



LifeTech Scientific Corporation

先健科技公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 08122



2013
First Quarterly Report

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

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

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

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This report, for which the director(s) (the “Director(s)”) of LifeTech Scientific Corporation (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report 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 report misleading.



HIGHLIGHTS

- Turnover for the three months ended 31 March 2013 was approximately RMB50.6 million, representing an increase of approximately 19.1% as compared with the corresponding period in 2012.
- Loss attributable to owners of the Company for the three months ended 31 March 2013 was approximately RMB76.3 million primarily due to the record of change in fair value of derivatives of approximately RMB82.5 million for the three months ended 31 March 2013. For illustrative purposes, with the exclusion of the change in fair value of derivatives, the Company would have recorded profit attributable to owners of the Company of approximately RMB6.2 million for the three months ended 31 March 2013, representing a decrease of approximately 41.0% as compared with the corresponding period in 2012.
- The Board does not recommend the payment of any dividend for the three months ended 31 March 2013.

UNAUDITED FIRST QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31 MARCH 2013

The board of Directors (the “Board”) of the Company is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three months ended 31 March 2013 together with the unaudited comparative figures for the respective corresponding period in 2012 as follows:

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Notes	Three months ended	
		31 March	
		2013 (Unaudited) RMB'000	2012 (Unaudited) RMB'000
Revenue	5	50,586	42,460
Cost of the sales		<u>(8,672)</u>	<u>(8,296)</u>
Gross profit		41,914	34,164
Other income and other gains and losses	4	613	1,295
Selling and distribution expense		(10,654)	(7,995)
Administration expense		(10,496)	(8,324)
Research and development expense		(6,025)	(6,372)
Finance costs		(1,704)	—
Share of loss of an associate	6	<u>(4,514)</u>	<u>—</u>
Profit before tax and change in fair value of derivatives	7	9,134	12,768
Change in fair value of derivatives	8	<u>(82,508)</u>	<u>—</u>
(Loss)/profit before tax		(73,374)	12,768
Income tax expense	9	<u>(3,027)</u>	<u>(2,263)</u>
(Loss)/profit for the period		<u>(76,401)</u>	<u>10,505</u>
Other comprehensive expense:			
Exchange differences arising on translating foreign operating		<u>(24)</u>	<u>(49)</u>
Total comprehensive (expense)/income for the period		<u><u>(76,425)</u></u>	<u><u>10,456</u></u>
(Loss)/profit for the period attributable to:			
Owner of the company		(76,321)	10,466
Non-controlling interests		<u>(80)</u>	<u>39</u>
		<u><u>(76,401)</u></u>	<u><u>10,505</u></u>
Total comprehensive (expense)/income attributable to:			
Owner of the company		(76,345)	10,417
Non-controlling interests		<u>(80)</u>	<u>39</u>
		<u><u>(76,425)</u></u>	<u><u>10,456</u></u>
(Loss)/Earnings per Share	10		
– Basic (RMB)		(0.153)	0.021
– Diluted (RMB)		(0.153)	0.021



CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Attributable to owners of the Company

	Share	Share	Translation	Statutory	Capital	Contribution	Accumulated	Total	Non-	Total Equity
	capital -			Surplus			(Loss)		controlling	
	common	premium	reserve	reserve	reserve	reserves	profits	interests		
	shares	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2012	32	251,593	691	13,411	(277)	32,531	(33,867)	264,114	3,726	267,840
(Loss)/profit for the period							10,466	10,466	39	10,505
Other comprehensive (expenses)/income for the period			(49)					(49)		(49)
Total comprehensive (expenses) / income for the period			(49)				10,466	10,417	39	10,456
At March 31, 2012	<u>32</u>	<u>251,593</u>	<u>642</u>	<u>13,411</u>	<u>(277)</u>	<u>32,531</u>	<u>(23,401)</u>	<u>274,531</u>	<u>3,765</u>	<u>278,296</u>
At January 1, 2013	32	251,593	792	19,244	(277)	32,531	(7,348)	296,567	4,243	300,810
(Loss)/profit for the period							(76,321)	(76,321)	(80)	(76,401)
Other comprehensive (expenses) / income for the period			(24)					(24)		(24)
Total comprehensive (expenses) / income for the period			(24)				(76,321)	(76,345)	(80)	(76,425)
At March 31, 2013	<u>32</u>	<u>251,593</u>	<u>768</u>	<u>19,244</u>	<u>(277)</u>	<u>32,531</u>	<u>(83,669)</u>	<u>220,222</u>	<u>4,163</u>	<u>224,385</u>

NOTES:

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 17 August 2006 as an exempted company with limited liability and its shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its ultimate controlling shareholders are Mr. Xie Yuehui and Mr. Wu Jianhui, who are also directors of the Company. The address of the registered office is PO Box 309, Uglan 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. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the three months ended 31 March 2013 have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) and the applicable disclosure requirements of the GEM Listing Rules.

3. PRINCIPAL ACCOUNTING POLICIES

The accounting policies used are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2012.

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

Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures ²
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities ¹
IFRS 9	Financial Instruments ²
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities ¹

¹ Effective for annual periods beginning on or after 1 January 2014

² Effective for annual periods beginning on or after 1 January 2015

The Directors anticipate that the application of the new or revised standards, amendments and interpretations will have no material impact on the consolidated financial statements.



4. OTHER INCOME AND OTHER GAINS AND LOSSES

Three months ended
31 March

	2013 (Unaudited) RMB'000	2012 (Unaudited) RMB'000
Government grants	339	195
Rental income	303	309
Interest income on bank deposits	274	68
Interest on structured deposits	—	335
Net foreign exchange (loss)/gain	(182)	240
Other (loss)/gain	(121)	148
	<u>613</u>	<u>1,295</u>

5. SEGMENT INFORMATION

Three months ended
31 March

	2013 (Unaudited) RMB'000	2012 (Unaudited) RMB'000
Congenital heart diseases business	24,826	21,788
Peripheral vascular diseases business	25,626	20,589
Surgical vascular diseases business	134	83
	<u>50,586</u>	<u>42,460</u>

6. SHARE OF LOSS OF AN ASSOCIATE

The Company had 40% of equity interest of Broncus Holding Corporation and its subsidiary Broncus Medical Inc. (collectively referred to as “Broncus”). The Group’s share of loss of the associate for the three months ended 31 March 2013 was approximately RMB4.5 million (corresponding period in 2012: nil).

7. PROFIT BEFORE TAX AND CHANGE IN FAIR VALUE OF DERIVATIVES

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

	Three months ended 31 March	
	2013 (Unaudited) RMB’000	2012 (Unaudited) RMB’000
Depreciation of property, plant and equipment	1,802	1,513
Staff costs, including Directors’ remuneration Salaries, wages and other benefits	10,457	9,852
Retirement benefits scheme contributions	954	556
	<u>11,411</u>	<u>10,408</u>

8. CHANGE IN FAIR VALUE OF DERIVATIVES

On 30 January 2013, the First Tranche Convertible Notes (as defined in the circular of the Company dated 6 January 2013) (“Convertible Notes”) in principal amount of HK\$152 million at the initial conversion price of HK\$3.8 per conversion share was issued to the noteholder.

During the three months ended 31 March 2013, the Group recognized fair value changes of approximately RMB82.5 million in profit or loss.



9. INCOME TAX EXPENSE

	Three months ended 31 March	
	2013 (Unaudited) RMB'000	2012 (Unaudited) RMB'000
Current tax		
PRC Enterprise Income Tax ("PRC EIT")	6,379	2,234
Deferred tax	(3,352)	29
	<u>3,027</u>	<u>2,263</u>

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

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

For other PRC subsidiaries which are located in Special Economic Zone of the PRC, their applicable income tax rates are 25% for the three months ended 31 March 2013 and 2012.

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

10. (LOSS)/EARNINGS PER SHARE

a) Basic (loss)/earnings per share

The calculations of basic loss per share for the three months ended 31 March 2013 are based on the unaudited condensed consolidated loss of approximately RMB76.3 million attributable to the owners of the Company for the three months ended 31 March 2013 (corresponding period in 2012: profit amounting to approximately RMB10.5 million) and the weighted average number of share in issue for the three months ended 31 March 2013 of 500,000,000 shares (corresponding period in 2012: 500,000,000 shares) on the assumption that they have been in issue throughout the periods.

b) Diluted (loss)/earnings per share

No adjustment for convertible notes was made in calculating diluted earnings per share for the three months ended 31 March 2013 as the conversion of convertible loan notes would result in decrease in loss per share or increase in earnings per share.

Diluted (loss)/earnings per share was not applicable to the three months ended 31 March 2012 as no dilutive events existed during the period.

11. DIVIDEND

The Directors do not recommend the payment of any interim dividend for the three months ended 31 March 2013 (corresponding period in 2012: nil).



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

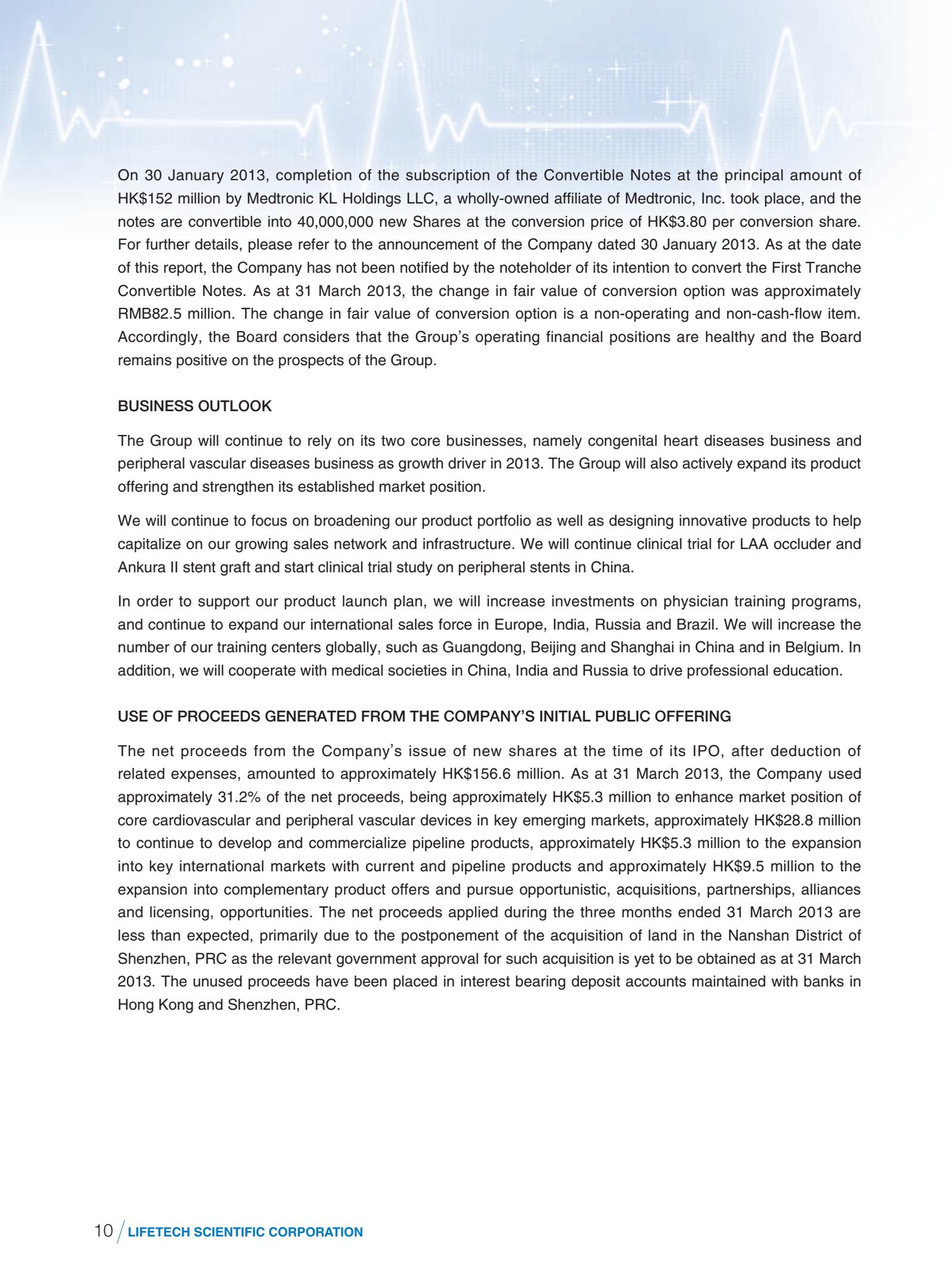
The Group is a developer, manufacturer and marketer of advanced minimally invasive interventional medical devices for cardiovascular and peripheral vascular diseases and disorders. There are three lines of business in our Group, namely congenital and structural heart diseases business (“congenital heart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

China is our largest market, and sales generated from the Chinese market accounted for approximately 73.6% of our total revenue for the three months ended 31 March 2013 (corresponding period in 2012: approximately 76.3%). Our domestic sales realized approximately a 15.0% growth for the three months ended 31 March 2013 as compared to the last corresponding period. Our international market realized approximately a 32.5% growth in sales revenue as compared to the last corresponding period. The increase in revenue was mainly attributable to the rapid growth of sales volume of our primary products along with the expansion of our sales network.

FINANCIAL REVIEW

Summary of the results of the Group for the three months ended 31 March 2013 and the corresponding period in 2012 are as follows:

- Total turnover was approximately RMB50.6 million (corresponding period in 2012: approximately RMB42.5 million), representing approximately a 19.1% increase as compared to the corresponding period in 2012. The increase was primarily attributable to an increase of approximately RMB5.0 million in revenue from peripheral vascular diseases business.
- Gross profit was approximately RMB41.9 million (corresponding period in 2012: approximately RMB34.2 million), representing approximately a 22.5% increase as compared to the corresponding period in 2012. The increase was primarily attributable to an increase of approximately RMB8.1 million in revenue.
- The operating profit before tax and before change in fair value of derivatives was approximately RMB9.1 million (corresponding period in 2012: approximately RMB12.8 million), representing approximately a decrease of approximately 28.9% as compared to the corresponding period in 2012. The decrease was primarily due to the share of loss of the associate company, finance cost recognized on Convertible Notes and consultancy fee and Royalty paid to Medtronic Inc.
- Net loss attributable to owners of the Company was approximately RMB76.3 million (corresponding period in 2012: profit amounting to approximately RMB10.5 million), primarily due to the record of change in fair value of derivatives of approximately RMB82.5 million for the three months ended 31 March 2013. For illustrative purposes, with the exclusion of the change in fair value of derivatives, the Company would have recorded profit attributable to owners of the Company of approximately RMB6.2 million for the three months ended 31 March 2013, representing a decrease of approximately 41.0% as compared with the corresponding period in 2012.



On 30 January 2013, completion of the subscription of the Convertible Notes at the principal amount of HK\$152 million by Medtronic KL Holdings LLC, a wholly-owned affiliate of Medtronic, Inc. took place, and the notes are convertible into 40,000,000 new Shares at the conversion price of HK\$3.80 per conversion share. For further details, please refer to the announcement of the Company dated 30 January 2013. As at the date of this report, the Company has not been notified by the noteholder of its intention to convert the First Tranche Convertible Notes. As at 31 March 2013, the change in fair value of conversion option was approximately RMB82.5 million. The change in fair value of conversion option is a non-operating and non-cash-flow item. Accordingly, the Board considers that the Group's operating financial positions are healthy and the Board remains positive on the prospects of the Group.

BUSINESS OUTLOOK

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

We will continue to focus on broadening our product portfolio as well as designing innovative products to help capitalize on our growing sales network and infrastructure. We will continue clinical trial for LAA occluder and Ankura II stent graft and start clinical trial study on peripheral stents in China.

In order to support our product launch plan, we will increase investments on physician training programs, and continue to expand our international sales force in Europe, India, Russia and Brazil. We will increase the number of our training centers globally, such as Guangdong, Beijing and Shanghai in China and in Belgium. In addition, we will cooperate with medical societies in China, India and Russia to drive professional education.

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

The net proceeds from the Company's issue of new shares at the time of its IPO, after deduction of related expenses, amounted to approximately HK\$156.6 million. As at 31 March 2013, the Company used approximately 31.2% of the net proceeds, being approximately HK\$5.3 million to enhance market position of core cardiovascular and peripheral vascular devices in key emerging markets, approximately HK\$28.8 million to continue to develop and commercialize pipeline products, approximately HK\$5.3 million to the expansion into key international markets with current and pipeline products and approximately HK\$9.5 million to the expansion into complementary product offers and pursue opportunistic, acquisitions, partnerships, alliances and licensing, opportunities. The net proceeds applied during the three months ended 31 March 2013 are less than expected, primarily due to the postponement of the acquisition of land in the Nanshan District of Shenzhen, PRC as the relevant government approval for such acquisition is yet to be obtained as at 31 March 2013. The unused proceeds have been placed in interest bearing deposit accounts maintained with banks in Hong Kong and Shenzhen, PRC.



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

As at 31 March 2013, the interests of Directors and chief executives of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which they are taken or deemed to have under such provisions of the SFO) and required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

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

Name of Director	Nature of interest	Number of shares	Position	Percentage of the Company's issued share capital
XIE Yuehui ("Mr. XIE")	Interest of controlled corporation (<i>Note 1</i>)	101,540,962	Long	20.31%
WU Jianhui ("Mr. WU")	Interest of controlled corporation (<i>Note 2</i>)	87,883,332	Long	17.58%
ZHAO Yiwei Michael ("Mr. ZHAO")	Interest of controlled corporation (<i>Note 3</i>)	13,583,333	Long	2.72%

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

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

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

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

As at 31 March 2013, other than the interests of a director or chief executive of the Company as disclosed under the heading "Directors' and chief executive's interests and short position in the shares, underlying shares and debentures of the Company and its associated companies" above, the interests and short positions of persons in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

(a) Long positions in the Company

Name of Shareholder	Number of shares	Position	Capacity	Percentage of the Company's issued share capital
Xianjian Advanced Technology Limited	101,540,962	Long	Beneficial owner	20.31%
GE Asia Pacific Investments Ltd.	87,883,332	Long	Beneficial owner	17.58%
Prosperity International (Note 1)	57,500,000	Long	Beneficial owner	11.50%
Yi Xiqun (Note 1)	61,556,000	Long	Interest of controlled corporation	12.31%
Yu Fan (Note 1)	61,556,000	Long	Interest of controlled corporation	12.31%
Themes Investment Partners II, GP. L.P. (Note 1)	61,556,000	Long	Interest of controlled corporation	12.31%
Themes Investment Partners II, L.P. (Note 1)	61,556,000	Long	Interest of controlled corporation	12.31%
TIP II General Partner Limited (Note 1)	61,556,000	Long	Interest of controlled corporation	12.31%
Ally Investment Holdings Limited (Note 1)	57,500,000	Long	Interest of controlled corporation	11.50%
Wanhui Limited (Note 1)	57,500,000	Long	Interest of controlled corporation	11.50%
Medtronic KL Holdings LLC (Note 2)	95,000,000	Long	Beneficial owner	19.00%
Medtronic B.V. (Note 2)	95,000,000	Long	Interest of controlled corporation	19.00%
Medtronic Holding Switzerland G.m.b.H. (Note 2)	95,000,000	Long	Interest of controlled corporation	19.00%
Medtronic International Technology, Inc. (Note 2)	95,000,000	Long	Interest of controlled corporation	19.00%
Medtronic, Inc. (Note 2)	95,000,000	Long	Interest of controlled corporation	19.00%

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

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

(b) Derivative interests

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

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

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

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

Save as disclosed above, as at 31 March 2013, the directors of the Company were not aware of any other person (other than the directors and chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

The Company has not granted or issued any option up to 31 March 2013.

INTERIM DIVIDEND

The Directors do not recommend the payment of any interim dividend for the three months ended 31 March 2013.

DIRECTOR'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the details as disclosed under the heading "Directors' and chief executives' interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations" above, at no time during the three months ended 31 March 2013 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate.



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

During the three months ended 31 March 2013, there were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by First Shanghai Capital Limited ("FSCL"), the Company's compliance adviser, neither FSCL nor any of its directors or employees or associates had any interests in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) as at 31 March 2013.

DIRECTOR'S INTERESTS IN COMPETING INTERESTS

During the three months ended 31 March 2013 and save as disclosed in the 2012 annual report of the Company, the Directors were not aware of any business or interest of the Directors or the management shareholders of the Company and their respective associates (as defined under the GEM Listing Rules) that had competed or might compete with the business of the Group and any other conflicts of interests which any such person had or might have with the Group.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding directors' securities transactions on terms set out in Rules 5.48 to 5.67 of the GEM Listing Rules regarding the directors' securities transactions in securities of the Company. Specific enquiry has been made of all the Directors and the Directors have confirmed that they had complied with such code of conduct from the date of listing of the Company's shares on the Stock Exchange up to 31 March 2013.

AUDIT COMMITTEE

The Company established an audit committee on 22 October 2011 with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and paragraph C.3.3 of the CG Code. The Audit Committee consists of three members, the majority of whom are independent non-executive Directors, namely Mr. Liang Hsien Tse Joseph, a Director with the appropriate professional qualifications who serves as the chairman of the audit committee, Mr. Wu Jianhui and Mr. Zhou Gengshen.

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

The Group's unaudited results for the three months ended 31 March 2013 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards, the Stock Exchange and legal requirements and that adequate disclosure has been made.

On behalf of the Board
LifeTech Scientific Corporation

XIE Yuehui
Chairman and Executive Director

Hong Kong, 13 May 2013

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