THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, certified public accountant or other professional adviser.

If you have sold or transferred all your shares in LifeTech Scientific Corporation, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of LifeTech Scientific Corporation.

LIFETECH SCIENTIFIC CORPORATION

先健科技公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1302)

NON-EXEMPT CONTINUING CONNECTED TRANSACTION THE SECOND SUPPLEMENTAL DISTRIBUTION AGREEMENT WITH MEDTRONIC

Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders

OPTIMA CAPITAL

Optima Capital Limited

A letter from the Board is set out on pages 4 to 14 of this circular. A letter from the Independent Board Committee to the Independent Shareholders is set out on page 15 of this circular. A letter from Optima Capital Limited, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 16 to 31 of this circular.

A notice convening the extraordinary general meeting of the Company will be held at Floor 3, Cybio Electonic Building, Langshan 2nd Street, North Area of High-tech Park, Nanshan District, Shenzhen, PRC on 15 September 2014 at 10:00 a.m. is set out on pages 39 and 40 of this circular. A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM in person, you are advised to complete the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and return it to Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding such EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting if you so wish.

This circular will remain on the website of the Hong Kong Exchanges and Clearing Limited at http://www.hkex.com.hk from the date of its posting and on the Company's website at http://www.lifetechmed.com.

21 August 2014

CONTENTS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"Affiliates"	any other entity that directly or indirectly through one or more intermediaries, Controls, or is controlled by, or is under common Control with, the first entity
"Annual Caps"	the proposed annual caps for the transactions under the Second Supplemental Distribution Agreement for the years ending 31 December 2014, 2015, 2016, 2017 and 2018
"Applicable Law"	any law, statute, code, rule, regulation, published interpretation, ordinance, directive, regulatory bulletin or guidance, regulatory examination or order, treaty, judgment, order, decree or injunction of any governmental authority that is applicable to or binding in the situation in which the term is used
"Board"	the board of Directors
"Company"	LifeTech Scientific Corporation, a company incorporated in the Cayman Islands with limited liability, the shares of which were listed on the Main Board of the Stock Exchange after being transferred from Growth Enterprise Market of the Stock Exchange on 6 November 2013
"Control"	possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a person, whether through the ownership of voting securities, by contract or otherwise
"Director(s)"	directors of the Company or any one of them
"EGM"	the extraordinary general meeting of the Company to be held for the purpose of approving the Second Supplemental Distribution Agreement
"Existing Distribution Agreements"	(i) the distribution agreement dated 14 October 2012 entered into among the Company, PerMed and Medtronic and (ii) the supplemental agreement to the distribution agreement dated 5 January 2013 entered into among the Company, PerMed and Medtronic
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region
"Independent Board Committee"	an independent board committee of the Board, comprising Mr. LIANG Hsien Tse Joseph, Mr. ZHOU Luming and Mr. ZHOU Gengshen, being all the independent non-executive Directors, which has been formed to make recommendations to the Independent Shareholders in relation to the Second Supplemental Distribution Agreement

"Independent Shareholders"	means the shareholders of the Company who are not required to abstain from voting at the EGM under the Listing Rules
"Investment Agreement"	the investment agreement entered into between the Company and Medtronic dated 14 October 2012
"Latest Practicable Date"	20 August 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Lifetech (Shenzhen)"	Lifetech Scientific (Shenzhen) Co., Ltd., a wholly-owned subsidiary of the Company duly established under the laws of the PRC and having its principal place of business in Shenzhen
"Medtronic"	Medtronic, Inc., a company incorporated under the laws of Minnesota on 23 April 1957, the shares of which are listed on the New York Stock Exchange
"PerMed"	Beijing PerMed Biomedical Engineering Co., Ltd., a wholly-owned subsidiary of the Company established under the laws of the PRC and having its principal place of business in Beijing
"PRC" or "China"	the People's Republic of China, for the purposes of this circular, excluding Hong Kong, Taiwan and Macau Special Administrative Region
"Products"	the goods and products PerMed will sell to Medtronic and that Medtronic will purchase from PerMed under the Existing Distribution Agreements, which as of the effective date of the Existing Distribution Agreements, include all current and future heart valve products developed by, manufactured by, licensed to, owned by or otherwise available to PerMed, the Company or either of their Affiliates and may include any additional products that the parties to the Existing Distribution Agreements agree for Medtronic to distribute upon exercising the right of first negotiation pursuant to the Existing Distribution Agreements
"Second Supplemental Distribution Agreement"	the second supplemental agreement to the supply and exclusive distribution agreement dated 13 June 2014 and entered into among the Company, PerMed, Lifetech (Shenzhen) and Medtronic to appoint Medtronic as the distributor of Lifetech (Shenzhen) for the Supplemental Products

"Second Supplemental Services Agreement"	the second supplemental services agreement dated 24 January 2014 entered into among the Company, Lifetech (Shenzhen) and Medtronic for the provision of certain services by Medtronic to the Company in relation to the Supplemental Products.
"Shares"	ordinary shares of the Company
"Stock Exchange"	the Stock Exchange of Hong Kong Limited
"SFO"	the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong)
"Shareholders"	shareholders of the Company
"Supplemental Accessory Products"	all current and future accessory Products developed by, manufactured by, licensed to, owned by or otherwise available to the Company, or Lifetech (Shenzhen) or PerMed or its Affiliates. As of the date of the Second Supplemental Distribution Agreement, the Supplemental Accessory Products include those accessory Products set forth under the Second Supplemental Distribution Agreement
"Supplemental Effective Date"	the date on which the Second Supplemental Distribution Agreement receives approval of the Independent Shareholders pursuant to the Listing Rules
"Supplemental Occluder Products"	all current and future occluder Products developed by, manufactured by, licensed to, owned by or otherwise available to the Company, or Lifetech (Shenzhen) or PerMed or its Affiliates. As of the date of the Second Supplemental Distribution Agreement, the Supplemental Occluder Products include those occluder Products set forth under the Second Supplemental Distribution Agreement
"Supplemental Products"	the Supplemental Accessory Products and the Supplemental Occluder Products collectively
"Surge Capacity"	the capacity of producing Supplemental Occluder Products by Lifetech (Shenzhen) in excess of the foreceasted amount of Supplemental Occluder Products to be purchased by Medtronic by at least 25% for year one or 30% for subsequent years
"Territory"	selected countries in Europe and the Middle East as stipulated under the Second Supplemental Distribution Agreement
"USA"	the United States of America
"USD"	US dollar, the lawful currency of the United States of America

LIFETECH SCIENTIFIC CORPORATION

先健科技公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1302)

Executive Directors:
Mr. XIE Yuehui *(Chairman)*
Mr. ZHAO Yiwei Michael

Non-executive Directors:
Mr. WU Jianhui
Mr. MARTHA Geoffrey Straub
Mr. JIANG Feng
Dr. LIDDICOAT John Randall

Independent Non-executive Directors:
Mr. LIANG Hsien Tse Joseph
Mr. ZHOU Luming
Mr. ZHOU Gengshen

Registered Office in the Cayman Islands:
PO Box 309
Ugland House
Grand Cayman, KY1-1104
Cayman Islands

Principal place of business and address of headquarters:
Cybio Electronic Building,
Langshan 2nd Street,
North Area of High-tech Park,
Nanshan District,
Shenzhen 518057,
PRC

Principal place of business in Hong Kong registered under Part 16 of the Hong Kong Companies Ordinance:
31/F, 148 Electric Road,
North Point,
Hong Kong

21 August 2014

To the Shareholders

Dear Sir or Madam,

NON-EXEMPT CONTINUING CONNECTED TRANSACTION THE SECOND SUPPLEMENTAL DISTRIBUTION AGREEMENT WITH MEDTRONIC

INTRODUCTION

Reference is made to the Company's announcements dated on 15 October 2012 and 15 June 2014 and the Company's circular dated 6 January 2013.

The purposes of this circular are to provide you with, among other things, (1) further information relating to the details of the Second Supplemental Distribution Agreement and the Annual Caps contemplated thereunder; (2) a letter of advice from Optima Capital Limited ("Optima") to the Independent Board Committee and the Independent Shareholders; (3) the recommendation of the Independent Board Committee to the Independent Shareholders; and (4) a notice of the EGM.

THE SECOND SUPPLEMENTAL DISTRIBUTION AGREEMENT

Background

Reference is made to the Company's announcements dated on 15 October 2012 and 15 June 2014 and the Company's circular dated 6 January 2013.

On 14 October 2012 and 5 January 2013, the Company, PerMed and Medtronic entered into the Existing Distribution Agreements under which Medtronic was appointed as the exclusive distributor of PerMed with the exclusive right to advertise, promote, market, distribute and sell the Products worldwide.

On 13 June 2014, the Company, Medtronic, PerMed and Lifetech (Shenzhen) further entered into the Second Supplemental Distribution Agreement pursuant to which Lifetech (Shenzhen) appoints Medtronic as (i) the exclusive distributor for the Supplemental Occluder Products it manufactures and (ii) a non-exclusive distributor for its Supplemental Accessory Products, in selected countries in Europe and the Middle East. The distribution of Supplemental Products will be conducted in the Company's ordinary course of business.

There are no material changes to the Existing Distribution Agreements.

Principal Terms of the Second Supplemental Distribution Agreement

Date: 13 June 2014

Parties:

(i) Medtronic;

(ii) the Company;

(iii) PerMed; and

(iv) Lifetech (Shenzhen).

Term

The Second Supplemental Distribution Agreement shall be effective on the Supplemental Effective Date for a term of five years from the Supplemental Start Date (as defined below). Thereafter, the term shall be automatically renewed for additional periods of not more than three years each unless the Second Supplemental Distribution Agreement is terminated pursuant to the terms therein or a six-month advance notice of non-renewal is served by either party. The Company will duly comply with all applicable requirements under Chapter 14A of the Listing Rules upon confirmation of renewal of the Second Supplemental Distribution Agreement in the future.

The Company considers that it is commercially sensible to have such term for the Second Supplemental Distribution Agreement in order to (a) mirror the time required for developing and manufacturing the Supplemental Products for commercialization and distribution; (b) carry out various clinical trials of multiple years to ensure the safety and effectiveness of the Supplemental Products; (c) provide sufficient time for the Company and Medtronic to allocate its resources required for the product launch and ongoing promotion; and (d) mirror the expected time required for internal system upgrade of the Company pursuant to the Second Supplemental Services Agreement such that the Supplemental Products can be in line with the overseas industry standard and the distribution can be able to ramp up to a commercially reasonable level.

In addition, as it normally takes time for the parties to the distribution agreement of similar type to agree on the standard and quality of the products, strategies and sequence of entering into different markets, the Directors believe that maintaining a stable distributor would provide the Company with greater degree of stability and continuity to formulate a long term strategic plan and would unify the fragmented and small scale sub-distributors, thus saving time cost and expenses required for coordination and logistics of the product distribution and those that may arise from changing distributors.

As such, the Directors are of the view that the duration of the Second Supplemental Distribution Agreement is fair and reasonable and in the interest of the Company and its Shareholders as a whole.

Nature of transaction

Pursuant to the Second Supplemental Distribution Agreement, Lifetech (Shenzhen) appoints Medtronic as (i) the exclusive distributor of Lifetech (Shenzhen) with the exclusive right to advertise, promote, market, distribute and sell the Supplemental Occluder Products in selected countries in Europe and the Middle East; and (ii) a non-exclusive distributor with the right to advertise, promote, market, distribute and sell the Supplemental Accessory Products in selected countries in Europe and the Middle East.

The exclusive distributorship for the Supplemental Occluder Products may be changed to non-exclusive upon advance notice of the Company if, subsequent to the Supplemental Start Date, Medtronic or its Affiliates hold, in aggregate, less than fifteen percent (15%) of the share capital of the Company.

Actual distribution of a specific Supplemental Product shall not commence until the applicable regulatory approval has been obtained by the Company, and Medtronic consents to the commercial release of such Supplemental Product.

Conditions to be met by the Group before Medtronic's performance of its obligations under the Second Supplemental Distribution Agreement commences

Medtronic's obligations under the Second Supplemental Distribution Agreement shall not commence until the date on which all of the following conditions have been satisfied (the "**Supplemental Start Date**"):

(i) the Second Supplemental Services Agreement has been duly signed by relevant parties;

(ii) the agreements with the existing distributors and sales agents for the Supplemental Occluder Products which are authorised by the Company or Lifetech (Shenzhen) respectively, directly or through its Affiliates as of the Supplemental Effective Date have been terminated and the territories covered by those distributors and sales agents are transferred to the exclusive control of Medtronic or its Affiliates based on evaluation with regard to the Supplemental Products conducted by Medtronic, in consultation with Lifetech (Shenzhen) or the Company, sixty (60) days after the Supplemental Effective Date;

(iii) Lifetech (Shenzhen) or the Company have completed all of the covenants and action items relating to quality systems, process controls, functional testing and verification work regarding tissue heart values and Supplemental Products to Medtronic's satisfaction, including all of those covenants set forth in the annex of the Second Supplemental Services Agreement;

(iv) with respect to the covenants set forth in the Investment Agreement and the Second Supplemental Services Agreement, each of Lifetech (Shenzhen) or the Company has diligently made progress for accomplishing such covenants respectively, and have timely completed those portions of such covenants required to be completed by the Supplemental Start Date; and

(v) those requirements in relation to the occurrence of internal system upgrades under the Investment Agreement by the Supplemental Start Date have occurred.

The Company and its Affiliates will, with technical support from Medtronic, use their best efforts to promptly cause the Supplemental Start Date to occur no later than 1 October 2014.

Minimum Purchases and Annual Sales Target

Medtronic shall purchase a minimum of USD three (3) million worth of Supplemental Products from Lifetech (Shenzhen) in the first year from the Supplemental Start Date, with this minimum purchase requirement increasing by ten percent (10%) each year until such time as Medtronic has purchased an aggregate of USD sixteen (16) million worth of Supplemental Products and at such time the annual minimum purchase requirement shall remain flat each year thereafter at the level of the most recent year.

In addition, the parties shall agree in good faith, in respect of the first year from the Supplemental Start Date, an annual sales target, i.e. the anticipated volume of product sales that Medtronic plans to purchase and Lifetech (Shenzhen) plans to manufacture. The parties shall negotiate the annual sales target each year thereafter for the Supplemental Products that Medtronic shall purchase from Lifetech (Shenzhen) in the relevant year.

In any event, the Company will keep record of all Medtronic's purchase orders and the annual aggregate transaction value under the Second Supplemental Distribution Agreement to ensure that such transaction value shall not exceed the annual cap set for any given year.

Pricing

Under the Second Supplemental Distribution Agreement, Medtronic shall pay to Lifetech (Shenzhen) a per-type of Supplemental Products per-unit price (the "**Transfer Price**"). The Transfer Price for the first year commencing from the Supplemental Start Date (the "**Year One Transfer Price**") for each type of the Supplemental Occluder Products have been agreed and stipulated in the Second Supplemental Distribution Agreement with reference to the wholesale prices of the occluder products currently sold by the Company or its subsidiaries to their existing distributors in the Territory, as well as the benefits expected to be obtained from Medtronic's extensive distribution network in the Territory and the provision of services by Medtronic's experienced sales representatives, agents and existing distributors. Given that each type of the Supplemental Occluder Products has different features and functions, their Transfer Prices for the first year commencing on the Supplemental Start Date have been fixed at different prices, ranging from approximately USD one hundred (100) to USD two thousand (2,000).

There are four types of Supplemental Occluder Products under the Second Supplemental Distribution Agreement. The Year One Transfer Prices of two of the Supplemental Occluder Products are higher than the average wholesale prices of similar products charged by the Group to the existing distributors, while the Year One Transfer Price of another Supplemental Occluder Product is roughly the same as the average wholesale price of similar product charged by the Group to the existing distributors in the Territory. Thus, the Directors view that the Year One Transfer Prices of these three types of Supplemental Occluder Products are no less favourable than the terms offered to independent distributors.

Although the remaining one Supplemental Occluder Product will be sold to Medtronic at a discount as compared to the similar products sold to existing distributors, such discount offered to Medtronic is justified in the Directors' view having considered that such Supplemental Occluder

Product is in substance an accessory to another three Supplemental Occluder Products and in order to enter into the occluder market in the Territory, Medtronic plans to inaugurate a promotion campaign by dispatching such product as a free sample to the local hospitals in the Territory at the early stage of the development.

As for the Transfer Price for the first year commencing from the Supplemental Start Date for the Supplemental Accessory Products ("**Year One Accessory Transfer Prices**"), they will be negotiated by the Company and Medtronic in good faith during the period between the Supplemental Effective Date and the Supplemental Start Date. In any event, the Year One Accessory Transfer Prices will be in substance determined by the joint steering committee (as established pursuant to the Investment Agreement) with reference to the range of the retail prices of the Supplemental Accessory Products (the "**Price Range**") distributed through existing distributors of the Group in the Territory for the latest financial year but in any event the Year One Accessory Transfer Prices would not be lower than the lower end of the Price Range.

In light of the above, the Directors are of the view that the methods and procedures which the Company use to determine the price of the Supplemental Occluder Products and Supplemental Accessory Products are no less favourable than those available to independent parties and are not prejudicial to the Sharheolders who have not been involved in the Second Supplemental Distribution Agreement.

Price Adjustment Mechanism

The Transfer Price for the Supplemental Occluder Products and the Supplemental Accessory Products in subsequent years following the first year from the Supplemental Start Date shall be adjusted by reference to the following mechanism:

Prior to the expiry of the first year from the Supplemental Start Date, Medtronic will report to Lifetech (Shenzhen) on the average per-unit on-sale prices it received for each type of the Supplemental Products sold to Medtronic's customers (i.e. the end-users or sub-distributors who purchase directly from Medtronic) (the "**Average Resale Price**") in the course of the first year from the Supplemental Start Date.

The Transfer Price payable by Medtronic to Lifetech (Shenzhen) for a given type of Supplemental Products during the second year from the Supplemental Start Date shall be established by a formula that is based on the difference between the Average Resale Price for the first year and the Transfer Price for the first year for a given Supplemental Product (the "**Difference**"). To the extent the Difference at the end of the first year exceeds the Transfer Price for the first year, the Transfer Price for the second year for such Supplemental Product shall be increased by one half of the number achieved when the Transfer Price for the first year is subtracted from the Difference. To the extent that Difference at the end of the first year is less than the Transfer Price for the first year, the Transfer Price for the second year for such Supplemental Product shall be decreased by one half of the number achieved when the Difference is subtracted from the Transfer Price for the first year.

The same formula shall be used to adjust the per-type of Supplemental Product, per-unit Transfer Prices payable by Medtronic to Lifetech (Shenzhen) during the third year (and subsequent years) of the Second Supplemental Distribution Agreement.

To ensure that such pricing adjustment mechanism shall be strictly followed and that the annual cap for any given year will not be exceeded, Medtronic shall provide sufficient evidence to Lifetech (Shenzhen) for its Average Resale Price and allow Lifetech (Shenzhen) access to its relevant books and records upon Lifetech (Shenzhen)'s reasonable request in order for Lifetech (Shenzhen) to verify the Average Resale Price for each type of Supplemental Products.

Payment Term

Medtronic's payments to Lifetech (Shenzhen) shall be made sixty (60) days after the date of invoice or the date of delivery.

ASSIGNMENT AND DELEGATION OF THE RIGHTS AND OBLIGATIONS UNDER THE SECOND SUPPLEMENTAL DISTRIBUTION AGREEMENT

Upon the execution of the Second Supplemental Distribution Agreement, pursuant to the terms of the Existing Distribution Agreements and the Second Supplemental Distribution Agreement, the Company, PerMed and Lifetech (Shenzhen) assigned and delegated their rights and obligations in relation to the Supplemental Products under the Existing Distribution Agreements and the Second Supplemental Distribution Agreement to New Centre International Limited, a wholly-owned subsidiary of the Company, on the same day.

The rights and obligations under the Existing Distribution Agreements and the Second Supplemental Distribution Agreement to our Group, on a consolidated basis, remain unchanged.

ANNUAL CAPS AND BASIS OF CONSIDERATION

Assuming that the Supplemental Start Date will commence from 2014, the proposed annual caps for the transactions under the Second Supplemental Distribution Agreement for the years ending 31 December 2014, 2015, 2016, 2017 and 2018 are as follows (in USD millions):

2014	2015	2016	2017	2018
3.13*	7.95	8.94	9.83	10.81

* This figure only represents the sales projection of the Supplemental Products for the last three months of 2014 as the calculation is based on the assumption that the Supplemental Start Date is in October 2014.

The proposed caps were determined with reference to the projected revenue of the Supplemental Occluder Products which is derived from:

(i) the estimated quantities of the Supplemental Occluder Products that may be distributed by Medtronic in the first year from the Supplemental Start Date with reference to (a) the minimum annual purchase quantities of the Supplemental Products in the monetary amount of USD three (3) million under the Second Supplemental Distribution Agreement (the "**Minimum Purchase Amount**"); (b) the maximum volume of the Supplemental Products to be distributed by Medtronic estimated based on the Surge Capacity (25% for Year One and 30% for the subsequent years); (c) historical purchase volume of occluder products by major clinical centres in the Territory; (d) preliminary feedback to the Supplemental Occluder Products from the potential customers and the leading physicians in the market; and (e) Medtronic's launch experience of similar congential products;

(ii) the Transfer Price of the Supplemental Occluder Products for the first year from the Supplemental Start Date (the basis of which has been disclosed on pages 8 and 9 of the Circular); and

(iii) the expected annual growth rate of the sales of approximately 10% determined based on the sale of the occluder products of the Group for the three financial years ended 31 December 2011, 2012, and 2013 in the Territory and the research report in relation to the forecast of the compound annual growth rate of the occluder market prepared by iData Research Report in November 2011.

The sales forecast of the Supplemental Occluder Products for the five years ending 31 December 2018 have been prepared in accordance with the terms of the Supplemental Distribution Agreement relating to the surge capacity and the minimum purchase amount, which have set the lower and upper end of the sales volume that can be achieved through Medtronic's network under the Second Supplemental Distribution Agreement. As such, the Directors view that the projected sales of Supplemental Occuluder Products are derived in a fair and reasonable manner.

Notwithstanding the proposed annual caps were set for both Supplemental Occluder Products and Supplemental Accessory Products, the proposed annual caps are mainly derived from the projected sales revenue of the Supplemental Occluder Products taking into account that the sales of the Supplemental Accessory Products are expected to be insignificant as compared to the sales of the Supplemental Occluder Products. In the event that the sales of the Supplemental Accessory Products increase unexpectedly and exceed the propsoed annual caps, the Company would revise the propsoed annual caps in accordance with Chapter 14A of the Listing Rules.

DURATION OF THE SECOND SUPPLEMENTAL DISTRIBUTION AGREEMENT

Since the duration of the Second Supplemental Distribution Agreement is longer than three years, pursuant to Rule 14A.52 of the Listing Rules, an independent financial adviser is required to opine on whether it is normal business practice for contracts of this type to be of such duration. For this purpose, the Company has engaged Optima as its independent financial adviser, whose opinion and discussion on the duration of the Second Supplemental Distribution Agreement have been set out in the letter from Optima from page 16 to 31 of this circular.

IMPLICATIONS UNDER THE LISTING RULES

As Medtronic is a substantial shareholder of the Company holding approximately 19% of the issued share capital of the Company and hence a connected person of the Company under the Listing Rules, the transactions contemplated under the Second Supplemental Distribution Agreement constitute continuing connected transactions of the Company as defined under Chapter 14A of the Listing Rules. As the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules for the Annual Caps are higher than 5%, the continuing connected transactions under the Second Supplemental Distribution Agreement are subject to the reporting, announcement and Independent Shareholders' approval requirements under the relevant Listing Rules.

The Independent Board Committee has been formed to provide recommendation to the Independent Shareholders in relation to the Second Supplemental Distribution Agreement and the transactions contemplated thereunder. In particular, the Independent Board Committee will advise the Independent Shareholders as to whether the terms and conditions are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote. None of the members of the Independent Board Committee has any material interest in the transactions contemplated under the Second Supplemental Distribution Agreement.

Optima has also been appointed to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the terms of the Second Supplemental Distribution Agreement as well as whether it is a normal business practice for the type of the Second Supplemental Distribution Agreement to be of a duration longer than three (3) years under Rule 14A.52 of the Listing Rules.

INFORMATION ON MEDTRONIC

To the best understanding, knowledge and belief of the Directors, Medtronic is one of the largest medical technology companies based in the USA comprising six main business units which develop and manufacture medical devices and therapies. Medtronic was incorporated under the laws of Minnesota on 23 April 1957, and its shares are listed on the New York Stock Exchange. As Medtronic is a substantial shareholder of the Company holding approximately 19% of the issued share capital of the Company as at the Latest Practicable Date, it is accordingly a connected person as defined under the Listing Rules.

INFORMATION ON THE COMPANY AND LIFETECH (SHENZHEN)

The Company is a developer, manufacturer and marketer of advanced minimally invasive interventional medical devices for cardiovascular and peripheral vascular diseases and disorders. The Group is dedicated to researching, developing, manufacturing and marketing advanced minimally invasive interventional medical devices for cardiovascular and peripheral vascular diseases and disorders, with a global reach and has subsidiaries in China, Netherlands, India, Russia and France. As a leading medical device company in China with 15 years of history, the Company has built up a strong worldwide sales network, offering a broad range of products to over 71 countries across Asia, Europe, South America, North America and Africa. Lifetech (Shenzhen) is an operating subsidiary of the Company based in Shenzhen, PRC and engages in the manufacturing of medical devices including the Supplemental Products specified under the Second Supplemental Distribution Agreement.

REASONS AND BENEFITS OF THE SECOND SUPPLEMENTAL DISTRIBUTION AGREEMENT TO THE COMPANY

The Company believes that the transactions contemplated under the Second Supplemental Distribution Agreement will enable the Company to achieve synergies in collaboration with Medtronic and accelerate its effort to become a world-class, leading provider of cardiovascular products including the Supplemental Products specified under the Second Supplemental Distribution Agreement. Medtronic, being a globally recognized and well-regarded market player in the medical devices industry, will bring in significant brand recognition, sales, marketing, distribution, training, education and clinical capabilities.

The Company, being an emerging player in the China medical devices industry, will benefit from the extensive international capabilities and industry expertise of Medtronic. In view of the potential to greatly enhance its distribution footprint and accelerate sales revenue, the Company considers that the Second Supplemental Distribution Agreement is in the interests of the Company and its Shareholders as a whole.

ADDITIONAL INFORMATION

Mr. MARTHA Geoffrey Straub and Dr. LIDDICOAT John Randall are both appointed by Medtronic as the Directors of the Company pursuant to the terms of the Investment Agreement. They may be regarded as having a material interest in the transactions contemplated under the Second Supplemental Distribution Agreement, and had therefore abstained from voting in respect of the relevant resolutions passed at the Board meeting held for considering and approving the terms of the Second Supplemental Distribution Agreement. Save as disclosed above, none of the Directors has a material interest in the Second Supplemental Distribution Agreement.

EGM

Set out on pages 39 and 40 of this circular is the notice convening the EGM to be held at Floor 3, Cybio Electonic Building, Langshan 2nd Street, North Area of High-tech Park, Nanshan District, Shenzhen, PRC on 15 September 2014 at 10:00 a.m., at which ordinary resolutions will be proposed to approve the terms of the Second Supplemental Distribution Agreement and the annual caps thereunder, details of which are set out in the notice of the EGM. The resolutions to be considered and, if thought fit, approved at the EGM will be voted by way of poll by the Independent Shareholders.

Given that Medtronic is a connected person with material interests in the transactions contemplated under the Second Supplemental Distribution Agreement, Medtronic and its associates which hold 95,000,000 Shares (approximately 19% of the issued share capital of the Company) as at the Latest Practicable Date, shall abstain from voting in respect of the resolutions approving the Second Supplemental Distribution Agreement and the transactions contemplated thereunder. Save for the above, no other Shareholders are required to abstain from voting in respect of the resolutions to be proposed at the EGM.

The Independent Board Committee has been formed to provide recommendation to the Independent Shareholders on the terms of the Second Supplemental Distribution Agreement and the transactions contemplated thereunder, and the Independent Financial Adviser has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in this regard.

RECOMMENDATIONS

Your attention is drawn to:

(a) the letter from the Independent Board Committee set out on page 15 of this circular which contains its recommendation to the Independent Shareholders;

(b) the letter from Optima set out pages 16 to 31 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders; and

(c) additional information set out in the appendix to this circular.

In view of the above, the Directors consider that the terms of the Second Supplemental Distribution Agreement are normal commercial terms, fair and reasonable, and in the best interest of the Company and the Shareholders as a whole and they recommend the Shareholders to vote in favour of the resolutions at the EGM.

As mentioned above, Optima has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Second Supplemental Distribution Agreement.

Yours faithfully
For and on behalf of the Board
XIE Yuehui
Chairman and Executive Director

LIFETECH SCIENTIFIC CORPORATION

先健科技公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1302)

21 August 2014

To the Independent Shareholders

Dear Sir or Madam,

NON-EXEMPT CONTINUING CONNECTED TRANSACTION THE SECOND SUPPLEMENTAL DISTRIBUTION AGREEMENT WITH MEDTRONIC

We refer to the circular of the Company dated 21 August 2014 (the "**Circular**") to its Shareholders of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires. Under Chapter 14A of the Listing Rules, the transactions contemplated under the Second Supplemental Distribution Agreement constitute non-exempt continuing connected transactions for the Company and are thus subject to the approval of the Independent Shareholders.

Having considered the advice from Optima Capital Limited, we are of the view that the terms of the Second Supplemental Distribution Agreement (including the related annual caps for the year ending 31 December 2014, 2015, 2016, 2017 and 2018) and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. In addition, the transactions contemplated thereunder are on normal commercial terms and the Second Supplemental Distribution Agreement is entered into by the Company in its ordinary and usual course of business of the Group.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to approve, if thought fit, the Second Supplemental Distribution Agreement and the transactions contemplated thereunder at the EGM.

Yours faithfully,
Independent Board Committee
LIANG Hsien Tse Joseph **ZHOU Luming** **ZHOU Gengshen**
Independent Non-Executive Directors

The following is the letter of advice from Optima to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.

Suite 1501, 15th Floor,
Jardine House
1 Connaught Road Central
Hong Kong

21 August 2014

To: The Independent Board Committee and the Independent Shareholders

Dear Sirs,

CONTINUING CONNECTED TRANSACTION

1. INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in respect of the Second Supplemental Distribution Agreement and the transactions contemplated thereunder (the "**Continuing Connected Transaction**"), in particular, the proposed annual caps for the five years ending 31 December 2018 (the "**Proposed Caps**") and the duration of the Second Supplemental Distribution Agreement. Details of the Continuing Connected Transactions are set out in the letter from the Board (the "**Board Letter**") contained in the circular of the Company to the Shareholders dated 21 August 2014 (the "**Circular**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise defined.

As Medtronic is a substantial Shareholder holding approximately 19% of the issued share capital of the Company and hence a connected person of the Company under the Listing Rules, the transactions contemplated under the Second Supplemental Distribution Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios (other than the profit ratio) calculated under Rule 14.07 of the Listing Rules for the Annual Caps are higher than 5%, the Continuing Connected Transactions under the Second Supplemental Distribution Agreement are subject to the reporting, announcement and Independent Shareholders' approval requirements under the relevant Listing Rules.

The Independent Board Committee, comprising all of the three independent non-executive Directors, namely Mr. Liang Hsien Tse Joseph, Mr. Zhou Luming, Mr. Zhou Gengshen, has been formed to provide recommendation to the Independent Shareholders in relation to the Second Supplemental Distribution Agreement and the transactions contemplated thereunder. Optima Capital Limited has been appointed to advise the Independent Board Committee and the Independent

Shareholders on the fairness and reasonableness of the terms of the Second Supplemental Distribution Agreement as well as whether it is a normal business practice for the type of the Second Supplemental Distribution Agreement to be of a duration longer than 3 years under Rule 14A.52 of the Listing Rules, and to make a recommendation to the Independent Shareholders in respect thereof.

2. BASIS OF OUR OPINION

In formulating our opinion, we have relied on the information and facts supplied, and the opinions expressed, by the executive Directors and management of the Group and have assumed that the information and facts provided and opinions expressed to us are true, accurate and complete in all material aspects at the time they were made and up to the date of the EGM. We have also sought and received confirmation from the executive Directors that all material relevant information has been supplied to us and that no material facts have been omitted from the information supplied and opinions expressed to us. We have no reason to believe that any material information has been withheld, nor doubt the truth or accuracy of the information provided. We have relied on such information and consider that the information we have received is sufficient for us to form our advice and recommendation as set out in this letter and to justify our reliance on such information. However, we have not conducted any independent investigation into the business and affairs of the Group and Medtronic, nor have we carried out any independent verification of the information supplied. We have assumed that all representations contained or referred to in the Circular are true as at the Latest Practicable Date and will continue to be true up to the date of the EGM.

3. PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation with regard to the Continuing Connected Transactions, we have taken into account the following principal factors and reasons:

3.1 Background information of the Group

3.1.1 *General information*

The Shares were listed on the Growth Enterprise Market of the Hong Kong Stock Exchange ("**GEM**") on 10 November 2011. With reference to the announcements issued by the Company dated 31 May 2013 and 29 October 2013, the listing of the shares of the Company was transferred from GEM to the Main Board of the Stock Exchange on 6 November 2013. As at the Latest Practicable Date, there were three substantial Shareholders, namely, Xianjian Advanced Technology Limited which was beneficially interested in 98,739,366 Shares, representing approximately 19.75% of the existing issued share capital of the Company; Medtronic KL Holdings LLC, which was beneficially interested in 95,000,000 Shares, representing approximately 19.00% of the existing issued share capital of the Company; and GE Asia Pacific Investment Ltd which was beneficially interested in 69,383,332 Shares, representing approximately 13.88% of the existing issued share capital of the Company.

3.1.2 ***Business operations and financial information***

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 the Group, namely congenital and structural heart diseases business, surgical vascular repair business and peripheral vascular diseases business, providing clinically effective and commercially attractive product offerings. Up to the Latest Practicable Date, the Group has developed and brought to market 10 products with approval from the China Food and Drug Administration of the PRC ("**CFDA**"), 28 products with CE marking and 3 products that have passed the review of the U.S. Food and Drug Administration.

The products offered by the Group in the congenital heart diseases business cover a wide spectrum of congenital heart defect occluders. As set out in the annual report (the "**2013 Annual Report**") of the Company for the year ended 31 December 2013, the turnover contributed by the congenital heart diseases business for the year ended 31 December 2013 was approximately RMB120.6 million (2012: approximately RMB103.8 million), realized a growth of approximately 16.2%. The ASD occluder, VSD occluder and PDA occluder experienced growth of approximately 29.3%, 26.5.% and 10.1% respectively, as compared to the sales revenue of year ended 31 December 2012.

China is the Group's largest market due to the enormous demand of medical devices in the PRC. As set out in the 2013 Annual Report, sales generated from the Chinese market accounted for approximately 70.7% (2012: approximately 71.8%). The domestic sales realized approximately a 25.5% growth in 2013 as compared to approximately 22.4% growth in 2012. Our international market realized approximately a 32.0% growth in sales revenue as compared to approximately 16.3% growth in 2012. In 2013, the Group strengthened the sales force and explored new distributors which led to an increase in their market share. The Group also accomplished the following new achievements: (i) the Group's research and development laboratory was officially granted "National & Local United Engineering Laboratory of Interventional Biotechnology and System", and approved by the National Development and Reform Commission of China Government for construction; (ii) the Group's research and development laboratory was approved to work as "Guangdong Cardiovascular Disease Interventional Therapy Device (Lifetech) Engineering Technology Research Center"; (iii) Bronchial valve finished the pre-research phase with positive outcome, and it's name has been changed as lung volume reduction device, and set the intended use to reduce lung volume; (iv) the Group started clinical trial in China for product peripheral stents; (v) The first Lifetech LAmbre LAA device live case in Europe was successfully done during LAA global conference 2013 in Frankfurt; and (vi) Clinical trial was finished for product Fustar in China.

According to the 2013 Annual Report, the revenue of the Group increased by 27.3% to approximately RMB231.0 million for the year ended 31 December 2013, from to approximately RMB181.5 million for the year ended 31 December 2012, of which revenue from the sales of congenital heart diseases business and peripheral vascular diseases business increased by 16.2% to approximately RMB120.6 million for the year ended 31 December 2013, from approximately RMB103.80 million for the year ended 31 December 2012; and 42.7% to approximately RMB110.2 million for the year ended 31 December 2013, from approximately RMB77.2 million for the year ended 31 December 2012, respectively.

The increase in revenue was mainly attributable to the rapid growth of sales volume along with the expansion of the sales network of distributors of the Group mainly driven by the rapid increase of stent graft by approximately RMB18.6 million or approximately 55.1% and vena cava filter by approximately RMB14.0 million or approximately 34.2%. As at 31 December 2013, the Group has a well-established distribution network for their products consisting of more than 200 distributors in 46 countries in aggregate and has expanded into new international markets including Greece, Colombia, Thailand, Macedonia and Poland. The additional promotion and marketing efforts and expansion of sales force during the year of 2013 attributed to the increase in selling and distribution expenses by approximately 26.5% to approximately RMB52.1 million for the year ended 31 December 2013, from approximately RMB41.2 million for the year ended 31 December 2012.

As stated in 2013 Annual Report, the Group will continue to rely on its two core businesses, namely congenital heart diseases business and peripheral vascular diseases business, for growth potential in the year of 2014. The Group will also actively expand its product offering and strengthen its established market position. The Group has launched Cera occluders to the China market in 2013. As the competitive product in international market, the Group believes that CeraFlex occluders will continually stimulate the selling growth overseas.

The Group will continue to focus on broadening their product portfolio as well as designing innovative products to help capitalize on their growing sales network and infrastructure. A product, LAA occluder, is under clinical trials in Europe, China and other Asian countries. In order to support the product launch plan, the Group will increase investments on physician training programs, and continue to expand the international sales force in Europe, India, Russia and Brazil. The Group is actively looking to explore their sales network for the peripheral products in addition to growing their existing congenital heart diseases business in international market.

Since a European customer service center in Netherlands has been engaged to operate for the Company, it will provide local, premium customer service including quicker product availability within the European Union. This improved service is expected to further expand the Group's European business as a whole. As at the Latest Practicable Date, there were a total of 12 products of the Group under development. It normally takes more than 5 years to turn the products at the Research and Development ("**R&D**") stage to commercial production to the market. The Group currently has a total of 69 registered patents, including 66 in the PRC, 2 in U.S.A. and 1 in Europe.

3.2 **Information on Medtronic**

3.2.1 ***Background information***

Medtronic is one of the largest medical technology companies based in the U.S.A. composed of six main business units which develop and manufacture medical devices and therapies. Founded in 1949 as a medical equipment repair shop, Medtronic began in a garage with the aim of alleviating pain, restoring health and extending life for people. The group initially developed products that revolved around the cardiac rhythm disease area but now additionally operates in cardiac and vascular diabetes, neuromodulation, surgical technologies and spinal segments. As a U.S. Fortune 100 company,

Medtronic has a workforce of around 49,000 employees, including 5,800 R&D scientists and engineers around the world, more than 28,000 patents for its products, of which around 2,060 patents were awarded last year, and a global medical device distribution network covering more than 120 countries and 300 locations as at the Latest Practicable Date.

3.2.2 ***Business operations***

According to the annual report of Medtronic for the fiscal year ended 25 April 2014 as published on the website of the U.S. Securities and Exchange Commission, Medtronic operates under three reportable and operating segments, namely cardiac and vascular products, restorative therapies products and diabetes products. For the year ended 25 April 2014, Medtronic's cardiac and vascular products generated approximately USD8.85 billion in sales, which amounted to approximately 52% of Medtronic's total sales, whilst the restorative therapies products generated approximately USD6.50 billion in sales and the diabetes products generated approximately USD1.66 billion in sales. Geographically, 55% of the revenue was generated from the U.S.A. and 46% was generated outside the U.S.A..

Medtronic has a broad portfolio of cardiac and vascular products mainly divided into two categories namely cardiac rhythm disease management and cardio vascular products. Cardiac rhythm disease management products include defibrillation systems (which generated USD2,757 million for the fiscal year of 2014), pacing systems (which generated USD1,892 million for the fiscal year of 2014), and atrial fibrillation and other (which generated USD347 million for the fiscal year of 2014). The Cardio vascular products include coronary products, structural heart products and endovascular and peripheral products, which generated USD1,744 million, USD1,212 million and USD895 million respectively for the fiscal year of 2014.

3.2.3 ***Strength***

As mentioned above, Medtronic, as a global leader in medical devices, employing more than 9,000 scientists and engineers around the world, has obtained more than 23,000 patents for its products. More importantly, in the context of the Continuing Connected Transactions, has established an extensive global medical device distribution network covering more than 120 countries in the U.S.A., Latin America, Western Europe, Canada, Middle East, Africa, India, the PRC, Eastern Europe and Asia with more than 300 sales locations. It is also the world's largest maker of implantable medical devices. According to MN Report, Medtronic is the leader of the Chinese heart valve device market and is also the top three players in the Brazilian and Indian heart valve device market in 2011.

Medtronic's sales and distribution is one of its many competitive advantages. In the U.S.A. and Europe, most of Medtronic's products are sold through direct sales representatives. Outside these geographies, Medtronic sells through a combination of both direct sales representatives and independent distributors. Medtronic utilizes a rapid, cost-effective and consistent marketing and sales strategy to approach a mixed group of customers worldwide, including physicians, hospitals, group purchasing organizations and other medical institutions. Medtronic executes this marketing and sales strategy by organizing and placing various marketing and sales teams around physician specialties. This has resulted in dedicated and knowledgeable sales representatives, with long and strong

relationships with specific physicians and other customers. The implementation of this strategy has also allowed Medtronic to gain detailed understanding of therapeutic and diagnostic developments, healthcare trends and the constant changing needs of physicians and patients, and new opportunities.

Financially, Medtronic's operational performance and balance sheet have both been growing consistently. According to the 2014 annual report of Medtronic, in the last five years, Medtronic's revenue grew at a compound annual rate of 3%, from USD15.392 billion in fiscal year 2010 to USD17.005 billion in fiscal year 2014. Net sales growth for fiscal year 2014 was driven by 2 percent growth in cardiac and vascular group, 2 percent growth in restorative therapies group, and 9 percent growth in diabetes group compared to the prior fiscal year. This is driven by several factors, including the launch of diabetes business, therapy innovation, and the development of emerging markets.

Another competitive edge that Medtronic possesses is the exceptional quality and career experience of the executive management team. Almost all executive officers have held positions related to their current roles for over two decades, all of which were at large corporations or renowned biomedical research institutes. The executive management team of Medtronic is well experienced in both healthcare and corporate management to strategically lead a multinational company such as Medtronic in the competitive industry of medical devices.

3.3 Background to and reasons for the Continuing Connected Transaction

As disclosed in the announcement dated 14 October 2012, the Company, PerMed and Medtronic entered into the distribution agreement under which Medtronic was appointed as the exclusive distributor of PerMed with the exclusive right to advertise, promote, market, distribute and sell the Products worldwide. The distribution agreement was subsequently amended on 5 January 2013 by the supplemental agreement relating to the distribution agreement dated 14 October 2012 entered into among the Company, PerMed and Medtronic (collectively referred to as the "**Existing Agreements**").

On 13 June 2014 (after trading hours), the Company, Medtronic, PerMed and Lifetech (Shenzhen) entered into the Second Supplemental Distribution Agreement pursuant to which Lifetech (Shenzhen) appoints Medtronic as (i) the exclusive distributor for the Supplemental Occluder Products it manufactures; and (ii) a non-exclusive distributor for its Supplemental Accessory Products in the Territory. The distribution of Supplemental Products will be conducted in the Company's ordinary and usual course of business**.** There are no material changes to the Existing Agreements other than appointing Medtronic as exclusive or non-exclusive (as the case may be) distributor for the Supplemental Products as mentioned above.

Based on the above financial performance of the Company and our analysis on the strength of Medtronic, the Company believes that it is well positioned to work with Medtronic by entering into the Second Supplemental Distribution Agreement, in terms of the latter's healthy financial position, experience, expertise and emphasis on R&D of innovative medical devices, and its passion and enthusiasm to establish itself in the international medical device market. The Company also believes that the entering into of the Second Supplemental Distribution Agreement will enable the Company to achieve synergies in collaboration with Medtronic and to become a world-class leading provider of cardiovascular products including the Supplemental Products in the Territory. Medtronic, being a globally recognised and well-regarded market player in the medical device industry, will bring in

technical, operational and management expertise with a view to improving the internal system, business operation, research and development, production and sales operation of the Company. The Company, being an emerging player in the medical devices industry in the PRC, will benefit from the cutting edge industry expertise of Medtronic for product development and brand-building.

We believe that the entering into of the Second Supplemental Distribution Agreement will strengthen the established strategic alliance between the Company and Medtronic, which is expected to help facilitate the Company's business development and realise the Company's long-term goal to become an international medical device player. We also believe that the strategic alliance creates significant long-term value for both companies, which share common vision to become the recognised leaders in both the local and multinational segments of the medical device industry. The management of the Company believes that the Company and Medtronic each offers unique value to the strategic alliance between them.

3.4 Principal terms of the Second Supplemental Distribution Agreement and our assessment of the reasonablenss and fairness thereof

LifeTech (Shenzhen) appoints Medtronic as (i) the exclusive distributor of the Supplemental Occluder Products it manufactures; and (ii) the non-exclusive distributor of the Supplemental Accessory Products in the Territory. The Supplemental Products include a total of four (4) Supplemental Occluder Products and ten (10) Supplemental Accessory Products. Medtronic covenants not to exercise the distribution rights for the first and second generation of the Supplemental Products in a particular country in the Territory as long as Medtronic is able to exercise the Distibution Rights for the third generation of the Supplemental Occluder Products. If Medtronic determines that any of the Distribution Rights for the third generation of the Supplemental Occluder Products cannot be exercised in any part of the territory, Medtronic may then exercise the Distribution Rights for the first and second generation of the Supplemental Products in such portion of the Territory upon Lifetech (Shenzhen)'s written consent.

Subsequent to the Effective Date, if Medtronic or its affiliates should at any time own less than a fifteen (15%) percent equity interest in the Company in aggregate, Lifetech (Shenzhen) may, upon 60 days prior notice to Medtronic, convert the exclusive rights of Medtronic under the Second Supplemental Distribution Agreement to non-exclusive rights with respect to the Supplemental Product it manufactures. Actual distribution for a specific Supplemental Product shall not commence until the applicable proper regulatory approval has been obtained for that Product by PerMed or Lifetech (as the case may be) and Medtronic has given consent to the commercial release of such Supplemental Product.

Other principal terms of the Second Supplemental Distribution Agreement are detailed in the Board Letter in the Circular and our assessment of the fairness and reasonabless thereof are set out as follows:

3.4.1 *5-year term with 3-year automatic renewal term*

As stated in the Letter from the Board, the Second Supplemental Distribution Agreement shall be effective for a term of five years from the Supplemental Start Date. Thereafter, the term shall be automatically renewed for additional periods of not more than three years each unless the Second

Supplemental Distribution Agreement is terminated or a six-month advance notice of non-renewal is served by either party. The Company will duly comply with all applicable requirements under the Listing Rules upon confirmation of renewal of the Second Supplemental Distribution Agreement in the future.

In assessing the duration of the Second Supplemental Distribution Agreement, we have considered the following reasons and factors:

(i) the Company considers that it is commercially sensible for the Second Supplemental Distribution Agreement to have such duration in order to (a) mirror the time required for developing and manufacturing the Supplemental Products for commercialization and distribution; (b) carry out various clinical trials of multiple years to ensure the safety and effectiveness of the Supplemental Products; (c) provide sufficient time for the Company and Medtronic to allocate its resources required for the product launch and ongoing promotion; and (d) mirror the expected time required for internal system upgrade of the Company pursuant to the Second Supplemental Services Agreement to ensure the Supplemental Products reach the overseas industry standard and to ramp up the distribution volume to a commercially reasonable level.

(ii) the Company considers that it is normally time consuming for the parties to the distribution agreement of similar type to agree on the standard and quality of the products, strategies and sequence of entry into different markets and etc., and thus it is in the commercial interest of the Company to maintain a stable distributor to provide the Company with greater degree of stability and continuity to formulate a long term strategic plan and unify the fragmented and small scale sub-distributors to save time and cost required for coordination and logistics of the product distribution and all other costs and expenses arising from the change of distributors from time to time, and therefore having a term of more than three years for the Second Supplemental Distribution Agreement is practicable and in the interest of the Company and the Shareholders as a whole;

(iii) the transactions contemplated under the Second Supplemental Distribution Agreement will be conducted in the ordinary and usual course of business of the Company; and

(iv) having reviewed the distribution agreements entered into between the Company or its subsidiaries with the independent distributors for the distribution of the occluder products, we noted that the duration of the distribution agreements ranges from one year to six years and thus the term of the Second Supplemental Distribution Agreement falls within the range and it is not uncommon for the Company to establish a distribution arrangement with its distributors for a term of more than three years.

Taking into account the above reasons and factors, we are of the view that the five-year term for the Second Supplemental Distribution Agreement is justified and it is not an uncommon business practice for agreements of this type to be of such duration.

3.4.2 ***Supplemental Start Date***

Pursuant to the Second Supplemental Distribution Agreement, Medtronic shall commence its performance including but not limited to the marketing, promotion or distribution of the Supplemental Products upon satisfaction of a number of conditions including but not limited to (i) completion of all actions items relating to quality systems, process controls, functional testing and verification work regarding Supplemental Products to Medtronic's satisfaction; and (ii) agreements with the existing distributors and sales agents for the Supplemental Occluder Products as of the Effective Date have been terminated and the exclusive distribution rights in respect of the territory originally covered by those distributors and sales agents have been transferred to Medtronic.

Having considered that (i) the Company's existing sales network for the Supplemental Occluder Products is weak; with only 10 distributors for the distribution of Supplemental Occluder Products in the Territory for the Company in 2014; (ii) the sales volume generated from the existing distribution network is very limited; (iii) Medtronic has strong sales network spreading over 120 countries and is experienced in distributing cogenital products which share the same customer base as the Supplemental Occluder Products in the Territory with not less than 30 therapy development specialists and marketing staff; and (iv) the Company will closely monitor the progress of the completion of the action items regarding the quality systems, process controls and etc at Lifetech (Shenzhen) and will only terminate the existing distributors and sales agents and grant exclusive distribution rights to Medtronic when the Board has been advised by the Joint Steering Committee (as defined in the Investment Agreement) that the internal system upgrade requirements related to the Supplemental Occluder Products have been met, we are of the view that the grant of exlcusive distribution rights to Medtronic in respect of the Supplemental Occluder Products would not have material adverse impact on the Company's operation.

As confirmed by the management of the Company, it is expected that the Supplemental Start Date will be no later than October 2014. Having reviewed the internal upgrading schedule setting out the internal system upgrading tasks involving manufacturing engineering, quality engineering, supply chain deliverables, shelf life of the products, etc to be finished by the Company each month before the expected Supplemental Start Date, we are of the view that the expected Supplemental Start Date was estimated by the Company with due care.

3.4.3 ***Pricing of the Supplemental Occluder Products***

Pursuant to the Second Supplemental Distribution Agreement, the exact transfer prices for each of the Supplemental Occluder Products (i.e. the wholesale price) on the first year of the Supplemental Start Date ("**Year One**") payable by Medtronic to Lifetech (Shenzhen) ("**Year One Transfer Prices**") range from approximately USD100 to USD2,000. We have carried out an assessment of the reasonableness and fairness of the Year One Transfer Prices as follows:

(i) we have discussed with the management of the Company and understood that the Year One Transfer Prices were determined after arm's length negotiation between Medtronc and the Company with reference to (a) the wholesale prices of the occluder products currently sold by the Company or its subsidiaries to their existing distributors independent of the

Company in the Territory (the "**Independent Distributors**"); and (b) key benefits arising from Medtronic's sales representatives, agents and existing distributors with years of relevant experience in sales and marketing and Medtronic's extensive distribution network with representatives, agents and existing distributors in the Territory;

(ii) we have reviewed the transfer prices of similar occluder products charged by the Company or its subsidiaries to the Independent Distributors and noted that (a) the Year One Transfer Prices of two of the Supplemental Occluder Products are higher than the average wholesale prices of similar products charged by the Group to the Independent Distributors and therefore we are of the view that it is more favourable to the Company and not prejudicial to the minority Shareholders to distribute these Supplemental Occluder Products through Medtronic's sales network; (b) the Year One Transfer Price of another Supplemental Occluder Product is roughly the same as the average wholesale price of similar product charged by the Group to the Independent Distributors and thus we are of the view that the Year One Transfer Price of such Supplemental Occluder Product is no less favourable than the terms offered by Independent Distributors and is not prejudicial to the minority Shareholders; and (c) the remaining one Supplemental Occluder Product will be sold to Medtronic at a discount as compared to the similar products sold to Independent Distributors and we are of the view that the discount offered to Medtronic is justified given such Supplemental Occluder Product is in substance an accessory to another three Supplemental Occluder Products and in order to enter into the occluder market in the Territory, Medtronic plans to inaugurate a promotion campaign by dispatching such product as a free sample to the local hospitals in the Territory at the early stage of the development, and having taken into account the justification we are of the view that the pricing term of such product is no less favourable than those offered by the Independent Distributors, and is not prejudicial to the minority Shareholders; and

(iii) we have further discussed with the management of the Company and agreed to their justification that the benefits arising from the strategic alliance formed with Medtronic under the Second Supplemental Distribution Agreement would inevitably excel the costs arising from the discount given thereto having considered that (a) the number of existing distributors of the Group for the distribution of similar occluder products in the Territory is very limited and the scale of distributors by such existing distributors is small; (b) the historical sales volume of the Supplemental Products through the existing distribution network in the Territory for last three financial years were stagnant due to the limited number of distributors and fragmented network of distribution; (c) Medtronic's distribution expertise and network for occluder products in the Territory are strong and promising with more than 30 years of experience in distributing the cardiovascular products (including but not limited to occluder products) and a sales team of more than 30 staff responsible for the distribution of the occluder products in the Territory; (d) under the Second Supplemental Distribution Agreement, Medtronic has agreed to distribute a minimum sales quantity of the Supplemental Products, which in turn can secure the sales revenue of the Group generated from the Supplemental Products; (e) Medtronic will provide technical support to the Company in improving the Company's quality systems, process controls, functional testing,

etc under the Seond Supplemental Service Agreement; and (f) from the aforementioned reasons, it is expected that there would be an increase in the sales volume and thus it is expected that the Group will garner greater profits as a whole from the Second Supplemental Distribution Agreement.

In view of the above, we are of the view that the Year One Transfer Prices are fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

3.4.4 ***Pricing of the Supplemental Accessory Products***

Pursuant to the Second Supplemental Distribution Agreement, the wholesale price of the Supplemental Accessory Products from Lifetech (Shenzhen) to Medtronic in Year One (the "**Year One Accessory Transfer Prices**") are to be determined by parties in good faith negotiations prior to the Supplemental Start Date. The Year One Accessory Transfer Prices will be subject to the same adjustment mechanism set out in paragraph 3.4.5 below.

We have discussed with the management of the Company and noted that the Year One Accessory Transfer Prices will be in substance determined by the JSC immediately prior to the Supplemental Start Date with reference to the range of the retail prices of the Supplemental Accessory Products (the "**Price Range**") distributed through Independent Distributors for the latest financial year but in any event the Year One Accessory Transfer Prices would not be lower than the lower end of the Price Range. As the Year One Accessory Transfer Prices would never be lower than the lower end of the Price Range, we are of the view that the Year One Accessory Transfer Prices would be no less favourable than those offered by the Independent Distributors and would not be prejudicial to the minority Shareholders. Together with the adjustment mechanism for subsequent years as set out in paragraph 3.4.5 below, we are of the view that the price setting and adjustment mechanism of the Supplemental Accessory Products can safeguard the Shareholders' interest and the Company as a whole whilst benefit from the strategic alliance with Medtronic.

3.4.5 ***Adjustment mechanism for the Transfer Price***

Pursuant to the Second Supplemental Distribution Agreement, the Subsequent Transfer Prices will be adjusted with the difference between the fixed transfer prices of the year and the average retail prices of the Supplemental Products to be sold by Medtronic to the end customers of that year according to a specified formula as disclosed in this circular.

In assessing the reasonableness and fairness of this adjustment mechanism, we have discussed with the management of the Company and understood that the mechanism was determined after arm's length negotiations between the parties having taken into account that:

(i) the adjustment mechanism can ensure both the Company and Medtronic to effectively share the cost and benefit from the sales performance of the Supplemental Products; that is to say, when the market condition is good and the retail selling prices of the Supplemental Products go up, the transfer price for the following year will be adjusted upward, whilst if the retail seling prices of the Supplemental Products drop in a given year, transfer prices will be adjusted downward in the subsequent year accordingly;

(ii) the key benefits results from the entering into of the Second Supplemental Distribution Agreement including (a) Lifetech (Shenzhen)'s ability to leverage the breadth/worldwide geographic scope and product-specific/cardiovascular expertise of Medtronic's distribution system; (b) access by Lifetech (Shenzhen) to Medtronic's dealer/distributor management experience and leverage the existing relationships between Medtronic and its customers worldwide; and

(iii) it is unlikely that the company will be able to achieve greater profit given the existing distribution network of the Group in the Territory is weak whilst Medtronic is able to support the Company in improving its production volume and manufacturing efficiencies.

In view of the rationale set out above, we have reviewed the sample invoices issued by the Group to the Independent Distributors (which shows the wholesale prices paid by the Independent Distributors) and the sample invoices issued by the Group to its end-customers for the direct sale of occluder products (which shows the retail price paid by the hospitals in the Territory). We noted from the above documents that the adjustment mechanism under the Second Supplemental Distribution Agreement to adjust the Transfer Price in subsequent years based on a designated percentage of the retail price is in line with the Company's existing pricing arrangement with the independent distributors of the Company in the Territory.

In view of the above, we consider the adjustment mechanism is fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

3.4.6 ***Minimum purchase quantity and annual sales target***

Medtronic shall purchase a minimum of USD3.0 million (equivalent to approximately HK$23.4 million) worth of Supplemental Products from Lifetech (Schenzhen) in the first year from the Supplemental Start Date, with this minimum purchase quanity increased by ten percent (10%) each year until such time as Medtronic has purchased an aggregate of USD16.0 million (equivalent to approximately HK$124.8 million) worth of Supplemental Products and the annual minimum purchase quantity by then shall remain the same each year thereafter as the quantity in the previous year .

We have discussed with the Company and noted that the minimum purchase quantity agreed upon between the parties after arm's length negotiation under the Second Suppelmental Distribution Agreement is favourable to the Company in the sense that it secures the sales revenue of the Group generated from the Supplemental Products and thus the profitability of the business segment of the Company.

In addition, the parties shall agree in good faith, in respect of the first year from the Supplemental Start Date, an annual sales target, i.e. the anticipated volume of product sales that Medtronic plans to purchase and Lifetech (Shenzhen) plans to manufacture (the "**Annual Sales Target**"). The parties shall negotiate the annual sales target each year thereafter for the Supplemental Products that Medtronic shall purchase from Lifetech (Shenzhen) in the relevant year, and Lifetech (Shenzhen) shall have the capacity to satisfy at least an increase of 25% over the expected annual sales target in Year One and 30% for the subsequent years (the "**Surge Capacity**").

We have also discussed with the Company and noted that the Annual Sales Target to be negotiated between the Company and Medtronic is favourable to the Company in the sense that (i) it allows more flexibility and room for Lifetech (Shenzhen) to articulate its production plan for the coming year in terms of production capacity, labour force arrangement, and capital deployment; and (ii) it gives a preliminary portrait of the annual sales to be contributed by the sales of occluder products and thus more adaptive to the overall business development plan of the Group as a whole.

3.4.7 ***Other material terms***

The Second Supplemental Distribution Agreement also stipulates that:

(i) *Company's guarantee:* The Company shall cause and guarantees the full performance and payment obligation by Lifetech (Shenzhen) under the Second Supplemental Distribution Agreement, and if and whenever Lifetech (Shenzhen) shall be in default in the payment of any amount payable, the Company shall pay all such amounts instead.

We have discussed with the management of the Company and understood that the guarantee provided by the Company to Lifetech (Shenzhen) is to assure Medtronic with resolution and confidence for both parties to perform the Second Supplemental Distribution Agreement and in turn enhance the strategic alliance between Medtronic and the Company as a whole.

(ii) *Post-market study:* The Company shall fund, sponsor and initiate a post market study for the Supplemental Occluder Products for the purpose of gathering clinical data demonstrating safety and efficacy of the Supplemental Occluder Products and support of further regulatory approvals within six months of the Supplemental Start Date. The parties acknowledge that the costs of such study is estimated to be at most USD$500,000 (equivalent to HK$3.9 million). Medtronic agrees to provide reasonable consultation on and administration of the post market study on behalf of the Company.

We have discussed with the management of the Company and understood that it is necessary to conduct the post-market study for gathering sufficient clinical data with a view to facilitating the Company to obtain further regulatory approvals for the Supplemental Occluder Products as well as improving the product quality according to the market responses.

(iii) *Licence to manufacture the Supplemental Products and technical transfer:* In addition to the worldwide, exclusive, non-transferable and royalty-free right and licence to be granted by Lifetech (Shenzhen) to Medtronic to use all trademarks, trade names, copyrights and logotypes of Lifetech (Shenzhen) or its affiliates that are on the Supplemental Occluder Products or related labels and materials, solely in connection with marketing, sale or other distribution, promotion, advertising and maintenance of the Supplemental Products in the Territory, Medtronic shall also have the right to exercise the Lifetech (Shenzhen) license granted for the purposes of making or having made and manufacturing the the Supplemental Products as Lifetech (Shenzhen) in the event that Lifetech (Shenzhen) fails to supply the Supplemental Products for a cumulative 150 days and cannot demonstrate its ability to

resume supply in the following 30 days (the "**Trigger Condition**"). In the event Medtronic undertakes to exercise its right to manufacture the Supplemental Products, Lifetech (Shenzhen) shall provide technical support and training and otherwise assist Medtronic in establishing manufacturing operations for the production of the Supplemental Products.

We have discussed with the management of the Company and reviewed all the distribution agreements entered into between the Company or its subsidiaries and the Independent Distributors for the occluder products of the Group and noted that it is a normal practice to grant the distributor a licence to use the relevant trademarks, tradenames and other intellectual properties such that it can distribute the branded products in the name of the brand holders. We have also discussed with the management of the Company in respect of the licence to be granted to Medtronic if the Trigger Condition is met. We concur with their view that this term is reasonable as the Supplemental Products are life-saving devices, the supply disruptions of which may adversely affect the health of the patients as well as the diagnosis conducted by the doctors. Medical devices with such life-and-death nature would require extremely stable and quality supply to the patients and thus the subject term is reasonable and necessary.

3.4.8 ***Proposed Caps***

Assuming that the Supplemental Start Date is in October 2014, the Proposed Caps are set out as follows (in USD million):

2014 *(Note)*	**2015**	**2016**	**2017**	**2018**
3.13	7.95	8.94	9.83	10.81

Note: Given the Supplemental Start Date is estimated to be in October 2014, the Proposed Caps for 2014 only represent 3-month sales projection of the Supplemental Products for the year ended 31 December 2014 derived from the bases detailed below.

In assessing the fairness and reasonableness of the Proposed Caps, we have discussed with the management of the Company and noted that the Proposed Caps were in substance determined with reference to the projected revenue of the Supplemental Occluder Products derived from:

(i) the estimated quantities of the Supplemental Occluder Products that may be distributed by Medtronic in Year One with reference to (a) the minimum annual purchase quantities of the Supplemental Products in the monetary amount of USD3.0 million under the Second Supplemental Distribution Agreement (the "**Minimum Purchase Amount**"); (b) the maximum volume of the Supplemental Products to be distributed by Medtronic estimated based on the Surge Capacity (i.e. 25% for Year One and 30% for the subsequent years); (c) the historical purchase volume of occluder products by major clinical centres in the Territory, (d) the preliminary feedback to the Supplemental Occluder Products from the potential customers and the leading physicians in the market, and (e) Medtronic's launch experience of similar congential products;

(ii) the Year One Transfer Prices;

(iii) the expected annual growth rate of the sales of approximately 10% determined based on the compound annual growth rate ("**CAGR**") of the sale of the occluder products of the Group in the Territory by the Independent Distributors; and

To this end, we have conducted the following for our assessment:

(i) we have examined the clauses in the Second Supplemental Distribution Agreement relating to the Surge Capacity and the Minimum Purchase Amount and noted that the Minimum Purchase Amount and the Surge Capacity set the lower and upper end of the sales volume that can be achieved through Medtronic's network under the Second Supplemental Distribution Agreement, and we are of the view that the sale forecast of the Supplemental Occluder Products for the five years ending 31 December 2018 was prepared in accordance with the terms of the Supplemental Distribution Agreement;

(ii) we have examined the Year One Transfer Price for each of the Supplemental Occluder Products and noted that the sale forecast of the Supplemental Occluder Products in Year One was prepared in accordance with the Year One Transfer Prices as stipulated and the assessment of the fairness and reasonableness of the Year One Transfer Prices and its adjustment mechanism for the subsequent years are set out in details in paragragh 3.4.3, 3.4.4 and 3.4.5 in this Letter;

(iii) we have examined the detailed projected unit sales of the Supplemental Occluder Products in Year One and we have reviewed the historical purchase volume of the major clinical centres in the Territory, the internal memorandum of Medtronic documenting the results of the preliminary survey of the market feedback to the Supplemental Occluder Products from the potential customers and leading physicians in the market, and the historical launch sales figures of other congenital cardiac products which share the same customer base as the Supplemental Occluder Products, and based on the above, we are of the view that the projected sales of Supplemental Occluder Products in Year One was prepared with due care; and

(iv) having reviewed the sale of the occluder products of the Group in the Territory for the three financial years ended 31 December 2011, 2012, and 2013 and noted that the CAGR of the sale of the Group from 2011 to 2013 reached approximately 16.87% and the CAGR of the overall atrial and ventricular septal market in Europe from 2010 to 2017 of approximately 5% only, we are of the view that the estimated annual growth rate of the sale of the Supplemental Products of 10% as determined by the Group and Medtronic in a conservative way on balance of the above factors is justified.

Given the estimated annual growth rate was determined not only based on historical sale but also with reference to the forecast CAGR prepared by an independent research professionals and the atrial and ventricular setpal market is not a volatile one, we are of the view the Company has already taken account of the possible timing factors that may affect the fairness and reasonableness of the Proposed Caps.

Notwithstanding that the Proposed Caps were set for both Supplemental Occluder Products and the Supplemental Accessory Products, the Proposed Caps were mainly derived from the projected sales revenue of the Supplemental Occluder Products taking into account that the sales of the Supplemental Accessory Products are expected to be insignificant as compared to the sales of the Supplemental Occluder Products. In the event that the sales of the Supplemental Accessory Products increase unexpectedly and exceed the Proposed Caps, the Company would revise the Proposed Caps in accordance with Chapter 14A of the Listing Rules.

In view of the assessment set out above, we are of the view that the Proposed Caps are fair and reasonable and is in the interest of the Shareholders and the Company as a whole.

4. OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we are of the view that the terms of the Second Supplemental Distribution Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole. In addition, we consider that the Continuing Connected Transactions are on normal commercial terms and the Second Supplemental Distribution Agreement is entered into by the Company for its ordinary and usual course of business of the Group.

Accordingly, we would recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolutions to approve, if thought fit, the Second Supplemental Distribution Agreement and the transactions contemplated thereunder each of them at the EGM.

Yours faithfully,
for and on behalf of
OPTIMA CAPITAL LIMITED
Mei H. Leung
Chairman

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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 circular 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 circular misleading.

2. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the Latest Practicable Date, the interests or short positions 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 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) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules, were as follows:

Name of Director	Nature of interest	Number of ordinary shares of the Company	Position	Approximate Percentage of the Company's issued share capital
XIE Yuehui	Interest of controlled corporation *(Note 1)*	98,739,366	Long	19.75%
WU Jianhui	Interest of controlled corporation *(Note 2)*	69,383,332	Long	13.88%
ZHAO Yiwei Michael	Interest of controlled corporation *(Note 3)*	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 of the Company and an executive Director.

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

Note 3: These Shares are held through St. Christopher Investment Ltd., a company wholly owned by Mr. ZHAO Yiwei Michael, the chief executive officer of the Company and an executive Director.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors is a director or employee of a company which has, or is deemed to have, an interest or a short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at the Latest Practicable Date, 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 positions in shares, underlying shares and debentures" 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	98, 739, 366	Long	Beneficial Owner	19.75%
GE Asia Pacific Investments Ltd.	69,383, 332	Long	Beneficial Owner	13.88%
Prosperity International *(Note 1)*	32,600,000	Long	Beneficial Owner	6.52%
Yi Xiqun *(Note 1)*	36,656,000	Long	Interest of controlled corporation	7.33%
Yu Fan *(Note 1)*	36,656,000	Long	Interest of controlled corporation	7.33%
Themes Investment Partners II, GP. L.P. *(Note 1)*	36,656,000	Long	Interest of controlled corporation	7.33%
Themes Investment Partners II, L.P. *(Note 1)*	36,656,000	Long	Interest of controlled corporation	7.33%

Name of Shareholder	Number of Shares	Position	Capacity	Percentage of the Company's issued share capital
TIP II General Partner Limited (*Note 1)*	36,656,000	Long	Interest of controlled corporation	7.33%
Ally Investment Holdings Limited *(Note 1)*	32,600,000	Long	Interest of controlled corporation	6.52%
Wanhui Limited *(Note 1)*	32,600,000	Long	Interest of controlled corporation	6.52%
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 by Medtronic, Inc. as to 90.33%.

(b) **Derivative interests**

Name of Shareholder	Number of underlying shares	Position	Capacity	Percentage of the Company's issued share capital
Prosperity International *(Note 1)*	24,900,000	Long	Beneficial owner	4.98%
Themes Investment Partners II GP. L.P. *(Note 1)*	24,900,000	Long	Interest of controlled corporation	4.98%
Themes Investment Partners II, L.P. *(Note 1)*	24,900,000	Long	Interest of controlled corporation	4.98%
TIP II General Partner Limited *(Note 1)*	24,900,000	Long	Interest of controlled corporation	4.98%
Yi Xiqun *(Note 1)*	24,900,000	Long	Interest of controlled Corporation	4.98%
Yu Fan *(Note 1)*	24,900,000	Long	Interest of controlled Corporation	4.98%
Ally Investment Holdings Limited *(Note 1)*	24,900,000	Long	Interest of controlled corporation	4.98%
Wanhui Limited *(Note 1)*	24,900,000	Long	Interest of controlled Corporation	4.98%
Medtronic KL Holdings LLC *(Note 2 and 3)*	485,488,722	Long	Beneficial owner	97.10%
Medtronic B.V. *(Note 2 and 3)*	485,488,722	Long	Interest of controlled corporation	97.10%
Medtronic Holding Switzerland G.m.b.H. *(Note 2 and 3)*	485,488,722	Long	Interest of controlled corporation	97.10%
Medtronic International Technology, Inc. *(Note 2 and 3)*	485,488,722	Long	Interest of controlled corporation	97.10%
Medtronic, Inc. *(Note 2 and 3)*	485,488,722	Long	Interest of controlled corporation	97.10%

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 by Medtronic, Inc. as to 90.33%.

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 Latest Practicable Date, 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 the Latest Practicable Date, 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.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter into a service contract with any member of the Group which does not expire or is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

5. DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, so far as was known to the Directors, none of the Directors or their respective associates had interests in any business apart from the Group's businesses which competes or is likely to compete, either directly or indirectly, with the business of the Group.

6. INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors:

(i) had any interest in any assets which have been since 31 December 2013 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; or

(ii) was materially interested in any contract or arrangement, subsisting at the date of this circular, which is significant in relation to the business of the Group.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, save as disclosed in the profit warning announcement of the Company dated 1 August 2014 that the Company was expecting to record a net loss (after taking into account the fair value losses related to the first tranche convertible notes (the "Fair Value Loss") for the first six months ended 30 June 2014 but an increase in operating profit (without taking into account the Fair Value Loss) for the six months ended 30 June 2014 as compared to the corresponding period in 2013, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2013, being the date to which the latest published audited consolidated financial statements of the Company were made up.

8. EXPERT AND CONSENT

The following is the qualification of the expert who has provided its opinion or advice, which is contained in this circular:

Name	Qualification
Optima Capital Limited	A corporation licensed under the SFO permitted to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser in respect of the Second Supplemental Distribution Agreement

Optima has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its letter and references to its name and advice or opinion in the form and context in which they respectively appear.

9. INTERESTS OF EXPERT

As at the Latest Practicable Date, Optima:

(a) did not have any shareholding in or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and

(b) was not interested, directly or indirectly, in any assets which have been or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2013, being the date to which the latest published audited accounts of the Company were made up.

10. MISCELLANEOUS

(a) The registered office of the Company is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

(b) The branch share registrar of the Company in Hong Kong is at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(c) The company secretary of the Company is Mr. LIU Jianxiong.

(d) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

11. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the office of Brandt Chan & Partners in association with Dentons HK LLP at Suite 3201, Jardine House, 1 Connaught Road, Central, Hong Kong, up to and including the date of the EGM:

(a) the Existing Distribution Agreements;

(b) the Second Supplemental Distribution Agreement;

(c) the letter of recommendation from the Independent Board Committee, the text of which is set out on page 15 of this circular;

(d) the letter from Optima Capital Limited, the text of which is set out on pages 16 to 31 of this circular; and

(e) the written consent referred to in paragraph 8 of this appendix.

LIFETECH SCIENTIFIC CORPORATION

先健科技公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1302)

NON-EXEMPT CONTINUING CONNECTED TRANSACTION THE SECOND SUPPLEMENTAL DISTRIBUTION AGREEMENT WITH MEDTRONIC

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting of LifeTech Scientific Corporation (the "**Company**") will be held at Floor 3, Cybio Electonic Building, Langshan 2nd Street, North Area of High-tech Park, Nanshan District, Shenzhen, PRC on 15 September 2014 at 10:00 a.m. for the purpose of considering as special business and, if thought fit, passing the following resolutions, with or without amendments:

1. "AS AN ORDINARY RESOLUTION, THAT

   (a) the entering into the Second Supplemental Distribution Agreement dated 13 June 2014 among the Company, Permed, Lifetech (Shenzhen) and Medtronic, and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

   (b) the proposed annual caps for the year ending 31 December 2014, 2015, 2016, 2017 and 2018 as set out in the circular of the Company dated 21 August 2014, be and are hereby approved, confirmed and ratified; and

   (c) any one Director be and is hereby authorized to do all such acts and things and execute all such documents which he considers necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Second Supplemental Distribution Agreement and the respective transactions contemplated thereunder, and to make or agree such variations of a non-material nature to any of the terms thereof as any Director may in this discretion consider to be desirable and in the interests of the Company."

Capitalised terms in this notice of EGM shall have the same meanings as defined in the circular of the Company dated 21 August 2014 unless the context otherwise specified.

By Order of the Board
LifeTech Scientific Corporation
XIE Yuehui
Chairman

Hong Kong, 21 August 2014

Notes:

(1) A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or, if he is the holder of two or more shares, more proxies to attend and, subject to the provisions of the articles of association of the Company, vote in his stead. A proxy need not be a member of the Company.

(2) In order to be valid, the proxy form and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, must be delivered to the Company's branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time fixed for holding the meeting (or any adjournment thereof).