipment		**11,042**	8,731
Share-based payment expenses		**9,042**	22,232
Loss on disposal of property, plant and equipment		**34**	351
Amortisation of intangible assets		**3,731**	1,406
Depreciation of investment properties		**2,244**	73
Release of prepaid lease payments		**1,268**	1,271
Write-down on inventories		**7,055**	4,962
Impairment loss recognised on trade receivables		**237**	1,324
Gain on disposal of a subsidiary		**—**	(203,848)
Government grants		**(8,636)**	(9,139)
Finance income		**(2,746)**	(1,721)
Finance costs		**812**	16,041
Share of result of an associate	13	**518**	491
Gain on disposal of an associate	13	**(234)**	—
Fair value and net exchange losses on convertible notes		**—**	110,392
Operating cash flows before movements in working capital		**217,990**	139,516
Increase in inventories		**(5,848)**	(19,884)
Decrease (increase) in trade receivables		**9,463**	(13,702)
Decrease (increase) in other receivables and prepayments		**9,855**	(11,599)
(Decrease) increase in trade and other payables		**(32,747)**	48,659
Government grants received for operating activities		**6,931**	5,725
Cash generated from operations		**205,644**	148,715
Income taxes paid		**(50,753)**	(21,759)
NET CASH FROM OPERATING ACTIVITIES		**154,891**	126,956

	NOTE	2017	2016
		RMB'000	RMB'000
INVESTING ACTIVITIES			
Interest received from bank deposits		**2,746**	1,721
Acquisition of a subsidiary		**—**	459
Proceeds from disposal of property, plant and equipment		**—**	202
Deposits paid for and purchase of property, plant and equipment		**(111,378)**	(78,537)
Payments for intangible assets		**(9,038)**	(530)
Payments for prepaid lease payments		**(202)**	—
Development costs paid		**(32,321)**	(28,916)
Government grants received for acquisition of plant and equipment		**660**	4,100
Proceeds from disposal of a subsidiary (net of cash and cash equivalents disposed)		**—**	213,207
Proceeds on disposal of an associate	13	**760**	—
NET CASH (USED IN) FROM INVESTING ACTIVITIES		**(148,773)**	111,706
FINANCING ACTIVITIES			
Bank borrowings raised		**—**	151,977
Proceeds from issue of shares upon exercise of share options		**7,678**	344
Repayments of bank borrowings		**(200,000)**	—
Interest paid for bank borrowings		**(812)**	—
Interest paid to a shareholder for convertible notes		**(5,377)**	—
Dividend paid to non-controlling interests		**—**	(4)
NET CASH (USED IN) FROM FINANCING ACTIVITIES		**(198,511)**	152,317
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(192,393)**	390,979
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		**645,208**	255,110
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		**(885)**	(881)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, representing bank balances and cash		**451,930**	645,208

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

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 the HKSE and listed on the Main Board of the HKSE by way of transfer of listing. Mr. Xie Yuehui, is the Chairman and Chief Executive Officer 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 People's Republic of China (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")

Amendments to IFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board ("IASB") for the first time in the current year:

Amendments to IAS 7	Disclosure Initiative
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to IFRS 12	As part of the Annual Improvements to IFRS Standards 2014 - 2016 Cycle

Except as described below, the application of the amendments to the IFRSs, 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.

Amendments to IAS 7 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") - *continued*

Amendments to IAS 7 Disclosure Initiative - *continued*

A reconciliation between the opening and closing balances of these items is provided in the consolidated financial statements. Consistent with the transition provisions of the amendments, the Group has not disclosed comparative information for the prior year. Apart from the additional disclosure, the application of these amendments has had no impact on the Group's 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 15	Revenue from Contracts with Customers and the related Amendements[1]
IFRS 16	Leases[2]
IFRS 17	Insurance Contracts[4]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[1]
IFRIC 23	Uncertainty over Income Tax Treatments[2]
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts[1]
Amendments to IFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement[2]
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to IAS 28	As part of the Annual Improvements to IFRS Standards 2014 - 2016 Cycle[1]
Amendments to IAS 40	Transfers of Investment Property[1]
Amendments to IFRSs	Annual Improvements to IFRS Standards 2015 - 2017 Cycle[2]

1 Effective for annual periods beginning on or after 1 January 2018

2 Effective for annual periods beginning on or after 1 January 2019

3 Effective for annual periods beginning on or after a date to be determined

4 Effective for annual periods beginning on or after 1 January 2021

Except for the new and amendments to IFRSs and Interpretations mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRSs and Interpretations will have no material impact on the consolidated financial statements in the foreseeable future.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") - *continued*

IFRS 9 Financial Instruments

IFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirement for financial assets.

Key requirements of IFRS 9 which are relevant to the Group is 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 *Financial Instruments*. 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.

Impairment

In general, the directors of the Company anticipate that the application of the expected credit loss model of IFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised costs and other items that subject to the impairment provisions upon application of IFRS 9 by the Group.

Based on the assessment by the directors of the Company, if the expected credit loss model was to be applied by the Group, the accumulated amount of impairment loss to be recognised by Group as at 1 January 2018 would be increased as compared to the accumulated amount recognised under IAS 39 mainly attributable to expected credit losses provision on trade and other receivables. Such further impairment recognised under expected credit loss model would reduce the opening retained profits and increase the deferred tax assets at 1 January 2018.

IFRS 15 Revenue from Contracts with Customers

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 Contract*s 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 contract(s) 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 (or as) the entity satisfies a performance obligation

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") - *continued*

IFRS 15 Revenue from Contracts with Customers - *continued*

Under IFRS 15, an entity recognises revenue when (or as) 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.

In 2016, the IASB issued clarifications to IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of IFRS 15 in the future may result in more disclosures, however, the directors of the Company do not anticipate that the application of IFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede IAS 17 *Leases* and the related interpretations when it becomes effective.

IFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Under application of the IFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

Under IAS 17, the Group has already recognised prepaid lease payments for leasehold lands where the Group is a lessee. The application of IFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") - *continued*

IFRS 16 Leases - *continued*

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

As at 31 December 2017, the Group has non-cancellable operating lease commitments of RMB5,887,000. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of IFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid of RMB2,145,000 and refundable rental deposits received of RMB5,848,000 as rights and obligations under leases to which IAS 17 applies. Based on the definition of lease payments under IFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be included in the carrying amount of right-of-use assets. Adjustments to refundable rental deposits received would be considered as advance lease payments.

Furthermore, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

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.

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

- Structural heart diseases business: trade, manufacture, research and development of devices related to structural heart diseases.
- Peripheral vascular diseases business: trade, manufacture, research and development of devices related to peripheral vascular diseases.
- Cardiac pacing and electrophysiology business: trade, manufacture, research and development of devices related to cardiac pacing and electrophysiology.

3. **SEGMENT INFORMATION** - *continued*

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 2017

	Structural heart diseases business RMB'000	Peripheral vascular diseases business RMB'000	Cardiac pacing and electrophysiology business RMB'000	Total RMB'000
SEGMENT REVENUE				
External sales	159,243	249,882	—	409,125
Segment profit	127,507	204,450	—	331,957
Unallocated income				
- Finance income				2,746
- Other income and other gains and losses				60,169
Unallocated expense				
- Selling and distribution expenses				(84,772)
- Administration expenses				(52,946)
- Research and development expenses				(62,201)
- Share of result of an associate				(518)
- Finance costs				(812)
Profit before tax				193,623

3. **SEGMENT INFORMATION** - *continued*

(a) **Segment revenue and results** - *continued*

For the year ended 31 December 2016

	Structural heart diseases business RMB'000	Peripheral vascular diseases business RMB'000	Cardiac pacing and electrophysiology business RMB'000	Total RMB'000
SEGMENT REVENUE				
External sales	124,454	228,395	—	352,849
Segment profit	91,565	184,969	—	276,534
Unallocated income				
- Finance income				1,721
- Other income and other gains and losses				22,491
- Gain on disposal of a subsidiary				203,848
Unallocated expense				
- Fair value and net exchange loss on convertible notes				(110,392)
- Selling and distribution expenses				(81,574)
- Administration expenses				(51,621)
- Research and development expenses				(57,525)
- Share of result of an associate				(491)
- Finance costs				(16,041)
Profit before tax				186,950

Segment profit represents the gross profit earned 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.

3. **SEGMENT INFORMATION** - *continued*

(b) **Segment assets and liabilities**

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

Segment assets

	2017	2016
	RMB'000	RMB'000
Operating segments		
Structural heart diseases business	**207,488**	185,195
Peripheral vascular diseases business	**339,153**	372,262
Cardiac pacing and electrophysiology business	**106,469**	91,421
Total segment assets	**653,110**	648,878
Unallocated assets		
Property, plant and equipment	**3,648**	1,419
Investment properties	**129,952**	1,547
Deferred tax assets	**20,406**	18,153
Interest in an associate	**—**	1,044
Other receivables and prepayments	**10,711**	13,819
Bank balances and cash	**451,930**	645,208
Consolidated assets	**1,269,757**	1,330,068

Segment liabilities

	2017	2016
	RMB'000	RMB'000
Operating segments		
Structural heart diseases business	**6,763**	9,899
Peripheral vascular diseases business	**12,716**	12,243
Cardiac pacing and electrophysiology business	**2,016**	9,968
Total segment liabilities	**21,495**	32,110
Unallocated liabilities		
Other payables	**108,443**	124,014
Tax payables	**24,852**	43,303
Government grants	**59,001**	60,046
Bank borrowings	**—**	200,000
Consolidated liabilities	**213,791**	459,473

3. SEGMENT INFORMATION - *continued*

(b) Segment assets and liabilities - *continued*

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, deferred tax assets, investment properties, certain other receivables and prepayments, certain property, plant and equipment, interest in an associate; 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, and bank borrowings.

(c) Other segment information

For the year ended 31 December 2017

	Structural heart diseases business RMB'000	Peripheral vascular diseases business RMB'000	Cardiac pacing and electrophysiology business RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or segment assets:					
Capital expenditure (Note)	58,215	91,348	18,697	—	168,260
Depreciation of property, plant and equipment	3,995	6,269	778	—	11,042
Amortisation of intangible assets	1,389	2,180	162	—	3,731
Write-down on inventories	2,746	4,309	—	—	7,055
Impairment loss recognised on trade receivables	92	145	—	—	237

3. **SEGMENT INFORMATION** - *continued*

(c) **Other segment information** - *continued*

For the year ended 31 December 2016

	Structural heart diseases business RMB'000	Peripheral vascular diseases business RMB'000	Cardiac pacing and electrophysiology business RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or segment assets:					
Capital expenditure (Note)	33,825	62,074	24,706	—	120,605
Depreciation of property, plant and equipment	3,059	5,613	—	59	8,731
Amortisation of intangible assets	496	910	—	—	1,406
Write-down on inventories	1,750	3,212	—	—	4,962
Impairment loss recognised on trade receivables	467	857	—	—	1,324

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

3. **SEGMENT INFORMATION** - *continued*

(d) Geographical information

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**	
	2017	2016	**2017**	2016
	RMB'000	RMB'000	**RMB'000**	RMB'000
PRC (country of domicile)	**316,024**	283,836	**640,007**	490,970
Europe	**33,678**	16,896	**2,123**	1,441
India	**20,491**	22,055	**350**	158
Asia, excluding PRC and India	**24,029**	20,667	**5**	6
South America	**11,826**	7,367	**—**	—
Africa	**809**	145	**—**	—
Others	**2,268**	1,883	**—**	3
Total	**409,125**	352,849	**642,485**	492,578

Note: Non-current assets excluded deferred tax assets, interest in an associate and other receivables as details in note 10.

(e) Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2017	2016
	RMB'000	RMB'000
Customer A	**44,284**	N/A[1]

[1] Revenue from the customer is less than 10% of the total sales of the Group.

4. OTHER INCOME AND OTHER GAINS AND LOSSES

	2017	2016
	RMB'000	RMB'000
Government grants	**8,636**	9,139
Rental income	**10,548**	1,259
Losses on disposal of property, plant and equipment	**(34)**	(351)
Net foreign exchange (loss) gains, other than the net exchange gains on convertible notes	**(5,604)**	6,707
Consulting income	**46,442**	4,620
Gain on disposal of an associate	**234**	—
Others	**(53)**	1,117
	60,169	22,491

5. PROFIT BEFORE TAX

	2017	2016
	RMB'000	RMB'000
Profit before tax has been arrived at after charging (crediting):		
Staff costs, including directors' remuneration		
Directors' fee	**412**	400
Salaries, wages and other benefits	**87,102**	74,208
Performance related bonus	**20,959**	18,863
Share-based payment expenses	**11,585**	26,730
Retirement benefits scheme contributions	**9,667**	7,974
Less: capitalised in development costs, construction in progress and inventories	**(28,024)**	(27,032)
	101,701	101,143
Auditor's remuneration (including audit and non-audit services)	**1,476**	1,685
Impairment loss on trade receivables	**237**	1,324
Cost of inventories recognised as expenses (Note)	**77,168**	76,315
Depreciation of property, plant and equipment	**11,042**	8,731
Depreciation of investment properties	**2,244**	73
Amortisation of intangible assets	**3,731**	1,406
Release of prepaid lease payments	**1,268**	1,271
Gross rental income from investment properties	**(10,548)**	(1,259)
Less: direct operating expenses incurred for investment properties that generated rental income during the year	**2,735**	73
	(7,813)	(1,186)

Note: For the year end 31 December 2017, cost of inventories recognised as expenses included write-down on inventories of RMB7,055,000 (2016: RMB4,962,000).

6. INCOME TAX EXPENSE

	2017	2016
	RMB'000	RMB'000
Current tax charge:		
PRC Enterprise Income Tax ("PRC EIT")	**32,026**	44,571
India Income Tax	**276**	—
Deferred tax (credit) charge:		
Current year	**(2,253)**	(3,331)
	30,049	41,240

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. No provision for Hong Kong Profits Tax has been made for the years ended 31 December 2017 and 2016 as the income of New Centre International Limited 新城市國際有限公司 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 one major operating subsidiary in the PRC was qualified as High and New Technology Enterprise since 2009, and is 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 is extended for further three years from 2017 to 2019. This major operating subsidiary continued to be recognised as a Hi-Tech enterprise for the two years ended 31 December 2017 and 2016.

The applicable income tax rate of Lifetech Scientific India Private Ltd. ("Lifetech India") in the jurisdiction of India is 30.9% on its taxable profits. No provision for profit tax in India has been made for the year ended 31 December 2016 as there is no assessable profits for the year.

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

6. INCOME TAX EXPENSE - *continued*

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

	2017	2016
	RMB'000	RMB'000
Profit before tax	**193,623**	186,950
Tax at the applicable tax rate of 15% (2016: 15%)	**29,043**	28,043
Tax effect of share of result of an associate	**77**	(22)
Tax effect of expenses not deductible for tax purpose	**4,629**	21,394
Tax effect of tax losses not recognised	**75**	257
Utilisation of tax losses not recognised in previous years	**(2,178)**	—
Tax effect of additional deductible research and development expenditure	**(1,920)**	(1,752)
Tax effect of income not taxable for tax purpose	**(154)**	(6,695)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**477**	15
Income tax expense for the year	**30,049**	41,240

7. DIVIDENDS

No dividend was paid or proposed during the years ended 31 December 2017 and 2016, nor 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:

	2017	2016
	RMB'000	RMB'000
Earnings:		
Earnings for the purposes of basic and diluted earnings per share	**163,472**	145,652

	2017	2016
	'000	'000
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**4,325,076**	4,002,689
Effect of dilutive potential ordinary shares:		
Share options	**19,638**	1,068
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**4,344,714**	4,003,757

The computation of diluted earnings per share for the year ended 31 December 2016 does not assume the conversion of convertible notes because the conversion of convertible notes would result in an increase in earnings per share.

9. TRADE RECEIVABLES

	2017	2016
	RMB'000	RMB'000
Trade receivables	73,857	83,726
Less: allowance for doubtful debts	(136)	(305)
	73,721	83,421

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 180 days (2016: 30 to 180 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.

	2017	2016
	RMB'000	RMB'000
1 to 90 days	54,911	65,961
91 to 180 days	14,621	13,298
181 to 365 days	2,652	2,422
Over 365 days	1,537	1,740
	73,721	83,421

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.

Trade receivables that are neither past due nor impaired have no history of defaulting on repayments.

9. **TRADE RECEIVABLES** - *continue*

Included in the Group's trade receivables are debtors with aggregate carrying amount of RMB15,982,000 (2016: RMB10,784,000) 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 reviewed the aging 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.

Aging of past due but not impaired trade receivables

	2017	2016
	RMB'000	RMB'000
Age:		
Within 90 days	**5,447**	3,280
91 - 180 days	**7,485**	4,408
181 - 365 days	**1,513**	1,488
Over 365 days	**1,537**	1,608
	15,982	10,784

Movement in the allowance for doubtful debts

	2017	2016
	RMB'000	RMB'000
At 1 January	**305**	3,027
Impairment losses recognised on receivables	**237**	1,324
Amount written off during the year as uncollectible	**(406)**	(4,046)
At 31 December	**136**	305

Included in the allowance for doubtful debts are individually impaired trade receivables with an aggregate balance of RMB136,000 (2016: RMB305,000) of which the debtors were in financial difficulties.

10. OTHER RECEIVABLES AND PREPAYMENTS

	2017 RMB'000	2016 RMB'000
Other debtors (Note i)	**21,692**	21,988
Refundable deposits paid for acquisition of long term investment/ intangible assets - due within one year (Note ii)	**6,300**	6,300
Prepayments	**3,591**	3,430
Advance to employees	**6,407**	8,041
Rental deposits	**2,145**	1,565
Other deposits	**364**	419
	40,499	41,743

	2017 RMB'000	2016 RMB'000
Refundable deposits paid for acquisition of long term investment/ intangible assets - due after one year (Note ii)	**—**	6,300

Notes:

(i) Amounts are 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.

(ii) 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 ("Project A"). The Group has the right to join and be a member of the investment committee of the investment fund. Further, the Group has the rights to request for all or a portion of the deposit to be converted to one or more incubation projects investments. The deposit is non-refundable. 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. In 2014, the management determined the recoverable amount of the deposit for acquisition of the long term investment was less than the carrying amount and, accordingly, the deposit for acquisition of the long term investment was fully impaired.

The Group entered into an agreement with the same independent third party as that mentioned above on 15 May 2012 to obtain the priority for acquiring the exclusive distribution right to sell the designated products ("Project B"). The Group deposited USD2,000,000 (equivalent to RMB12,600,000) in 2013 to the independent third party and the covering period of the agreement is up to 1 April 2016 (36 months after the receipt of the deposit as defined in the agreement). According to the agreement, in the event the relevant certificate from CE Mark is not obtained by the independent third party within 36 months from 15 May 2012 (i.e. up to 15 May 2015), the deposit is refundable to the Group. Up to 15 May 2015, the relevant certificate was not obtained by the independent third party. The deposit then became refundable to the Group and the Group has informed the independent third party in written to request for the refund of the deposit and, accordingly, the deposit is classified as other receivables as at 31 December 2015.

10. OTHER RECEIVABLES AND PREPAYMENTS - *continued*

Notes : *- continued*

(ii): *- continued*

On 14 December 2016, the Group entered into a settlement agreement with the independent third party in which the independent third party agreed to refund the deposit of Project A of USD3,000,000 (equivalent to RMB18,752,000) and the deposit of Project B USD2,000,000(equivalent to RMB12,600,000) to the Group based on the following settlement terms: first installment of RMB6,300,000 on or before 27 January 2017; second installment of RMB6,300,000 on or before 27 January 2018; third installment of RMB6,300,000 on or before 31 December 2018; and final installment of RMB12,452,000 on or before 31 December 2019.

The management of the Company consider that no impairment loss is recognised in profit or loss for the deposit on Project B of USD2,000,000 (equivalent to RMB12,600,000) after considering the relationship with the independent third party and the subsequent settlement of the first installment of deposit of RMB6,300,000 in January 2017. The second installment amounted to RMB6,300,000 has been settled in January 2018.

In respect of the deposit for Project A, the management of the Company is of the opinion that impairment loss previously recognised should not be reversed since the third and final installment will only be settled in late 2018 and 2019 and there is uncertainty on its recoverability.

11. BANK BALANCES AND CASH

The Group's bank balances carry interest at prevailing market rates which range from 0.01% to 0.35% (2016: 0.01% to 0.30%) per annum.

12. TRADE AND OTHER PAYABLES

	2017	2016
	RMB'000	RMB'000
Trade payables	**21,495**	32,110
Other payables:		
Government grants	**1,690**	1,690
Accrued payroll and bonus	**30,348**	25,439
Rental deposits	**5,848**	215
Other payables	**6,369**	7,391
Construction payables	**29,598**	8,664
Accrued expenses	**25,325**	24,517
Value-added tax payables	**7,457**	7,383
Receipt in advance from customers	**1,740**	579
Deferred income on consulting services (Note)	**—**	47,379
Other tax payables	**1,758**	2,447
	110,133	125,704
	131,628	157,814

12. TRADE AND OTHER PAYABLES *(continue)*

Note: In 2016, the Group disposed a subsidiary, Beijing PerMed Biomedical Engineering Co., Ltd. ("Beijing PerMed") to an independent third party ("Purchaser") (the "Disposal"). Pursuant to an consulting agreement signed between the Group and the Purchaser, the Group is engaged to provide consulting services to the Purchaser for a period of 12 months at a consideration of USD8,000,000 (approximately RMB55,358,000). During the year ended 31 December 2017, an amount of RMB46,442,000 (2016: RMB4,620,000), net of discount, was recognised as other income.

Included in trade payables is trade balances with a shareholder of approximately RMB11,985,000 (2016: RMB24,045,000). Included in other payables is balances with a shareholder of RMB nil (2016: RMB5,377,000).

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:

	2017	2016
	RMB'000	RMB'000
0 - 30 days	**7,489**	19,659
31 - 60 days	**3,819**	7,428
61 - 90 days	**2,351**	4,219
91 - 120 days	**1,294**	158
Over 120 days	**6,542**	646
	21,495	32,110

13. INTEREST IN AN ASSOCIATE

	2017 RMB'000	2016 RMB'000
Cost of investments, unlisted	—	1,109
Share of post-acquisition reserves	—	(65)
	—	1,044

Details of the Group's associate at the end of the reporting periods were as follows:

Name of entity	Proportion of Ownership interest and voting rights held by the Group		Place of establishment/ operation	Registered capital	Principal activity
	2017	2016			
Shenzhen EnKe Medical Technology Co., Ltd. ("Enke Medical") 深圳市恩科醫療科技有限公司	0%	49%	The PRC	RMB 1,000,000	Trading of medical devices

The above associate is accounted for using the equity method in these consolidated financial statements. The financial information of the Group's associate is prepared using uniform accounting policies in conformity with the accounting policies adopted by the Group.

During the year ended 31 December 2017, the Group entered into a sale and purchase agreement with an independent third party, pursuant to which the Group disposed of all the equity shares in Enke Medical with cash proceeds of RMB760,000. Upon the completion of the disposal, the Group lost significant influence over Enke Medical. A gain on disposal of RMB234,000 is recognised in profit or loss.

Information of Enke Medical that is not individually material is set out below.

Enke Medical

	2017 RMB'000	2016 RMB'000
The Group's share of loss of Enke Medical	(518)	(491)
The Group's share of other comprehensive income of Enke Medical	—	—
The Group's share of total comprehensive expenses of Enke Medical	(518)	(491)
Carrying amount of the Group's interest in Enke Medical	—	1,044

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. With the expansion of our product range, currently the Group has three main product lines, including structural heart diseases business, peripheral vascular diseases business and cardiac pacing and electrophysiology business. Structural heart diseases business mainly consists of congenital heart diseases occluders and LAA occluder. The peripheral vascular diseases business mainly includes vena cava filter and stent grafts. The new product line cardiac pacing and electrophysiology is mainly related to pacemakers. These product lines provide clinically effective and commercially attractive product offerings.

We currently have distributors in numerous countries across Asia, Africa, North America, South America and Europe, with sales network spreading all over the world.

Annual performances

Despite the challenges of the uncertain global economic environment and more fierce worldwide competition within the medical devices industry, we were able to achieve solid results for our core businesses. China is still our largest market, and sales generated from the PRC market accounted for approximately 77.2% of our total revenue for the year ended 31 December 2017 (2016: approximately 80.4%). Our domestic sales maintained a steady growth of approximately 11.3% during the year ended 31 December 2017 as compared to the corresponding period in 2016, indicating our stronger brand image and greater market share in China. Our international markets achieved a substantial growth of approximately 34.9% during the year ended 31 December 2017 as compared to the corresponding period in 2016, which was mainly because the Group proactively developed its overseas business layout and proceeded with product registration, gradually established long-term stable sales channel.

Research and development ("R&D")

As at the date of this announcement, we made the following achievements in R&D field:

- LAmbre™ LAA occluder was granted with registration certificate by CFDA. Therefore, LAmbre™ LAA occluder became the only LAA closure product from a Chinese brand to obtain such certification.
- Ankura II stent graft system, LawMax™ dilator and SeQure™ snare system were granted with registration certificate by CFDA.
- HeartTone™ pacemaker and TruSense™ implantable cardiac pacing lead were granted with registration certificates by CFDA, which made the Group the first China manufacturer with an implantable cardiac pacing system that has world-class pacemaker technology and features.
- Iliac bifurcation stent graft system has passed the special review application of CFDA and been approved as an innovative medical devices. This shows that priority will be given to this product for its technical review and subsequent administrative approval, which will help accelerate its domestic registration procedure. At present, six products of the Company have been approved as innovative medical devices by the CFDA.

- KONAR-MF™ multifunctional occluder was granted with the CE certification in Europe.
- The study on the first in man ("FIM") implantation of IBS™ Sirolimus-Eluting Iron Bioresorbable Coronary Scaffold System which was developed by Lifetech independently, was approved by the CFDA.

Marketing activity

In 2017, we were continuously strengthening the distribution system by choosing quality distributors, and we also promoted our products by expanding our activities in tradeshow marketing and sales network coverage. Below are marketing activities highlights of 2017:

- In March 2017, Lifetech organised a VSD Workshop ("Workshop") jointly with a Canadian pediatric cardiologist. During the Workshop, a procedure was performed on a 4-year-old boy who was diagnosed with multi-VSD with membranous aneurysm after his birth. At present, none of the occluders registered in Canada is suitable to complete multi-VSD closure by applying only one device. Saint Justine Hospital assisted in completing the procedures for legal use Lifetech's Cera™ membranous VSD asymmetric occluder in Canada, which perfectly suited the child's condition. The challenging case was completed very successfully. Additionally, pediatric cardiologists of Saint Justine Hospital applied Cera™ VSD occluders in other five VSD closure cases in the Workshop. This is the first time for Lifetech to enter the North American market, which is a great progress for Lifetech's global market expansion.
- In November 2017, the 10th China Endovascular Conference ("CEC 2017") was held in Beijing, during which Lifetech conducted several academic activities, showing Lifetech's innovation strength and product superiority in cardiovascular interventional therapeutic field. The CEC 2017 showcased Ankura™ stent graft system, Fustar™ steerable introducer and the iliac bifurcation stent graft system which were developed independently by Lifetech. Many famous experts in the industry were invited to give speeches about the clinical usage insight and intraoperative advantage of abovementioned products in the conference.
- In 2017, as a leading supplier of minimally invasive interventional medical devices for the treatment of cardiovascular diseases, Lifetech was invited to a number of international conferences. In January, Leipzig Interventional Course was held in Leipzig, Germany. In March, Catheter Interventions in Congenital, Structural and Valvular Heart Disease ("CSI") Asia Pacific 2017 was held in Bangkok, Thailand. In April, CSI Dubai 2017 was held in Dubai, UAE. In May, the 6th Iranian Congress of Pediatric Cardiology ("ISPC") 2017 took place in Teheran, Iran. In June, CSI Frankfurt was held in Frankfurt, Germany. In August, South American Cardiovascular Intervention Annual Conference was held in Buenos Aires, Argentina. In October, the 8th Asia Pacific Congenital and Structural Heart Intervention Symposium 2017 was held in Hong Kong. In November, the 45th VEITH Symposium was held in New York, USA. During the conferences, Lifetech organized satellite symposiums and invited famous experts to give lectures and presentations. Together with the live cases broadcasting, the lecturers and experts shared their experience of using Lifetech's Ankura™ thoracic stent graft system, LAmbre™ LAA occluder, KONAR-MF™ multifunctional occluder and CeraFlex™ occluder, and they spoke highly of the products' innovative design and excellent performance.

- In 2017, the Group took part in many charitable activities during the year, including together with the Philippines Heart Foundation held charitable treatment for six children with congenital heart defect ("CHD"), together with the well-known U.S. non-profit organisation Heart of Hope Foundation held charitable treatment for thirteen children with CHD, and headed to Aba and Ganzi prefecture in Sichuan province to conduct voluntary CHD screening and performed treatment procedures for local children.

- Lifetech Knowledge Exchange Program ("LKEP") continued to promote cutting-edge science in minimally invasive surgery with cardiovascular intervention aiming to improve the treatment skills of the doctors and thereby to allow more patients to receive safer and more effective treatment. As at 31 December 2017, Lifetech held 50 LKEP academic exchange programs in China, Greece, Turkey, Russia, Kazakhstan, Indonesia, Thailand and other countries. After five years of development, LKEP becomes a bridge which connects cardiovascular specialists around the world. The LKEP will help experts from around the world to break geographical, cultural and language barriers; discuss and exchange precious medical experience and clinical skills on the topic of cardiovascular minimally invasive interventional medical technology; learn from each other; make progress together and build friendships. More meaningfully, not only more Chinese experts got on the world arena, but LKEP also convinced foreign experts that cardiovascular minimally invasive interventional medical technology developed in China is rapidly advancing towards the world frontier and reaching internationally leading levels.

PATENTS AND BRANDING

In 2017, we filed 175 patent applications, including 110 applications in the PRC and 27 applications overseas, such as the European Union, United States, India, Australia, Korea and Japan and 38 applications in Patent Cooperation Treaty ("PCT").

In addition, 27 patents were approved during the year of 2017. As at 31 December 2017, we have filed a total of 618 patent applications.

FINANCIAL REVIEW

Overview

The Company has maintained a steady growth for the year ended 31 December 2017.

Revenue

Our revenue was approximately RMB409.1 million for the year ended 31 December 2017, with an increase of approximately RMB56.3 million or approximately 16.0% as compared to the revenue for the year ended 31 December 2016. The growth in revenue was mainly attributable to the increase of revenue from stent grafts and LAmbre™ LAA occluder.

Revenue from structural heart diseases business

The turnover contributed by the structural heart diseases business for the year ended 31 December 2017 was approximately RMB159.2 million (2016: approximately RMB124.5 million), representing a growth of approximately 27.9%.

With the diversification of product portfolio, our products cover a wide spectrum of the structural heart diseases business, which mainly include LAA occluder and three generations of congenital heart occluders named HeartR, Cera and CeraFlex.

As compared to the corresponding period of 2016, the revenue generated from the sales of HeartR devices increased by approximately 7.9%, Cera devices increased by approximately 24.0% and CeraFlex devices increased by approximately 41.0% for the year ended 31 December 2017.

We launched our new product LAmbre™ LAA occluder in the market after obtaining the CE and CFDA certifications in June 2016 and June 2017, respectively. The revenue generated from the sales of LAmbre™ LAA occluder was approximately RMB21.1 million for the year ended 31 December 2017 (2016: approximately RMB3.2 million), representing a growth of approximately 559.4%.

Revenue from peripheral vascular diseases business

The turnover contributed by the peripheral vascular diseases business for the year ended 31 December 2017 was approximately RMB249.9 million (2016: approximately RMB228.4 million), representing a growth of approximately 9.4%.

The products we offered in the peripheral vascular diseases business mainly included vena cava filter, Thoracic Aortic Aneurysm ("TAA") stent graft, Abdominal Aortic Aneurysm ("AAA") stent graft and Fustar™ steerable introducer. As compared to the corresponding period of 2016, the revenue generated from the sales of stent grafts increased by approximately 18.9% and vena cava filter decreased by approximately 6.8% for the year ended 31 December 2017.

Currently, the new product from cardiac pacing and electrophysiology business has not yet been launched in the market.

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 20.1% from approximately RMB276.5 million for the year ended 31 December 2016 to approximately RMB332.0 million for the year ended 31 December 2017. Gross profit margin increased by 2.7% from approximately 78.4% for the year ended 31 December 2016 to approximately 81.1% for the year ended 31 December 2017, which was mainly attributable to the improvement of manufacturing technique and portfolio changes of products sold.

Selling and distribution expenses

Selling and distribution expenses increased by 3.9% from approximately RMB81.6 million for the year ended 31 December 2016 to approximately RMB84.8 million for the year ended 31 December 2017. The increase was primarily due to (i) an increase of marketing expenses; and (ii) an increase of staff costs.

Administration expenses

Administration expenses increased by 2.5% from approximately RMB51.6 million for the year ended 31 December 2016 to approximately RMB52.9 million for the year ended 31 December 2017. The increase was primarily due to (i) an increase of staff costs; and (ii) an increase of the depreciation since the construction of headquarters building was completed in June 2017.

Research and development expenses

Research and development expenses increased by 8.2% from approximately RMB57.5 million for the year ended 31 December 2016 to approximately RMB62.2 million for the year ended 31 December 2017. In addition, during the year, approximately RMB34.6 million (2016: approximately RMB33.4 million) was capitalised in development expenditure. Considering such capitalised expenditure, research and development cost increased by approximately 6.5% from approximately RMB90.9 million for the year ended 31 December 2016 to approximately RMB96.8 million for the year ended 31 December 2017. The increase was primarily due to (i) an increase of developing projects expenditure; and (ii) an increase of salary, bonus and related expenses for staff in research and development department.

Operating profit

Operating profit increased by approximately 77.5% from approximately RMB108.3 million for the year ended 31 December 2016 to approximately RMB192.2 million for the year ended 31 December 2017. The increase was primarily due to (i) the growth of sales; (ii) reasonable control of expenses; and (iii) the increase of other income resulting from consulting service.

In 2016, the Group disposed a subsidiary, Beijing PerMed to the Purchaser. Pursuant to a consulting agreement signed between the Group and the Purchaser, the Group is engaged to provide consulting services to the Purchaser for a period of 12 months at a consideration of USD8.0 million (approximately RMB55.4 million). During the year ended 31 December 2017, an amount of approximately RMB46.4 million (2016: approximately RMB4.6 million), net of discount, was recognised as other income.

Share of result of an associate

In order to focus on our main business, the Company disposed of all its 49% equity shares in Enke Medical Technology Co., Ltd. ("Enke Medical"). On 31 August 2017, the Company entered into a sale and purchase agreement with an independent third party, pursuant to which the Company sold all the equity capital in Enke Medical with a cash proceed of RMB760,000. During the year ended 31 December 2017, the Company recorded a profit of approximately RMB234,000 on the disposal of the equity capital in Enke Medical. The Company's share of loss in Enke Medical was approximately RMB0.5 million for the year ended 31 December 2017 (2016: share of loss of approximately RMB0.5 million).

Fair value and net exchange losses on Convertible Notes

During the year ended 31 December 2017, no fair value gain or loss on the first tranche convertible notes issued to Medtronic ("Convertible Notes") was recognised, as the Convertible Notes were fully converted into 320,000,000 shares of the Company on 29 December 2016.

During the year ended 31 December 2016, the fair value and net exchange losses on Convertible Notes were approximately RMB110.4 million. The fair value on Convertible Notes was determined by reference to valuation report carried out by an independent qualified professional valuer.

Finance income and finance costs

The Company earned an interest income of approximately RMB2.7 million for the year ended 31 December 2017 as compared to approximately RMB1.7 million for the corresponding period in 2016.

During the year ended 31 December 2017, finance costs of approximately RMB0.8 million was recognised for bank borrowings.

The finance cost representing effective interest expenses arising from the Convertible Notes was approximately RMB16.0 million for the year ended 31 December 2016. Finance cost pursuant to the liability component of the Convertible Notes is carried at amortised cost using the effective interest method. The Convertible Notes were fully converted into 320,000,000 shares of the Company on 29 December 2016.

Income tax

Income tax decreased from approximately RMB41.2 million for the year ended 31 December 2016 to approximately RMB30.0 million for the year ended 31 December 2017. The change was mainly due to (i) the effect of income tax arising from disposal of Beijing PerMed in 2016; and (ii) the increase of income tax arising from consulting service.

Net profit

Net profit attributable to owners of the Company for the year ended 31 December 2017 was approximately RMB163.5 million (corresponding period in 2016: approximately RMB145.7 million). The increase in net profit was mainly attributable to (i) the increase of sales and operating profit; and (ii) the increase of other income resulting from consulting service.

LIQUIDITY AND FINANCIAL RESOURCES

In 2017, the Group mainly financed its operations with its own working capital, bank loan and equity funding.

The Group recorded total current assets of approximately RMB606.9 million as at 31 December 2017 (2016: approximately RMB812.0 million) and total current liabilities of approximately RMB156.5 million as at 31 December 2017 (2016: approximately RMB221.1 million). The current ratio of the Group, calculated by dividing the current assets by the current liabilities, was approximately 3.88 as at 31 December 2017 (2016: approximately 3.67).

BORROWINGS

On 8 June 2015, Lifetech Scientific (Shenzhen) Co., Ltd. ("Lifetech Shenzhen" or the "Borrower"), being one of our key operating subsidiaries in the PRC, and China Construction Bank Co., Ltd. Shenzhen branch (the "Lender") entered into the loan agreement (the "Loan Agreement") and pledge agreement (the "Pledge Agreement"), pursuant to which the Lender agreed to lend the loan amount of RMB200.0 million (equivalent to approximately HK$253.6 million) to Lifetech Shenzhen, with interest rate of the benchmark interest rate commencing on the day the loan money is drawn from the bank and adjusted 10% below to 60% rise benchmark interest rate, for a term of five years subject to the terms and conditions under the Loan Agreement. Under the Loan Agreement, Lifetech Shenzhen had pledged its land use right held for own use with a net book value of approximately RMB32.2 million as at 31 December 2017 and headquarters building, which construction was completed in June 2017, for the purpose of securing the bank borrowings. In July 2017, the bank borrowings were repaid in full, accordingly the mortgage was released and the Pledge Agreement was terminated.

As at 31 December 2017, bank borrowings were nil (2016: RMB200.0 million) and the interest incurred therefrom was approximately RMB6.0 million in 2017 (corresponding period in 2016: approximately RMB8.0 million), of which approximately RMB0.8 million (corresponding period in 2016: nil) was recogised as finance costs, while approximately RMB5.2 million (corresponding period in 2016: approximately RMB8.0 million) was capitalised as construction in progress.

GEARING RATIO

As at 31 December 2017, the gearing ratio (calculated as a ratio of total borrowings to total equity) of the Group was nil (31 December 2016: approximately 23.0%). Such change was due to the bank borrowings pursuant to the Loan Agreement were repaid in July 2017.

CAPITAL STRUCTURE

Total equity attributable to equity holders of the Company amounted to approximately RMB1,052.8 million as at 31 December 2017 as compared to approximately RMB867.6 million as at 31 December 2016.

BUILDING CONSTRUCTION AND OPERATING LEASES

On 19 December 2014, Lifetech Shenzhen entered into the construction contract (the "Original Construction Contract") with the China Construction Fourth Engineering Division – Third Construction & Engineering Co. (中建四局第三建築工程有限公司) (the "Contractor") pursuant to which the Contractor has agreed to undertake the construction work for the Company at an agreed contract price. For further details, please refer to the announcements of the Company dated 19 December 2014 and 29 October 2015, the circular of the Company dated 21 April 2015 and the poll results announcement of the Company dated 7 May 2015.

In June 2017, the construction of the headquarters building was completed and the Company has obtained the property ownership certificate for the headquarters building. The Board has decided that approximately 50% of the total gross floor area of the headquarters building has been allocated as office premises for the Group's operational and administration purposes, and the remaining 50% of the total gross floor area has been allocated for rental to external tenants.

In 2017, the Company entered into the lease agreements with the tenants for the headquarters building. As for further details, please refer to the announcement of the Company dated 27 March 2018.

SIGNIFICANT INVESTMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement, there were no significant investments held by the Company for the year ended 31 December 2017, nor was there any plan authorized by the Board for other material investments or additions of capital assets as at the date of this announcement.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save as disclosed in this announcement, there were no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2017.

CONTINGENT LIABILITIES

The Group did not have any contingent liabilities as of 31 December 2017.

FINANCIAL INSTRUMENT

On 30 January 2013, the Company issued HK$152,000,000 unsecured 1% convertible notes which are due in 2018 (the "Convertible Notes") to Medtronic. The Convertible Notes bear interest at 1% per annum and will mature on 29 January 2018 (the "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. 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 22 December 2016, the Company received a written notice from Medtronic for the exercise of the conversion rights attaching to the first tranche of the Convertible Notes in the principal amount of HK$152,000,000 at the conversion price of HK$0.475 per Share. On 29 December 2016, the Convertible Notes were fully converted into 320,000,000 shares. For details, please refer to the announcement of the Company dated 22 December 2016.

As at 31 December 2017, the Group did not have any outstanding hedge contracts or financial derivative instruments.

CAPITAL EXPENDITURE

For the year ended 31 December 2017, the capital expenditure of the Group for property, plant and equipment (the "PPE"), construction in progress, intangible assets, prepaid lease payments and deposits for PPE amounted to approximately RMB168.3 million (31 December 2016: approximately RMB120.6 million).

FOREIGN EXCHANGE RISK

During the year ended 31 December 2017, the Group's operations were primarily based in the PRC and Europe. The revenue derived from Europe accounted for approximately 8.2% (2016: approximately 4.8%) of the total revenue of the Group. As there were currency fluctuations among Euro, US Dollars, Indian Rupees and HK Dollars during the year, and the Group's operational results and financial condition may be affected by changes in the exchange rates of Renminbi against Euro, US Dollars, Indian Rupees and HK Dollars. To minimize exposure to foreign exchange risk, most of the bank deposits of the Group are being kept in Renminbi. 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 2017, the Group did not have any charges on its assets.

CAPITAL COMMITMENT

As at 31 December 2017, the Group's capital expenditure contracted for but not provided in the consolidated financial statements amounted to approximately RMB39.9 million (2016: approximately RMB54.1 million).

SEGMENT INFORMATION

During the year, the revenue of the Group was principally generated from structural heart diseases business and peripheral vascular diseases business. In 2017, the new product from cardiac pacing and electrophysiology business has not yet been launched in the market. Financial information related to these aspects is presented in Note 3 to the consolidated financial statements in this announcement.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2017, the Group had 590 (31 December 2016: 596) full time employees and three executive Directors (31 December 2016: three). Total staff costs, including Directors' emoluments, amounted to approximately RMB101.7 million for the year 2017 (2016: approximately RMB101.1 million). In respect of retirement benefit scheme, the defined contribution plan is adopted by the Group. In 2017, the amount of contributions to retirement benefits scheme was approximately RMB9.7 million (2016: approximately RMB8.0 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 by the performance, qualification and working 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, transportation and lunch subsidies, basic medical insurance, work injury insurance, unemployment insurance, team commercial accident insurance, team commercial medical insurance and share options to the employees. Discretionary bonus is linked to the performance of the Group as well as individual performance. A share option scheme (the "Share Option Scheme") was adopted for employees of the Group on 22 October 2011 which was subsequently amended by a unanimous written resolutions of the Board on 5 May 2015. In order to ensure that the Group's employees remain competitive in the industry, the Group also arranges training for its staff to enhance their skills and knowledge.

"Innovation, Cooperation, Responsibility, Execution and Recognition" are the essence of corporate culture of Lifetech. Lifetech considers its employees the key to sustainable business growth. We are committed to providing all employees with safe and harassment-free working environment with equal employment opportunities, reward management, training and career development. Workplace safety is a priority of the Company that, with due awareness of all employees throughout the year, the Company was able to maintain a high standard of health and safety measures in all company activities. The holding of outward bound training and kinds of sports activities strengthened the effective communication and cooperation between colleagues. We have a fair and effective performance appraisal system and incentive bonus schemes designed to motivate and reward employees at all levels to deliver their best performance and achieve business performance targets. For talent acquisition and continuous development, the Company offers graduate trainee programs as well as leadership and talent development programs for fresh talent with different academic backgrounds. Furthermore, to improve employees' health awareness, the Company arranges annual physical examination, in addition to the social insurance, the Company also purchases commercial insurances, including the personal accident insurance and medical supplementary insurance.

The Company believes that direct and effective communication is essential to build up a good relationship between management and employees. Workers congress is one of the important ways of communication. The Company holds regular meetings and forums to brief employees on Company's development and to obtain their feedback and suggestions.

FUTURE PROSPECTS

The Group will continue to increase the revenue in the year 2018 by relying on its two core businesses, namely structural heart diseases business and peripheral vascular diseases business.

The Group believes that the subsequent launch of Ankura II stent graft system and HeartTone™ pacemaker will further assist the Company to expand its market share, enhance competitiveness and market position with global coverage, thereby strongly promoting the steady development of the Group.

We will continue relying on our solid research and development advantages, we will improve, upgrade and develop products in response to the demands of our various markets and customers. Our broad portfolio of products and strong research and development capabilities provide substantial opportunities for us to grow our business and revenue.

Looking further ahead, the Group will actively grasp the development trend of the medical device industry and seek fast-growing, high-margin and high-potential opportunities within or outside of our existing business segments.

ENVIRONMENT AND SUSTAINABILITY

We are committed to creating a successful business that is not achieved at the expense of the environment. The Company is dedicated to creating an environmentally friendly and sustainable operation. Our biggest environmental impact is created within our properties and manufacturing facilities, and through the use of raw materials, electricity, gas, paper, and waste generation. We therefore invest in the latest technology to reduce our carbon emissions through energy efficient equipment. Internally, we are proactive in addressing our waste and recycling issues.

For further details and related data analysis on the environmental, social performance of the Group, please refer to our 2017 Environmental, Social and Governance Report which will be published as a separate report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

To the best of the Directors' knowledge, information and belief on the date of this announcement, the Company has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Company.

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

During the year ended 31 December 2017, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS' INTEREST IN A COMPETING BUSINESS

During the year ended 31 December 2017 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 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.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conducts for 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 has complied with the required standard as set out in the Model Code during the year ended 31 December 2017.

Senior management, executives and staff who, because of their offices in the Company are likely to possess inside information, have also been requested to comply with the Model Code for securities transactions. No incident of non-compliance with the Model Code by such employees was noted by the Company during the year ended 31 December 2017.

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 2017, save for the deviations from code provision A.2.1 of the CG Code as explained below:

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. Since March 2015, Mr. XIE Yuehui, Chairman of the Board and an executive Director, was appointed to act as the Chief Executive Officer, and thereafter the roles of the Chairman of the Board and the Chief Executive Officer have been 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 effective and efficient planning and implementation of business decisions and strategies.

Under the leadership of Mr. XIE Yuehui, the Board is responsible for the approval and supervision of the Group's general development strategy, the sanction of the annual budget and business plans, the consent of material investment projects related to the Group's business development, the evaluation of the Group's performance and the supervision of the work of the management, and ensures that the Board acts in the best interests of the Group, operates effectively and performs the necessary duties, as well as discuss all the significant and appropriate issues of the Company's business in a timely manner. All the Directors are entitled to propose the inclusion of any item in the agenda of the Board meeting for appropriate discussion. The Chairman will ensure all the Directors are provided with sufficient and reliable information in a timely manner required for necessary analysis based on their expertise.

As the Chief Executive Officer of the Company, Mr. XIE Yuehui has delegated sufficient authority for the operation and management of the Group's business to the senior management members, who shall be in-charge of the daily management of the Group in every aspect, including the consistent implementation of the Board's resolutions, and be accountable to the Chief Executive Officer for the operations of various aspects of the Group's business, while the Chief Executive Officer shall be accountable to the Board for the Group's operations as a whole.

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.

AUDITORS

The consolidated financial statements in this announcement have been audited by Deloitte Touche Tohmatsu. There has been no change in the auditors of the Company during the year ended 31 December 2017. A resolution will be proposed at the forthcoming annual general meeting to re-appoint Deloitte Touche Tohmatsu as auditors of the Company.

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31 December 2017 (2016: Nil).

ANNUAL GENERAL MEETING

The 2018 annual general meeting of the Company (the "2018 Annual General Meeting") will be held on Friday, 25 May 2018.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the shareholders who are entitled to attend and vote at the 2018 Annual General Meeting, the register of members of the Company will be closed from Monday, 21 May 2018 to Friday, 25 May 2018, 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, 18 May 2018.

AUDIT COMMITTEE REVIEW

The Group's audited annual results for the year ended 31 December 2017 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.

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, consolidated statement of cash flows and the related notes thereto for the year ended 31 December 2017 as set out in the preliminary 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 Hong Kong Institute of Certified Public Accountants 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
Executive Director, Chairman
and Chief Executive Officer

Hong Kong, 28 March 2018

As at the date of this announcement, the Board comprises Mr. XIE Yuehui, Mr. ZHANG Deyuan and Mr. LIU Jianxiong being executive Directors; Mr. MONAGHAN Shawn Del, Mr. JIANG Feng and Mr. CLEARY Christopher Michael being non-executive Directors; and Mr. LIANG Hsien Tse Joseph, Mr. WANG Wansong and Mr. ZHOU Luming being independent non-executive Directors.