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



## **LifeTech Scientific Corporation**

**先健科技公司**

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

**(Stock Code: 8122)**

### **DISCLOSEABLE TRANSACTION INVOLVING ADVANCE TO AN ENTITY**

The Board wishes to announce that on 28 April 2013, Lifetech Shenzhen and 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 in return for an agency fee of 0.03% of the Loan amount, subject to and upon the terms and conditions therein. On the same date, Lifetech Shenzhen entered into the Entrusted Loan Agreement with the Borrower and the Lending Agent, pursuant to which Lifetech Shenzhen agreed to entrust the amount of RMB32 million (equivalent to approximately HK\$40 million) to the Lending Agent, for on-lending to the Borrower for a term of one year subject to the terms and conditions under the Entrusted Loan Agreement.

The Directors consider that the Entrusted Loan Agency Agreement and the Entrusted Loan Agreement were entered into on normal commercial terms. As the highest applicable percentage ratio for the Transactions calculated under Rule 19.07 of the GEM Listing Rules is more than 5% but less than 25%, the Transactions constitute discloseable transactions under Chapter 19 of the GEM Listing Rules.

As the Loan exceeds 8% under the asset ratio defined under Rule 19.07 of the GEM Listing Rules, a general disclosure in connection with advances to an entity arises pursuant to Rule 17.15 of the GEM Listing Rules.

## **ENTRUSTED LOAN AGENCY AGREEMENT**

The Board wishes to announce that on 28 April 2013, Lifetech Shenzhen and 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 in return for an agency fee of 0.03% of the Loan, subject to and upon the terms and conditions therein. Upon signing of the Entrusted Loan Agency Agreement, Lifetech Shenzhen transferred the Entrusted Fund, being RMB32 million (equivalent to approximately HK\$40 million), to a designated trust account with the Lending Agent pursuant to the terms and conditions under the Entrusted Loan Agency Agreement.

The Group has financed the Entrusted Fund by its internal resources in cash.

## **ENTRUSTED LOAN AGREEMENT**

The Board wishes to further announce that on 28 April 2013, Lifetech Shenzhen, entered into the Entrusted Loan Agreement with the Borrower and the Lending Agent, pursuant to which, Lifetech Shenzhen agreed to entrust the Lending Agent, to on-lend the Entrusted Fund to the Borrower for a term of one year, subject to and upon the terms and conditions therein. The principal terms of the Entrusted Loan Agreement are set out below:

## **PRINCIPAL TERMS OF THE ENTRUSTED LOAN AGREEMENT**

### **Effective Date**

28 April 2013

### **Parties**

- (1) Lifetech Shenzhen
- (2) Borrower
- (3) Lending Agent

## Usage of the Entrusted Fund

The Lending Agent on-lent the Entrusted Fund to the Borrower on the following principal terms:

- Loan amount:** RMB32 million (equivalent to approximately HK\$40 million), representing approximately 8.8% to the total assets of the Group of approximately RMB364.1 million as at 31 December 2012 (based on the audited consolidated accounts of the Company for the year ended 31 December 2012).
- Interest:** Interest rate on the Loan amount shall be 7% per annum, payable quarterly.
- Term of the Loan:** 1 year from the Effective Date of the Entrusted Loan Agreement (“**Maturity Date**”). The Borrower can issue a written request to Lifetech Shenzhen and the Lending Agent for extension of the term of the Loan 10 days before the Maturity Date.
- Repayment:** The Loan and other monies outstanding (including the interest and penalty fee (if any, when the Borrower fails to repay the Loan which it falls due)) in connection to the Entrusted Loan Agreement are repayable by the Borrower to the Lending Agent upon the expiry of the term of the Loan and the Lending Agent shall transfer the repaid amount to Lifetech Shenzhen’s account with the Lending Agent. The Borrower shall not repay the Loan and other monies outstanding (including the interest and penalty fee (if any such monies arising when the Borrower fails to repay the Loan as it falls due)) in connection with the Entrusted Loan Agreement to Lifetech Shenzhen directly.
- Early repayment:** The Borrower should issue a written request to Lifetech Shenzhen and the Lending Agent for repayment of the Loan 10 days before the planned repayment date. Upon prior written consent by Lifetech Shenzhen and the Lending Agent, the Borrower has the right to repay the whole amount of the Loan before the Maturity Date.

## **CREDIT RISK**

The Lending Agent is one of the relationship banks with the Company, and has been providing commercial banking services to the Company since the end of 2012. In addition, the Lending Agent is a reputable commercial bank and a professional intermediary of entrusted loans in the PRC. The Company understands that it is a standard practice of the Lending Agent that it would not introduce any potential borrower of an entrusted loan to a potential lender, unless (i) the Lending Agent is satisfied with the credit risks assessment on such potential borrower; and (ii) the arrangement is suitable for the risk acceptance level of a potential lender in accordance with its professional standard review procedures and judgment. As the Borrower was introduced by the Lending Agent to the Company, the Board is of the view that the credit risk of the Borrower is within the Board's control.

## **REASONS FOR AND BENEFITS OF THE TRANSACTIONS**

The terms of the Transactions, including the interest rate of 7% per annum charged on the Borrower, reflect the normal commercial terms for transactions of this nature. It can also provide the Group with stable revenue and cashflow stream from the interest receivable by the Group thereunder. Considering that such interest income is more favourable than the interest income which can be generated from ordinary bank deposits of the same principal amount, the Directors are of the view that the Transactions are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE GEM LISTING RULES**

As the highest applicable percentage ratio for the Transactions calculated under Rule 19.07 of the GEM Listing Rules is more than 5% but less than 25%, the Transactions contemplated thereunder constitute discloseable transactions under Chapter 19 of the GEM Listing Rules.

Further, as the Loan exceeds 8% under the asset ratio under Rule 19.07 of the GEM Listing Rules, a general disclosure in connection with advances to an entity arises pursuant to Rule 17.15 of the GEM Listing Rules.

Under the GEM Listing Rules, the Transactions should have been announced on the date of signing of the Entrusted Loan Agency Agreement and the Entrusted Loan Agreement. Before the signing of the Entrusted Loan Agency Agreement and the Entrusted Loan Agreement, the Board did not seek advice from its compliance advisor or its independent legal advisors on the disclosure implications under the GEM Listing Rules. The Board identified the inadvertent oversight and delay in publication of the announcement for the Transactions during the process of self-review and implemented the Company's disclosure improvement procedures recently as a remedial measure. In particular, the Board intends to improve its internal control measures as follows:

- (i) The Company has appointed Mr. Liu Jianxiong, Company Secretary and Chief Financial Officer, and Ms. Floret Hu, Financial Reporting Manager of the Company to be the Company's internal compliance coordinators (the "**Internal Compliance Coordinators**"), who will ensure that all future transactions entered into by the Company or any member of the Group which are subject to any announcement requirements under the GEM Listing Rules will be disclosed on a timely basis. In practice, the Company will determine a threshold contract amount (the "**Threshold**") for a potential transaction with reference to the latest published financial statements of the Company. The Threshold will be set in the manner in which if exceeded, the potential transaction is likely to be classified as a notifiable or connected transaction under GEM Listing Rules. The Threshold will be updated after the publication of the Company's interim and financial results each year, and the Internal Compliance Coordinators will inform every member of the Board the pre-set Threshold on a periodic basis. When the Company or any member of the Group intends to enter into a transaction that may exceed the Threshold, both of the Internal Compliance Coordinators must be informed of the timetable and the progress of the transaction, and they will consult with the Company's compliance adviser and independent legal advisers on the Company's disclosure obligations under GEM Listing Rules before approving the transaction. The Internal Compliance Coordinators are also responsible to report to Mr. Zhao Yiwei Michael, the Compliance Officer of the Company on potential compliance issues, who will in turn advise the Board accordingly ("**Threshold Reporting System**").
- (ii) The Company will arrange training sessions for the Directors, senior management members and Internal Compliance Coordinators on disclosure obligations and transactions which are likely to be notifiable and connected transactions under GEM Listing Rules as well as introducing and explaining the Threshold Reporting System. The training sessions will be given by the Company's independent Hong Kong legal advisers on a regular basis.

(iii) Mr. Xie will raise the disclosure issue in the upcoming Board meeting so as to raise the level of compliance awareness among his fellow Board members. He will also urge them to look out for any future transactions that may have disclosure implications under the GEM Listing Rules.

With the new measures implemented, the Board is confident that all transactions which are required to be disclosed under the GEM Listing Rules will be processed and announced properly in the future.

## **GENERAL INFORMATION**

The Group is a developer, manufacturer and marketer of advanced minimally invasive interventional medical devices for cardiovascular and peripheral vascular diseases and disorders. The Group believes that it offers one of the broadest product ranges of congenital heart defect occluders through its three generations of occluder series HeartR, Cera and CeraFlex. It also offers six other types of minimally invasive implants and devices, including its proprietary Aegisy vena cava filters, Ankura stent grafts, Green Arrow/Blue Arrow/Red Arrow balloon catheters, Cera and CeraFlex vascular plugs, supporter coronary stents and the bovine heart valve. In addition, the Group also manufactures and sells nine types of associated delivery and supporting devices, including its FuStar steerable introducer.

The Borrower is a limited liability company established in the PRC and its principal business activities include housing development, property management and sales and distribution of building materials. It has no previous business relationship with Lifetech Shenzhen or any member of the Group.

The Lending Agent is a PRC commercial bank. It is a financial organization registered with and authorized by the China Banking Regulatory Committee to conduct trust business in the PRC. It is principally engaged in a range of banking services and related financial services.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Borrower, the Lending Agent and their ultimate beneficial owner(s) are third parties independent of the Company and connected persons of the Company.

## DEFINITIONS

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

“Board”	the board of Directors;
“Borrower”	上海博生實業有限公司 (Shanghai Bosheng Industrial Co., Ltd.*), a company established in the PRC with limited liability;
“Company”	LifeTech Scientific Corporation, a company incorporated in the Cayman Islands whose shares are listed on the Growth Enterprise Market of the Stock Exchange;
“Directors”	the directors of the Company;
“Effective Date”	28 April 2013, being the effective date of the Entrusted Loan Agreement;
“Entrusted Fund”	the entrusted fund of RMB32 million (equivalent to approximately HK\$40 million) made available by Lifetech Shenzhen to the Borrower entrusted with the Lending Agent subject to and upon the terms and conditions of the Entrusted Loan Agreement;
“Entrusted Loan Agreement”	the entrusted loan agreement effective on the Effective Date entered into between Lifetech Shenzhen, the Borrower and the Lending Agent in relation to the provision of the Entrusted Fund to the Borrower;
“Entrusted Loan Agency Agreement”	the entrusted loan agency agreement dated 28 April 2013 entered into between Lifetech Shenzhen and the Lending Agent;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (as amended from time to time);
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

“Lending Agent”	上海浦東發展銀行股份有限公司深圳分行 (Shanghai Pudong Development Bank Shenzhen Branch*), a PRC commercial bank;
“Loan”	the aggregate principal amount drawn and for the time being outstanding pursuant to the terms and conditions of the Entrusted Loan Agreement;
“Lifetech Shenzhen”	Lifetech Scientific (Shenzhen) Co., Ltd. (先健科技(深圳)有限公司), a company established under the laws of the PRC on 7 July 1999 and a wholly-owned subsidiary of the Company;
“PRC”	the People’s Republic of China (for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan);
“RMB”	Renminbi, the lawful currency of the PRC;
“Shares”	the share(s) of the Company;
“Shareholders”	the holders of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transactions”	the provision of the financial assistance to the Borrower pursuant to the Entrusted Loan Agreement and the transactions contemplated under the related Entrusted Loan Agency Agreement; and
“%”	per cent.

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

Shenzhen PRC, 12 July 2013



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

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

*In this announcement, for reference only, the translation of Renminbi into Hong Kong dollars is based on the exchange rate of HK\$1.00=RMB0.80119.*

*\* For identification purpose only.*