LifeTech Scientific Corporation

先 健 科 技 公 司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 08122

Placing and Public Offer

Sponsor, Bookrunner and Lead Manager

Piper Jaffray

IMPORTANT

IMPORTANT: *If you are in any doubt about any of the contents of this prospectus, you should seek independent professional advice.*

LifeTech Scientific Corporation
先健科技公司

(incorporated in the Cayman Islands with limited liability)

LISTING ON THE GROWTH ENTERPRISE MARKET OF THE STOCK EXCHANGE OF HONG KONG LIMITED BY WAY OF PLACING AND PUBLIC OFFER

Number of Offer Shares	:	125,000,000 Shares, comprising 92,500,000 new Shares and 32,500,000 Sale Shares (subject to the Over-allotment Option)
Number of Placing Shares	:	112,500,000 Shares, comprising 80,000,000 new Shares and 32,500,000 Sale Shares (subject to adjustment and the Over-allotment Option)
Number of Public Offer Shares	:	12,500,000 new Shares (subject to adjustment)
Maximum Offer price	:	HK$2.26 per Offer Share, plus brokerage fee of 1%, SFC transaction levy of 0.003%, and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong Dollars and subject to refund)
Nominal value	:	US$0.00001 per Share
Stock code	:	8122

Sponsor, Bookrunner and Lead Manager

Piper Jaffray

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the paragraph headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix VI to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Hong Kong Companies Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

Please see the section headed "Risk Factors" in this prospectus for a discussion of certain risks that you should consider before investing in the Shares.

The Offer Price is expected to be fixed by agreement between the Lead Manager (on behalf of the Underwriters), us and the Selling Shareholders on the Price Determination Date. The Price Determination Date is expected to be on or around Thursday, November 3, 2011 and, in any event, not later than Tuesday, November 8, 2011. The Offer Price will not be more than HK$2.26 and is currently expected to be not less than HK$1.91, unless otherwise announced. The Lead Manager (on behalf of the Underwriters) with the consent of our Company and the Selling Shareholders may reduce the indicative Offer Price range stated in this prospectus and/or the number of Offer Shares being offered pursuant to the Share Offer at any time prior to the morning of the day for the application lists open and close. If applications for the Public Offer Shares have been submitted prior to such day, then even if the indicative Offer Price range and/or the number of Offer Shares is so reduced, such applications cannot be withdrawn. If, for any reason, the Offer Price is not agreed by Tuesday, November 8 2011 between the Lead Manager (on behalf of the Underwriters), us and the Selling Shareholders, the Share Offer will not proceed and will lapse. In such case, an announcement will be made immediately by the Company on the GEM website.

Investors applying for Public Offer Shares must pay, on application, the maximum Offer Price of HK$2.26 for each Offer Share, together with a 1% brokerage fee, 0.003% SFC transaction levy and 0.005% Hong Kong Stock Exchange trading fee, subject to refund if the Offer Price should be lower than HK$2.26 as finally determined.

Prospective investors of the Offer Shares should note that the Lead Manager (for itself and on behalf of the Public Offer Underwriters) may terminate the obligations of the Public Offer Underwriters under the Public Offer Underwriting Agreement as defined in this prospectus) by notice in writing to the Company, upon the occurrence of any of the events set forth under the section headed "Underwriting — Underwriting Arrangements and Expenses — Public Offer — Grounds for Termination" in this prospectus at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. It is important that you refer to that section for further details.

October 31, 2011

CHARACTERISTICS OF GEM BOARD

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

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

The principal means of information dissemination on GEM Board is publication on the Internet website operated by the Hong Kong Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspaper. Accordingly, prospective investors should note that they need to have access to the website of the Hong Kong Stock Exchange at *www.hkexnews.hk* in order to obtain up-to-date information on GEM-listed issuers.

2011
(Note 1)

Application lists open *(Note 2)* . . . . . 11:45 a.m. on Thursday, November 3

Latest time to complete electronic applications under **HK eIPO White Form** service through the designated website **www.hkeipo.hk** *(Note 2 & 3)* . . . . . 12:00 noon on Thursday, November 3

Latest time for lodging **WHITE** and **YELLOW** Application Forms . . . . . 12:00 noon on Thursday, November 3

Latest time for giving **electronic application instructions** to HKSCC via CCASS *(Note 4)* . . . . . 12:00 noon on Thursday, November 3

Latest time to complete payment of HK eIPO White Form applications by effecting internet banking transfer(s) or PPS payment transfer(s) *(Note 3)* . . . . . 12:00 noon on Thursday, November 3

Application lists of the Public Offer close . . . . . 12:00 noon on Thursday, November 3

Expected Price Determination Date *(Note 5)* . . . . . Thursday, November 3
in any event, no later than
Tuesday, November 8

Announcement of the Offer Price, the level of indication of interests in the Placing, level of applications in the Public Offer and basis of allotment of the Public Offer Shares under the Public Offer to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** and our Company's website at **www.lifetechmed.com** . . . . . Wednesday, November 9

Results of applications and Hong Kong identity card/ passport/Hong Kong business registration numbers of successful applicants under the Public Offer to be available through a variety of channels including the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** and the website of our Company at **www.lifetechmed.com** (see the section headed "How To Apply For Public Offer Shares — Publication of Results" in this prospectus) from . . . . . Wednesday, November 9

Results of allocations in the Public Offer will be available at **www.tricor.com.hk/ipo/result** with a "search by ID" function . . . . . Wednesday, November 9

Despatch or deposit of share certificates on or before *(Note 6)* . . . . . Wednesday, November 9

Despatch of HK eIPO White Form e-Auto Refund payment instructions and refund cheques in respect of wholly unsuccessful (if applicable) and wholly or partially unsuccessful applications on or before *(Note 6)* . . . . . Wednesday, November 9

Dealings in Shares on GEM Board expected to commence at 9:00 a.m. on . . . . . Thursday, November 10

Notes:

(1) Unless otherwise stated, all times and dates refer to Hong Kong local times and dates. Details of the structure of the Share Offer, including its conditions, are set out in the section headed "Structure of the Share Offer" in this prospectus.

(2) If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, November 3, 2011, the application lists will not open and close on that day. Further information is set out under the section headed "How to apply for the Public Offer Shares — Effect of bad weather on the opening of the application lists" in this prospectus.

(3) You may not be permitted to submit your application to the HK eIPO White Form Service Provider through the designated website at www.hkeipo.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

*(4) Applicants who wish to apply by giving **electronic application instructions** to HKSCC should refer to the section headed "How to Apply for the Public Offer Shares — Applying by Giving Electronic Application Instructions to HKSCC" in this prospectus.*

(5) The Price Determination Date is expected to be on or before Thursday, November 3, 2011 and in any event, not later than Tuesday, November 8, 2011. If the Offer Price is not agreed between the Lead Manager (for itself and on behalf of the Underwriters), us and the Selling Shareholders by the Price Determination Date, the Share Offer will not proceed and will lapse.

(6) Share certificates are expected to be issued on Wednesday, November 9, 2011. Refund cheques and HK eIPO White Form e-Auto Refund payment instructions will be dispatched without interest in respect of wholly or partially unsuccessful applications and also in respect of successful applications in the event that the Offer Price is less than the maximum Offer Price paid on application. Applicants for 1,000,000 Public Offer Shares or more and who have indicated in their Application Forms that they wish to collect refund cheques and Share certificates (as relevant) personally from the Hong Kong Share Registrar may collect refund cheques (where applicable) and Share certificates (where applicable) from the Hong Kong Share Registrar from 9:00 a.m. to 1:00 p.m. on Wednesday, November 9, 2011 or any other date notified by the Company in the newspapers as the date of dispatch of Share certificates/refund cheques. Individual applicants who opt for personal collection must not authorise any other person to make their collection on their behalf. Corporate applicants that opt for personal collection must attend by their authorised representatives, each bearing a letter of authorization from such corporation stamped with the corporation's chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar. Uncollected Share certificates and refund cheques will be dispatched by ordinary post at the applicants' own risk to the addresses specified in the relevant Application Form promptly thereafter. Further information is set out in the section headed "How to Apply for the Public Offer Shares" in this prospectus.

Share certificates will only become valid certificates of title if the Public Offer has become unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with their respective terms, which is expected to be at around 8:00 a.m., on Thursday, November 10, 2011. Investors who trade the Shares on the basis of publicly available allocation details prior to the receipt of Share certificates or prior to the Share certificates becoming valid certificates of title do so entirely at their own risk.

You should read carefully the sections headed "Underwriting", "Structure of the Share Offer" and "How to Apply for the Public Offer Shares" in this prospectus for details relating to the structure of the Share Offer, how to apply for the Public Offer Shares and the expected timetable including, inter alia, applicable conditions, the effect of bad weather, and the dispatch of refund cheques and Share certificates.

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IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by us solely in connection with the Share Offer and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Offer Shares offered by this prospectus pursuant to the Share Offer. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdiction are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdiction pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus and/or the Application Forms. Any information or representation not made in this prospectus must not be relied on by you as having been authorized by us, the Bookrunner, the Sponsor, the Lead Manager, the Underwriters, any of their respective directors, agents, employees, advisers or affiliates, or any other person or party involved in the Share Offer.

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This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a developer, manufacturer and marketer of advanced minimally invasive interventional medical devices for cardiovascular and peripheral vascular diseases and disorders. We are the second largest provider worldwide of congenital heart defect occluders with approximately 19% market share in our Selected Market[(1)] during 2010 in terms of the number of CHD occluder implantation procedures conducted, according to a report of BioMedGPS commissioned by us. We believe we offer one of the broadest product ranges[(2)] of congenital heart defect occluders through our three generations of occluder series, namely HeartR, Cera and CeraFlex. We also offer six other types of minimally invasive implants and devices, including our proprietary Aegisy vena cava filters, Ankura stent grafts, Green Arrow/Blue Arrow/Red Arrow balloon catheters, Cera/CeraFlex vascular plugs, Supporter coronary stents and the PerMed bovine heart valve. In addition, we manufacture and sell nine types of associated delivery and supporting devices, including our FuStar steerable introducer. We currently have distributors in 26 countries across Asia, Europe, South America, North America and Africa reaching over 1,450 hospitals. We strategically focus on densely populated and fast growing emerging markets including China, India, Russia and Brazil and also intend to increase penetration in larger and more mature markets in Europe and the United States. We believe we are well positioned to continue to grow our sales internationally in existing and new global markets by increasing sales of our core proprietary branded products and continuing to develop and commercialize our key pipeline products.

We strive to maintain industry leading technology and continuously invest in research and development to improve, advance and develop products in response to the demands of our various markets and customers. We launched our first generation HeartR nitinol wire frame occluder series in 2001, becoming the first Chinese company to sell occluders in China. Additionally, in 2009, building

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(1) We use a defined "Selected Market" as the basis for our market calculation because, as advised by BioMedGPS, reliable data is not available with respect to each country globally to present a complete total global market calculation. We believe it is accurate and reasonable to use Selected Market data because Selected Market includes the largest global markets, being the US, EU and BRIC countries, which comprise the vast majority of the total global market. In addition, Selected Market includes all the major markets in which our products are sold. The Sponsor is of the view that using "Selected Market" as the basis for the market calculation and positioning is fair and reasonable.

(2) According to BioMedGPS, there are in total five types of CHD occluders available in the market as at the Latest Practicable Date, which are ASD, VSD, PDA, PFO and LAA occluders. The reference that we offer one of the broadest product range of CHD occluders is based on the fact that (i) we offer occluders for ASD, VSD, PDA defects and expect to commercially launch PFO occluders around June 2012, i.e. four of the five types of CHD occluders; (ii) not all of our competitors provide all the three major types of CHD occluders according to BioMedGPS; and (iii) among all the CHD occluder providers in the Chinese market, only three (including us) of them offer occluders for all three of ASD, VSD and PDA defects as at the Latest Practicable Date.

on our nitinol technology expertise, we successfully developed and launched our second generation Cera occluder series, offering enhanced biocompatibility through our proprietarily developed ceramic coating of our nitinol wire frame. We believe we are currently the only company worldwide to have commercially launched occluders featuring ceramic coating technology, which is now pending patent approval both in the United States and under the PCT internationally. Most recently, in September 2011, we launched our third generation CeraFlex occluder series which, in addition to the ceramic coating feature, offers reduced tension upon delivery through the replacement of stainless steel with nitinol in the tip and loop connections in lieu of screw connections.

Our experienced research and development team consisted of 71 employees as of the Latest Practicable Date and we have established cooperative relationships with reputable scientific advisors and third party institutions and universities, to effectively develop new, clinically effective and commercially attractive product candidates and maintain a stable and balanced pipeline of next generation products. As of the Latest Practicable Date, we have developed and brought to market 14 products that have obtained SFDA approval, 19 products that have obtained CE marking and two products that have passed United States FDA review. Additionally, we plan to launch 10 products by the end of 2015, including our patent foramen ovale (PFO) occluder series, left atrial appendage (LAA) occluder series and drug-eluting ballon (DEB) series. As of the Latest Practicable Date, we received a total of 35 registered patents, including 33 in China (three of which are jointly owned with third parties), one in US and one in Europe. The 33 registered patents in China cover 15 out of 27 types of our products. For the registered patents in US and in Europe, they relate to our PFO occluder which is expected to be commercially launched around June 2012. We also had 24 patent applications pending approval in China, two in the United States, one in Europe and three PCT priority date applications as of the Latest Practicable Date.

As is typical for medical device producers in our geographic markets, we market our products through our network of distributors consisting of 157 distributors worldwide, including 109 in China, 18 in India, 14 in Europe (including Russia) and 16 elsewhere. Our in-house sales and marketing team of 61 employees trains and manages our distributors to establish industry best practices, identify market opportunities and provide feedback on their sales performance and provide customer relations support. Our sales and marketing team also consults directly with physicians and hospitals to ensure our brands and products are well recognized and received.

Our manufacturing facilities are located in Shenzhen and Beijing, China with our production capabilities providing us significant advantages as we compete across global markets. Our manufacturing facilities are equipped with technologically advanced equipment and we implement strict quality control measures throughout the manufacturing and production process. Our quality control department, consisting 31 employees, monitors every stage of our manufacturing processes and ensures consistent product quality that meets or exceeds all applicable quality management standards and requirements.

In 2010 we sold 12,662 occluders, 4,568 vena cava filters, 614 stent grafts and 28,491 units of our other products and supporting devices. Sales of our congenital heart disease products (including occluders), peripheral products (including vena cava filters and stent grafts) and surgical products accounted for 74.2%, 22.5% and 3.3%, respectively, of our revenue in 2009, 72.1%, 26.9% and 1.0%, respectively, of our revenue in 2010, and 66.40%, 33.57% and 0.03%, respectively, of our revenue in

the four months ended April 30, 2011. Our sales to China, India, Europe (including Russia) and elsewhere represented 67.2%, 12.8%, 12.5% and 7.5%, respectively, of our revenue in 2009, 65.8%, 14.2%, 11.6% and 8.4%, respectively, of our revenue in 2010, and 68.4%, 13.1%, 6.9% and 11.6%, respectively, of our revenue in the four months ended April 30, 2011.

In 2010 we had total revenue of RMB104.7 million, a 31.3% increase from our total revenue of RMB79.7 million in 2009. Our total revenue in the four months ended April 30, 2011 was RMB44.6 million, representing a 40.9% increase from our total revenue of RMB31.6 million in the four months ended April 30, 2010.

INDIA LITIGATION

We are currently involved in a lawsuit in India. In 2008, one of our competitors filed a suit with the High Court of New Delhi against the defendants, including Lifetech Shenzhen and alleged that, among other things, the defendants' occluders imported into and sold in India infringed its patent, were unfairly competing with the plaintiff and were selling inferior quality products at a significantly lower price. The defendants denied all of the plaintiff's claims. As of the Latest Practicable Date, issues of the case have been framed, and the plaintiff has concluded filing its evidence on August 9, 2011. As of the Latest Practicable Date, AGA has included two witnesses. The cross-examination of AGA's first witness has been completed on October 13, 2011, and subject to the court's schedule, our Indian counsel expects the cross-examination of AGA's second witness will be conducted on November 30, 2011 and on December 1, 2011. After that, our Indian counsel will lead the defendants' evidence and witnesses who will then be cross-examined by AGA, and these processes are not expected to be completed before January 6, 2012, which is the date currently fixed by the court on which the case will be placed before it for argument. Saikrishna & Associates, our Indian counsel specifically engaged in this case, has advised us that the arguments are expected to be lengthy and the court may appoint a scientific advisor to this matter. If the case is determined against us, our business, financial conditions, results of operations prospects and reputation will be materially and adversely affected. Please see the section headed "Business — Legal Proceedings and Compliance" in this prospectus for further details.

LONG ACCOUNTS RECEIVABLE TURNOVER DAYS

We typically receive payments for our products from our distributors after delivery, except for new distributors which have worked with us for less than 12 months. Our Chinese distributors that have worked with us for more than 12 months can be entitled to a maximum credit term of up to 180 days, with a maximum credit amount of up to 30% of their annual sales. Our international distributors who have a long history of cooperation with us can be entitled to a maximum credit term of up to 90 days with a maximum credit amount of up to 30% of their annual sales. In 2011, we granted our Chinese and international distributors credit terms of 30 to 90 days based on our assessment of their targeted performance, past payment history, creditworthiness and history of cooperation.

We have long accounts receivable turnover days historically, and a significant portion of our outstanding accounts receivable is derived from sales to a limited number of distributors. Our five largest outstanding accounts receivable from distributors accounted for approximately 58.7%, 44.1%

and 44.1% of our total outstanding accounts receivable as of December 31, 2009, 2010 and April 30, 2011 respectively. For the years ended December 31, 2009 and 2010, the four months ended April 30, 2011 and the eight months ended August 31, 2011, our average accounts receivable turnover days were 123, 98, 88 and 83 days, respectively.

Historically, we did not have a sound internal policy to manage our accounts receivable. Beginning from mid-2010, we have strengthened our accounts receivable management and collection efforts. Since May 2010, we have hired a trade receivables account personnel solely to manage and collect outstanding accounts receivables and set up a distributor credit management system to categorize distributors under different credit ratings according to length of cooperation and past track record of purchase amount and payment schedule of each distributor, and assigned different credit terms ranging from 30 to 90 days to our distributors according to their credit ratings (except for distributors that we had cooperated with for less than 12 months, which generally have to pay us upon delivery). We have documented our credit terms to our distributors in the relevant distribution agreements to the extent possible. We also consider the timely settlement by distributors as one of the metrics for their performance review. We may suspend orders, product exchange, rebate, market support or other business with our distributors that fail to make required payment to us within certain days upon the expiry of credit term until outstanding balances are settled in a satisfactory manner, provided that all the rebates entitled by the distributors during the suspension period will be forfeited permanently.

LONG INVENTORY TURNOVER PERIODS

Our historical average inventory turnover period has been relatively long due to the nature of our business that requires us to produce and store products that are made to various different specifications for use in different patient types. Products in certain specifications may not be popularly used, thus have longer inventory turnover days. For the years ended December 31, 2009 and 2010, the four months ended April 30, 2011 and eight months ended August 31, 2011, our inventory turnover periods were 272 days, 263 days, 242 days and 293 days, respectively. The higher inventory balance as at August 31, 2011 was a result of, among others, an increase in inventories, including raw materials, work in progress or finished goods relating to our major products. Such inventories are intended for the coming launch of our FustarTM Steerable sheath in the US market and CeraFlex Series occluders in European markets, and in anticipation of increased orders for our major products (including vena cava filter, stent graft, HeartR and Cera occluders) from our distributors during the fourth quarter of a year, which is generally the peak season of the Group from our past experience. Relatively long inventory turnover periods may lead to corresponding inventory write-downs, expiration of products or increased inventory holding costs. We expect our average inventory period to continue to be relatively long and this may have a material adverse effect on our business, financial condition and results of operations.

Our inventories consist of raw materials, work in progress and finished goods. We generally maintain an inventory level of three months' supply of our raw materials and three to six months' supply of finished goods, and such level varies according to the demand of our distributors, sales and production plans after taking into account, among others, lead time of raw material procurement and production lead time of our major products. We generally maintain three to six months' supply of our raw materials primarily because, first of all, we source a majority of our principal raw materials from

international markets which may take a longer time for delivery in comparison to domestically-sourced raw materials. On average, it takes one week to one month from order to receipt for domestic purchasing and one to two months for oversea purchasing. Secondly, we spend additional time on the inspection of inventory quality before acceptance as we require particularly high quality standards for our raw materials. Finally, we tend to order certain raw materials in relatively large batches to obtain better pricing from our suppliers.

TRADING RECORD

The following is a summary of the Group's financial information for the years ended December 31, 2009 and 2010 and the four months ended April 30, 2010 and 2011 and as of December 31, 2009 and 2010 and April 30, 2011. The summary is extracted from the accountants' report set out in Appendix I to this prospectus and should be read in conjunction with the financial information included in the accountants' report set out in Appendix I to this prospectus, including the notes thereto. The financial information is prepared in accordance with IFRS. Our financial information for the four months ended April 30, 2010 is unaudited but has been reviewed and prepared on the same basis as our audited financial information.

FINANCIAL AND TRADING PROSPECTS SINCE APRIL 30, 2011

Our business and operations continued to grow, in particular with respect to our congenital heart disease product and peripheral product segments. We have successfully launched our VCF in India. We passed FDA review for two of our delivery and supporting systems, including our FuStar steerable introducer, for which FDA review is necessary for sale in the United States. Furthermore, we are actively identifying qualified distributors to sell our products in the United States. We also obtained SFDA approval for our bovine heart valve for sale in China on May 19, 2011.

There were no material changes in our average selling prices and gross profit margin since April 30, 2011 up to September 30, 2011. After considering factors, including but not limited to, revenue and gross profit margin for each of our three business segments, applicable income tax rates, non-recurring income and expenditures, net profit margin, net current assets position and net assets position, the Directors confirm that there has been no material adverse change in our financial or operational position or with respect to our prospects since April 30, 2011 up to September 30, 2011.

We expect our unaudited quarterly results for the nine months ended September 30, 2011 to be announced on or before November 15, 2011. Our quarterly report for the same period will be despatched to the Shareholders on or before November 15, 2011.

Summary consolidated statements of comprehensive income

	Years ended December 31,		Four months ended April 30,	
	2009	2010	2010	2011
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue	79,736	104,704	31,636	44,586
Cost of sales	(21,542)	(21,066)	(6,542)	(7,983)
Gross profit	58,194	83,638	25,094	36,603
Other income and other gains and losses	3,135	3,333	262	1,293
Selling and distribution expenses	(15,684)	(20,057)	(5,434)	(7,280)
Administration expenses	(13,161)	(16,771)	(5,244)	(12,244)
Research and development expenses	(9,409)	(15,442)	(4,388)	(4,949)
Offering expenses	—	(182)	—	(2,609)
Finance costs	(5)	—	—	—
Profit before tax and change in fair value of convertible redeemable preferred shares	23,070	34,519	10,290	10,814
Change in fair value of convertible redeemable preferred shares	(23,086)	(24,107)	(6,614)	3,288
(Loss) profit before tax	(16)	10,412	3,676	14,102
Income tax expense	(4,475)	(6,621)	(1,828)	(3,132)
(Loss) profit for the year/period	(4,491)	3,791	1,848	10,970
Other comprehensive expenses:				
Exchange differences arising on translating foreign operation	(61)	(64)	(4)	(4)
Total comprehensive (expenses) income for the year/period	(4,552)	3,727	1,844	10,966
(Loss) profit for the year/period attributable to:				
Owner of the Company	(4,710)	3,936	2,033	10,367
Non-controlling interests	219	(145)	(185)	603
	(4,491)	3,791	1,848	10,970
Total comprehensive (expenses) income attributable to:				
Owner of the Company	(4,771)	3,872	2,029	10,363
Non-controlling interests	219	(145)	(185)	603
	(4,552)	3,727	1,844	10,966
(Loss) earnings per common Share				
— Basic (RMB)	(0.020)	0.016	0.008	0.036
— Diluted (RMB)	(0.020)	0.016	0.008	0.015

Summary consolidated statements of financial position

	As of December 31,		As of April 30,
	2009	2010	2011
	RMB'000	RMB'000	RMB'000
Non-current assets			
Property, plant and equipment	13,576	14,712	15,766
Investment property	1,758	1,697	1,675
Intangible assets	6,119	5,241	4,967
Deposit for acquisition of property, plant and equipment	948	2,325	1,498
Deferred tax assets	1,908	2,995	3,007
	24,309	26,970	26,913
Current assets			
Inventories	16,057	15,178	16,131
Trade receivables	29,542	26,948	38,091
Other receivables and prepayments	7,417	5,690	8,434
Amounts due from shareholders	9,433	140	173
Amount due from a related party	3,288	61	—
Tax recoverable	—	—	73
Bank balances and cash	58,537	83,468	87,082
	124,274	131,485	149,984
Current liabilities			
Trade and other payables	11,081	21,689	21,468
Warranty provision	—	635	—
Tax payables	3,602	4,767	4,837
Amounts due to shareholders	9,008	1,231	—
Convertible redeemable preferred shares	108,411	121,656	—
	132,102	149,978	26,305
Net current (liabilities) assets	(7,828)	(18,493)	123,679
Total assets less current liabilities	16,481	8,477	150,592
Non-current liabilities			
Government grants	4,700	5,400	5,400
Deferred tax liabilities	764	—	—
	5,464	5,400	5,400
	11,017	3,077	145,192
Capital and reserves			
Share capital - common Shares	3	3	5
Share premium and reserves (deficit)	7,621	(214)	141,296
Equity attributable to owners of the Company	7,624	(211)	141,301
Non-controlling interests	3,393	3,288	3,891
Total equity	11,017	3,077	145,192

Our current liabilities exceeded our current assets by approximately RMB7.8 million and RMB18.5 million as of December 31, 2009 and December 31, 2010, respectively. Our net current liability position as of December 31, 2009 and 2010 primarily reflected our accrued liabilities with respect to our Series A Preferred Shares of RMB108.4 million and RMB121.7 million, respectively. Our net current asset position has improved after the conversion of our Series A Preferred Shares into common shares in March 2011. As of April 30, 2011, we had net current assets of RMB123.7 million.

Summary statements of financial position of the Company

	As of December 31,		As of April 30,
	2009	2010	2011
	RMB'000	RMB'000	RMB'000
Non-current asset			
Investments in subsidiaries	53,784	53,784	53,784
Advance to a subsidiary	10,177	—	—
	63,961	53,784	53,784
Current assets			
Other receivable	—	—	514
Advance to a subsidiary	—	10,475	—
Amounts due from subsidiaries	3,643	4,256	4,246
Amounts due from shareholders	9,326	78	—
Amount due from a related party	3,095	—	—
Bank balances and cash	1,615	13,478	29,531
	17,679	28,287	34,291
Current liabilities			
Amounts due to shareholders	586	1,231	—
Convertible redeemable preferred shares	108,411	121,656	—
	108,997	122,887	—
Net current (liabilities) assets	(91,318)	(94,600)	34,291
Total assets less current liabilities	(27,357)	(40,816)	88,075
Capital and reserves			
Share capital - common Shares	3	3	5
Share premium	—	—	131,147
Deficit	(27,360)	(40,819)	(43,077)
	(27,357)	(40,816)	88,075

REASONS OF THE SHARE OFFER AND THE USE OF PROCEEDS

The Directors believe that the listing of the Shares on the GEM Board could enhance the Group's profile and the net proceeds from the Share Offer will strengthen the Group's financial position and enable the Group to implement its business plans set out in this section. Furthermore, a public listing status on the GEM Board will offer the Group access to the capital market for future corporate finance exercises to assist in future business development and strengthen its competitiveness.

Based on the Offer Price of HK$2.085 per Share, being the mid-point of the range of the Offer Price stated in this prospectus, and assuming the Over-allotment Option is not exercised, we estimate that the net proceeds of the Share Offer to be received by our Company after deduction of underwriting fees and expenses payable by the Company in relation to the Share Offer, are estimated to be approximately HK$160.0 million. The Company currently intends to use the net proceeds to be received by our Company from the Share Offer as follows:

- as to approximately 55%, or HK$88.0 million, to expand our manufacturing facilities, including approximately HK$48.0 million for acquiring a new plot of land in Nanshan District, Shenzhen, and approximately HK$40.0 million for construction of new manufacturing facilities on the land, and purchase of production and testing equipment. Please refer to the section headed "Business — Manufacturing" for further details. The decision of the Group to expand its production capacity is based on a number of factors, including but not limited to historical growth, introduction of new products and the Director's views of the business development and market growth. Such decision is not based on current new/confirmed orders;

- as to approximately 35%, or HK$56.0 million, to support our product offerings, including HK$46.0 million to enhance our research and development of current pipeline products, including PFO and LAA occluders and drug-eluting balloons for PTCA and PTA. In particular, we will be (i) increasing the headcount of our research and development team, by hiring 40 additional members, (ii) planning to budget for a level of spending on research and development expenses in terms of percentage over sales similar to that incurred during the Track Record Period, and (iii) conducting animal testing and clinical trials, obtaining both Chinese and international regulatory approvals and cooperation, alliances with or licensing from third parties to develop new or complementary technologies or products. The full list of our current pipeline products are set out in the section headed "Business — Products — Product Development Pipeline" in this prospectus and HK$10.0 million to expand into complementary product offerings that are not yet in our pipeline and for acquiring businesses or acquiring or licensing products and technologies that we believe could complement our existing capabilities. As of the Latest Practicable Date, our Directors confirm that our Company has not entered into any agreement nor do we have any definite plans at present in relation to any potential acquisitions of businesses or potential acquisitions or licensing of products and technologies; and

- as to approximately 10%, or HK$16.0 million, to expand our sales, marketing and distribution activities in key emerging markets (BRIC countries) and key international markets (Europe and the United States), including expanding and enhancing our sales, marketing and distribution network by adding approximately 110 distributors to cover more hospitals in these markets, hiring approximately 35 sales and marketing staff by the end of

2013, conducting overseas clinical trials for three of our products and strengthen our international sales department, increasing training and education of physicians regarding our products by strengthening our current or establishing additional training centers and other marketing activities.

Further details on use of proceeds are set out in the section headed "Statement of business objectives — Reasons for the Share Offer and Use of Proceeds" in this prospectus.

If the Offer Price is fixed at HK$1.91 or HK$2.26 (being the respective low end and high end of the indicative range of the Offer Price as stated in this prospectus) and assuming the Over-allotment Option is not exercised, the net proceeds of the Share Offer to be received by our Company are approximately HK$144.3 million and HK$175.7 million, respectively, after deduction of all underwriting fees and expenses paid and payable by us. We currently intend to apply the aforesaid net proceeds in the same manner and in the same proportion as shown above.

If the Over-allotment Option is exercised in full and assuming the Offer Price is HK$2.085 (the mid-point price of the indicative range of Offer Price as indicated in this prospectus), we will receive additional net proceeds of approximately HK$18.8 million, after deduction of all underwriting fees and expenses paid and payable by us. We intend to apply such additional net proceeds in the same manner and in the same proportion as shown above.

In case that the net proceeds from the Share Offer do not immediately apply for the aforesaid purposes, we currently intend that the amount be placed on short term deposits with licensed banks in Hong Kong and/or commercial banks in the PRC or other financial institutions.

OFFERING OF THE SALE SHARES BY THE SELLING SHAREHOLDERS

The Selling Shareholders are offering the Sale Shares for sale pursuant to the Share Offer at the Offer Price, and they are also expected to grant the Over-allotment Option to the Placing Underwriters exercisable by the Lead Manager on behalf of the Placing Underwriters pursuant to the Placing Underwriting Agreement. Please refer to the section headed "Structure of the share offer — Over-allotment option and stock borrowing arrangement" for further details. Based on the Offer Price of HK$2.085 per Share, being the mid-point of the range of the Offer Price stated in this prospectus, the gross proceeds to be received by the Selling Shareholders from the sale of the Sale Shares amount to approximately HK$67.8 million (if the Over-allotment Option is not exercised) or HK$87.3 million (if the Over-allotment Option is exercised in full). We will not receive any of the proceeds from the sale of shares by the Selling Shareholders in the Share Offer.

SHARE OFFER STATISTICS[1]

	Based on an Offer Price per Share of HK$1.91	**Based on an Offer Price per Share of HK$2.26**
Market capitalisation of our Shares[2]	HK$955.0 million	HK$1,130.0 million
Unaudited pro forma adjusted consolidated net tangible asset value per Share[3]	RMB0.52 (HK$0.63)	RMB0.57 (HK$0.69)

Notes:

(1) All statistics in this table assume that the Over-allotment Option is not exercised.

(2) The calculation of market capitalisation is based on 500,000,000 Shares expected to be in issue following completion of the Share Offer and the Capitalisation Issue.

(3) The unaudited pro forma adjusted net tangible asset value per Share is calculated after making the adjustments referred to in the section headed "Unaudited Pro Forma Financial Information" in Appendix II to this prospectus and on the basis of a total of 500,000,000 Shares expected to be in issue upon completion of the Share Offer and the Capitalisation Issue, and taking into account the indicative Offer Prices of HK$1.91 and HK$2.26 per Share.

DIVIDEND AND DIVIDEND POLICY

During the Track Record Period, our Board has declared and distributed dividend from time to time. We declared dividend to holders of our Shares in the amount of nil and RMB19.0 million in 2009 and 2010, respectively. We declared an additional dividend of RMB20 million in July 2011 and we expect to pay up such dividend before Listing Date. We have been advised by our Cayman Islands legal adviser Maples and Calder that the Company's payment of share dividend is in compliance with Cayman Islands laws if (i) the dividend is paid out of the Company's profit or share premium; (ii) the payment of share dividend will not result in the Company being unable to pay its debts as they fall due in the ordinary course of business; (iii) the payment of share dividend is authorized in accordance with the Company's articles of association; (iv) the payment of dividend is not in breach of any restriction contained in the Company's memorandum and articles of association or in breach of any contractual restriction to which the Company is subject; and (v) the Directors consider the payment of the dividend to be in the best interests of the Company. Maples and Calder further advised the Company that (i) the "profit" for determining the lawfulness of a dividend payment should be that of the Company alone rather than of the Group on a consolidated basis; (ii) while there is no authority of which it is aware, it is of the view that changes in fair market value of the preferred shares of the Company should not be reflected in the calculation of profit given that such changes do not increase or decrease the legal liabilities of the Company, nor is there any advantage or prejudice to creditors arising therefrom; and (iii) our payment of share dividend in 2010 and 2011 has been authorized under the articles of association of the Company and is not in contravention of any restrictions in the Company's memorandum and articles of association. Based on such advice, our Directors confirm that the Company had sufficient "profit" under Cayman Islands law for payment of share dividend in 2010, despite what was shown in the consolidated financial statements of the Group for the year ended December 31, 2010. The Directors also confirm that (i) our dividend in 2011 was paid out of the Company's share premium account; (ii) the payments of share dividend in 2010 and 2011 will not result in the Company being unable to pay its debts as they fall due in the ordinary course of business; (iii) the payments of dividend are not in breach of any contractual restriction to which the Company is subject; and (iv) the Directors consider the payments of the dividend to be in the best interests of the Company. Based on the foregoing, our Directors believe that our payments of dividend in 2010 and 2011 is in compliance with the Cayman Islands law and is not inconsistent with the memorandum and articles of association of the Company. Other than disclosed above, we do not have any planned or forecasted dividend distribution.

Our historical dividend distributions are not indicative of our future dividend policy. Our Board may declare dividends in the future after taking into account our operation, earnings, financial condition, cash requirements and availability and other factors as it may deem relevant at such time.

Any declaration and payment as well as the amount of dividend will be subject to our constitutional documents and the Cayman Companies Law. Our Shareholders in general meeting may approve any declaration of dividend, which must not exceed the amount recommended by our Board. In addition, our Directors may from time to time pay such interim dividends as appear to our Board to be justified by our profits, or special dividends of such amounts and on such dates as they think fit. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our future declaration of dividend may or may not reflect our historical declaration of dividend and will be at the absolute discretion of our Board.

Future dividend payments will also depend upon the availability of dividend received from our PRC subsidiaries. PRC laws require that dividend be paid only out of the net profit calculated according to PRC GAAP, which differ in certain aspects from IFRS. PRC laws also require a wholly owned foreign enterprise, such as our PRC operating subsidiaries, to transfer at least 10% of its net profit (after offsetting the prior year's losses) to a statutory reserve until the reserve balance reaches 50% of the registered capital. The transfer to its reserve must be made before distribution of dividend to its equity holders. Distribution from our PRC operating subsidiaries may also be restricted if they incur losses or in accordance with any restrictive covenants in bank credit facilities or other agreements that we or our PRC operating subsidiaries may enter into in the future. The statutory reserve of Lifetech Shenzhen has not reached 50% of its registered capital as at the Latest Practicable Date.

We believe we have sufficient foreign exchange, primarily generated from our operations, to fund our dividend distribution or repay our foreign exchange liabilities. As at September 30, 2011 we had share premium and reserves of RMB65.1 million for distribution to Shareholders.

OUR COMPETITIVE STRENGTHS

We believe that our principal competitive strengths include the following:

- Leading market position for congenital heart defect occluders;
- Broad portfolio of proprietarily developed minimally invasive cardiovascular and peripheral medical devices;
- Proven research and development platform with attractive proprietary pipeline products under development;
- Established sales, marketing and distribution network;
- High quality manufacturing and quality control; and
- Well qualified management team with significant international experience.

BUSINESS OBJECTIVE AND STRATEGIES

Our objective is to further strengthen our global brand for advanced medical devices for cardiovascular and peripheral vascular diseases and disorders and become an industry leading company. We intend to achieve our objective by implementing the following strategies:

- Enhance market position of core cardiovascular and peripheral vascular devices in key emerging markets;
- Continue to develop and commercialize pipeline products;
- Expand into key international markets with current and pipeline products;
- Expand into complementary product offerings; and
- Pursue opportunistic acquisitions, partnerships, alliances and licensing opportunities.

RISK FACTORS

Risks related to intellectual property rights

- We are currently involved in a lawsuit in India. If the case is determined against us, our business, financial conditions, results of operations, prospects and reputation will be materially and adversely affected.
- We may potentially be involved in patent infringement claims in Russia, being the third largest market of our HeartR ASD and VSD occluders immediately after China and India.
- If our patents and other intellectual property rights do not adequately protect our products, we may lose market share to our competitors and be unable to operate our business profitably.
- If third parties claim that we infringe upon their intellectual property rights, we may incur liabilities and financial penalties and may have to redesign or discontinue selling any affected products.

Risks related to our business

- We may not be able to develop and successfully market new and advanced products in a timely manner or at all and we may not be able to price our new products at a favourable level, which would materially and adversely affect our business, financial condition, results of operations and prospects.
- International expansion may be costly, time consuming and difficult. If we do not successfully expand internationally, our profitability and prospects would be materially and adversely affected.

- We are substantially dependent on sales of a limited number of products. Our business, financial condition and results of operations would be materially and adversely affected if sales of these products were to decline.

- We may be unable to maintain or renew relationships with our distributors on terms similar to or more favourable than the existing ones or at all, replace underperforming distributors, or add new distributors to improve and expand our network of distributors. We may also be unsuccessful in securing the desired distributors to effectively promote and sell our products. Any of these events would materially and adversely affect our business, financial condition, results of operations and prospects.

- We may be unable to effectively manage our network of distributors, and actions taken by our distributors could materially and adversely affect our business, prospects and brand.

- We have long accounts receivable turnover days historically, and a significant portion of our outstanding accounts receivable is derived from sales to a limited number of distributors.

- Any failure by our large distributors to make contracted payments to us or any disputes over, or significant delays in receiving, such payments could materially and adversely affect our cash flows and profitability.

- If we fail to obtain or maintain applicable licenses or registrations for our products, or if such licenses or registrations are delayed or suspended, we will be unable to commercially manufacture, distribute and market our products at all or in a timely manner, which could significantly disrupt our business and materially and adversely affect our sales and profitability.

- Our business is subject to intense competition, which may reduce demand for, and/or profit margin of, our products and materially and adversely affect our business, financial condition, results of operations and prospects.

- If we fail to effectively manage our growth and growth strategies, our business, financial condition, results of operation and prospects may be materially and adversely affected.

- Our business depends on the continuing efforts of our senior management team and other key personnel and our business may be materially harmed if we lose any of their services.

- If we are unable to recruit and retain skilled and experienced personnel, our ability to effectively manage our operations and meet our strategic objectives will be harmed.

- Our products may be subject to decreasing pricing trends and reduced margins. If we are unable to successfully replace the products subject to those trends with newer, more profitable products, our business, financial condition and results of operations could suffer.

- If we fail to comply with the SFDA's quality system regulations, our manufacturing process could be delayed and we may be subject to enforcement action.

- If the physician and hospital communities are not receptive to our products, our sales will decline and we will be unable to increase our sales and profits.

- We had a net current liability position as at December 31, 2009 and 2010 and there can be no assurance that we will not be in a net current liability position again in the future.

- Any product recall would damage our brand name and could have a material adverse effect on our reputation, business, financial condition and results of operation.

- Our business depends significantly on the strength of our brands and reputation. Our failure to develop, maintain and enhance our brands and reputation may materially and adversely affect the level of market recognition of, and trust in, our products.

- Future acquisitions of businesses, products, technologies or know-how could materially and adversely affect our business, financial condition and results of operation if we fail to integrate the acquired businesses, products, technologies or know-how successfully into our existing operations or if we discover previously undisclosed liabilities.

- We manufacture our products at manufacturing facilities in Shenzhen and Beijing. Any disruption to these manufacturing facilities could cause us to suffer losses and materially and adversely affect our business, financial condition and results of operations.

- If we are unable to obtain adequate supplies of required raw materials, components and manufacturing equipment that meet our production standards at acceptable costs or at all, our ability to accept and fulfil product orders with the required quality and within the required time frame could be restricted, which could materially and adversely affect our business, financial condition, results of operations and prospects.

- An increase in the market price of our raw materials and components may materially and adversely affect our gross margins and profitability.

- If we fail to accurately project demand for our products, we may encounter problems of inadequate supply or oversupply, especially with respect to our international markets, which would materially and adversely affect our financial condition and results of operations, as well as damage our reputation and brand.

- Our advance payments to our suppliers expose us to the credit risk of such suppliers, which may materially and adversely affect our financial condition, results of operations and liquidity.

- Our historical inventory turnover period has been relatively long.

- Lack of sufficient sophisticated physicians that can perform cardiovascular and peripheral vascular operations in China and other underdeveloped countries may adversely affect our business growth prospects.

- Fluctuations in exchange rates have resulted in, and are expected to continue to result in, foreign exchange losses and to adversely impact our profitability.

- If we experience a significant increase in product exchanges and replacement, our costs could substantially increase and our business, financial condition and results of operations may suffer materially.

- We are exposed to potential product liability claims.

- We have limited insurance coverage, and any claims beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources.

- If we fail to maintain effective internal controls, we may not be able to accurately report our financial results or prevent fraud, and our business, financial condition, results of operation and reputation could be materially and adversely affected.

- We may require additional capital in the future, which may not be available on terms acceptable to us, or at all.

- We are subject to anti-corruption laws in China, Hong Kong and other jurisdictions where we operate our business. Our failure to comply with these laws could result in penalties which could harm our reputation and have a material adverse effect on our business, results of operations and financial condition.

Risks related to our industry

- The medical device industry may not grow as quickly as we anticipate or at all.

- As part of its regulation of the medical industry, the PRC government periodically imposes reductions in the retail prices of our products. Ongoing decreases in the retail prices of our products or limitations on the profit margins we earn could materially and adversely affect our business, financial condition and results of operations.

- The impact of the ongoing healthcare reform in China on our business remains uncertain.

- Our sales depend to a large extent on the level of insurance reimbursement patients receive for treatments using our products.

- We operate in a heavily regulated industry.

- There may be corrupt practices in the healthcare industry in China and other countries, which may place us at a competitive disadvantage if our competitors engage in such practices.

Risks related to doing business in China

- The global market fluctuations, economic downturn and decline in the availability of credit could materially and adversely affect our business, financial condition and results of operation.

- Changes in political or economic policies, and a slowdown in the economy of the PRC may have a material adverse impact on our business, financial condition and results of operations.

- Changes and uncertainties in the PRC legal system may have a material adverse impact on our business, financial condition and results of operations.

- PRC regulation of direct investment and loans by offshore holdings companies to PRC entities may delay or limit us from using the proceeds of the Share Offer to make additional contributions or loans to our PRC subsidiaries.

- We may be required to obtain prior approval of the China Securities Regulatory Commission, or CSRC, of the Listing and trading of our Shares on the GEM Board.

- PRC regulations, particularly SAFE Circular No. 75 relating to acquisitions of PRC companies by offshore special purpose companies controlled by PRC companies or individuals, may limit our ability to acquire PRC companies and adversely affect the implementation of our strategy as well as our business and prospects.

- The enforcement of the Labor Contract Law and other labor-related regulations in the PRC may materially and adversely affect our business, financial condition and results of operation.

- Failure to comply with PRC regulations in respect of the registration of our PRC citizen employees' share options may subject such employees or us to fines and legal or administrative sanctions.

- We are subject to a wide variety of environmental regulations, and any failure to comply with these regulations or to control the associated costs could harm our business.

- Investors may face difficulties effecting service of process upon the Company or our Directors or senior management who reside in the PRC or enforcing judgments obtained from non-PRC courts against us or them.

- Our PRC subsidiaries are subject to existing restrictions on paying dividends or making other distributions to us, and changes in foreign exchange regulations may materially and adversely affect our business, financial condition and results of operations.

- Any change in the preferential tax treatment we currently enjoy and fiscal subsidy we currently receive in the PRC may have a material adverse impact on our business, financial condition and results of operation.

- We may be classified as a "resident enterprise" for PRC income tax purposes, and such classification could result in unfavourable tax consequences to us and our non-PRC Shareholders.

- Restriction of payment of dividends under PRC law and the tax exemptions on dividends received by our Company and our Shareholders may be affected by the New EIT Law.

- We may be subject to acts of God, acts of war and epidemics which are beyond our control and which may cause damage, loss or disruption to our business.

Risks related to Share Offer

- The interests of our Controlling Shareholders may differ from those of other Shareholders.

- There has been no previous public market for our Shares, and an active trading market may not develop.

- There will be a gap of several days between pricing and trading of the Offer Shares during which time investors may not be able to sell or otherwise deal in our Offer Shares and the initial trading price of the Offering Shares could decrease to be lower than the Offer Price.

- Future sales or a major divestment of Shares by our current significant Shareholders could adversely affect our Share price.

- Investors will experience dilution in net tangible assets value because the Offer price is higher than our net tangible assets value per Share.

- The trading volume and share price of our Shares may fluctuate.

- Investors may face difficulties in protecting their interests because we are incorporated under Cayman Islands law, and Cayman Islands law may provide different remedies to minority shareholders when compared with the laws of Hong Kong and other jurisdictions.

- Investors should not place undue reliance on industry and market information and statistics derived from official government publications, market data providers and other independent third party sources contained in this prospectus.

In this prospectus, unless the context otherwise requires, the following words and expressions have the following meaning:

"Accountants' Report"	the accountants' report set out in Appendix I to this prospectus
"affiliate(s)"	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with a specified person
"Application Forms"	**WHITE, YELLOW** and **GREEN** application forms, or where the context so requires, any one or all of them, relating to the Public Offer
"Articles" or "Articles of Association"	the articles of association of our Company, conditionally adopted on October 22, 2011 and as amended from time to time
"Audit Committee"	the audit committee of the Board
"Beijing PerMed"	Beijing PerMed Biomedical Engineering Co., Ltd. (北京市普惠生物醫學工程有限公司), a company established under the laws of the PRC on December 1, 1993 and a wholly-owned subsidiary of the Company
"BioMedGPS"	BioMedGPS, LLC, a medical device industry research organization we commissioned for the purpose of the Listing and an independent third party of our Group
"Board"	the board of Directors
"Bookrunner"	Piper Jaffray Asia Securities
"BRIC"	a grouping acronym that refers to the countries of Brazil, Russia, India and China
"Business Day"	a day that is not a Saturday, Sunday or public holiday in Hong Kong, on which banks in Hong Kong are open generally for normal banking business
"BVI"	the British Virgin Islands
"CAGR"	compound annual growth rate
"Capitalisation Issue"	the issue of 330,131,578.98 new Shares to be made upon capitalisation of certain sum standing to the credit of the share premium account of our Company upon the Share Offer being unconditional

"Cayman Companies Law"	the Companies Law, Cap.22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant or a CCASS Custodian Participant or a CCASS Investor Participant
"CDC"	U.S. Centers for Disease Control and Prevention
"CE"	Conformite Europeenne
"Chairman"	the chairman of our Board
"Chief Executive Officer"	the chief executive officer of our Company
"China" or "PRC"	the People's Republic of China, but for the purpose of this prospectus and for geographical reference only and except where the context requires, references in this prospectus to "China" and the "PRC" do not include Taiwan, the Macau Special Administrative Region and Hong Kong
"Company" or "our Company"	LifeTech Scientific Corporation 先健科技公司 (formerly known as Lifetech China Corporation), a company incorporated under the laws of the Cayman Islands with limited liability on August 17, 2006
"Controlling Shareholders"	has the meaning ascribed to it under the GEM Listing Rules and, in the context of this prospectus, means Xianjian Technology, Mr. Xie, GE Asia Pacific and Mr. Wu, all being parties acting in concert with respect to the Company
"CSRC"	China Securities Regulatory Commission (中國証券監督管理委員會)

"Director(s)"	directors of our Company or any one of them
"EU" or "European Union"	an economic and political union of 27 member states which are located primarily in Europe
"EEA"	European Economic Area
"FDA"	U.S. Food and Drug Administration
"FIE(s)"	foreign-invested enterprise(s)
"GE Asia Pacific"	GE Asia Pacific Investments Ltd., a company incorporated under the laws of the BVI with limited liability, which is wholly owned by Mr. Wu and is one of our Controlling Shareholders and a substantial Shareholder
"GEM Listing Rules"	the Rules Governing the Listing of Securities on the Growth Enteprise Market of The Stock Exchange of Hong Kong Limited (as amended from time to time)
"GEM Board"	the Growth Enterprise Market of the Hong Kong Stock Exchange
"GREEN Application Form"	the application form(s) to be completed by the HK eIPO White Form Service Provider designated by our Company
"Group," "our Group," "we" or "us"	our Company and our subsidiaries
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Dollar" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong Companies Ordinance"	the Hong Kong Companies Ordinance (Chapter 32 of the Laws of Hong Kong) (as amended from time to time)
"HK eIPO White Form"	the application for Public Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of HK eIPO White Form Service Provider at www.hkeipo.hk

"HK eIPO White Form Service Provider"	the HK eIPO White Form service provider designated by our Company, as specified on the designated website of www.hkeipo.hk
"Hong Kong Share Registrar"	Tricor Investor Services Limited
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"IFRS"	International Financial Reporting Standards
"independent third party"	a party which, to the best knowledge, information and belief of the Directors having made due and careful enquiries, is independent of and not connected with our Directors, substantial shareholders (within the meaning under the GEM Listing Rules) or chief executive or any of their respective associates
"Investors"	Orchid Asia and Orchid Asia Co-Investment
"Labor Contract Law"	the Labor Contract Law (中華人民共和國勞動合同法) promulgated by the Standing Committee of the NPC on June 29, 2007 and effective on January 1, 2008
"Lead Manager"	Piper Jaffray Asia Securities
"Latest Practicable Date"	October 24, 2011, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in this prospectus
"Lifetech Beijing"	Lifetech Scientific (Shenzhen) Co., Ltd. Beijing Branch (先健科技(深圳)有限公司北京分公司), a branch company of Lifetech Shenzhen established under the laws of the PRC on March 20, 2007
"Lifetech India"	Lifetech Scientific India Private Limited, a company incorporated in India on April 9, 2008 and a non-wholly owned subsidiary of our Group
"LifeTech Scientific"	LifeTech Scientific (Hong Kong) Co., Limited(先健科技(香港)有限公司), a company incorporated under the laws of Hong Kong with limited liability on August 3, 2011 and a wholly-owned subsidiary of our Group
"Lifetech Shenzhen"	Lifetech Scientific (Shenzhen) Co., Ltd. (先健科技(深圳)有限公司), a company established under the laws of the PRC on July 7, 1999 and a wholly-owned subsidiary of our Group

"Listing"	the listing of our Shares on the GEM Board
"Listing Date"	the date, expected to be November 10, 2011, on which dealings in the Shares first commence on the GEM Board
"Memorandum"	the amended and restated memorandum of association of our Company, conditionally adopted on October 22, 2011, as amended from time to time
"MOFCOM"	the Ministry of Commerce of the PRC (中國商務部) or its predecessor, the Ministry of Foreign Trade and Economic Cooperation of the PRC (中華人民共和國對外貿易經濟合作部)
"MOHRSS"	the Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部)
"MOH"	the Ministry of Health of the PRC (中華人民共和國衛生部)
"Mr. Wu"	Wu Jianhui, a non-executive Director and a Controlling and substantial Shareholder of our Company
"Mr. Xie"	Xie Yuehui, chairman and an executive Director and a Controlling Shareholder and a substantial shareholder of our Company
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會), a macroeconomic management agency under the State Council, which studies and formulates policies for economic and social development, maintains a balance of economic aggregates and guides the restructuring of the overall economic system
"New Centre International"	New Centre International Limited, a limited company incorporated under the laws of Hong Kong with limited liability on April 21, 2008 and a wholly-owned subsidiary of our Group
"NGO"	non-governmental organization, a legally constituted organization created by natural or legal persons that operates independently from any government
"NPC"	the National People's Congress of the PRC (全國人民代表大會), the supreme organ of state power of the PRC

"Offer Price"	the final offer price per Offer Share (excluding brokerage fee, SFC transaction levy and Hong Kong Stock Exchange trading fee) which will be not more than HK$2.26 and is expected to be not less than HK$1.91, such price to be determined on or before the Price Determination Date, as may be agreed between our Company, the Selling Shareholders and the Lead Manager (for itself and on behalf of the Underwriters)
"Offer Shares"	the Placing Shares and the Public Offer Shares, and where relevant, together with any additional new Shares that may be issued and the additional Sale Shares that may be sold pursuant to the exercise of the Over-allotment Option
"Orchid Asia"	Orchid Asia III, L.P., an exempted limited partnership registered under the laws of Cayman Islands on November 2, 2004, which is one of our substantial Shareholders
"Orchid Asia Co-Investment"	Orchid Asia Co-Investment Limited, a limited liability company incorporated under the laws of BVI on November 30, 2005, which is one of our substantial Shareholders
"Over-allotment Option"	the option expected to be granted by us and the Selling Shareholders to the Placing Underwriters exercisable by the Lead Manager on behalf of the Placing Underwriters pursuant to the Placing Underwriting Agreement to require (i) us to allot and issue up to an aggregate of 9,375,000 additional new Shares and/or (ii) the Selling Shareholders to sell up to an aggregate of 9,375,000 Sale Shares, representing in aggregate approximately 15% of the initial Offer Shares, at the Offer Price, to, among other things, cover over-allocations in the Placing, if any
"PBOC"	People's Bank of China (中國人民銀行), the central bank of the PRC
"Piper Jaffray Asia"	Piper Jaffray Asia Limited, which is licensed under the SFO for type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under the SFO

"Piper Jaffray Asia Securities"	Piper Jaffray Asia Securities Limited, which is licensed under the SFO for type 1 (dealing in securities) and type 4 (advising on securities) regulated activities as defined under the SFO
"Placing"	the conditional placing by the Placing Underwriters of the Placing Shares at the Offer Price with institutional, professional and private investors, details of which are described in the section headed "Structure of the Share Offer" in this prospectus
"Placing Shares"	the initial 112,500,000 Shares, comprising 80,000,000 new Shares being offered by us and 32,500,000 Sale Share being offered by the Selling Shareholders, for subscription or purchase under the Placing together with where relevant, additional new Shares that may be allotted and any additional Sale Shares that may be sold pursuant to any exercise of the Over-allotment Option
"Placing Underwriters"	the underwriters for the Placing
"Placing Underwriting Agreement"	the placing agreement date October 28, 2011 relating to the Placing entered into between, amongst others, the Company, the Selling Shareholders, the Lead Manager and the Placing Underwriters
"PRC EIT Law"	the PRC Enterprise Income Tax Law (中華人民共和國企業所得税法), promulgated on March 16, 2007 by the NPC and effective on January 1, 2008
"PRC GAAP"	the PRC Accounting Standards for Business Enterprises, and the Applicable Guidance for Accounting Standard for Business Enterprises and Interpretation of Accounting Standards for Business Enterprises and other relevant regulations
"PRC Government"	the central government of the PRC and all political subdivisions (including provincial, municipal and other regional or local government entities) thereof and its or their organs or, as the context requires, any of them
"Price Determination Date"	the date, expected to be on or around November 3, 2011, but no later than November 8, 2011 on which the Offer Price is fixed

"Public Offer"	the offer to the public in Hong Kong for subscription of the Public Offer Shares at the Offer Price, on and subject to the terms and conditions stated in this prospectus and in the Application Forms
"Public Offer Shares"	the 12,500,000 new Shares initially being offered by our Company for subscription at the Offer Price under the Public Offer (subject to re-allocation as described in the section headed "Structure of the Share Offer" in this prospectus)
"Public Offer Underwriters"	the underwriters listed in the section headed "Public Offer Underwriters" in the section headed "Underwriting — Public Offer Underwriters", being the underwriters of the Public Offer
"Public Offer Underwriting Agreement"	the underwriting agreement dated October 28, 2011 relating to the Public Offer entered into between, amongst others, our Company, the Selling Shareholders, the Lead Manager and the Public Offer Underwriters
"Receiving Bank"	Standard Chartered Bank (Hong Kong) Limited
"Remuneration Committee"	the remuneration committee of our Board
"Reorganization"	the reorganization of the businesses comprising our Group in preparation for the Share Offer, as described in the section headed "History, Reorganization and Group Structure" in this prospectus
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAIC"	the State Administration for Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)
"Sale Shares"	a total of up to 41,875,000 Shares being offered for sale by the Selling Shareholders pursuant to the Placing comprising 32,500,000 Shares initially and an aggregate of 9,375,000 additional Shares pursuant to the exercise of the Over-allotment Option
"SAT"	the State Administration of Taxation of the PRC (中華人民共和國國家税務總局)

"Securities and Futures Commission" or "SFC"	the Securities and Futures Commission of Hong Kong
"Selected Market"	the combined markets of the BRIC (Brazil, Russia, India, China) countries, European Union countries and United States, in aggregate
"Selling Shareholders"	being: (i) Orchid Asia, a substantial shareholder of our Company, who offers 31,525,000 Sale Shares representing 21.98% of the interest held by Orchid Asia immediately before the Share Offer (assuming the Over-allotment Option is not exercised), with its particulars set out in the paragraph headed "D. Particulars of the Selling Shareholders" in Appendix V to this prospectus; and (ii) Orchid Asia Co-Investment, a substantial shareholder of our Company, who offers 975,000 Sale Shares representing 21.97% of the interest held by Orchid Asia Co-Investment immediately before the Share Offer (assuming the Over-allotment Option is not exercised), with its particulars set out in the paragraph headed "D. Particulars of the Selling Shareholders" in Appendix V to this prospectus
"Series A Preferred Shares"	collectively, Series A-1 Preferred Shares and Series A-2 Preferred Shares
"Series A-1 Preferrred Shares"	Series A-1 Preferred Shares in the share capital of the Company with a par value of US$0.00001 each prior to the redesignation of the shares in the capital of the Company on October 22, 2011 as described in the section headed "Further Information About Our Group — Changes in share capital of our Group — The Company" in Appendix V to this prospectus
"Series A-2 Preferrred Shares"	Series A-2 Preferred Shares in the share capital of the Company with a par value of US$0.00001 each prior to the redesignation of the shares in the capital of the Company on October 22, 2011 as described in the section headed "Further Information About Our Group — Changes in share capital of our Group — The Company" in Appendix V to this prospectus

"SFDA"	the State Food and Drug Administration of the PRC (中華人民共和國國家食品藥品監督管理局)
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended from time to time)
"Shanghai Guijian"	Shanghai Guijian Biological Material Co., Ltd. (上海硅健生物材料有限公司), a company established under the laws of the PRC on December 19, 2003 and a company which we acquired 90% equity interest in September 2007 and later disposed of in October 2009
"Shanghai Qunyi"	Shanghai Qunyi Medical Device Co., Ltd. (上海群毅醫療器械有限公司), a company established under the laws of the PRC on July 14, 2005
"Share(s)"	ordinary share(s) with nominal value of US$0.00001 each in the share capital of our Company
"Shareholder(s)"	holder(s) of our Shares
"Share Offer"	the Placing and the Public Offer
"Share Option Scheme"	the share option scheme conditionally adopted by our Company pursuant to a resolution passed by our Shareholders on October 22, 2011
"Shenzhen Biological"	Shenzhen Lifetech Biological Material Technology Co., Ltd. (深圳市先健生物材料技術有限公司), a company established under the laws of the PRC on August 6, 2007 which is indirectly owned as to 99% by the Company
"Shenzhen Enke"	Shenzhen Enke Medical Technology Co., Ltd. (深圳市恩科醫療科技有限公司), a company established under the laws of the PRC on April 26, 2005 which is a wholly-owned subsidiary of the Company
"Shenzhen Shineyard"	Shenzhen Shineyard Medical Device Co., Ltd. (深圳市擎源醫療器械有限公司), a company established under the laws of the PRC on September 25, 1995 which is indirectly owned as to 60% by the Company
"Sponsor"	Piper Jaffray Asia
"St. Christopher"	St. Christopher Investment Ltd., a company incorporated under the laws of the BVI with limited liability, which is wholly-owned by Mr. Zhao Yiwei Michael and is one of our Shareholders

"State Council"	the PRC State Council (中華人民共和國國務院)
"Stock Borrowing Agreement"	the stock borrowing agreement to be entered into between the Lead Manager and Orchid Asia
"subsidiary(ies)"	has the meaning ascribed to it in section 2 of the Hong Kong Companies Ordinance
"Track Record Period"	the years ended December 31, 2009 and 2010 and the four months ended April 30, 2011
"Underwriters"	the Placing Underwriters and the Public Offer Underwriters
"Underwriting Agreements"	collectively the Public Offer Underwriting Agreement and the Placing Underwriting Agreement
"United States" or "US"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US Securities Act"	the United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, including the rules and regulations promulgated thereunder
"US$" or "US Dollar"	United States Dollars, the lawful currency of the United States
"VAT"	value added tax
"WHO"	World Health Organization, the principal multilateral organization responsible for providing leadership on global health matters
"Xianjian Technology"	Xianjian Advanced Technology Limited, a company incorporated under the laws of the BVI with limited liability, which is wholly-owned by Mr. Xie and is one of our Controlling Shareholders and a substantial Shareholder

The terms "associate," "connected person," "connected transaction," "subsidiary" and "substantial shareholder" have the meaning given to such terms under the GEM Listing Rules.

The glossary of technical terms contains explanations and definitions of certain terms used in this prospectus in connection with us and our business. The terms and their meaning may not correspond to meanings or usage of these terms as used by others.

"abdominal aortic aneurysms" or "AAA"	a localized dilatation (ballooning) of the abdominal aorta exceeding the normal diameter by more than 50 percent, and is the most common form of aortic aneurysm
"adverse event" in clinical trials	any untoward medical occurrence in a patient or clinical investigation subject administered an investigational product and that does not necessarily have a causal relationship with this treatment. An adverse event can therefore be any unfavorable and unintended sign (including an abnormal laboratory finding), symptom, or disease temporarily associated with the use of a medicinal (investigational) product, whether or not related to the investigational product
"aorta"	the largest artery in the body, originating from the left ventricle of the heart and extending down to the abdomen, where it branches off into two smaller arteries. The aorta brings oxygenated blood to all parts of the body in the systemic circulation
"aortic arch"	the part of the aorta that begins at the level of the upper border of the second sternocostal articulation of the right side, and runs at first upward, backward, and to the left in front of the trachea; it is then directed backward on the left side of the trachea and finally passes downward on the left side of the body of the fourth thoracic vertebra, at the lower border of which it becomes continuous with the descending aorta
"aneurysm"	a localized, blood-filled balloon-like bulge in the wall of a blood vessel
"Atrial Fibrillation" or "AF"	an irregular and often rapid heart rhythm
"atrial septal defects" or "ASD"	a form of congenital heart defect that enables blood flow between the left and right atria via the interatrial septum. The interatrial septum is the tissue that divides the right and left atria
"balloon catheter"	a type of soft catheter with an inflatable balloon at its tip which is used during a catheterization procedure to enlarge a narrow opening or passage within the body
"bronchial valve" or "BV"	valves in bronchi that improve patients' respiration

"Bulmonary Embolism" or "BE"	a blockage of the main artery of the lung or one of its branches by a substance that has travelled from elsewhere in the body through the bloodstream (embolism)
"cardiovascular"	relating to or affecting heart and blood vessels
"cardiovascular disease" or "CVD"	the class of diseases that involves the heart or blood vessels (arteries and veins)
"catheter"	a tube that can be inserted into a body cavity, duct or blood vessel
"ceramic coating"	the hard materials that improve the performance of tools and components
"closure rate"	the rate of successfully closing a cardiovascular defect
"Current Good Manufacture Practices" or "cGMP"	the Good Manufacturing Practice Regulations promulgated by the FDA under the authority of the Federal Food, Drug, and Cosmetic Act
"congenital heart defect" or "CHD"	a defect in the structure of the heart and great vessels which is present at birth
"coronary"	the circulation of blood in the blood vessels of the heart muscle (the myocardium)
"cryptogenic strokes"	a form of cerebral vascular accident that has an unknown origin
"Deep Vein Thrombasis" or "DVT"	the formation of a blood clot (″ehrombus″) in a deep vein
"drug-eluting balloon" or "DEB"	a stent placed into narrowed, diseased arteries that slowly releases a drug to block cell proliferation
"endovascular abdominal aortic aneurysm repair" or "EVAR"	a type of endovascular surgery used to treat an abdominal aortic aneurysm
"ePTFE"	expanded Polytetrafluoroethylene
"femoral artery"	a general term comprising a few large arteries in the thigh between the inguinal ligament (femoral head) and the knee at adductor canal or Hunter's canal traversing the extent of the femur bone
"FOB"	free on board
"hybrid operation"	an operation that involves a mixture of therapies

"heart valve"	valves in the heart that maintain the unidirectional flow of blood by opening and closing depending on the difference in pressure on each side
"introducer"	an instrument or stylet used to insert a catheter, an endotracheal tube, or similar flexible device into the body
"ISO"	International Organization for Standardization, a world-wide federation of national standards bodies
"inferior vena cava" or "IVC"	the large vein that carries de-oxygenated blood from the lower half of the body into the right atrium of the heart
"left atrial appendage" or "LAA"	a muscular pouch connected to the left atrium of the heart
"minimally invasive intervention medical device"	a medical device used in a minimally invasive procedure and whose purpose is to improve health or alter the course of disease. A minimally invasive procedure encompasses any procedure (surgical or otherwise) that is less invasive than open surgery used for the same purpose and typically involves use of remote-control manipulation of instruments with indirect observation of the surgical field through an endoscope or similar device, and are carried out through the skin or through a body cavity or anatomical opening
"MDD"	Medical Device Directive (Council Directive 93/42/EEC of June 14 1993 concerning medical devices, OJ No L 169/1 of 1993-07-12)
"nitinol"	an alloy of two metals, nickel and titanium, which has the properties of flexibility and "shape memory" which means it can return to its original form after being compressed, nitinol can be used in self-expandable stents
"OB/GYN"	Obstetrics & Gynecology, a peer-reviewed medical journal in the field of obstetrics and gynecology
"occluder"	a catheter-delivered device that blocks a hole in the wall of a heart
"pacemaker"	a medical device that uses electrical impulses, delivered by electrodes contacting the heart muscles, to regulate the beating of the heart
"paclitaxel"	a particular drug used in chemotherapy

"paradoxical embolism"	a kind of stroke or other form of arterial thrombosis caused by embolism of a thrombus (blood clot) of venous origin through a lateral opening in the heart, such as a patent foramen ovale
"PCT"	Patent Cooperation Treaty, an international patent law treaty signed on June 19, 1970. It provides a unified procedure for filing patent applications to protect inventions in each of its contracting states
"patent ductus arteriosus defects" or "PDA"	defects that allow blood to mix between the pulmonary artery and the aorta
"patent foramen ovale" or "PFO"	a defect in the septum (wall) between the two upper (atrial) chambers of the heart that is an incomplete closure of the atrial septum that results in the creation of a flap or a valve-like opening in the atrial septal wall
"percutaneous transcatheter"	a medical procedure where access to inner organs or other tissue is made via needle-punture of skin or catheter
"percutaneous transluminal angioplasty" or "PTA"	the technique of mechanically widening a narrowed or obstructed blood vessel, typically as a result of atherosclerosis
"percutaneous transluminal coronary angioplasty" or "PTCA"	a procedure used to open blocked coronary arteries caused by coronary artery disease and to restore arterial blood flow to the heart tissue without open-heart surgery. In PTCA, the coronary arteries are widened with the help of a balloon
"peripheral vascular"	relating to or affecting blood vessels located outside the heart and the brain
"PET"	Patulous Eustachian tube, also known as patent Eustachian tube, is the name of a rare physical disorder where the Eustachian tube, which is normally closed, instead stays intermittently open
"polymer"	a large molecule composed of repeating structural units typically connected by covalent chemical bonds which can be used to bind a drug coating to a stent
"percutaeous balloon aortic valvuloplasty" or "PBAV"	a therapy to repair a stenotic aortic valve using a balloon catheter inside the valve via needle-puncture of the skin
"percutaeous balloon mitral valvuloplasty" or "PBMV"	a therapy to repair a stenotic mitral valve using a balloon catheter inside the valve via needle-puncture of the skin

"percutaeous balloon pulmonary valvuloplasty" or "PBPV"	a therapy to repair a stenotic pulmonary valve using a balloon catheter inside the valve via needle-puncture of the skin
"restenosis"	the reoccurrence of stenosis, a narrowing of a blood vessel, leading to restricted blood flow
"revascularization"	a surgical procedure for the provision of a new, additional, or augmented blood supply to a body part or organ
"stent"	a metal mesh device designed to be inserted into a vessel to keep it open
"stent graft"	a metal stent covered with non-porous, waterproof film or fiber, which creates an artificial vessel wall over an aneurysm to support the blood flow and relieve pressure on the aneurysm
"suture"	a stitch used by doctors and surgeons to hold tissue together
"thoracic aortic aneurysms" or "TAA"	an aortic aneurysm that presents primarily in the thorax
"Tier I hospitals"	smaller local hospitals designated as Tier I hospitals by the MOH hospital classification system that have fewer than 101 beds and primarily provide more basic healthcare services to the surrounding community
"Tier I, II and III hospitals"	hospitals in China are classified under the MOH-administered hospital classification system into three tiers based upon a number of factors, including reputation, the number of doctors and nurses, total number of in-patient beds, equipment and expertise. The best and largest hospitals are designated as "Tier III" hospitals, and the second and third tiers as "Tier II" and "Tier I," respectively
"Tier II hospitals"	regional hospitals designated as Tier II hospitals by the MOH hospital classification system that have 101 to 500 beds and provide multiple communities with integrated medical services and undertake certain educational and scientific research missions

"Tier III hospitals"	largest and best regional hospitals in China designated as Tier III hospitals by the MOH hospital classification system that have more than 501 beds and service multiple regions with high-quality professional medical services and undertake higher education and scientific research initiatives and are followed by lower ranked Tier II and Tier I hospitals
"ventricle"	a chamber of the heart. The left ventricle of the heart receives blood from the left atrium and contracts to force it into the aorta. The right ventricle of the heart receives blood from the right atrium and forces it into the pulmonary artery
"ventricular septal defects" or "VSD"	a perforation in the ventricular septum that causes an outflow of blood from the left ventricle into the right and back to the lungs, preventing a large portion of venous blood from reaching the lungs for proper ventilation and profusion
"vena cava filter" or "VCF"	a medical device that is implanted by surgeons into the inferior vena cava to prevent fatal pulmonary emboli

In addition to other information in this prospectus, you should carefully consider the following risk factors, which may not be typically associated with investing in equity securities of companies from other jurisdictions, before making any investment decision in relation to the Offer Shares. The following risk factors describe events, uncertainties or circumstances that may create or enhance risks to our business, financial condition, results of operations or otherwise to the value of your investment in the Offer Shares.

RISK RELATED TO INTELLECTUAL PROPERTY RIGHTS

We are currently involved in a lawsuit in India. If the case is determined against us, our business, financial conditions, results of operations, prospects and reputation will be materially and adversely affected.

On April 22, 2008, AGA Medical Corporation, or AGA, filed a suit with the High Court of New Delhi (the "Court") against (i) Lifetech Shenzhen, (ii) our national importer in India at the time, which is an Indian company, and (iii) its local distributor (collectively, the "Defendants"). AGA is an independent third party in relation to our Company and is one of our competitors. AGA's business is manufacturing and selling medical devices for the treatment of structural heart defects and vascular abnormalities. AGA alleged that, among others, (i) the Defendants' occluders imported into and sold in India were copies of its invention for "Percutaneous Catheter Directed Occlusion Devices," patented in India on September 9, 2005 under Indian Patent No. 192376 (the "Patent C") and thus, infringed its Patent C; (ii) the Defendants were unfairly competing with AGA by infringing its Indian Patent C; and (iii) the Defendants were selling inferior quality products at a much lower price. Based on the above, AGA pleaded the court to (i) issue a permanent injunction restraining the Defendants, their promoters, directors, servants, agents, dealers, distributors or anyone acting for or on their behalf from manufacturing, importing, distributing, selling, offering for sale, exporting or in any other manner dealing with the occluders or any other product which infringes its Patent C; (ii) order our Indian national importer and its local distributor to surrender all the infringing devices and related materials and documents in their possession; (iii) order our Indian national importer and its local distributor to pay AGA all the profits made by them from the distribution and sales of our occluders in India, including Delhi, or damages of INR21,00,000 (approximately HK$368,486, assuming an exchange rate of 5.699:1) suffered as a result.

On July 10, 2008, the Defendants filed a reply with the court and denied all of AGA's claims. On the same date, the Defendants filed a counterclaim against AGA, alleging that the Patent C is invalid and should be revoked for various reasons, including among others: (i) the Patent C lacked novelty at the time of the patent application filing date because the technological features and specifications had been known to the public through various sources, including journal publications, several PCT International Publications, another United States patent and public use; (ii) even if the Patent C bears some distinctive features from what had been made public, these distinctive features alone are not inventive enough to deserve patent protection; and (iii) the Patent C lacks utility because it is more expensive but less useful than another product. As of the Latest Practicable Date, issues of the case have been framed, and AGA has concluded filing its evidence on August 9, 2011. As AGA delayed in filing the evidence, the Court imposed a cost INR 20,000 on AGA for such delay, and also directed that AGA shall bear the costs of amounting to INR55,000. As of the Latest Practicable Date, AGA has included two witnesses. The cross-examination of AGA's first witness has been completed

on October 13, 2011, and subject to the Court's schedule, Saikrishna & Associates, our Indian counsel expects the cross-examination of AGA's second witness will be conducted on November 30, 2011 and on December 1, 2011. After that, our Indian counsel will lead the Defendants' evidence and witnesses who will then be cross-examined by AGA, and these processes are not expected to be completed before January 6, 2012, which is the date currently fixed by the Court on which the case will be placed before it for argument. Saikrishna & Associates, our Indian counsel specifically engaged in this case, has advised us that the arguments are expected to be lengthy and the court may appoint a scientific advisor to assist in this matter.

Because this litigation is still pending, we are not in a position to express any opinion on whether our HeartR occluders' technological and distinctive features and specifications are similar to AGA's Patent C. Our Indian counsel specifically engaged for this case has advised us that if we were to lose in this case, we may be prohibited from selling our HeartR occluders in Indian market. Also, our Indian national importer and its local distributor may be ordered to surrender all their devices and materials and pay HK$368,486 as damages as claimed by AGA or their profits earned from selling our occluders, whichever is higher. In the worst case scenario, our Indian national importer and its local distributor, or even us, may be required to pay damages beyond AGA's claim if evidence shows there exists willful patent infringement and our products are in inferior quality posing a grave threat to the public. That being said, our Indian counsel has also advised us that it is very unlikely that the court will decide this case in favour of AGA, and such view remains unchanged and unaffected upon completion of the cross-examination of AGA's first witness on October 13, 2011, primarily due to the following reasons: (i) AGA's underlying the Patent C is very likely to be invalidated because relevant technologies are not of novel feature and had been made public before patent application in India and (ii) Indian courts have typically denied grant of injunctions in cases involving pharmaceutical substances and drugs, which include our occluders, due to public interest concerns given it is supported by evidence that our products are in good quality but are sold at significantly lower price than AGA's.

The occluders we have sold in India up to the Latest Practicable Date consisted entirely of our first generation HeartR occluders which are developed and manufactured by our subsidiary Lifetech Shenzhen. Revenue from our sale of HeartR occluders in the Indian market was approximately RMB9.6 million, RMB13.9 million and RMB5.4 million in 2009 and 2010 and the four months ended April 30, 2011, respectively, accounting for approximately 94.1%, 93.6% and 92.7% of our total Indian sales of all products, 36.8%, 38.9% and 38.4% of our total international sales revenue and approximately 12.1%, 13.3% and 12.1% of our total revenue during the same periods, respectively. The Group's revenue and the gross profit would have decreased by approximately 12.8%, 14.2% and 13.1% and 14.2% , 14.7% and 13.0% respectively for 2009, 2010 and four months ended April 30, 2011 after deducting contributions from Indian business. We are unable to quantify the financial impact to the Group in the worst case scenario because this case is still at a relatively early stage. However, if this case were to be decided against us, we may be prohibited from selling our HeartR occluders in India and we may not be able to introduce or increase sales of our other products successfully or at all in the Indian market to offset the elimination of HeartR Occluder sales. As a result, our business and operations in India may be materially and adversely affected and we may lose a significant market and a revenue source. Furthermore, we commercially launched our second generation Cera occluders in the Indian market in August 2011. If the court decides our HeartR occluders infringe AGA's patent, we may not be able to sell our Cera occluders and future generation

occluders in India due to the potential risk of patent infringement resulting from certain basic technological similarities between HeartR occluders and our future generation occluders, including Cera. The court may order the Indian national importer and distributor to deliver all occluders and related devices, surrender income and profit, or pay damages. If so, there is a possibility that the Indian national importer and distributor may commence separate litigation proceedings and claim against us for their losses, including losses incurred by our other Indian distributors in selling our products that are held by the court to have infringed AGA's Patent C. Our substantial Shareholders did not provide the Group any indemnity in connection with any losses we may incur from this litigation case. The occurrence of any or all of these events would have a material adverse effect on our business, financial condition, results of operations, prospects and reputation. For further details, please refer to the section headed "Business — Legal Proceedings and Compliance — Pending and potential patent litigation claims relating to AGA".

We may potentially be involved in patent infringement claims in Russia, being the third largest market of our HeartR ASD and VSD occluders immediately after China and India.

During the Track Record Period, Russia has been the third largest market of our HeartR ASD and VSD occluders immediately after China and India. The total percentage sales of our HeartR ASD and VSD in Russia for the two years ended 2009 and 2010 and the four months ended 2011 are 15.2%, 13.2% and 5.6% respectively. The Company believes that apart from the pending litigation in India which may have a material impact on the Company, potential patent infringement claims for HeartR ASD and VSD occluders may arise in Russia, being the third largest market of our HeartR ASD and VSD occluders immediately after China and India. While the Company is of the view that its HeartR ASD and VSD occluders do not infringe AGA's Patent C, it is not in a position to express opinion on whether our HeartR occluders' technological and distinctive features and specifications are similar to AGA's Patent C. If AGA has successfully registered its Patent C in Russia, we may be subject to additional infringement claims of Patent C.

As of the Latest Practicable Date, we had not been involved in any patent infringement claim initiated by AGA in Russia. We are unable to quantify the financial impact to the Group in the worst case scenario for the Russian market because we cannot ascertain whether AGA, its agents or affiliates have obtained valid patent registrations in Russia, which is the prerequisite for AGA to be able to proceed with making any potential patent infringement claims against us. This is because the Company is not in a position to determine conclusively whether (i) AGA, its agents or affiliates have either applied for or obtained valid PCT registrations for Patent C in Russia, or (ii) whether AGA, its agents or affiliates have chosen to apply for Patent C by other patent registration methods in Russia where the relevant patent registration records are not publicly searchable. In the event that AGA could make successful claims against us, we may be prohibited from selling our HeartR ASD and VSD occluders in Russia. As a result, our business and operation in Russia may be affected. After deducting contributions from the sale of HeartR ASD and VSD occluders in the Russian market, the Group's total sales of HeartR ASD and VSD occluders would have decreased by approximately 15.2%, 13.2% and 5.6% respectively for 2009, 2010 and the four months ended April 30, 2011. Also, the Group's revenue would have decreased by approximately 5.7%, 4.6% and 1.6% respectively for 2009, 2010 and four months ended April 30, 2011. For further details, please refer to the section headed "Business — Legal Proceedings and Compliance — Pending and potential patent litigation claims relating to AGA".

If our patents and other intellectual property rights do not adequately protect our products, we may lose market share to our competitors and be unable to operate our business profitably.

Our success depends, in part, on our ability to protect our intellectual property rights. As of the Latest Practicable Date, we received a total of 35 registered patents, including 33 in China (three of which are jointly owned with third parties), one in US and one in Europe. The 33 registered patents in China cover 15 out of 27 types of our products. For the registered patents in US and in Europe, they relate to our PFO occluder which is expected to be commercially launched around June 2012. We currently do not maintain patent protection for our products in many overseas countries such as India, Russia and Brazil where we have significant sales based on management's evaluation of benefits and costs of doing so. As we expand our international sales, we may consider applying for more patent protection for the patentable features of our new products. As of the Latest Practicable Date, we had 27 patent applications pending approval in China, the United States and Europe. We also had three application for priority date pending under the PCT internationally. In addition, we have 23 registered trademarks and are applying for 13 additional trademarks in the PRC and one in the European Union. Due to the different regulatory bodies and varying requirements in these jurisdictions, we cannot assure you that we will be able to obtain patent protection for all or any aspects of our products or trademark registrations in all or any of these jurisdictions. The process of seeking patent protection can be lengthy and expensive, and we cannot assure you that our patent applications will result in patents being issued, or that our existing or future issued patents will not be invalidated or be sufficient to provide us with meaningful protection or commercial advantage. We cannot assure you that our current or potential competitors, many of which have substantial resources and have made substantial investments in competing technologies, do not have, and will not obtain, patents that will prevent, limit or interfere with our ability to make, use or sell our products in either China or other countries, including Russia, India and Brazil. We also cannot assure you that all of our pending trademark registrations will be approved. For example, our trademark registration application for "Cera" in China was challenged by a third party in March 2010 due to an alleged similarity of our "Cera" trademark to their registered trademark covering similar types of products. In October 2010, our another trademark registration application for "AcuMark" was partially rejected due to its similarity to another registered trademark covering similar types of products.

We also rely on trade secrets, proprietary know-how and other non-patentable technology, which we seek to protect through non-disclosure agreements with employees and related parties. We cannot assure you that these non-disclosure agreements will not be breached, or that our employees have not disclosed, or will not disclose, any of our trade secrets, proprietary know-how or other non-patentable technology to our competitors or other third parties. In particular, we generally allow our distributors to use our trademarks, logos and product names solely to market our products within their distribution territory. In the event our distributors misuse our trademarks, logos or product names, such misuse may cause harm to our business operations and reputation. We also cannot assure you that we will have adequate remedies for any breach, or that our trade secrets, proprietary know-how and other non-patentable technology will not otherwise become known to, or be independently developed by, our competitors.

Implementation of PRC intellectual property-related laws has historically been lacking, primarily because of ambiguities in the PRC laws and difficulties in enforcement. Accordingly, intellectual property rights and confidentiality protections in China may not be as effective as those in Hong Kong or other countries. Policing unauthorized use of proprietary technology is difficult and expensive, and we may need to resort to litigation to enforce or defend patents issued to us or to determine the enforceability, scope and validity of our proprietary rights or those of others. Such

litigation may require significant expenditure of financial and managerial resources and could have a material adverse impact on our business, financial condition and results of operations. An adverse determination in any such litigation will impair our intellectual property rights and may harm our business, prospects and reputation. In addition, given that the enforceability and scope of protection of proprietary rights in China are uncertain and still evolving, we may choose not to litigate or spend significant resources in litigation to enforce our intellectual property rights or to defend our patents against challenges from others.

If third parties claim that we infringe upon their intellectual property rights, we may incur liabilities and financial penalties and may have to redesign or discontinue selling any affected products.

The medical device industry is litigious with respect to patents and other intellectual property rights. Companies operating in our industry routinely seek patent protection for their product designs, and many of our principal competitors have large patent portfolios. Companies in the medical device industry have used intellectual property litigation to gain a competitive advantage. Whether a product infringes a patent involves an analysis of complex legal and factual issues, the determination of which is often difficult and uncertain. We face the risk of claims that we have infringed on third parties' intellectual property rights in the countries where we operate. As we expand our business internationally, we may encounter more intellectual property claims as many of our international competitors have stronger intellectual property rights in international markets such as the Western Europe. In addition, a number of our employees have previously worked for one or more of our competitors. Such employees may have used, or may use in the future, their previous employers' proprietary know-how or trade secrets in their work for us without our knowledge, which could result in litigation against us. Our efforts to identify and avoid infringing on third parties' intellectual property rights may not always be successful. Our competitors may file for patent protection in an area in which we plan to develop major new products, but such filings may not yet be a matter of public knowledge. We have historically been involved in intellectual property litigation and are currently a party to a litigation in India. Please see the section headed "Business — Legal Proceedings and Compliance" in this prospectus for further details. Any claims of patent or other intellectual property infringement, even those without merit, could:

- be expensive and time consuming to defend;
- result in us being required to pay significant damages to third parties;
- cause us to cease making or selling products that incorporate the challenged intellectual property;
- require us to redesign, reengineer or rebrand our products, if feasible;
- require us to enter into royalty or licensing agreements in order to obtain the right to use a third party's intellectual property, which agreements may not be available on terms acceptable to us or at all;
- divert the attention of our management;

- adversely affect our reputation within this industry; and

- result in hospitals and physicians terminating, deferring or limiting their purchase of the affected products until resolution of the litigation.

In addition, new patents obtained by our competitors could threaten a product's continued life in the market even after it has already been introduced.

RISKS RELATED TO OUR BUSINESS

We may not be able to develop and successfully market new and advanced products in a timely manner or at all and we may not be able to price our new products at a favorable level, which would materially and adversely affect our business, financial condition, results of operations and prospects.

The market for cardiovascular and peripheral vascular medical devices is highly competitive. As market conditions and technology evolve, our existing products may lose market share, experience slower growth or deliver lower profit margins. Our success depends on our ability to anticipate industry trends and identify, develop and market in a timely manner new and advanced products that meet our customers' demand. New products have contributed significantly to our revenue in the past years. Since 2009, we have brought to market 15 new products that collectively accounted for approximately 4.7%, 9.0% and 11.2% of our revenue in 2009 and 2010 and the four months ended April 30, 2011, respectively. We expect the cardiovascular and peripheral vascular medical device market to evolve toward newer and more advanced products, some of which we do not currently produce.

We have focused our research and development efforts on more advanced products with differentiated functionalities. We plan to launch 10 new products by the end of 2015. Developing new products in a timely manner can be difficult, particularly because product designs can change with market conditions and hospitals' and physicians' preferences. Our research and development efforts may not lead to new products that will be commercially successful. We may also experience delays or be unsuccessful in any stage of product development, manufacturing, clinical trials, product registration, marketing or pricing. Once a new product is launched, it takes time for the new product to gain market acceptance. We may not be able to successfully market our new products or our end customers may not be receptive to our new products.

In addition, we cannot always anticipate correctly or at all the industry trends and market demand for new products. Our competitors' product development capabilities may be more effective than ours, and their new products may reach the market before our products. Our competitors' products may also be more effective and/or more price competitive than our products. The introduction of new products by our competitors may result in price reductions to our products or reduced margins or loss of market share, and may lead to our products becoming obsolete or non-competitive. Our new products may

impact our gross margins depending on the level of market acceptance and pricing environment for each product. The success of any of our new product offerings will depend on several factors, including our ability to:

- properly identify and anticipate industry trends and market demand;
- complete product development process successfully in a timely manner;
- optimize our manufacturing and procurement processes to predict and control costs;
- manufacture and deliver new products in a timely manner;
- minimize the time and costs required to obtain required regulatory clearances or approvals;
- anticipate and compete effectively with other cardiovascular and peripheral vascular medical device developers, manufacturers and marketers;
- price our products at both competitive and commercially justifiable levels; and
- increase end-customer awareness and acceptance of our new products.

If we are unable to develop new products in a timely manner to meet market demand, or if there is insufficient demand for our new products once they are introduced to the market, our business, financial condition, results of operations and prospects may be materially and adversely affected.

International expansion may be costly, time consuming and difficult. If we do not successfully expand internationally, our profitability and prospects would be materially and adversely affected.

We plan to significantly grow our international business by expanding our existing international markets and entering new key international markets. We intend to enter new international markets by cultivating new distributor relationships in selected regions. For example, we may consider further expanding or building our sales network in the BRIC, European and United States markets. In expanding our business internationally, we have entered and intend to continue to enter markets in which we have limited or no experience and in which our brand may not be recognized. Our targeted countries may withhold approval for the sale of our products due to differences in regulatory standards or protectionist trade policies. We may be unable to attract a sufficient number of distributors or at all in such markets, and our selected distributors may not be suitable for selling our products. Furthermore, we may fail to anticipate competitive conditions in new markets that are different from those in our existing markets. These competitive conditions may make it difficult or impossible for us to effectively operate in these new markets. If our expansion efforts in existing and new markets are unsuccessful, our profitability and prospects will be materially and adversely affected.

We are exposed to other risks associated with international operations, including:

- economic instability and recessions;

- strained relationships between China and other countries where we sell our products;
- changes in tariffs;
- difficulties in administering foreign operations generally;
- disputes regarding intellectual property rights;
- obligations to comply with a wide variety of foreign laws and other regulatory requirements;
- increased risk of exposure to terrorist activities;
- poor financial condition, expertise and performance of our international distributors;
- export license requirements;
- unauthorized re-export of our products;
- potentially adverse tax consequences;
- political instability;
- foreign exchange controls and losses;
- trade embargoes; and
- inability to effectively enforce contractual or legal rights.

For example, we had to discontinue sales of HeartR occluders, Steerable introducer and Blue Arrow PBMV balloon catheter in Algeria in 2009 due to their new policy that all medical devices sold in Algeria must be registered, which was not required earlier.

We are substantially dependent on sales of a limited number of products. Our business, financial condition and results of operations would be materially and adversely affected if sales of these products were to decline.

We have been dependent on our proprietary occluders, vena cava filters and stent grafts for a substantial portion of our revenue during the Track Record Period. We commercially launched our first occluder in 2001, our first stent graft in 2004 and first vena cava filter in 2005. Occluders generated approximately 59.1%, 58.3% and 51.4% of our revenue for the years ended December 31, 2009 and 2010 and the four months ended April 30, 2011, respectively. Vena cava filters generated approximately 15.3%, 16.8% and 21.1% of our revenue for the years ended December 31, 2009 and 2010 and the four months ended April 30, 2011, respectively. Stent grafts generated approximately 6.8%, 9.7% and 12.0% of our revenue for the years ended December 31, 2009 and 2010 and the four months ended April 30, 2011, respectively. We expect to continue to derive a substantial majority of

our revenue from occluders, vena cava filters and stent grafts in the foreseeable future. As a result, continued market acceptance and demand for these products will be critical to our success. If we are unable to manufacture or sell occluders, vena cava filters and stent grafts due to regulatory, intellectual property or other reasons, or if demand for our occluders, vena cava filters and stent grafts is reduced either due to competition from our competitors or because of alternative treatments or products, our revenue would significantly decline, and our business, financial condition and results of operations would be materially and adversely affected.

We may be unable to maintain or renew relationships with our distributors on terms similar to or more favourable than the existing ones or at all, replace underperforming distributors, or add new distributors to improve and expand our network of distributors. We may also be unsuccessful in securing the desired distributors to effectively promote and sell our products. Any of these events would materially and adversely affect our business, financial condition, results of operations and prospects.

We depend on distributors for a substantial majority of our revenue. As of the Latest Practicable Date, we have 109 Chinese distributors that cover all of the 31 provinces, municipalities and autonomous regions in China, and 48 distributors in 26 countries across Asia, Europe, America and Africa. In 2009 and 2010 and the four months ended April 30, 2011, we generated approximately 57.8%, 62.1% and 65.9%, respectively, of our revenue from sales to Chinese distributors and approximately 32.8%, 34.3% and 31.5%, respectively, of our revenue from sales to international distributors. Our top five distributors accounted for approximately 37.2%, 28.5% and 28.2% of our revenue in 2009, 2010 and the four months ended April 30, 2011, respectively. Two, nil and nil distributors have each accounted for more than 10% of our revenue in 2009, 2010 and the four months ended April 30, 2011, respectively. Our largest distributor accounted for approximately 11.6%, 8.1% and 7.2% of our revenue in 2009 and 2010 and the four months ended April 30, 2011, respectively. We expect we will continue to rely on adding distributors and improve individual distributor performance for a portion of our revenue growth.

We generally do not have long-term contracts with our distributors. We typically negotiate and enter into distribution agreements for a term of one year with our Chinese distributors and three years with our international distributors. As our existing distribution agreements expire, we may be unable to renew these agreements with our desired distributors on similar or more favorable terms or at all and we may be unable to replace distributors easily or at all. For example, we have been obliged to conduct direct sales of products to one hospital located in Harbin of Heilongjiang Province, China since February 2009 due to our failure to replace a terminated distributor in a timely manner.

In addition, competition for distributors is intense. We compete for distributors in China and internationally with other leading medical device companies that may have higher visibility, greater name recognition and financial resources, and broader product selection. Our competitors may prohibit their distributors from selling products that compete with their own products, limiting our ability to expand our base of distributors.

Our Chinese distributors typically have the exclusive right to sell one segment of our products in one hospital. Our international distributors typically have the exclusive rights to sell our specific products within the designated territory. For a more detailed description of our distributors' sales

territory, please see the section headed "Business — Our Sales Network — Distribution Network" in this prospectus. Our distributors may dedicate resources to our competing products and fail to adequately promote our products or provide proper services to our end-customers. In addition, our competitors may offer better performance-based rebates and therefore, provide more financial incentives for distributors to sell their products.

Any disruption of our network of distributors, including our failure to renew our existing distribution agreements with our desired distributors, could negatively affect our ability to effectively sell our products and would materially and adversely affect our business, financial condition, results of operations and prospects.

We may be unable to effectively manage our network of distributors, and actions taken by our distributors could materially and adversely affect our business, prospects and brand.

We sell a substantial majority of our products through distributors. Our direct sales were RMB7.5 million, RMB3.8 million and RMB1.2 million, accounting for approximately 9.4%, 3.6% and 2.6% of our revenue in 2009 and 2010 and the four months ended April 30, 2011, respectively, while our sales through distributors were RMB72.2 million, RMB100.9 million and RMB43.4 million, accounting for approximately 90.6%, 96.4% and 97.4%, respectively, in the same periods. We have limited ability to manage the activities of our distributors, who are independent from us. Our distributors could take one or more of the following actions, any of which could have a material adverse effect on our business, prospects and brand:

- fail to meet minimum sales targets for our products in accordance with relevant agreements;
- breach our agreements with them, including by selling products that compete with our products that they have contracted to sell for us or by selling our products outside their designated territory, possibly in violation of the exclusive distribution rights of other distributors;
- fail to maintain the requisite licenses or otherwise comply with regulatory requirements when selling our products;
- fail to adequately promote our products;
- fail to settle payment with us in a timely manner;
- fail to provide proper training and service to our end-users; or
- violate the anti-corruption laws and regulations of China, Hong Kong or other jurisdictions.

As we only have limited control over the actions of our distributors, we cannot be sure that they will not violate relevant applicable laws in connection with the marketing or sale of our products, including anti-corruption laws and regulations of China, Hong Kong or other jurisdictions. If our distributors violate PRC laws, Hong Kong laws or other applicable laws or otherwise engage in illegal practices with respect to their sales or marketing of our products, we could be liable for actions taken

by our distributors and could be required to pay damages or fines, which could materially and adversely affect our business, financial condition and results of operations. In addition, our brand and reputation, our sales activities or the price of our Shares could be adversely affected if our Company becomes the target of any negative publicity as a result of actions taken by our distributors.

It is also possible that the PRC government or other governmental authorities in places where we sell our products could adopt new or different regulations affecting the way in which medical devices are sold to address anti-corruption or other concerns. Any new or different regulations in this regard being adopted in the PRC or our other principal markets could possibly increase the cost incurred by our distributors in selling our products or impose restrictions on their sales and marketing activities, which could reduce the number of distributors that are willing to sell and in turn increase the selling costs of our products. Because we currently depend almost entirely on distributors for the sale of our products, any misconduct by our distributors or changes in the regulatory environment for the sale of medical devices could have a material adverse impact on our business, financial condition, results of operations, prospects and brand.

We have long accounts receivable turnover days historically, and a significant portion of our outstanding accounts receivable is derived from sales to a limited number of distributors.

We typically receive payments for our products from our distributors after delivery, except for new distributors which have worked with us for less than 12 months. Our Chinese distributors that have worked with us for more than 12 months can be entitled to a maximum credit term of up to 180 days, with a maximum credit amount of up to 30% of their annual sales. Our international distributors who have a long history of cooperation with us can be entitled to a maximum credit term of up to 90 days with a maximum credit amount of up to 30% of their annual sales. In 2011, we granted our Chinese and international distributors credit terms of 30 to 90 days based on our assessment of their targeted performance, past payment history, creditworthiness and history of cooperation. As at December 31, 2009, 2010 and April 30, 2011, we had trade receivables of RMB29.5 million, RMB26.9 million and RMB38.1 million respectively. A significant portion of our outstanding accounts receivable is derived from sales to a limited number of distributors. Our five largest outstanding accounts receivable from distributors accounted for approximately 58.7%, 44.1% and 44.1% of our total outstanding accounts receivable as of December 31, 2009, 2010 and April 30, 2011, respectively. Our average accounts receivable turnover days were 123, 98 and 88 in 2009, 2010 and the four months ended April 30, 2011 respectively.

As of August 31, 2011, we had trade receivables of RMB35.6 million, and our average accounts receivable turnover days was 83.

Any failure by our large distributors to make contracted payments to us or any disputes over, or significant delays in receiving, such payments could materially and adversely affect our cash flows and profitability.

Our distributors may make payment to us beyond the credit term we granted to them. We had trade receivables of RMB19.9 million, RMB11.3 million, RMB17.8 million and RMB15.4 million which were past due but not impaired as of December 31, 2009 and 2010, April 30, 2011 and August 31, 2011, respectively. We did not make any provision for uncollectible accounts as of December 31,

2009 and 2010 based on historical experience, account balance aging, creditworthiness of our customers and the continuous subsequent settlement on the trade receivable balance. Our provisions for uncollectible accounts as of April 30, 2011 and August 31, 2011 was insignificant. Historically, we did not have a sound internal policy to manage our accounts receivable. In mid-2010, we began to strengthen our accounts receivable management and collection efforts. However, we cannot assure you that our strengthened system and efforts will necessarily result in distributors' making agreed payments to us in time. Any failure by our distributors to pay us our contracted price, or any disputes over or significant delays in receiving such payments from our distributors could require us to write off accounts receivable or make provisions our accounts receivable, either of which could adversely affect our cash flows and profitability.

If we fail to obtain or maintain applicable licenses or registrations for our products, or if such licenses or registrations are delayed or suspended, we will be unable to commercially manufacture, distribute and market our products at all or in a timely manner, which could significantly disrupt our business and materially and adversely affect our sales and profitability.

The cardiovascular and peripheral vascular products we offer are subject to regulations in countries where we conduct business. For the manufacturing and sale of our products in China, we need to obtain and renew licenses and registrations with the State Food and Drug Administration, or SFDA. We are also required to obtain regulatory approval from the competent authorities in other countries in which we sell our products. The processes for obtaining the initial regulatory licenses or registrations can be lengthy and expensive, and the results can be unpredictable. In China, medical devices are classified into three different categories, Class I, Class II and Class III, according to a catalogue issued by the SFDA, depending on the degree of risk associated with each medical device and the extent of control needed to ensure safety and effectiveness. Almost all of our proprietary products are classified as Class III medical devices in China, which is the category subject to the highest level of regulation. To obtain product registrations for our products in China, we must conduct, at our own expense, clinical trials to demonstrate the efficacy and safety of our products in humans. We may also need to carry out post-launch clinical trials to further demonstrate the safety and efficacy of our products. Clinical testing is expensive and time-consuming, and its outcomes are uncertain. Our clinical trials may produce negative or inconclusive results at any stage of testing, and we may decide, or regulators may require us, to conduct additional clinical and/or non-clinical testing. As a result, it typically takes several years for us to obtain registration for our products in China. Our failure to adequately demonstrate the efficacy and safety of any of our products would prevent the grant of regulatory approval and, ultimately, commercialization of that product. As a result, we may be unable to manufacture, market and sell new products in a timely manner or at all due to our failure to obtain regulatory licenses or registrations.The process for obtaining approval to renew regulatory licenses or registrations can also be lengthy.

In addition, the relevant regulatory authorities may introduce additional requirements or procedures that may delay or prolong the approval of licenses or registrations for our existing or new products. If we are unable to obtain or maintain licenses or registrations needed to manufacture and market our existing or new products, or obtain or maintain such licenses or registrations in a timely fashion or at all, our business would be significantly disrupted, and our sales and profitability could be materially and adversely affected.

Our business is subject to intense competition, which may reduce demand for, and/or profit margin of, our products and materially and adversely affect our business, financial condition, results of operations and prospects.

The cardiovascular and peripheral vascular market is extremely competitive in China and worldwide and is rapidly evolving due to advances in medical science, economic growth, changes in government policies and funding levels and other factors. We expect competition to further intensify. Across all product lines and product types, we face direct competition both in China and internationally. We compete based on factors such as research and development capabilities, price, value, customer support, brand recognition, reputation, product functionality and design, reliability and quality, time to market and sales network coverage.

In the international markets, our competitors include large multinational companies, such as AGA, a wholly owned subsidiary of St. Jude Medical and referred to as AGA/St. Jude Medical, and Occlutech International AB, or Occlutech, with respect to occluders and Johnson & Johnson and B Braun Medical with respect to vena cava filters. We also face competition in international markets from local companies in the markets in which we sell or desire to sell our products. In some emerging markets, larger competitors have established sizable local businesses, acquired local competitors or distributors or established local partnerships, which allow them to be more competitive in their pricing and distribution infrastructure.

In the China market, we compete with companies such as Shanghai Shape Memory Alloy Co., Ltd., a wholly owned subsidiary of Lepu Medical Technology, and Starway Medical Technology, Inc., or Starway, with respect to occluders, Johnson & Johnson and B Braun Medical with respect to vena cava filters and Medtronic Inc., or Medtronic, Cook Group Incorporated, or Cook, and MicroPort Scientific Corporation, or MicroPort, with respect to stent grafts. In addition, our products are generally covered under China's medical insurance programs whereby patients may be able to claim reimbursement, at a percentage depending on the type of surgery and device and policies of each locality, for the costs of our products. In general, reimbursement percentages tend to be higher for domestically manufactured products (such as ours) than for products manufactured by multinational companies and imported to China, which is attractive to patients when they make decisions on the products to be used for them. Any abolishment by Chinese government of the medical insurance reimbursement policies favorable to domestic manufacturers would materially and adversely affect our competition with multinational companies in China.

In the future, we may also compete against companies which have obtained regulatory approval to manufacture or sell occluders, vena cava filters, stent grafts or our other cardiovascular and peripheral vascular products or companies which have developed these products but have not entered the market. Our competitors may have:

- greater financial and other resources;
- a broader portfolio of products;
- more products that have received regulatory approvals;

- more experience in obtaining and maintaining approvals by the SFDA and other regulatory approvals for new products;
- greater pricing flexibility;
- the ability to "bundle" competing products with non-competing products, systems and services; and/or
- more extensive research and development and technical capabilities.

As a result, we may not be able to maintain our market position. In addition, our reputation and brand name may be materially and adversely affected, which could adversely affect our relationships with doctors and hospital administrators and our long-term ability to effectively market and sell our products or conduct clinical trials for our new products.

If we fail to effectively manage our growth and growth strategies, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Our objective is to further strengthen our global brand for advanced medical devices for cardiovascular and peripheral vascular diseases and disorders. Our growth strategies include enhancing our market position in core cardiovascular and peripheral vascular devices in key emerging markets, continuing to develop and commercialize pipeline products, expansion into key international markets with current and pipeline products, expansion into complementary offerings and pursuing opportunistic acquisitions, partnerships, alliances and licensing opportunities. The success of our growth strategies will depend on, among other things:

- expanding our sales force and our network of distributors both in China and internationally;
- effectively enhancing the management of our network of distributors;
- enhancing our research and development capabilities;
- successfully hiring and training new personnel;
- controlling our costs and maintaining sufficient liquidity;
- prioritizing our financial and management controls in an efficient and effective manner;
- improving our market reputation and awareness of our brand names;
- exercising effective quality control; and
- managing our various suppliers and leveraging our purchasing power.

Our utilization of production capacity for our major products, namely occluders, vena cava filters and stent grafts were 52.1%, 55.4% and 68.8% respectively as of December 31, 2010 and increased to 64.7%, 85.9% and 86.1% respectively as of April 30, 2011. The reasons for the increase of utilization of production capacities are due to, among other reasons, (i) an increase in the actual production volume to accommodate sales growth of these products, (ii) a decrease in production capacity for occluders caused by increased production volume of Cera occluders which is more time consuming as compared with HeartR occluders, and (iii) a decrease of production capacity for stent grafts due to facilities renovation. In the long term, we plan to expand our production capacity to a larger scale by acquiring land and building new manufacturing facilities.

Any inability to effectively manage our anticipated growth and growth strategies in the following aspects may materially and adversely affect our business, financial condition, results of operation and prospects, and may also result in lost business opportunities:

- inability or substantial delay in land acquisition (including the uncertainty in securing a suitable land plot in Nanshan District, Shenzhen despite having obtained preliminary government support and consent; please refer to the section headed "Business — Manufacturing" for further details), construction of new facilities, equipment inspection, GMP assessment, environmental impact assessment or trial production;

- inability to expand our manufacturing capacity as planned on budget or on schedule, and any resulting diversion of additional management resources to facilitate this expansion; or

- any substantial increase in costs to complete the facilities, additional expenses incurred for relocating existing manufacturing facilities to new manufacturing facilities or unanticipated ramp up of our operations.

In addition, there is no assurance that we can maintain the growth rates in revenue and net profit seen during the Track Record Period.

Our business depends on the continuing efforts of our senior management team and other key personnel and our business may be materially harmed if we lose any of their services.

Our future success depends on the continued service of our management and other key personnel. In particular, we rely on the expertise and experience of Mr. Xie Yuehui, our executive Director and chairman of the Board, Mr. Zhao Yiwei Michael, our executive Director and chief executive officer, Mr. Liu Jianxiong, our chief financial officer, Mr. Zhang Deyuan, our chief technology officer, and Mr. Zi Zhenjun, our new business development and strategic planning director, and on their relationships with our customers, our suppliers and our employees. If either of them becomes unable or unwilling to continue in their present positions, we may not be able to replace them satisfactorily or at all. Our business may be significantly disrupted, our business, financial condition and results of operations may be materially and adversely affected by the loss of key personnel, and we may incur additional expenses to recruit, train and retain new personnel. We do not currently maintain key-man insurance for any of our key personnel.

In addition, if any of our management or key personnel joins a competitor or forms a competing company, we may lose customers, suppliers, know-how and key professional and staff members. While we have entered into non-competition agreements with our management and key personnel, they may not be enforceable, especially in China, where most of our management and key personnel reside, if we do not provide adequate compensation for the non-competition obligations, which is a prerequisite for enforcing non-competition agreements under relevant PRC regulations.

If we are unable to recruit and retain skilled and experienced personnel, our ability to effectively manage our operations and meet our strategic objectives will be harmed.

Our future success depends, in large part, on the continued services of our officers and other key managerial, scientific, sales and technical personnel. In particular, we are a relatively young company with a limited operating history, and we rely on our officers and senior management to operate and grow our business. Moreover, engineering, sales, marketing, research and development, and clinical trial personnel with experience in the medical device industry in China are scarce. Any loss or interruption of the services of any of our senior management or key personnel, including skilled and experienced personnel, could significantly reduce our ability to effectively manage our operations and meet our strategic objectives because we may not be able to locate suitable or qualified replacements. The loss of employees to our competitors makes it more difficult to protect our intellectual property and also represents the transfer of valuable know-how and expertise. In addition, we may incur additional expenses and devote significant time to recruit and train new personnel, which could severely disrupt our business and growth. Our internal training for manufacturing personnel can last up to several months depending on the position and the experience of the particular recruit, creating a lag between the time we initiate recruiting for such personnel and their commencement of work in our production lines. This lag could potentially interfere with our ability to expand our production capacity in a timely manner.

Furthermore, as we expect to continue to expand our operations and develop new products, we will need to continue attracting and retaining experienced management and key personnel. Competition for personnel in the medical device manufacturing industry is intense, and the availability of suitable and qualified candidates in China is limited. We compete for such personnel with other medical device companies, academic institutions, government entities and other organizations, and we expect such competition to intensify as the medical device industry in China grows. We may be unable to attract or retain the personnel required to achieve our business objectives and failure to do so could materially and adversely impact our competitiveness, business, financial condition and results of operation.

Our products may be subject to decreasing pricing trends and reduced margins. If we are unable to successfully replace the products subject to those trends with newer, more profitable products, our business, financial condition and results of operations could suffer.

We may experience reduced pricing power and gross profit margin erosion from our existing products generally as their sales in a given market mature, while manufacturing and material costs may remain constant or increase. We believe growing pricing pressure may arise in the future due to increased competition. Our profitability depends on our ability to successfully launch new products, enter new markets, control costs during the manufacturing process by increasing the efficiency of our manufacturing processes, reducing raw material consumption and increasing production yields. If we are unable to successfully design, develop, manufacture and market new products, which typically generate higher gross margins, or if we fail to effectively increase the efficiency of our manufacturing processes or control manufacturing costs, our business, financial condition and results of operations could be harmed.

If we fail to comply with the SFDA's quality system regulations, our manufacturing process could be delayed and we may be subject to enforcement action.

We are required to comply with the SFDA's quality system regulations, which cover our manufacturing facilities and equipment, as well as the methods and documentation of production, control, quality assurance, labelling and packaging of our products. The SFDA enforces quality system regulations through document review and on-site inspections. If we fail a quality system review or inspection or if any corrective action plan is not sufficient, our manufacturing process could be delayed or suspended. We may also be subject to fines, fail to obtain registration for our new products, or have our medical device manufacturing license revoked.

If the physician and hospital communities are not receptive to our products, our sales will decline and we will be unable to increase our sales and profits.

Cardiovascular and peripheral vascular physicians and hospitals are the primary end customers of our products. Physician and hospital receptiveness to our products depends on our ability to convince these potential customers as to the distinctive characteristics, benefits, safety and cost-effectiveness of our products as compared to our competitors' products, as well as to train physicians and hospitals in the proper application of our products. If we or our distributors are not successful in convincing the physician and hospital communities as to the merits of our products, our sales will decline, we will be unable to increase or sustain our sales and we will fail to achieve and sustain growth or profitability.

In addition, physicians face a learning process to become proficient in the use of our products, which may take longer than expected and therefore affect our ability to increase sales. Convincing physicians to dedicate the time and energy necessary for adequate training remains challenging, and we may not be successful in these efforts. If physicians are not properly trained, they may misuse or ineffectively use our products. This may also result in unsatisfactory patient outcomes, patient injury, negative publicity or lawsuits against us, any of which could have a significant adverse effect on our reputation, business, financial condition, results of operations and prospects.

Following the completion of training, we also rely on trained physicians to advocate the benefits of our products in the marketplace. We believe recommendations and support for our products by influential physicians is essential for market acceptance and adoption. If we do not receive support from such physicians, other physicians and hospitals may not use our products, resulting in stagnant or decreasing sales, growth and profitability.

We had a net current liability position as at December 31, 2009 and 2010 and there can be no assurance that we will not be in a net current liability position again in the future.

As of December 31, 2009 and 2010, we had net current liabilities of RMB7.8 million and RMB18.5 million, respectively. Our net current liabilities position as of December 31, 2009 and 2010 primarily reflected our accrued liabilities with respect to our Series A Preferred Shares. All of our Series A Preferred Shares have been converted into common Shares as of March 2011 and as a result, there will be no future accruals on the Series A Preferred Shares. We had net current assets of RMB123.7 million as of April 30, 2011. However, there can be no assurance that we will not be in a net current liability position again in the future. In the event we have net current liabilities in the future, we may have difficulty in raising additional capital, debt or other financing and our working capital for the purpose of our business operations and expansions may be insufficient, which may have a material adverse effect on our operating results, liquidity and financial position.

Any product recall would damage our brand name and could have a material adverse effect on our reputation, business, financial condition, results of operations and prospects.

Complex medical devices, such as our cardiovascular and peripheral vascular products, sometimes experience problems resulting from the performance of the products or the way doctors use such products, which in both cases require review and corrective action by the manufacturer. From time to time, we receive feedback from doctors relating to issues they encounter while using our products, including technical difficulties in the delivery or placement of some of our products. We expect that we will continue to receive such feedback from time to time. Component failures, manufacturing errors or design defects could result in danger or injuries to patients. The Directors confirm that the Group did not experience any material component failures, manufacturing errors or design defects which exposed patients to the risk of harm or injuries or resulted in harm or injuries to them during the Track Record Period. Any serious failures or defects could cause us to withdraw or recall products, which could result in significant costs such as repair and product replacement costs and the risk of increased product liability litigation. The occurrence of any market withdrawals or product recalls of our products would damage our brand name and would have a material adverse effect on our business, financial condition, results of operations and prospects.

Our business depends significantly on the strength of our brands and reputation. Our failure to develop, maintain and enhance our brands and reputation may materially and adversely affect the level of market recognition of, and trust in, our products.

In the medical device market, brand and reputation are critical to the success of our new products and the continued popularity of our existing products. Our ability to develop, maintain and enhance

the image and recognition of our brands depends largely on our ability to, among others, introduce quality products to the market in a manner satisfactory to our current and future customers. However, our brand promotion efforts may be expensive and may fail to effectively promote our brands or generate additional sales.

Our brands, reputation and product sales could be harmed if, for example:

- our products fail to meet the expectations of physicians, hospitals and patients;
- our products contain defects or fail;
- we provide poor or ineffective customer service; or
- we are subject to product liability claims.

Future acquisitions of businesses, products, technologies or know-how could materially and adversely affect our business, financial condition and results of operation if we fail to integrate the acquired businesses, products, technologies or know-how successfully into our existing operations or if we discover previously undisclosed liabilities.

To enhance our growth, we may acquire businesses, products, technologies or know-how that we believe would benefit us in terms of product development, technology advancement or distribution network. We acquired Shenzhen Shineyard and Beijing PerMed in 2008. We have devoted significant managerial attention, time and resources to the overall integration of these two companies and we may not succeed in completely integrating their businesses as originally anticipated. Our ability to grow through acquisitions depends upon our ability to identify, negotiate, complete and integrate suitable acquisitions and to obtain necessary financing. Given our limited experience with significant acquisitions, even if we complete acquisitions, we may experience:

- difficulties in integrating any acquired companies, technologies, personnel or products into our existing business, particularly integrating different quality management, customer service and other business functions;
- delays or failures in realizing the benefits of the acquired company, products or know-how, which could result from, for example, delays in receiving governmental approvals for products developed by the acquired businesses;
- diversion of our management's time and attention from other business concerns;
- higher costs of integration than we anticipated;
- difficulties in retaining key employees of the acquired business who are necessary to manage these acquisitions; or
- write-off of goodwill, for example, we had to write off RMB9.9 million in goodwill in connection with our acquisition of Beijing PerMed in 2008.

If we invest in businesses that operate outside of China or that offer products that are different from our existing products, these risks may increase because of our limited experience in operating such businesses or in such locations.

An acquisition could also materially impair our results of operations by causing us to incur debt or amortize acquired intangible assets. We may also discover deficiencies in internal controls, data adequacy and integrity, product quality and regulatory compliance, and product liabilities in the businesses we acquire which we did not uncover prior to such acquisition. As a consequence, we may become subject to penalties, lawsuits or other liabilities. Any difficulties in the integration of acquired businesses, products or technologies or unexpected penalties, lawsuits or liabilities in connection with such businesses, products or technologies could have a material adverse effect on our business, financial condition and results of operations.

We manufacture our products at our manufacturing facilities in Shenzhen and Beijing. Any disruption to these manufacturing facilities could cause us to suffer losses and materially and adversely affect our business, financial condition and results of operations.

We have relied to date on our manufacturing facilities located in Shenzhen and Beijing, China for the production of our products. Significant damage to our manufacturing facilities from natural or other causes, such as floods, fires, earthquakes and typhoons, could be costly and time-consuming to repair and could disrupt our manufacturing activities. In such an event, we would be forced to rely on third-party manufacturers or seek alternative facilities, which would need to be approved by SFDA in both cases in order to manufacture medical devices at such locations. Even if we are able to identify such alternative facilities, we may incur additional costs, and we may experience a disruption to the production of our products until those facilities are available and duly approved for manufacturing medical devices.

Due to the nature of our business and to save capital, we typically equip only one or two machines for each of our material machineries, including the nickel-titanium tube cutting machine, nickel-titanium weaving machine, fuse machine and sterile water equipment. If any of these machineries break down due to any reason, our business may be interrupted. For example, we had to temporarily engage a third party outsourcing manufacturer in 2010 for nickel-titanium tube cutting due to the breakdown of our own cutting machine.

If we are unable to obtain adequate supplies of required raw materials, components and manufacturing equipment that meet our production standards at acceptable costs or at all, our ability to accept and fulfil product orders with the required quality and within the required time frame could be restricted, which could materially and adversely affect our business, financial condition, results of operations and prospects.

We purchase raw materials, components and manufacturing equipment from a limited number of third-party suppliers. The raw materials that we purchased from our top five suppliers accounted for approximately 51.2%, 35.4% and 27.9% of our total raw materials costs in 2009 and 2010 and the four months ended April 30, 2011, respectively. We typically purchase raw materials and components on a purchase order basis and in some cases, based on annual supply contracts. We do not have long-term contracts with our suppliers. As a result, our suppliers may cease to provide raw materials, components

or equipment to us with little or no advance notice. Furthermore, supplies of some of our raw materials may not be available due to the limited manufacturing capabilities of our suppliers and strong market demand. We may also be unable to secure alternative supply sources in a timely and cost-effective manner. Interruptions in raw material, component or equipment supplies could delay our manufacturing processes, harm our reputation, reduce our sales or gross margins and cause us to lose market share, each of which could materially and adversely affect our business, financial condition, results of operations and prospects.

An increase in the market price of our raw materials and components may materially and adversely affect our gross margins and profitability.

Our operations require substantial amounts of raw materials and components. Significant increases in raw material and component prices have a direct and negative impact on our gross margins. Ultimately, we may need to raise our product prices to recover the higher raw material and component costs and maintain our gross margins, which may lead to lower demand for our products. On the other hand, we may be unable to raise our product prices due to the Chinese government's practice of establishing retail prices for medical devices or general market conditions. Our failure to successfully pass such price increases may materially and adversely affect our gross margins and profitability.

If we fail to accurately project demand for our products, we may encounter problems of inadequate supply or oversupply, especially with respect to our international markets, which would materially and adversely affect our financial condition and results of operations, as well as damage our reputation and brand.

Our distributors typically order our products on a purchase order basis. We project demand for our products based on rolling projections from our distributors, our understanding of expected hospital procurement spending, and distributor inventory levels. Lack of significant order backlog and the varying sales and purchasing cycles of our distributors and other customers, however, make it difficult for us to forecast future demand accurately at all times.

Our projections of market demand for our products in international markets are less reliable than our domestic projections because we have less information available on which to base our projections. Specifically, we do not have consistently reliable information regarding international distributor inventory levels, and we often lack extensive knowledge of the local market conditions or about the purchasing patterns, preferences, or cycles of international distributors. Furthermore, because shipping finished products to international distributors typically takes more time than shipping to domestic distributors, inaccurate projections of international demand could result more quickly in unmet demand.

If we overestimate demand, we may purchase more raw materials or components than required. If we underestimate demand, our third party suppliers may have inadequate raw material or product component inventories, which could interrupt our manufacturing and delay shipments, and could result

in lost sales. We may fail to accurately forecast demand and coordinate our procurement and production to meet demand on a timely basis. Our inability to accurately predict our demand and to timely meet our demand could materially and adversely affect our financial conditions and results of operations as well as damage our reputation and corporate brand.

Our advance payments to our suppliers expose us to the credit risk of such suppliers, which may materially and adversely affect our financial condition, results of operations and liquidity.

We are required under some of our raw material and component supply contracts to make prepayments ranging from 30% to 100% of the total purchase price before delivery. As of December 31, 2009 and 2010 and April 30, 2011, the prepayment made to our suppliers amounted to approximately RMB5.2 million, RMB1.5 million and RMB1.5 million, respectively, representing approximately 24.2%, 7.2% an 18.8% of our total cost of sales during the same periods. Such prepayments are interest-free and we make such prepayments without receiving any collateral. As a result, our claims for such advance payments would rank only as unsecured claims, exposing us to the credit risks of the suppliers in the event they become insolvent or bankrupt. We may not be able to recover such advance payments and would suffer losses should the suppliers fail to fulfil their delivery obligations. Accordingly, defaults by our suppliers may materially and adversely affect our financial condition, results of operations and liquidity.

Our historical inventory turnover period has been relatively long.

Our inventories consist of raw materials, work in progress and finished goods. As of December 31, 2009 and 2010 and April 30, 2011, we had inventories of RMB16.1 million, RMB15.2 million and RMB16.1 million, respectively. Historically, our inventory turnover period has been relatively long due to the nature of our business which requires us to produce and store products that are made to various different specifications for use in different patient types. Products in certain specifications may not be popularly used, thus have longer inventory turnover days. For the years ended December 31, 2009 and 2010 and the four months ended April 30, 2011, our inventory turnover periods were 272 days, 263 days and 242 days respectively. We generally maintain an inventory level of three to six month's sales volume for our finished goods and a three to six months' supply of our raw materials, and such level will vary according to the demand of our distributors, sales and production plans. Our finished products typically are valid for use for a term of two to three years. Relatively long inventory turnover periods may result in inventory write-downs, expiration of products or increases in inventory holding costs. We made allowances for obsolete inventories in the amounts of RMB6.2 million, RMB6.5 million and RMB6.6 million as of December 31, 2009 and 2010 and April 30, 2011, respectively.

As of August 31, 2011, we had inventories of RMB20.3 million, and our inventory turnover period was 293 days. The higher inventory balance as of August 31, 2011 was a result of, among others, an increase in inventories, including raw materials, work in progress and finished goods relating to our major products. Such inventories are intended for the coming launch of our FustarTM Steerable sheath in the US market and CeraFlex Series occluders in European markets, and in anticipation of increased orders for our major products (including vena cava filter, stent graft, HeartR

and Cera occluders) from our distributors during the fourth quarter of a year, which is generally the peak season of the Group from our past experience. We expect our average inventory period to continue to be relatively long and this may have a material adverse effect on our business, financial condition and results of operations.

Lack of sufficient sophisticated physicians that can perform cardiovascular and peripheral vascular operations in China and other underdeveloped countries may adversely affect our business growth prospects.

Physicians that can perform cardiovascular and peripheral vascular operations play a significant role in our business. We begin to involve physicians in our product research and development stage, where we solicit feedback, proposals and suggestions with respect to our new products based on their clinical experience. We also rely on key physicians in cardiology to endorse the quality of our products and promote their use among hospitals. Additionally, our sales volume is largely affected by the number of cardiovascular and peripheral vascular operations performed by physicians, and physician performance is key to ensuring the proper implantation and function of our products in human bodies. However, only a limited number of qualified physicians in China and other emerging markets have sufficient expertise and experience to perform such cardiovascular and peripheral vascular operations. Because our company's business is presently largely based in such markets, we have limited access to experienced physicians, which may adversely affect our research and development efforts and sales of our products.

Fluctuations in exchange rates have resulted in, and are expected to continue to result in, foreign exchange losses and to adversely impact our profitability.

In 2009 and 2010 and the four months ended April 30, 2011, we generated approximately 29.1%, 33.6% and 31.6% of our revenue from sales denominated in U.S. Dollars and approximately 3.7%, 0.7% and nil of our revenue from sales denominated in Euros, respectively. We expect that our sales denominated in US Dollars and Euros will increase as we expand our international sales. A significant portion of our operating costs and expenses were denominated in Renminbi. We are generally required to bear foreign exchange losses in our international sales. Since July 2005, the Renminbi has no longer been pegged to the US Dollar. From July 21, 2005 to the Latest Practicable Date, the Renminbi appreciated approximately 20.9% against the US Dollar. From July 2008 to the Latest Practicable Date, the Renminbi appreciated approximately 14.2% against the Euro. The Renminbi may appreciate or depreciate significantly in value against the US Dollar in the medium to long term. Moreover, Chinese authorities may lift restrictions on fluctuations in the Renminbi-US Dollar exchange rate and reduce its intervention in the foreign exchange market. In June 2010, China temporarily abandoned the dollar peg of its Renminbi after the Renminbi rose approximately 16% against Euro as a result of the Greek fiscal crisis. Fluctuations in the exchange rate will also affect the relative value of any dividends we pay.

Limited hedging transactions are available in China to reduce our exposure to exchange rate fluctuations. We have not entered into any forward contracts to hedge our exposure to Renminbi-US Dollar and Renminbi-Euro exchange risk. While we may decide to enter into hedging transactions in

the future, the availability and effectiveness of these hedges may be limited, and we may not be able to successfully hedge our exposure at all. In addition, our currency exchange losses may be magnified by PRC exchange control regulations that restrict our ability to convert Renminbi into foreign currencies.

If we experience a significant increase in product exchanges and replacement, our costs could substantially increase and our business, financial condition and results of operations may suffer materially.

Our Chinese and international distributors typically have no right to return our products, however, we do accept exchange of our products under three circumstances. We accept exchange from all our distributors for (A) defective products, which mainly comprise of (A-i) occluders and stent grafts that are not released in the body of the patients properly* during the procedures (A-ii) products damaged during transportation and (A-iii) mislabeled products. Secondly, the operating physician cannot at all times have an exact understanding of the medical condition of the patients' bodies (i.e., the size of the hole in patients' hearts) in selecting occluders of the right size for implantation. Therefore, it is possible that the initially selected occluders will be found to be unsuitable for patients in terms of size during the operations and need to be replaced. Historically, we have accepted exchange of (B) all occluders found to be unsuitable for patients in terms of size during procedures from our Chinese distributors. Starting from 2011, to better control the product exchange by our Chinese distributors, we set a ceiling ratio for Chinese distributors' exchange of such occluders based on the target sales under the relevant distribution agreements with respect to which we agree to accept at no cost. For any additional product exchange beyond such ceiling ratio, we will charge our Chinese distributors certain amount of fee. Thirdly, we allow our Chinese distributors to exchange (C) occluders that are three to six months close to the expiry of their validity period. We offer product exchanges under circumstances (B) and (C) to our international distributors as well, but on a case by case basis. During the years ended 2009 and 2010 and the four months ended April 30, 2011, product exchanges were RMB11.3 million, RMB11.7 million and RMB3.2 million, accounting for approximately 14.3%, 11.2% and 7.2% of our total revenue, respectively. Our lower product exchange ratio during the four months ended April 30, 2011 primarily was due to our new product exchange policy adopted in 2011 as discussed above. We believe that our product exchange ratio is in line with industry norm. Most of the product exchanges during the Track Record Period were made because the products were found to be unsuitable for patients in terms of size during operations, accounting for approximately 10.9%, 7.8% and 4.4% of our total revenue, of which only approximately 1.4%, 4.6% and 0.7% were derived from international sales. Only approximately 0.5%, 0.2% and 0.5% of the product exchanges in terms of sales amount were due to defective product, and approximately 2.8%, 3.2% and 2.3% due to products close to expiry in 2009, 2010 and the four months ended April 30, 2011, respectively. If we experience a significant increase in our exchange and replacement costs, we may have to accrue a greater liability for potential product exchanges and replacement, which will result in a substantial increase in our cost of sales. Therefore, our business, financial condition and results of operations may suffer materially.

* *Note* Often the occluder is designed with an umbrella-type design and is folded up until the catheter arrives at the hole in the heart. Once in place the occluder is unfolded on both sides of the hole so that pressure from both sides keeps it in place.

We are exposed to potential product liability claims.

The manufacture and sale of medical devices exposes us to potential risks of product liability claims, which are time consuming and expensive to defend and may have a material adverse impact on our business, financial condition, results of operations and reputation. As our existing products were developed relatively recently and have not been used in a clinical setting for a long time, defects or risks that we have not yet identified may give rise to product liability claims. We have purchased product liability insurance which insures us against product liability claims arising from any of our products sold to distributors or customers in Europe, Asia, Africa and Latin America (and not including the United States and Canada) in an amount of up to US$1 million per claim and in the aggregate during the period of insurance, which is 12 months from June 1, 2011. The Directors are of the view that such insurance policy is in line with the practice followed by manufacturers in our industry that are based in China with similar international sales coverage.

If a product liability claim or series of claims are brought against us for uninsured liabilities or in excess of our insurance coverage and we are ultimately held liable for such claim or series of claims, our business, financial condition, results of operations and reputation will be materially and adversely affected. Any material failure in the design or manufacturing of our products, a quality control system failure, other safety issues or heightened regulatory scrutiny that would cause us to cease manufacturing a product or to recall a product could result in increased product liability claims. Further, we cannot ensure that physicians will follow our instructions on the proper usage of our products accurately. If our products are used incorrectly by physicians, injury may result, which could give rise to product liability claims against us. Any losses that we may suffer from any liability claims, and the effect that any product liability litigation may have upon the reputation and marketability of our products, may divert management's attention from normal business operations and may have a material adverse impact on our reputation, business, financial condition and results of operation.

We have limited insurance coverage, and any claims beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources.

We maintained only limited property insurance as at the Latest Practicable Date. Damages to, or the loss of, our properties due to natural disasters, such as fires, floods or earthquakes, could adversely affect our business, financial condition and results of operations. Insurance companies in China offer limited business insurance products and do not, to our knowledge, offer business liability insurance. While business disruption insurance is available to a limited extent in China, we have determined that the risks of disruption, cost of such insurance and the difficulties associated with acquiring such insurance on commercially reasonable terms make it impractical for us to purchase such insurance. As a result, we do not have any business liability or business disruption insurance. Any business disruption could result in loss of business, substantial expenses and diversion of resources and could materially and adversely affect our business, financial condition, results of operations and reputation.

If we fail to maintain effective internal controls, we may not be able to accurately report our financial results or prevent fraud, and our business, financial condition, results of operation and reputation could be materially and adversely affected.

We will become a public company upon completion of the Share Offer and our internal controls will be essential to the integrity of our business and financial results. Our public reporting obligations are expected to place a strain on our management, operational and financial resources and systems in the foreseeable future. We anticipate that we will incur considerable costs and use significant management time and other resources to achieve effective internal controls. If we encounter difficulties in improving our internal controls and management information systems, our management may need to spend significant time and we may incur additional costs in order to meet our improvement goals. Effective internal control is necessary for us to produce reliable financial reports and is important to help to prevent fraud. As a result, our failure to achieve and maintain effective internal control could result in the loss of investor confidence in the reliability of our financial statements, which in turn could materially and adversely affect our business, financial condition, results of operations and reputation.

We may require additional capital in the future, which may not be available on terms acceptable to us, or at all.

Our capital requirements depend on many factors, including the amount we spend on acquisitions, research and development and the number of clinical trials we conduct. In addition, our future capital requirements may be substantial as we seek to grow through acquisitions and investments. To the extent that our existing capital is insufficient to meet these requirements, we will need to raise additional funds. Any equity or debt financing, if available at all, may be on terms that are not favorable to us. Equity could result in dilution to our Shareholders, and the securities issued in future financings may have rights, preferences and privileges that are senior to those of our Shares. If our need for capital arises because of significant losses, the occurrence of these losses may make it more difficult for us to raise the necessary capital. If we fail to obtain necessary funding on acceptable terms or at all, we may be forced to delay research and development activities, clinical trials, potential acquisitions and investments or otherwise curtail or cease operations.

We are subject to anti-corruption laws in China, Hong Kong and other jurisdictions where we operate our business. Our failure to comply with these laws could result in penalties which could harm our reputation and have a material adverse effect on our business, results of operations and financial condition.

Our operations are subject to laws and regulations in China, Hong Kong and other jurisdictions where we operate our business relating to healthcare fraud and corruption that expose us to risks in relation to actions taken by us and our employees and distributors. Our failure to comply with these laws or regulations, or effectively manage our employees and distributors, could have a material adverse effect on our reputation, results of operations and business prospects.

In the healthcare industry, corrupt practices include, among others, acceptance of kickbacks, bribes or other illegal gains or benefits by hospitals and medical practitioners from pharmaceutical companies and medical device manufacturers and distributors in connection with the prescription or

use of certain healthcare products. During the Track Record Period, none of us, our directors or employees, during their service or employment with us, have been involved in any incidents of healthcare fraud or corruption in selling our products. The Directors confirm that by exercising due care, they have not become aware of any healthcare fraud or corruption committed by our distributors in selling our products during the Track Record Period. If we, our employees or distributors violate these laws and regulations, we could be required to pay damages or fines, the products involved may be seized and our operations may be suspended, any of which could materially adversely affect our business, financial condition and results of operations. Our reputation and sales could be adversely affected if we become the target of any negative publicity as a result of actions taken or acts committed by us, our employees or distributors.

RISKS RELATED TO OUR INDUSTRY

The medical device industry may not grow as quickly as we anticipate or at all.

Our sales and financial condition have been, and we expect them to continue to be, dependent to a significant extent on the overall growth in the medical device market in China and globally, in particular for cardiovascular and peripheral vascular devices. According to BioMedGPS, the cardiology and peripheral interventional segments (including CHD occluders, vena cava filters, endovascular graft, PFO and LAA occluders) are projected to approximately US$2.7 billion in Selected Market sales in 2015. Factors driving the growth for the industry include increasing consumer wealth, a growing and aging population, changes in people's lifestyles, healthcare reform policies, the growing number of catheter laboratories and physicians who have been trained to perform interventional cardiology procedures, increasing government focus on improving the quality of healthcare, improvements in the hospital system and private healthcare insurance. If the Chinese and international medical device industry fail to grow as quickly as we anticipate or at all, our business, financial position and results of operations may be materially adversely affected.

As part of its regulation of the medical industry, the PRC government periodically imposes reductions in the retail prices of our products. Ongoing decreases in the retail prices of our products or limitations on the profit margins we earn could materially and adversely affect our business, financial condition and results of operations.

In China, the government maintains a high level of involvement in determining the retail prices of medical devices, and public hospitals and healthcare institutions purchase high value medical supplies, including our cardiovascular and other vascular products, at prices established through a periodic tender process. In recent years, the tender process has occurred at irregular intervals. The method for conducting the tender process in China has changed frequently in the last several years. In the first two tenders held in the beginning of 2005 and the second half of 2006, MOH and its counterparts in eight provinces and municipalities, including Beijing and Shanghai, organized and supervised the negotiation of retail prices with suppliers through a centralized bidding process to establish the retail prices for public hospitals and healthcare institutions within these provinces and municipalities. Hospitals and healthcare institutions in other provinces and municipalities may follow the prices established in these tenders when making medical device purchases. Subsequently, MOH issued the Notice Regarding Further Enhancing the Administration of Centralized Purchasing of Medical Devices (衛生部關於進一步加强醫療器械集中採購管理的通知) in June 2007, which

required that purchases of medical devices shall be centralized at national, provincial or city level and the power to procure high-value medical devices including heart pacemakers and heart intervention materials shall be centralized at MOH. MOH then conducted a nationwide tender for high-value medical devices in the second half of 2008, announced a catalogue of selected medical devices, including our vena cava filter and stent graft products, and set retail prices of these medical devices for all hospitals and healthcare institutions in China. MOH indicated that these prices were to stay in place until the next tender, to be held in 2009. However, no tender was held in 2009. Instead, MOH's next national tender, held in April 2010, was only for new products that had received SFDA approval following the previous tender. Pursuant to the Notice Regarding Centralized Purchasing of High Value Medical Supplies (衛生部辦公廳關於全國高值醫用耗材集中採購有關事項的通知) issued in January 2010, MOH announced that the tender process would be decentralized, allowing individual provinces and municipalities to hold their own tenders after September 30, 2010. In addition, there are a number of ambiguities regarding the new decentralized tender process, including how often tenders will occur in the future, whether large municipalities or hospitals within a province will be allowed to conduct their own tenders, and whether some provinces will elect to follow the prices set by other provinces or municipalities rather than conducting their own tender.

Moreover, in November 2009, NDRC, MOH and MOHRSS jointly issued the Notice of Opinion on Reform of Pricing System of Pharmaceuticals and Medical Services (關於印發改革藥品和醫療服務價格形成機制的意見的通知), pursuant to which NDRC will strengthen its intervention in the pricing of medical devices (including high value medical devices), limit the profit margins of the participants in the supply chain for medical devices and periodically announce market price information of medical devices. Accordingly, NDRC may determine that our or our distributors' profit margins of some or all of our products are too high and therefore lower the retail prices of our products. See the section headed "Regulatory Overview — Pricing and Tender Process" in this prospectus for further details.

At each tender during the Track Record Period, the retail prices of our products have remained relatively stable with slight decreases in some cases which did not have any material adverse effect on our business and financial condition. Further reductions to the retail prices of our products may happen as decentralization of the tender process progresses. In addition, the decentralized tender process will require us to devote additional resources to participating in the bidding process of each province, which may vary and have different procedures or requirements, and the agreed prices of our products may also vary from province to province. We may not be able to meet the tender requirements of different provinces or our new products may not be presented in a satisfactory manner. In addition, if, for any reason, we are excluded from any future tender process or our tenders are not accepted, we may be unable to sell our products to public hospitals and healthcare institutions until the next tender is held in the applicable location. The tendering process remains highly uncertain and subject to change, and if retail prices or the prices paid by our distributors are subject to reductions, our revenue could decline and our business, financial condition and results of operation could be materially and adversely affected.

The impact of the ongoing healthcare reform in China on our business remains uncertain.

In January 2009, the Chinese government approved in principle a healthcare reform plan to address the affordability of healthcare services, the rural healthcare system and healthcare service quality in China. In March 2009, the Chinese government published the healthcare reform plan for 2009 to 2011, which calls for, among other things, additional government spending on healthcare of RMB850 billion from 2009 to 2011 to support the reform plan. Such government spending is expected to be used primarily to (i) establish a basic healthcare medical insurance regime; (ii) increase the proportion of the rural and urban population covered by the basic medical insurance system or the new rural cooperative healthcare medical system to at least 90% by 2011; (iii) build a basic medicine system that includes a catalog of necessary drugs produced and distributed under government control and supervision; and (iv) enhance healthcare facilities, including building clinics and hospitals. The substantial increase in healthcare spending is expected to expedite the growth of the healthcare industry in China. However, the PRC government has not yet provided a concrete timetable nor steps to implement certain aspects of the healthcare reform plan. See the section headed "Regulatory Overview — Healthcare Reform Plan" in this prospectus for further details.

A major portion of this increased spending is expected to be directed toward basic healthcare services, including building more clinics in rural areas. This expenditure is unlikely to have any direct effect on our business in the near term as our products are generally used in advanced treatments for cardiovascular diseases and disorders, which are mainly conducted in Tier III hospitals. In addition, we cannot predict the long-term effects of China's healthcare reform, including whether spending on catheter laboratories and other facilities where our products are used will increase.

Our sales depend to a large extent on the level of insurance reimbursement patients receive for treatments using our products.

Our ability to sell our products depends to a large extent on the availability of governmental and private health insurance in China and internationally covering treatments using our products. China has a complex medical insurance system that is currently undergoing reform. Governmental insurance coverage or the reimbursement rates in China for treatments using new medical devices such as cardiovascular and peripheral vascular devices are subject to significant uncertainty and vary from region to region, as local government approvals for such coverage must be obtained in each geographic region. In addition, the PRC government may change, reduce or eliminate the governmental insurance coverage currently available for treatments using our products. See section headed "Regulatory Overview — Governmental Insurance Reimbursement Program" in this prospectus for further details.

A majority of our products are subject to reimbursement from governmental health insurers in most major provinces and municipalities in China, including our HeartR occluders. However, we cannot assure you that the insurers will not change, reduce or eliminate the coverage currently available for treatments using our products or extend their coverage to our new products. In addition, insurance companies in China often reimburse patients for a higher percentage of the product cost if they use a medical device manufactured by a Chinese company as opposed to an imported device. We cannot be certain that insurers will continue to adopt this favorable policy in the future.

Outside of China, reimbursement systems in international markets vary significantly by country, and by region within some countries, and reimbursement approvals must be obtained on a country-by-country basis and can take substantial time. Many international markets have government-managed healthcare systems that govern reimbursement for new devices and procedures. In most markets, there are private insurance systems as well as government-managed systems. Additionally, some foreign reimbursement systems provide for limited payments in a given period and therefore result in extended payment periods. Reimbursement regimes in international markets may require us to undertake country-specific activities to qualify or maintain eligibility for reimbursement, including additional clinical studies, which could be time consuming and expensive and may not yield acceptable reimbursement rates.

In the absence of sufficient medical insurance coverage for the use of our products, patients may choose alternative treatment methods, and hospitals may recommend alternative treatments, which would reduce demand for our products and our sales and could in turn materially and adversely affect our business, financial condition and results of operations.

We operate in a heavily regulated industry.

Medical devices are subject to laws and regulations issued by a number of government agencies in China and internationally. Such laws and regulations relate to the manufacturing, clinical tests, registration, distribution and pricing of medical devices. See the section headed "Regulatory Overview" in this prospectus for a discussion of the regulations applicable to us and our business. We must comply with these laws and regulations. In addition, we are or may become subject to examination, supervision and comprehensive regulations by various authorities with regard to compliance with such laws and regulations. Further, there is a potential risk that the our business, operations and reputation be adversely affected by any potential claims or complaints made by any humanitarian activist or similar groups as a result of the Company's clinical trial programs based on animal testing. Our business is highly regulated, the relevant laws, regulations and rules are subject to regular modification and change. From time to time, various laws, regulations and rules are proposed, which, if adopted, could impact our operations or could substantially and adversely affect our ability to operate profitably by making compliance much more difficult or expensive, restricting our ability to develop or operate our business and our growth prospects. It is impossible to predict the competitive impact that any such change would have on the medical device industry where we operate in general or on our business. If we or our distributors fail to comply with such applicable laws and regulations, we could be required to make significant changes to our business or suffer fines or penalties, including the potential loss of our business licenses.

There may be corrupt practices in the healthcare industry in China and other countries, which may place us at a competitive disadvantage if our competitors engage in such practices.

There may be corrupt practices in the healthcare industry in China or other countries. For example, in order to secure more orders, our competitors or their respective agents or distributors may engage in corrupt practices in order to influence surgeons, hospital personnel or other decision-makers in violation of the anti-corruption laws of China, Hong Kong or other applicable laws of other countries. As competition persists and intensifies in our industry, we may lose potential customers or sales to the extent that our competitors engage in such practices or other illegal activities.

RISKS RELATED TO DOING BUSINESS IN CHINA

The global market fluctuations, economic downturn and decline in the availability of credit could materially and adversely affect our business, financial condition and results of operation.

The global capital and credit markets have been experiencing extreme volatility and disruptions since the second half of 2008. Concerns over inflation or deflation, energy costs, geopolitical issues, the availability and cost of credit, the U.S. mortgage market and a declining residential real estate market in the U.S. and elsewhere have contributed to significant levels of market volatility and diminished expectations for the global economy and the capital and consumer markets. These factors, combined with volatile oil prices, declining business activities and consumer confidence and increased unemployment, have precipitated an economic slowdown and a possibly prolonged global recession. These events have led to a slowdown in the Chinese and global economy which could continue in the future. As a result, demand for our products may significantly decrease, thereby materially and adversely affecting our business, financial condition and results of operations.

In addition, the availability of credit to businesses operating primarily within emerging markets, such as ourselves, is significantly influenced by levels of investor confidence in such markets as a whole and any factor that impacts market confidence (for example, a decrease in credit ratings or state or central bank intervention in one market) could affect the cost or availability of funding for businesses within any of these markets. The economic slowdown and global recession have affected the global credit markets and resulted in reduced liquidity, greater volatility, widening of credit spreads, lack of price transparency in credit markets and a reduction in available financing. Disruptions to the global credit markets could limit our ability to borrow funds in the future, which could materially and adversely affect our liquidity, business, financial condition, results of operations and prospects.

Changes in political or economic policies, and a slowdown in the economy of the PRC may have a material adverse impact on our business, financial condition and results of operation.

Substantially all of our assets are currently located in the PRC. A substantial part of our revenue is generated from products manufactured and sold in the PRC, and we expect this situation to continue in the near future. As a result, our business, financial condition, results of operations and prospects are and will continue to be subject to political, economic and legal developments in the PRC to a significant degree. The PRC economy differs from the economies of most developed countries in many respects, including the extent of government involvement, allocation of resources, capital reinvestment, level of development, growth rate, and control of foreign exchange.

Historically, the PRC economy was centrally-planned, with a series of economic plans promulgated and implemented by the PRC government. Since 1978, the PRC government has been promoting economic and political reforms. The PRC has gradually shifted from a planned economy toward a market-oriented economy. However, the PRC government may not continue to pursue economic reforms and continued governmental control of the economy may adversely affect us. A variety of policies and measures that could be taken by the PRC government to regulate the economy,

including the introduction of measures to control inflation, deflation, or regulate economic growth, changes in the rates or methods of taxation, or the imposition of additional restrictions on currency conversions and remittances abroad, could materially and adversely affect our business, financial condition and results of operations.

Changes and uncertainties in the PRC legal system may have a material adverse impact on our business, financial condition and results of operations.

The PRC is still in the process of developing a comprehensive statutory framework. The PRC government established a commercial law system in 1979 and, since then, significant progress has been made in promulgating laws and regulations relating to economic affairs and matters such as corporate organization and governance, foreign investment, commerce, taxation and trade. However, many of these laws and regulations are relatively new, and the implementation and interpretation of these laws and regulations remain uncertain in many areas. Consequently, developments and changes in PRC laws and regulations, including their interpretation and enforcement, may have a material adverse effect on our business, financial condition and results of operations.

PRC regulation of direct investment and loans by offshore holdings companies to PRC entities may delay or limit us from using the proceeds of the Share Offer to make additional contributions or loans to our PRC subsidiaries.

Any capital contribution or loans that we, as an offshore entity, make to our PRC subsidiaries, including from the proceeds of the Share Offer, are subject to PRC regulations. Any of our loans to our PRC subsidiaries cannot exceed the difference between the total amount of investment that our respective PRC subsidiaries are approved to make under relevant PRC laws and their respective registered capital, and any such loans must be registered with the local branch of SAFE. Furthermore, our additional capital contributions to our PRC subsidiaries must be approved by MOFCOM or its local counterpart. We cannot assure you that we will be able to obtain these approvals on a timely basis, or at all. If we fail to obtain such approvals, our ability to make equity contributions or provide loans to our PRC subsidiaries or to fund its operations may be adversely affected, which could harm our PRC subsidiaries' liquidity and their ability to fund their working capital and expansion projects and meet their obligations and commitments.

In addition, in August 2008, SAFE promulgated Circular 142 (國家外匯管理局綜合司關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知), a notice regulating the conversion by a foreign-invested company of foreign currency into Renminbi by restricting how the converted Renminbi may be used. Circular 142 requires that Renminbi converted from the foreign currency-denominated capital of a foreign-invested company may only be used for purposes within the business scope approved by the applicable governmental authority and may not be used for equity investments within the PRC unless otherwise specifically provided for. In addition, SAFE strengthened its oversight of the flow and use of Renminbi funds converted from the foreign currency-denominated capital of a foreign-invested company. The use of such Renminbi may not be changed without approval from SAFE, and may not be used to repay Renminbi loans if the proceeds of such loans have not yet been used. Violations of Circular 142 may result in severe penalties, including substantial fines as set forth in the Foreign Exchange Administration Regulations (外匯管理條例).

We may be required to obtain prior approval of the China Securities Regulatory Commission, or CSRC, of the Listing and trading of our Shares on the GEM Board.

On August 8, 2006, six PRC regulatory authorities, including MOFCOM, the State-owned Assets Supervision and Administration Commission (國有資產監督管理委員會), the SAT, the SAIC, the CSRC, and SAFE, jointly issued the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定), or the New M&A Rules, which became effective on September 8, 2006. This regulation, among other things, purports to require that an offshore special purpose vehicle controlled directly or indirectly by PRC companies or individuals and formed for purposes of listing overseas the interests in PRC companies held by such PRC companies or individuals obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange. On September 21, 2006, the CSRC published procedures regarding the approval of overseas listings by such offshore special purpose vehicles.

Our PRC counsel, Zhong Lun Law Firm, has advised us that based on its understanding of the current PRC laws, rules and regulations and the New M&A Rules, prior approval from the CSRC is not required under the New M&A Rules for the listing of our Shares on the GEM Board because we acquired Lifetech Shenzhen prior to the effectiveness of the New M&A Rules and there was no share swap involved in the acquisition.

However, Zhong Lun Law Firm has further advised us that uncertainties still exist as to how the New M&A Rules will be interpreted and implemented and its opinions summarized above are subject to any new laws, rules and regulations or detailed implementations and interpretations in any form relating to the New M&A Rules. If the CSRC or another PRC regulatory agency subsequently determines that prior CSRC approval was required, we may face regulatory actions or other sanctions from the CSRC or other PRC regulatory agencies. These regulatory agencies may impose fines and penalties on our operations, limit our operating privileges, delay or restrict the repatriation of the proceeds from the Share Offer into China or payment or distribution of dividends by our PRC subsidiaries, or take other actions that could materially and adversely affect our business, financial condition, results of operations, reputation and prospects, as well as the trading price of our Shares. The CSRC or other PRC regulatory agencies also may take actions requiring us, or making it advisable for us, to halt the Share Offer before settlement and delivery of the Offer Shares. Consequently, investors who engage in market trading or other activities in anticipation of and prior to settlement and delivery do so at the risk that settlement and delivery may not occur. Also, if the CSRC later requires that we obtain its approval, we may be unable to obtain a waiver of the CSRC approval requirements, if and when procedures are established to obtain such a waiver. Any uncertainties or negative publicity regarding this CSRC approval requirement could materially and adversely affect the trading price of our Shares.

We cannot predict when the CSRC may promulgate additional implementing rules or other guidance, if at all. If the CSRC issues implementing rules or guidance prior to the completion of the Share Offer and consequently we conclude that we are required to obtain CSRC approval, the Share Offer will be delayed until we obtain CSRC approval, which may take several months or longer. Furthermore, any delay in the issuance of such implementing rules or guidance may create additional

uncertainties with respect to the Share Offer. Moreover, implementing rules or guidance, to the extent issued, may fail to resolve current ambiguities under the New M&A Rules. Uncertainties and/or negative publicity regarding the New M&A Rules could materially and adversely affect the trading price of our Shares.

PRC regulations, particularly SAFE Circular No. 75 relating to acquisitions of PRC companies by offshore special purpose companies controlled by PRC companies or individuals, may limit our ability to acquire PRC companies and adversely affect the implementation of our strategy as well as our business and prospects.

In 2005, SAFE issued a number of rules regarding offshore investments by PRC residents. The currently effective rule, the Circular on Several Issues Relating to the Administration of Foreign Exchange in Fund-Raising and Return Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Companies (國家外匯管理局關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知), or SAFE Circular No. 75, was issued in October 2005. SAFE Circular No. 75 requires domestic residents of the PRC to register with the relevant local branches of SAFE before establishing or controlling any company outside China, formed for overseas listing purposes through acquisitions of PRC domestic companies and controlled by PRC companies or individuals, referred to therein as a "special purpose company." PRC domestic residents who are beneficial owners of special purpose companies and have completed reverse investments but did not make foreign exchange registrations for overseas investments before November 1, 2005 were retroactively required to register with the local SAFE branch before March 31, 2006.

To our knowledge and as advised by our PRC counsel, Zhong Lun Law Firm, five of our Shareholders who are PRC domestic residents, Mr. Xie, Mr. Wu, Mr. Zang Shixian, Mr. Lu Shiwen and Mr. Zi Zhenjun, have made the relevant application and filing with the Shenzhen branch of SAFE and have obtained the applicable registration required by these SAFE regulations. As it is uncertain how the SAFE regulations will be interpreted or implemented, we cannot predict how these regulations will affect our business operations or future strategy. We may be subject to a more stringent review and approval process with respect to our foreign exchange activities, such as remittance of dividends and foreign currency-denominated borrowings, which may materially and adversely affect our business, financial condition and results of operations. In addition, if we decide to acquire a PRC domestic company, we cannot assure you that we or the owners of such company, as the case may be, will be able to obtain the necessary approvals or complete the necessary filings and registrations required by the SAFE regulations. This may restrict our ability to implement our acquisition strategy and could materially and adversely affect our business, financial condition, results of operations and future prospects.

The enforcement of the Labor Contract Law and other labor-related regulations in the PRC may materially and adversely affect our business, financial condition and results of operations.

On June 29, 2007, NPC enacted the Labor Contract Law (勞動合同法), which became effective on January 1, 2008. Compared with the PRC Labor Law (中華人民共和國勞動法), which took effect on January 1, 1995, the Labor Contract Law imposes more stringent requirements on employers in relation to entry into fixed term employment contracts and dismissal of employees. Pursuant to this law, our PRC subsidiaries are required to enter into non-fixed term employment contracts with

employees who have worked for more than 10 years or, unless otherwise provided under the law, with whom a fixed term employment contract has been concluded for two consecutive years since January 1, 2008. Our Group may not be able to efficiently terminate non-fixed term employment contracts under the Labor Contract Law without cause. In addition, under the Regulations on Paid Annual Leave for Employees (職工帶薪年休假條例), which became effective on January 1, 2008, employees who have served continuously for more than one year with an employer are entitled to a paid vacation ranging from five to 15 days, depending on the length of the employees' service. Employees who consent to waive such vacation at the request of employers shall be compensated at an amount equal to three times their normal salaries for each vacation day being waived. As a result, our Group's labor costs may increase. In particular, increases in labor costs in the PRC will increase our cost of sales and we may not be able to pass these increases on to our customers. There is no assurance that any employment dispute, work stoppage or strike will not arise in the future. Increases in our Group's labor costs and future disputes with our employees could materially and adversely affect our business, financial condition and results of operations.

Failure to comply with PRC regulations in respect of the registration of our PRC citizen employees' share options may subject such employees or us to fines and legal or administrative sanctions.

In December 2006, PBOC promulgated the Administrative Measures for Individual Foreign Exchange (個人外匯管理辦法), which set forth the respective requirements for foreign exchange transactions by PRC individuals under either the current account or the capital account. The Implementation Rules of the Administrative Measures for Individual Foreign Exchange (個人外匯管理辦法實施細則), issued in January 2007 by SAFE, specify the approval requirements for PRC citizens who are granted shares or share options by an overseas listed company according to its employee stock ownership plan or stock option plan.

In March 2007, SAFE promulgated the Processing Guidance on Foreign Exchange Administration for Domestic Individuals Participating in Employee Stock Holding Plans or Stock Option Plans of Overseas-Listed Companies (境內個人參與境外上市公司持股計劃和認股期權計劃等外匯管理操作規程) (the "Share Option Rule"). According to the Share Option Rule, PRC citizens who are granted shares or share options by an overseas listed company according to its employee share option or share incentive plan are required, through the PRC subsidiary of such overseas listed company or other qualified PRC agents, to register with SAFE and complete certain other procedures related to the share option or other share incentive plan. Foreign exchange income from the sale of shares or dividends distributed by the overseas listed company shall be remitted into the domestic special foreign exchange account that is opened by a domestic subsidiary of the listed company or its domestic agent and then may be remitted to a foreign currency account of such PRC citizen or be exchanged into Renminbi. In addition, the overseas listed company or its PRC subsidiary or other qualified PRC agent is required to appoint an asset manager or administrator, appoint a custodian bank and open a domestic special foreign exchange account and an overseas special foreign account to handle transactions relating to the share option scheme or other share incentive plan. We and our PRC citizen employees who will be granted share options (the "PRC option holders") will be subject to these rules upon Listing. If we or our PRC option holders fail to comply with these rules in the future, we or our PRC option holders may be subject to fines and other legal or administrative sanctions.

We are subject to a wide variety of environmental regulations, and any failure to comply with these regulations or to control the associated costs could harm our business.

We are required to comply with various and extensive environmental, health and safety laws and regulations promulgated by the PRC government. Please refer to the section headed "Regulatory Overview — Laws Relating to Environmental Protection" in this prospectus for more details. If we fail to comply with these laws and regulations, we could be exposed to penalties, fines, suspension or revocation of our licenses or permits to conduct business, administrative proceedings and litigation. Given the magnitude and complexity of these laws and regulations, compliance with them or the establishment of effective monitoring systems may be onerous or require a significant amount of financial and other resources. As these laws and regulations continue to evolve, we cannot give assurances that the PRC government will not impose additional or more onerous laws or regulations, compliance with which may cause us to incur significantly increased costs. Such events could materially and adversely affect our business, financial condition and results of operations.

Investors may face difficulties effecting service of process upon the Company or our Directors or senior management who reside in the PRC or enforcing judgments obtained from non-PRC courts against us or them.

We are incorporated in the Cayman Islands. The majority of our Directors and senior management reside in the PRC. Almost all of our assets and some of the assets of those Directors and senior management are located within the PRC. Therefore, it may not be possible for investors to effect service of process upon us or those persons inside the PRC. The PRC has not entered into treaties or arrangements providing for the recognition and enforcement of judgments made by courts of most other jurisdictions. On July 14, 2006, Hong Kong and the PRC entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned (最高人民法院關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民事案件判決的安排) (the "Arrangement"), pursuant to which a party with a final court judgment rendered by a Hong Kong court requiring payment of money in a civil and commercial case according to a choice of court agreement in writing may apply for recognition and enforcement of the judgment in the PRC. Similarly, a party with a final judgment rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of such judgment in Hong Kong. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Arrangement in which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it is not possible to enforce a judgment rendered by a Hong Kong court in China if the parties in dispute do not agree to enter into a choice of court agreement in writing. As a result, it may be difficult or impossible for investors to effect service of process against us or our Directors or senior management in China in order to seek recognition and enforcement for foreign judgments in China.

Our PRC subsidiaries are subject to existing restrictions on paying dividends or making other distributions to us, and changes in foreign exchange regulations may materially and adversely affect our business, financial condition and results of operation.

We are a holding company incorporated in the Cayman Islands and we rely on dividends paid by our PRC operating subsidiaries for our cash requirements, including the funds necessary to pay

dividends and other cash distributions to our Shareholders, to service any debt we may incur, and to pay our operating expenses. PRC regulations currently permit payment of dividends only out of distributable profits, as determined in accordance with PRC GAAP, which differ in many aspects from generally accepted accounting principles in other jurisdictions, including IFRS. Our PRC subsidiaries are required to set aside at least 10% of their respective distributable profits after tax each year, if any, to fund certain reserve funds, until the aggregate accumulated reserve funds reach or exceed 50% of their respective registered capital. As at the Latest Practicable Date, Lifetech Shenzhen's statutory reserve funds have not reached this 50% threshold. These reserve funds cannot be distributed as cash dividends. In addition, if any of our PRC subsidiaries incurs debt on its own or enters into certain other agreements in the future, the instruments governing the debt or such other agreements may restrict its ability to pay dividends or make other distributions to us. Therefore, these restrictions on the availability and usage of our major source of funding may materially and adversely affect our ability to pay dividends to our Shareholders and to service our debts.

We receive a significant portion of our revenue in Renminbi, which is not freely-convertible into other currencies. As a result, any restriction on currency exchange may limit the ability of our PRC subsidiaries to use our revenue generated in Renminbi to pay dividends to us. Under existing foreign exchange regulations in the PRC, following completion of the Share Offer, our PRC subsidiaries may make payment of dividends without prior approval from SAFE by producing documents including but not limited to commercial documents evidencing dividend allocation, provided that they are processed through PRC banks licensed to engage in foreign currency transactions. The PRC government has stated that it intends to make the Renminbi freely convertible in the future. However, uncertainty exists as to whether the PRC government may restrict access to foreign currency for current account transactions if foreign currency becomes scarce in the PRC, in which case our ability to pay dividends or satisfy other foreign exchange requirements may be adversely affected.

Any change in the preferential tax treatment we currently enjoy and fiscal subsidy we currently receive in the PRC may have a material adverse impact on our business, financial condition and results of operation.

On March 16, 2007, NPC passed the Enterprise Income Tax Law (中華人民共和國企業所得税法) (the "New EIT Law"). The New EIT Law and its implementing rules both became effective on January 1, 2008 and replaced the previous two separate tax legal regimes for FIEs and Chinese domestic companies and imposed a uniform income tax rate of 25% for all enterprises, including FIEs, unless they qualify under certain exceptions. The New EIT Law contemplates various transition periods and measures for previous preferential tax policies enjoyed by enterprises (including FIEs). Enterprises which were established before the promulgation of the New EIT Law and were previously entitled to a lower income tax rate will be entitled to a transitional period of five years (i.e., 18% for 2008, 20% for 2009, 22% for 2010, 24% for 2011 and 25% for 2012 and onwards), and enterprises which were entitled to the fixed-term preferential tax holiday will continue to enjoy such preferential treatment until the expiration of the specified terms, except that the relevant exemption or reduction shall start from January 2008 if the first profit-making year for commencing the relevant exemption or reduction is later than 2008. Our PRC subsidiaries Shenzhen Enke and Shenzhen Shineyard, as enterprises operating in the Shenzhen Special Economic Zone. were entitled to a lower income tax rate before the promulgation of the New EIT Law. They were subject to the phase-out rate at 20%, 22% and 24% in 2009, 2010 and 2011 respectively. The New EIT Law and its implementing rules also

permit qualified ''High and New Technology Enterprises,'' or HNTEs, to enjoy a reduced enterprise income tax rate of 15% or qualified small-scale enterprise with low profit margins to enjoy a reduced enterprise income tax rate of 20%. Our subsidiary Lifetech Shenzhen was approved as a HNTE in December 2008 with a valid term of three years and enjoyed a preferential tax rate of 15% in 2009 and 2010. Such HNTE status will be reviewed annually and can be renewed after three years as long as Lifetech Shenzhen can qualify as a HNTE. Based on our business projections, we expect that we will be able to renew the HNTE status of Lifetech Shenzhen upon its expiry in December 2011. Our subsidiary Shenzhen Biological was entitled to a reduced enterprise income tax rate of 20% as a small-scale enterprise with low profit margins in 2009 and 2010.

In addition, Lifetech Shenzhen at times received tax rebates from local government authorities on an irregular basis. While we intend to continue to apply for fiscal tax rebates, we may not receive any in the future. We cannot assure you that our PRC subsidiaries will continue to qualify for the benefits under the New EIT Law or enjoy the government incentives, or that the local tax authorities will not, in the future, change their position and revoke any of our past preferential tax treatments, any of which could cause our effective tax rate to increase, cause our net income to decrease, and our financial condition and results of operations will be materially adversely affected.

We may be classified as a "resident enterprise" for PRC enterprise income tax purposes, and such classification could result in unfavorable tax consequences to us and our non-PRC Shareholders.

The New EIT Law provides that enterprises established outside of China whose "de facto management bodies" are located in China are considered PRC "tax resident enterprises" and will generally be subject to the uniform 25% PRC enterprise income tax rate on their global income. The circumstances under which an enterprise's "de facto management body" would be considered to be located in China are currently unclear. A tax circular issued by the SAT on April 22, 2009, or Circular 82, provides that certain foreign enterprises controlled by a PRC company or a PRC company group will be classified as "resident enterprises" if the following are located or resident in China: senior management personnel and departments that are responsible for daily production, operations and management; financial and personnel decision making bodies; key properties, accounting books, company seal, and minutes of board meetings and shareholders' meetings; and half or more of the senior management or directors having voting rights.

Currently, a substantial majority of the members of our management team as well as the management team of our offshore holding companies are located in China. We may be deemed to be a PRC resident enterprise if the related criteria under Circular 82 are referred to and applied to us by the PRC tax authorities. We do not currently consider our Company or any of our overseas subsidiaries to be a PRC resident enterprise. However, if our Company or any of our overseas subsidiaries is considered a PRC tax resident enterprise for PRC tax purposes, a number of unfavorable PRC tax consequences could follow. First, our Company or our overseas subsidiary will be subject to the uniform 25% enterprise income tax rate as to our global income as well as tax reporting obligations. Second, we cannot assure you that dividends paid to us from our PRC subsidiaries will not be subject to a 10% withholding tax, as the PRC authorities, which enforce the withholding tax, have not yet issued guidance with respect to the processing of outbound remittances to entities that are treated as resident enterprises for PRC tax purposes. Finally, dividends payable by us to our investors and gain

on the sale of our Shares may become subject to PRC withholding tax. If we are required under the New EIT Law to withhold PRC income tax on our dividends payable to our foreign Shareholders, or if investors are required to pay PRC income tax on the transfer of their Shares, the value of their investment in our Shares may be materially and adversely affected.

Restriction of payment of dividends under PRC law and the tax exemptions on dividends received by our Company and our Shareholders may be affected by the New EIT Law.

Under PRC laws, dividends may be paid only out of distributable profits. Distributable profits with regard to the subsidiaries of our Company incorporated in the PRC refer to each subsidiary's respective after tax profits as determined under PRC GAAP, less any recovery of accumulated losses and allocations to statutory funds that they are required to make. Any distributable profits that are not distributed in a given year are retained and available for distribution in subsequent years. The calculation of distributable profits under PRC GAAP differs in many aspects from the calculation under IFRS. As a result, our PRC subsidiaries may not be able to pay any dividend in a given year to our Company if they do not have distributable profits as determined under PRC GAAP, even if they have profits for that year as determined under IFRS. Accordingly, since we derive a majority of our profits from our PRC subsidiaries, we may not have sufficient distributable profits to pay dividends to our Shareholders, even if there is such an amount shown in our accounts prepared under IFRS.

In addition, our Company was incorporated under the laws of the Cayman Islands and directly holds interests in our PRC subsidiary Lifetech Shenzhen. Prior to January 1, 2008, dividends derived by foreign enterprises from business operations in China were not subject to the PRC enterprise income tax. However, such tax exemption ceased after January 1, 2008 with the effectiveness of the New EIT Law. The New EIT Law and its implementation rules stipulate that if an entity is deemed to be a non-PRC resident enterprise without office premises in the PRC, a withholding tax at the rate of 10% will be applicable to any dividends paid to it by its PRC subsidiary, unless it is entitled to reduction or elimination of such tax, including by tax treaties.

We may be subject to acts of God, acts of war and epidemics which are beyond our control and which may cause damage, loss or disruption to our business.

We have two manufacturing facilities located in Shenzhen, China and one manufacturing facility in Beijing for the production of our products and a majority of our products are sold in the PRC. Our business is subject to the general economic and social conditions in the PRC. Natural disasters, epidemics and other acts of God which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the PRC. Some cities in the PRC are under the threat of flood, earthquake, sandstorm, snowstorm, fire or drought. A serious earthquake and its successive aftershocks hit Sichuan province in May and June of 2008, resulting in tremendous loss of lives and injury and destruction of assets in the region. In April 2009, a swine influenza broke out in Mexico and spread globally, resulting in the loss of lives and widespread fear. Certain areas of China are susceptible to epidemics, such as Severe Acute Respiratory Syndrome ("SARS") or swine or avian influenza. A recurrence of SARS, an outbreak of swine or avian influenza, or any epidemic in China could result in material disruptions to our operations or a slowdown of China's economy, which could materially and adversely affect our business, financial condition and results of operations.

Our business, financial condition and results of operations may be materially and adversely affected if such natural disasters occur. Acts of war and terrorism may also injure our employees, cause loss of lives, damage our facilities, disrupt our distribution channels, destroy our markets, or cause uncertainty in our employees, suppliers, and customers, any of which could materially and adversely impact our business, financial condition and results of operation. In the event of any such disasters, we could be forced to rely on third-party manufacturers or seek alternative facilities, which would need to be approved by SFDA in both cases in order to manufacture medical devices at such a location. Even if we are able to identify alternative facilities, we would incur additional costs and experience a disruption in the production of our products until those facilities were available and duly approved for manufacturing medical devices. The potential for any of these disasters to occur could cause our business to suffer in ways that we cannot predict. Our business, financial condition and results of operations may be materially and adversely affected as a result.

RISKS RELATED TO THE SHARE OFFER

The interests of our Controlling Shareholders may differ from those of other Shareholders.

Immediately following completion of the Share Offer, our Controlling Shareholders will beneficially own, in aggregate, approximately 37.89% of our Company's issued Shares, or approximately 37.18% if the Lead Manager (on behalf of the Placing Underwriters) exercise the Over-allotment Option in full. The interests of our Controlling Shareholders may differ from the interests of our other Shareholders. Our Controlling Shareholders could have significant influence in determining the outcome of any corporate transaction or other matter submitted to our Shareholders for approval, including but not limited to mergers, consolidations and the sale of all, or substantially all, of our assets, election of Directors, and other significant corporate actions. Shareholders may be disadvantaged if the interests of our Controlling Shareholders conflict with the interests of our other Shareholders or if our Controlling Shareholders cause our business to pursue strategic objectives that conflict with the interests of our other Shareholders.

There has been no previous public market for our Shares, and an active trading market may not develop.

Prior to the completion of the Share Offer, there has been no public market for our Shares. The Offer Price will be determined by the Lead Manager, us and the Selling Shareholders. The Offer Price may differ from the market price of our Shares after completion of the Share Offer. The Listing may not result in the development of an active or liquid trading market for the Shares following completion of the Share Offer or in the future or, if it does develop, it may not be sustained after the Listing or the market price of our Shares may decline below the Offer Price.

There will be a gap of several days between pricing and trading of the Offer Shares during which time investors may not be able to sell or otherwise deal in our Offer Shares and the initial trading price of the Offer Shares could decrease to be lower than the Offer Price.

The Offer Price will be determined on the Price Determination Date. However, our Offer Shares will not commence trading on the Hong Kong Stock Exchange until the Listing Date, which is expected to be up to five business days after the Price Determination Date. As a result, investors may not be able to sell or otherwise deal in our Offer Shares during such period, and thus are subject to the risk that the market price of our Offer Shares could fall before trading begins as a result of adverse market conditions or other adverse developments occurring during this period.

Future sales or a major divestment of Shares by our current significant Shareholders could adversely affect our Share price.

Future sales, disposals or other transfers of a substantial number of our Shares by our current significant Shareholders in the public market, or any prospects or possibilities of such sales, disposals or other transfers of such Shares could adversely affect the market price of our Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate. There will be approximately 62.11% of our Company's enlarged issued share capital after completion of the Share Offer not subject to any lock-up arrangement, assuming the Over-allotment Option is not exercised. If our existing Shareholders sell a substantial amount of our Shares in the public market upon Listing, or such significant Shareholders sell their Shares upon the expiration of the lock-up period, such sales may create a circumstance commonly referred to as an "overhang," the anticipation of which may cause the market price of our Shares to fall. The existence of an overhang, whether or not such sales have occurred or are occurring, may make it more difficult for us to raise additional financing through the sale of equity or equity-related securities in the future at a time and price we deem reasonable or appropriate. The sale of such Shares may have a negative impact on the price of our Shares. See the section headed "Underwriting" in this prospectus for information regarding the lock-up arrangements of our current significant Shareholders.

Investors will experience dilution in net tangible assets value because the Offer Price is higher than our net tangible assets value per Share.

Because the Offer Price is higher than the net tangible assets value per Share immediately prior to the Offer, purchasers of our Shares in the Share Offer will experience an immediate dilution in consolidated net tangible assets value of HK$1.57 per Share (assuming the maximum Offer Price of HK$2.26, and the corresponding pro forma adjusted consolidated net tangible assets per Share of HK$0.69 as set forth in "Unaudited Pro Forma Financial Information" in Appendix II to this prospectus). If we issue additional Shares in the future, purchasers of our Shares may experience further dilution in their ownership percentage.

The trading volume and share price of our Shares may fluctuate.

The price and trading volume of our Shares may be highly volatile. Factors such as actual or anticipated fluctuations in our quarterly results of operation, announcements of new products by us or our competitors, changes in financial estimates by securities analysts, changes in the economic

performance or market valuations of other companies involved in the manufacture and sales of medical devices, changes in government regulations and policies affecting the medical device industry, including those relating to the pricing of medical devices, announcements by our competitors of significant acquisitions, strategic partnerships, joint ventures or capital commitments, additions or departures of key personnel or potential litigation could cause large and sudden changes in the volume and price at which our Shares will trade. In addition, the Hong Kong Stock Exchange and other securities markets have, from time to time, experienced significant price and volume fluctuations that are not related to the operating performance of any particular company. These fluctuations may also materially and adversely affect the market price of our Shares.

Investors may face difficulties in protecting their interests because we are incorporated under Cayman Islands law, and Cayman Islands law may provide different remedies to minority shareholders when compared with the laws of Hong Kong and other jurisdictions.

Our corporate affairs are governed by our Memorandum and Articles and by the Cayman Companies Law and the common law of the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those established under statutes or judicial precedents in Hong Kong and other jurisdictions. Such differences may mean that the remedies available to our minority Shareholders may be different from those they would have under the laws of Hong Kong or other jurisdictions. Please refer to the section headed "Summary of the Constitution of the Company and Cayman Companies Law" in Appendix IV to this prospectus for further details.

Investors should not place undue reliance on industry and market information and statistics derived from official government publications, market data providers and other independent third party sources contained in this prospectus.

This prospectus contains information and statistics, including but not limited to information and statistics relating to the PRC and the industry and markets. The information and statistics related to the industry and markets are derived from official government publications, market data providers and other independent third party sources. None of these information or statistics have been independently verified by us, or any of our affiliates or advisers, or by the Sponsor, the Bookrunner and the Lead Manager, any other party involved in the Share Offer, or their respective affiliates or advisers. We cannot ensure the accuracy of such information and statistics, and such information and statistics may not be consistent with other information publicly available or available from other sources. Prospective investors should not place undue reliance on any information and statistics derived from official government publications, market data providers and other independent third party sources contained in this prospectus.

This prospectus includes forward-looking statements. All statements other than statements of historical facts contained in this prospectus, including, without limitation, those regarding our future financial position, our strategy, plans, objectives, goals and targets, future developments in the markets where we participate or are seeking to participate, and any statements preceded by, followed by or that include the words "believe," "expect," "aim," "intend," "will," "may," "plan," "consider," "anticipate," "seek," "should," "would" or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These statements include, among other things, the discussion of our growth strategy and the expectations of our future operations, liquidity and capital resources. Purchasers and subscribers of our Offer Shares are cautioned that reliance on any forward-looking statement involves risk and uncertainties and that any or all of those assumptions could prove to be inaccurate, and as a result, the forward-looking statements based on those assumptions could also be incorrect. Important factors that could cause our actual performance or achievements to differ materially from those in the forward-looking statements include, among others, the following:

- our goals and strategies;
- our future business development, financial condition and results of operation;
- the expected market growth for medical devices in China and elsewhere;
- market acceptance of our products;
- our expectations regarding consumer demand for cardiovascular and peripheral vascular interventional devices;
- our ability to expand our production, sales and distribution network and other aspects of our operations and maintain our relationships with our distributors;
- our ability to stay abreast of market trends and technological advances;
- our ability to develop new products;
- our ability to manage our growth effectively;
- our ability to effectively protect our intellectual property rights and not infringe on the intellectual property rights of others;
- competition in the medical device manufacturing industry;
- PRC governmental policies and regulations relating to the medical device manufacturing industry;

- PRC government's involvement in the determination of retail prices of medical devices;
- fluctuations in general economic and business conditions in China; and
- other matters described in this prospectus that are not historical facts.

These statements are based on numerous assumptions, including those regarding our present and future business strategy and the environment in which we will operate in the future. Our future results could differ materially from those expressed or implied by such forward-looking statements. In addition, our future performance may be affected by various factors including, without limitation, those discussed in the sections headed "Risk Factors" and "Financial Information - Factors Affecting Our Results of Operations" in this prospectus.

Should one or more of the risks or uncertainties stated in the mentioned sections materialize, or should any underlying assumptions prove incorrect, actual outcomes may vary materially from those indicated. In light of these and other uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations or warranties by us that our Company's plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. We do not intend to update these forward-looking statements in addition to our ongoing disclosure obligations pursuant to the GEM Listing Rules or other requirements of the Hong Kong Stock Exchange. Prospective investors should therefore not place undue reliance on any of these forward-looking statements.

In this prospectus, statements of, or references to, our intentions or those of any of our directors are made as of the date of this prospectus. Any such intentions may change in light of future developments.

DIRECTORS' RESPONSIBILITY FOR THE CONTENT OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules, the Hong Kong Companies Ordinance and the Securities and Futures (Stock Market Listing) Rules for the purpose of giving information with regard to our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this document 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 document misleading.

INFORMATION ON THE SHARE OFFER

The Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Share Offer or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by our Company, the Sponsor, the Underwriters, any of their respective Directors, agents, employees or advisors or any other party involved in the Share Offer.

Details of the structure of the Share Offer, including its conditions, are set out in the section headed "Structure of the Share Offer" in this prospectus, and the procedures for applying for Public Offer Shares are set out in the section headed "How to Apply for the Public Offer Shares" in this prospectus and in the relevant Application Forms.

UNDERWRITING

This prospectus is published solely in connection with the Share Offer. The Share Offer comprises the Placing and the Public Offer and are subject, in each case, to re-allocation and the Placing is also subject to the Over-allotment Option, which are described in the section headed "Structure of the Share Offer" in this prospectus.

The Listing is sponsored by the Sponsor and the Share Offer is lead managed by the Lead Manager. Subject to the terms of the Underwriting Agreements (including the determination of the final Offer Price by agreement between our Company and the Lead Manager (for itself and on behalf of the Underwriters) on or before Thursday, November 3, 2011 being the expected Price Determination Date or such later time as may be agreed by our Company, the Selling Shareholders and the Lead Manager (for itself and on behalf of all the Underwriters)), the Public Offer Shares are fully underwritten by the Public Offer Underwriters and the Placing Shares are fully underwritten by the Placing Underwriters. For particulars of the Underwriters and the underwriting arrangements, please refer to the section headed "Underwriting" in this prospectus.

SELLING RESTRICTIONS

No action has been taken to permit a public offering of the Offer Shares or the general distribution of this prospectus and/or the Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation.

Each person acquiring the Offer Shares will be required to confirm and is deemed by his acquisition of the Offer Shares to have confirmed that he is aware of the restrictions on offers of the Offer Shares described in this prospectus and that he is not acquiring, and has not been offered any Offer Shares in circumstances that contravene any such restrictions.

Prospective applicants for Offer Shares should consult their financial advisors and take legal advice, as appropriate, to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants for the Offer Shares should inform themselves as to the relevant legal requirements of applying for the Offer Shares and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

APPLICATION FOR LISTING ON GEM BOARD

We have applied to the Hong Kong Stock Exchange for the granting of listing of, and permission to deal in, our Shares in issue and to be issued pursuant to (i) the Share Offer (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option), (ii) the Capitalisation Issue, and (iii) the exercise of any options that may be granted under our Share Option Scheme.

No part of our Shares is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

COMMENCEMENT OF DEALINGS IN OUR SHARES

Dealings in our Shares are expected to commence on November 10, 2011. Our Shares will be traded in board lots of 2,000 Shares each. The stock code of our Company is 8122.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Hong Kong Stock Exchange grants the listing of, and permission to deal in, our Shares and we comply with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date HKSCC chooses. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional advisor for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling our Shares to be admitted into CCASS.

PROFESSIONAL TAX ADVICE RECOMMENDED

You should consult your professional advisors if you are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposal of, and dealing in our Shares (or exercising rights attached to them). None of us, the Sponsor, the Underwriters, any of their respective Directors or any other person or party involved in the Share Offer accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding or disposal of, dealing in, or the exercise of any rights in relation to, our Shares.

REGISTER OF MEMBERS AND STAMP DUTY

Our Company's principal register of members will be maintained by its principal registrar, Maples Fund Services (Cayman) Limited, in the Cayman Islands and our Company's branch register of members will be maintained by its Hong Kong Share Registrar, Tricor Investor Services Limited in Hong Kong.

Dealings in the Shares will be subject to Hong Kong stamp duty.

OVER-ALLOTMENT OPTION AND STABILIZATION

Details of the arrangements relating to the Over-allotment Option and stabilization are set out in the section headed "Structure of the Share Offer" in this prospectus.

PROCEDURES FOR APPLICATION FOR THE PUBLIC OFFER SHARES

The application procedure for the Public Offer Shares is set out in the section headed "How to apply for the Public Offer Shares" in this prospectus.

STRUCTURE OF THE SHARE OFFER

Details of the structure of the Share Offer, including its conditions, are set out in the section headed "Structure of the Share Offer" in this prospectus.

CURRENCY TRANSLATIONS

Unless otherwise specified, amounts denominated in RMB and US Dollar have been translated, for the purpose of illustration only, into Hong Kong Dollars in this prospectus at the following rates:

HK$1.00: RMB 0.8333

No representation is made that any amounts in RMB, US Dollar or HK Dollar can be or could have been at the relevant dates converted at the above rates or any other rates or at all.

LANGUAGE

In this prospectus, if there is any inconsistency between the Chinese name of the entities or enterprises established in China, PRC nationals, PRC Government entities or PRC laws and regulations and their English translations, the Chinese names shall prevail. English translations of names of entities or enterprises established in China and PRC laws and regulations are for identification purpose only.

ROUNDING

Any discrepancies in any table between totals and sums of amounts listed therein are due to rounding.

DIRECTORS

Name	Address	Nationality
Executive Directors		
XIE Yuehui (謝粵輝)	15B, Block 1, Jingji Yujing Dongfang, Nanshan District, Shenzhen, Guangdong Province, PRC	Chinese
ZHAO Yiwei Michael (趙亦偉)	6B, Unit 4, Block 1, Hongshu Xi'an, Nanshan District, Shenzhen, Guangdong Province, PRC	Canadian
Non-executive Directors		
ZENG Min Frank (曾敏)	9 Charity, Irvine, CA 92612, USA	American
LI Gabriel (李基培)	43A, 38 Bel-Air Ave, Island South, Hong Kong	Chinese
WU Jianhui (鄔建輝)	201, Block 8, Jindi Haijing Garden, South Xinzhou Road, Shenzhen, Guangdong Province, PRC	Chinese
CONG Ning (叢寧)	Flat 1607, 16/F, Block N, Kornhill 4 Hong On Street, Hong Kong	Chinese
Independent Non-executive Directors		
LIANG Hsien Tse Joseph (梁顯治)	Block 16 Flat 202, Parc Nice, Horizon Cove, 333 Jin Tang Road, Tang Jia Wan, Zhuhai, Guangdong Province, PRC	Chinese

Name	Address	Nationality
ZHANG Xingdong (張興棟)	No. 15, 8/F, Block 6, No. 3 Kehua Street, Wuhou District, Chengdu City, Sichuan Province, PRC	Chinese
ZHOU Gengshen (周庚申)	404, Block 31, Gang Zhong Lv 2nd Garden, Nong Yuan Road, Futian District, Shenzhen, Guangdong Province PRC	Chinese

PARTIES INVOLVED IN THE SHARE OFFER

Sponsor	**Piper Jaffray Asia Limited** Suite 1308 13/F Two Pacific Place 88 Queensway, Admiralty Hong Kong
Lead Manager and Bookrunner	**Piper Jaffray Asia Securities Limited** Suite 1308 13/F Two Pacific Place 88 Queensway, Admiralty Hong Kong
Co-lead managers	**Orient Securities (Hong Kong) Limited** Unit 2404-2407 24/F Man Yee Building 68 Des Voeux Road Central Hong Kong **China Merchants Securities (HK) Co., Limited** 48/F, One Exchange Square Central, Hong Kong
Legal advisors to our Company	*As to Hong Kong Law:* **O'Melveny & Myers** 31st Floor, AIA Central 1 Connaught Road Central Hong Kong

	As to PRC Law: **Zhong Lun Law Firm** 10/F Block A, Rongchao Commercial Centre 6003 Yitian Road, Futian District Shenzhen 518026 PRC
	As to Cayman Islands Law: **Maples and Calder** 53rd Floor, The Center 99 Queen's Road Central Hong Kong
Legal advisors to the Sponsor and the Underwriters	*As to Hong Kong Law:* **Minter Ellison** 15/F, Hutchison House 10 Harcourt Road, Central Hong Kong
	As to PRC Law: **Guantao Law Firm** 15B Tower A, World Finance Centre 4003 Shennan Road East Shenzhen 518008 People's Republic of China
Auditor and reporting accountants	**Deloitte Touche Tohmatsu** Certified Public Accountants 35/F One Pacific Place 88 Queensway Hong Kong
Property valuer	**Jones Lang LaSalle Sallmanns Limited** 6th Floor, Three Pacific Place 1 Queen's Road East, Admiralty Hong Kong
Receiving bank	**Standard Chartered Bank (Hong Kong) Limited**

Principal place of business and address of headquarters	Floor 1-3, Cybio Electonic Building Langshan 2nd Street, North Area of High-tech Park Nanshan District, Shenzhen 518057 PRC
Registered office in Cayman Islands	PO Box 309 Ugland House Grand Cayman, KY1-1104 Cayman Islands
Place of business in Hong Kong registered under Part XI of the Hong Kong Companies Ordinance	12/F, the Lee Gardens 33 Hysan Avenue Causeway Bay Hong Kong
Website of the Company*	www.lifetechmed.com
Company Secretary	Mr. Liu Jianxiong, *ACCA*
Compliance Officer	Mr. Zhao Yiwei Michael
Authorized Representatives	Mr. Zhao Yiwei Michael Floor 1-3, Cybio Electonic Building Langshan 2nd Street, North Area of High-tech Park Nanshan District, Shenzhen 518057 PRC Mr. Liu Jianxiong, *ACCA* Floor 1-3, Cybio Electonic Building Langshan 2nd Street, North Area of High-tech Park Nanshan District, Shenzhen 518057 PRC
Audit Committee	Mr. Liang Hsien Tse Joseph (Chairman) Mr. Wu Jianhui Mr. Zhou Gengshen
Remuneration Committee	Mr. Li Gabriel (Chairman) Mr. Liang Hsien Tse Joseph Mr. Zhou Gengshen
Nomination Committee	Ms. Cong Ning (Chairman) Mr. Liang Hsien Tse Joseph Mr. Zhang Xingdong

* *Information contained on the website does not form part of this prospectus.*

Principal Share Registrar and Transfer Office	Maples Fund Services (Cayman) Limited
Hong Kong Share Registrar	Tricor Investor Services Limited 26/F, Tesbury Centre 28 Queen's Road East Wanchai Hong Kong
Compliance Adviser	Piper Jaffray Asia Limited
Principal Bankers	China Merchants Bank, Shenzhen Chegongmiao Branch Block A, 1/F Tianxiang Building Tianan Chegongmiao Industrial District Futian, Shenzhen, PRC China Construction Bank, Shenzhen Keyuan Branch 1/F, Block 1, Jinrong Jidi No. 8 Kefa Road Nanshan District Industrial Park Shenzhen, PRC

Certain facts, statistics and data presented in this section and elsewhere in this prospectus are derived from various publications issued by PRC governmental entities and other third parties. We believe that the sources of this information are appropriate sources for such information and have taken information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information has not been independently verified by us, the Sponsor, the Underwriters or any other party involved in the Share Offer and no representation is given as to its accuracy.

ABOUT BIOMEDGPS, LLC

We commissioned BioMedGPS, an independent third party organization that provides business intelligence and information for the medical device industry to prepare a report on the market for our international medical device products at a total fee of US$34,800. Founded by Sharon O'Reilly, founder and former CEO of Medtech Insight, BioMedGPS group companies include: BioMedGPS SmartTRAK, an Online Business Intelligence System, BioMedGPS Consulting Group, which provides medical device market analysis expertise, and BioMedGPS Investment and Partnering Conference Group. The report was dated September 9, 2011.

In preparing the report, BioMedGPS collected and reviewed publicly available data including research reports, press releases, government derived statistics, clinical papers, industry association publications, manufacturers' public filings and annual reports. In addition primary research was conducted that included personal interviews with industry experts, manufacturers, physicians and distributor representatives. BioMedGPS conducted a careful independent analysis of the collected information and believes that the basic assumptions and the conclusions presented are factual and reasonable but ultimately rely on the accuracy of the information collected.

The Company and the Sponsor have reviewed the background, credentials and expertise of BioMedGPS prior to engaging it to produce its market and industry report for the purposes of this prospectus. In particular, the following due diligence exercises have been conducted during the process of BioMedGPS's preparation of its report and with respect to the final report submitted by BioMedGPS: (i) the methodologies used by BioMedGPS in developing the historical and projected detailed models of key product market sizes, players and market share were reviewed and discussed; (ii) details underlying the assumptions used as drivers for the models were reviewed and discussed; (iii) details obtained as a result of BioMedGPS's own research endeavors were reviewed and discussed; and (iv) third party information and documents used in the report were reviewed and discussed. Based on the above, the Directors and the Sponsor have no reason to believe that the information contained in the BioMedGPS report, including the data relating to future periods up to 2015, is false or misleading in any material respect.

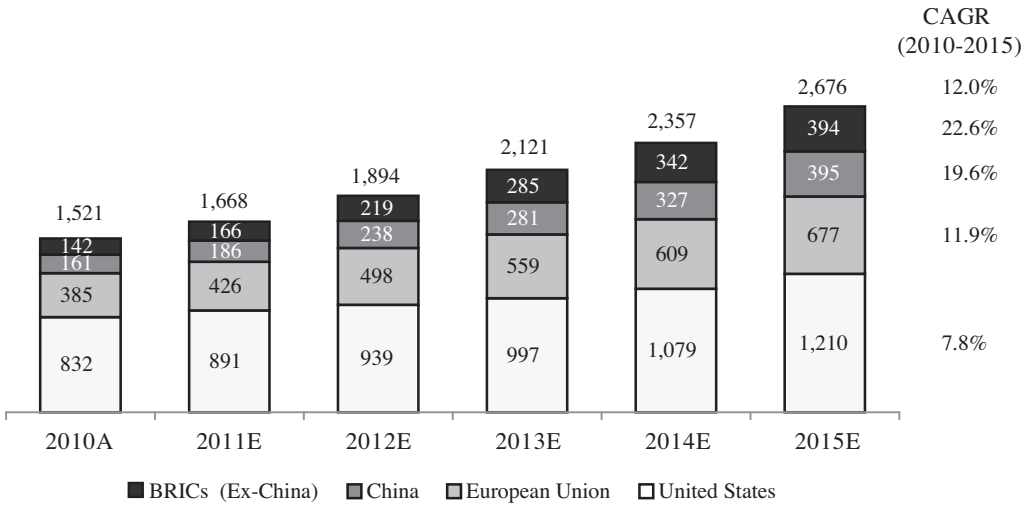
SELECT INTERVENTIONAL MEDICAL DEVICES OVERVIEW

According to BioMedGPS, the cardiology and peripheral interventional segments discussed in this section (consisting of Congenital Heart Defect (CHD) Occluders, Vena Cava Filters (VCF), Endovascular Grafts for Abdominal Aortic Aneurysms (AAA), Patent Foramen Ovale (PFO) Occluders and Left Atrial Appendage (LAA) Closure Devices) are projected approximately US$2.7 billion in Selected Market sales in 2015 ("Selected Market" is defined herein as the United States, the BRIC countries and the EU countries collectively). We believe the markets for cardiovascular and peripheral interventional products are some of the most promising in the medical device industry, owing primarily to ongoing socioeconomic development and a growing Westernization of lifestyles in highly populated, less-developed regions of the world. According to the WHO, cardiovascular disease (CVD) is the number one cause of death worldwide, accounting for approximately 29% of deaths per year. In particular, ischemic heart disease accounts for 12% of all deaths and cerebrovascular disease and stroke accounts for 10% of all deaths worldwide per year.

Generally, the growth potential of the interventional medical device markets in the BRIC countries is the largest worldwide according to BioMedGPS. Specifically, China and India, with their world-leading populations of 1.3 billion and 1.2 billion respectively (together nearly 37% of the total world population), will experience high growth drivers for advanced interventional medicine, as their healthcare systems further develop and modernize, additional modern healthcare facilities are built, more medical practitioners are trained in interventional procedures, and the latest image guidance and interventional technologies become available to a growing number of patients with rising incomes. Of importance to this growth potential, however, is that these densely-populated developing countries continue to develop their infrastructure to adequately address growing demands for advanced patient care. The challenges of meeting these needs are significant, to governments across the globe, but they also represent a large opportunity for the medical device industry. The United States and Western Europe are the most mature of the global interventional device markets, but still are showing healthy growth as their populations age and demand increases for interventional treatments.

Concurrently with the growing worldwide demand for advanced, less-invasive medical treatments, the industry is continuing to develop technological advances in PFO, LAA closure, AAA stent-grafts, CHD, VCF and other percutaneous technologies. Over the past 20 years, less-invasive medicine has supplanted open surgery across most every medical specialty. Currently, manufacturers are striving to support these developing technologies with further clinical evidence of efficacy in order to expand the procedures and patient populations to which these devices are applicable, and thus expand their product market share, including to higher-risk patients and those with less typical anatomies. Manufacturers are improving device designs, percutaneous delivery systems and retrievability features, among others.

Select Interventional Medical Device Market (USD Millions)



Source: BioMedGPS

BioMedGPS projects that market growth for interventional devices used in CHD, VCF, AAA, PFO and LAA, will be highest in the BRIC countries, followed by China assessed on its own, and further followed by the EU countries. Sales of interventional products in the rapidly developing BRIC region totaled US$303.6 million in 2010 and are projected to US$788.5 million in 2015, representing a CAGR of 21.0%. In China, which is undergoing unprecedented healthcare reform, sales of interventional products totaled US$161.4 million in 2010 and are forecast to reach US$394.9 million in 2015, representing a CAGR of 19.6%. In the EU, where the newly-admitted Eastern European member countries are striving to catch up to the healthcare standards of the Western European member countries, total sales of interventional products amounted to US$385.4 million in 2010 and are projected to reach US$677.4 million in 2015, representing a CAGR of 11.9%. The Selected Market interventional device forecast takes into account the mature but growing US market is projected to be 12.0% CAGR over this same five-year period, with total sales of approximately US$1.5 billion in 2010 rising to an estimated US$2.7 billion in 2015.

According to BioMedGPS, the global market for all interventional cardiology products as well as stent-grafts and VCF peripheral market segments reached approximately $10.2 billion in 2010. Included in the interventional cardiology market figure above are coronary stents, PTCA balloons, catheters, guidewires, sheaths, vascular plugs and other devices not described further in this section or comprised in the definition of Selected Market above. The cardiology (CHD, LAA, PFO) and peripheral (AAA, VCF) interventional segments discussed in the Selected Market of this section comprised $1.5 billion or 14.7% of the global market for all interventional cardiology as well as stent-grafts and VCF peripheral products in 2010.

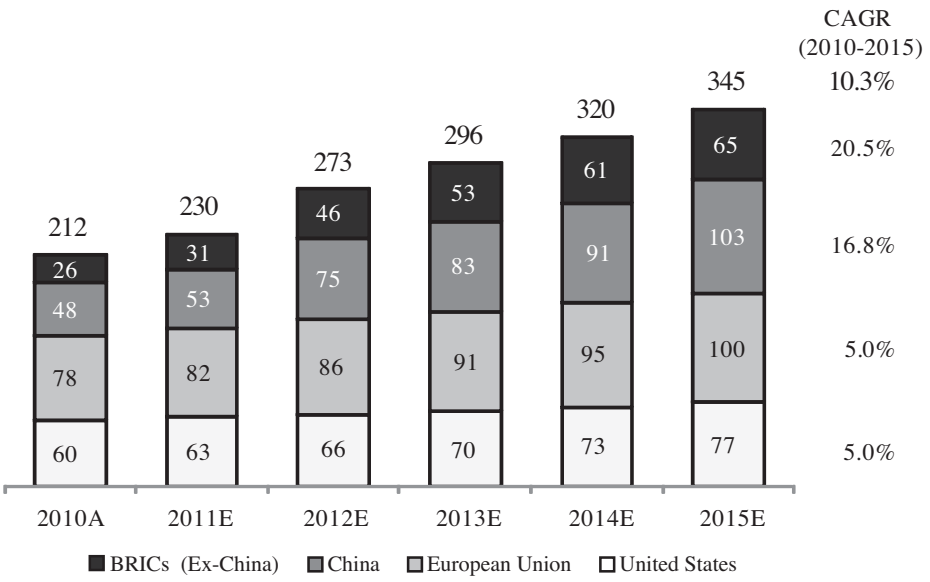
MARKET FOR CONGENITAL HEART DEFECT DEVICES

Market for VSD, ASD and PDA Interventional Occluder Products

According to the CDC, abnormalities of the heart structure are considered to be the world's most common birth defect and the leading cause of infant mortality. Triggered by defects in the circulation of blood to the lungs and other areas of the body, 50% to 60% of CHD cases are diagnosed within the first month of birth and an additional nearly 10% of CHD cases are diagnosed in adulthood. Ventricular septal defect (VSD), the most common congenital heart disease, is a perforation in the ventricular septum that causes an outflow of blood from the left ventricle into the right and back to the lungs, resulting in a large portion of venous blood being prevented from reaching the lungs for proper ventilation and profusion. Atrioventricular septal defect (ASD) is caused by an opening in the septum or lack of separation of the atria (upper chambers) and the ventricles (lower chambers), and can include a lack of separation of both the mitral and tricuspid valves. In some cases, there are holes between the two atria, the two ventricles and the mitral and tricuspid valves and a ventricle is not formed correctly resulting in an overriding of the valves or an obstruction of the aorta. Another CHD, patent ductus arteriosus (PDA), is a failure of the ductus arteriosus to close after birth which results in continued blood flow from the aorta into the pulmonary artery and lungs.

Over the last two decades, interventional cardiac techniques have evolved where transcatheter devices can be offered as an alternative to open surgery to repair certain ASD, VSD and PDA cardiac defects. There also has been interest in developing a catheter-based approach to septal defect repair in order to avoid the increased risks and morbidity (complications) of open-heart surgery. In comparison to open surgery defect closure procedures, transcatheter closure generally leads to shorter hospital stays, fewer major complications, and comparable success rates.

VSD, ASD & PDA Occluder Markets (USD Millions)



Source: BioMedGPS

Total CHD Device Market Overview

CHD afflicts a large number of children every year. The WHO estimates that the number of children with CHD waiting for treatment is between 2 million and 6 million, to which 800,000 to 1.5 million new cases are added each year, due to earlier and more accurate diagnosis in many countries. According to a literature review conducted by BioMedGPS, 30 to 50% of CHD cases involve septal defects that require corrective treatment, and depending on the region, 15 to 50% of these cases are currently being treated using interventional transcatheter repair. The number of interventional repairs is expected to grow as the healthcare systems in emerging countries modernize. The BRIC countries are improving their level of access to surgical treatments including state-of-the-art interventional CHD occluder technology through ongoing healthcare reform efforts, and Eastern Europe is improving its healthcare efforts as well and its ability to offer state-of-the-art occlusion devices in part by adding trained medical professionals and interventionalists. In addition, clinical evidence has shown that coil occlusion afforded by the latest generation of interventional devices is more cost-effective than open surgical repair, and in many emerging countries, the government, NGOs and charitable organizations often subsidize the device cost.

BioMedGPS projects that procedure volume growth for this occluder device market is to be highest in the BRIC countries, followed by China assessed on its own, and further followed by the EU. CHD occluder procedures in BRIC totaled 45,900 in 2010, and are projected to reach 84,400 in 2015, a CAGR of 13%. In China, procedures totaled 23,800 in 2010 and will reach an estimated 41,400 in 2015, representing a 11.7% CAGR. In 2010 a total of 78,000 CHD occluder procedures took place in the Selected Market, which is forecast to increase to 125,500 in 2015, a 10% CAGR. As the number of CHD patients in the BRIC countries and the Eastern European countries are increasingly able to access advanced medical care as healthcare systems are improved, the growth potential in future years for the CHD occluder market is optimistic.

According to BioMedGPS, AGA/St. Jude Medical has a dominant market position in the US and the EU with approximately 90% of the market. However in the BRIC countries, their presence is decreased due to strong market positions of primarily Chinese CHD occluder manufacturers such as LifeTech, Lepu Medical Technology and Starway. Taking into account the large percentage of procedures performed in the BRIC countries in 2010 (approximately 60% of the Selected Market or 45,900 procedures), it is estimated the total interventional market share for CHD occluders to be at 65% for AGA/St. Jude Medical, followed by LifeTech with a market share of 19%. Other manufacturers, including Lepu Medical Technology, Gore, Cook, Boston Scientific, and Cardia, combine for the remainder of the market share, however none of these have a market share of greater than 10% of the Selected Market.

BRIC CHD Device Market Overview

According to BioMedGPS, with a combined population of 2.7 billion in the BRIC countries there are approximately 468,600 infants born each year with CHD, making this condition a serious health concern. Almost 30% of CHD cases involve septal defects that require corrective treatment, and an estimated 17% of these cases are currently being treated using interventional transcatheter repair, lower penetration than other regions of the world discussed in this report. There are factors that are inhibiting the treatment of CHD infants in the BRIC countries. There is a shortage of physicians

trained in pediatrics, particularly interventional pediatrics. In countries such as India, infants born with CHDs in rural areas are at times not treated at all, and as a result CHD is sometimes considered fatal. On the positive side, pediatric care in BRIC countries is often supported by charity and government funds, making the procedures more affordable to patients and their families. Despite such assistance, a surgical option may be perceived to be the less costly option. We believe as physicians and families become better educated on the benefits of interventional procedures over surgery (lower mortality and morbidity), more interventional procedures will be performed.

The use of less-invasive transcatheter septal defect occlusion with one of several available ASD, VSD and PDA expandable umbrella-shaped occlusion devices is increasing in the BRIC countries. These advanced devices are currently being used in over 45,900 cases today, equating to a penetration rate of 17% of all septal defect correction, but this percentage is on the rise due to ongoing healthcare reform efforts, the associated expanding patient pool population, and more trained interventionalists. According to BioMedGPS, the BRIC market for percutaneous septal defect repair devices will total US$84.5 million in sales in 2011, increasing at a 18% CAGR to reach an estimated US$168.9 million in sales in 2015.

According to BioMedGPS, the top BRIC manufacturers of CHD occluder devices include LifeTech at 55% market share, followed by AGA/St. Jude Medical at 21% and Lepu Medical Technology 14%. Each of these competitors offers a variety of occlusion devices with different configurations, diameters and delivery systems to address PDA, VSD and ASD closure. As the number of CHD patients continue to increase in the BRIC countries and these populations are able to access advanced medical care, the growth potential in future years for the CHD occluder market is expected to significantly outpace that of the worldwide average.

China CHD Device Market Overview

According to a number of recent Chinese epidiological studies, CHD is China's number one birth defect, present in roughly 1% of live births annually, equivalent to an estimated 164,100 new diagnoses annually. Of these defects, in general, ASDs represent about 10% of cases, 26% have PDA, and about 20% are afflicted with VSDs. According to these same studies, most are treated as children but many are not treated until their symptoms are diagnosed in adulthood. Of the more than 650 medical institutions in China that are currently qualified to perform CHD surgery, most of them are located in large cities. Corrective interventional procedures such as advanced transcatheter defect closure, is unaffordable to many in China, particularly for those living in poor rural areas. However, as China's healthcare delivery system is overhauled in the next few years, and more Tier III hospitals are built and equipped with advanced interventional technologies, we believe advanced treatments such as less-invasive CHD occlusion surgery will become more available.

According to BioMedGPS, in China these advanced devices are used in less than 25% of the CHD cases today, but this percentage will rise over the next four years due to ongoing healthcare reform efforts, and the associated expanding patient pool population. In 2010, an estimated 23,800 of the total 108,200 septal defect patients (including adults and children) treated in China received a percutaneous

occluder device, representing a 22% penetration rate of percutaneous procedures. According to BioMedGPS, the Chinese market for percutaneous septal defect repair devices will total US$53.5 million in sales in 2011, increasing at a 16.8% CAGR to reach an estimated US$103.4 million in sales in 2015.

According to BioMedGPS, the four primary Chinese manufacturers of CHD occluder devices include Lepu Medical Technology with estimated market share of approximately 40%, LifeTech with approximately 28%, Starway with approximately 25% and AGA/St. Jude Medical with approximately 5%, with a variety of smaller firms comprising the remaining 2% share. Each of the main competitors offers a variety of occlusion devices with different configurations, diameters and delivery system to address PDA, VSD and ASD closure.

EU CHD Device Market Overview

According to BioMedGPS, of the 5.4 million live births in the EU in 2010, it is estimated that 0.8%, or 43,300 newborns, have some type of CHD. According to BioMedGPS, most are treated as children but many are not treated until their symptoms are diagnosed in adulthood. The percentage of CHD patients treated with a percutaneous septal occluder for the treatment of ASD, VSD and PDA is quite high in the EU, with 56.6% undergoing treatment in 2010. This percentage is expected to grow to 65.4% or 23,200 treated with septal occluders by 2015, representing a CAGR of 5%. The continuing increase in the usage of septal defect occluders in the EU will be driven by the gradual increase in population and further adoption of this interventional technology in Eastern Europe member countries as more interventionalists in this region are trained.

According to BioMedGPS, currently, AGA/St. Jude Medical has the majority of market share in the EU CHD device market at approximately 80% with Gore and Occlutech each contributing an additional 5%. The remainder of the market consists of several smaller providers including Lifetech, which has approximately 3% market share.

Market for Patent Foramen Ovale (PFO) Interventional Products

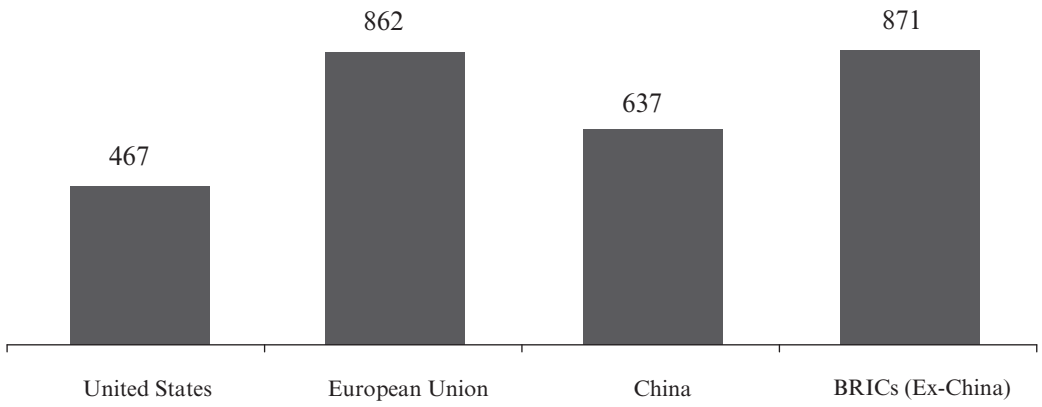
Patent Foramen Ovale (PFO) is a defect in the septum between the two upper chambers of the heart that causes an incomplete closure of the atrial wall resulting in a flap or opening in the atrial septal wall. According to studies PFO is found in approximately 20% of the population. The majority of patients with PFO do not experience symptoms and are not screened for PFO unless they have had a stroke. Studies indicate that in PFO patients some blood clots formed outside the heart can pass directly through the PFO (from the right atrium to the left) without bypassing the lungs where the clot would normally be filtered out. These types of unfiltered blood clots have been correlated to strokes and even migraines.

According to BioMedGPS, patients most suitable for a PFO occluder device includes the most high risk patients for recurrent stroke in a specific population of patients: stroke patients under the age of 65, both new and recurrent, and those who have had ischemic strokes and are defined as cryptogenic. Cryptogenic strokes by definition occur without cause. The prevalence of PFO among the ischemic, cryptogenic stroke population under the age of 65 with a PFO is around 40% to 50%,

suggesting a strong correlation between PFO and this population of patients according to the PFO Research Foundation. PFO defects can be treated or closed using open surgery or transcatheter methods of therapy, however stroke patients with PFO are typically treated first with drug therapy that can lead to more critical complications such as hemorrhagic strokes.

Transcatheter occluder products being used to treat PFO typically consist of two wire mesh discs covered with a thin membrane or polyester fabric. Its spring-like coils enable it to pass through a catheter and expand into an umbrella shape on each side of the defect when positioned in place. The occluder device is released from the catheter and left in the heart, preventing abnormal flow of blood between the two chambers. Closure devices under investigation in the EU and the US include the Amplatzer PFO occluder (AGA/St. Jude Medical), and the GORE HELEX septal occluder (W.L. Gore & Associates).

Estimated Potential Market Value for PFO Occluders in 2011 (USD Millions)



Source: BioMedGPS

The PFO market opportunity encompasses the population of patients who are potentially the best candidates for procedures using PFO occluders. According to BioMedGPS, currently the ischemic and cryptogenic stroke patient with a PFO who is under 65 years old is considered to comprise the primary patient population. Defining the patient population in this manner results in a combined US and EU market opportunity for PFO of over US$1.0 billion dollars in 2011. In the BRIC countries, there is a considerably larger primary patient population and the market opportunity based solely on this patient population could be large. However we believe that as a result of low diagnosis rates in the BRIC countries and limited access to advanced treatment such as catheter labs, the market opportunity of the BRIC countries for PFO occluders is closer to US$800 million in 2011.

The market for PFO occluders is expected to expand significantly if the link between PFO and stroke becomes more evident through clinical studies. The link between migraines and PFO has not been substantiated to date and thus, while offering potential upside to forecasted market growth, is not included in the estimated total potential market size.

Market for Left Atrial Appendage (LAA) Interventional Products

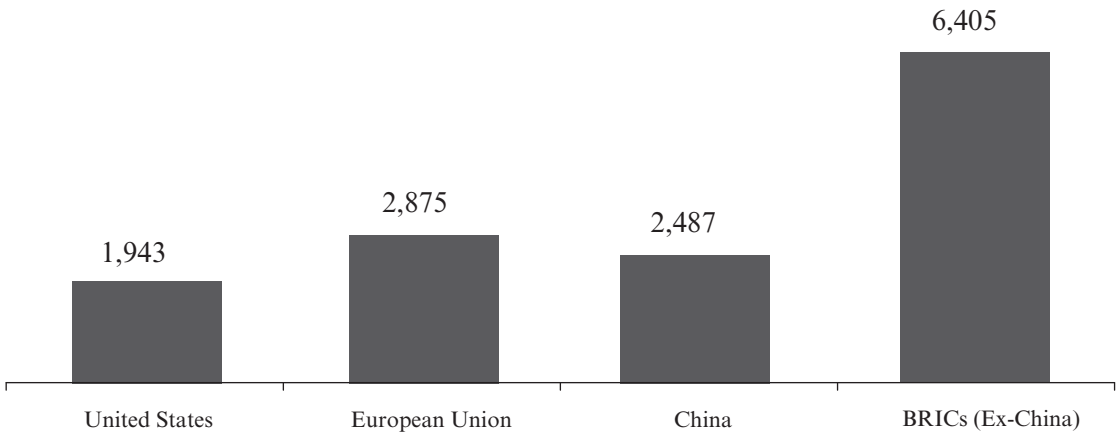
Atrial Fibrillation (AF) is defined as an irregular or very rapid heartbeat and is caused by a malfunction in the electrical system of the atria and is considered the most common form of arrhythmia. According to the CDC, approximately 10% of AF cases occur in the elderly or individuals over the age of 80 years old. Additionally, AF is a major cause of thromboembolic stroke and accounts for an estimated 15% to 20% of all strokes and up to 35% to 40% of all adverse embolic events of the brain in the elderly. Common factors linked with the development of AF include diabetes, hypertension, HF and previous myocardial infarction.

Blood thinners such as Coumadin have been the primary method of stroke prevention in atrial fibrillation, however in many cases its usefulness is hindered by numerous drug, food, and alcohol interactions, increased risk of bleeding and frequent testing and monitoring. Recent studies indicate over 90% of AF clots leading to strokes are believed to originate in the left atrial appendage (LAA), recent device development has focused on ways of sealing off the LAA.

Common LAA occluder devices are made of a self-expanding nitinol frame with fixation barbs and a polyester fabric or polytetrafluoroethylene (ePTFE) membrane cover. The small catheter with the occlusion device attached to the tip is inserted into a blood vessel through a small incision in the groin area or the arm. Once inserted into the LAA, the umbrella-like occlusion device expands to close off the LAA.

The market for interventional LAA closure is in its infancy worldwide, with only a few devices available to date for this application, and clinical studies underway on several more. However, the potential opportunity for these devices based upon the aging of the population and the growing prevalence of atrial fibrillation (AF) worldwide is significant, assuming positive clinical trial results, and as the emerging markets covered in this analysis improve their access to state-of-the-art medical facilities and treatment modalities. For patients in whom anticoagulation therapy is not indicated or tolerated, occlusion of the LAA using a transcatheter occluder device is an emerging minimally invasive option that is gaining traction in the US and EU, with other worldwide markets forecasted to follow suit.

Estimated Potential Market Value for LAA Occluders in 2011 (USD Millions)



Source: BioMedGPS

According to BioMedGPS, the LAA market opportunity is defined by the population of atrial fibrillation patients that are not suitable for anticoagulation and are also at a higher risk for stroke. Looking at this population of patients the total US and EU market opportunity in 2011 for LAA is approximately US$5.0 billion. Again taking into account the disadvantages that the BRIC countries have in diagnosis, treatment and cost constraints, the market of the BRIC countries has been suppressed but still represents over a US$6.0 billion opportunity.

A number of interventional LAA closure devices are currently available internationally, including BSC/Atritech's WATCHMAN LAA Closure Technology, the Lariat Suture Delivery Device from SentreHEART, AGA/St. Jude Medical's Amplatzer Cardiac Plug, and the bioabsorbable Transcatheter Patch from Custom Medical Devices.

PERIPHERAL VASCULAR DEVICES

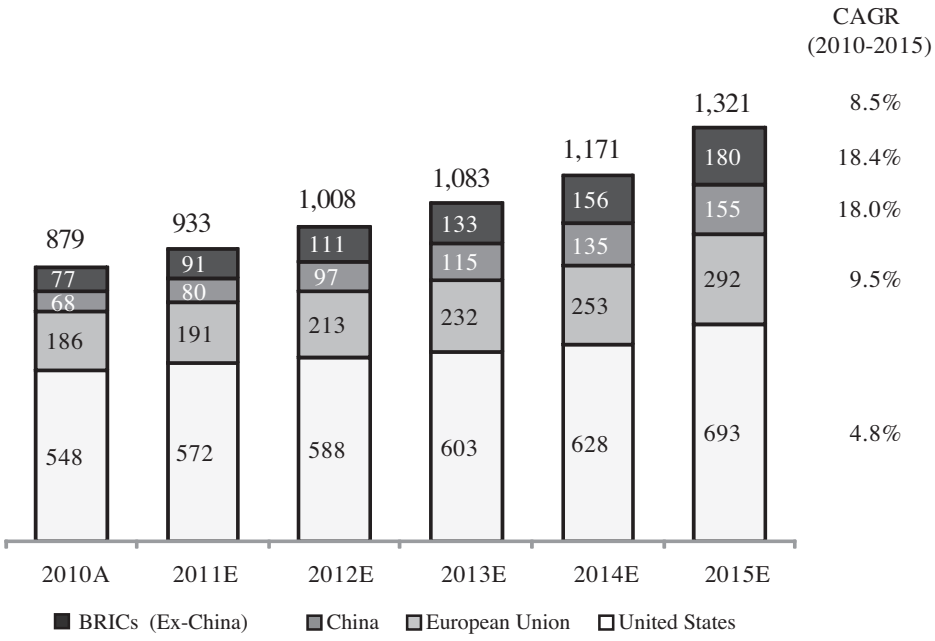
Market for Vascular Stent-Grafts Interventional Products

An aneurysm is characterized by a dilation of an artery caused by natural or traumatic weakening of the vessel wall that is unable to sustain the stress load of blood. This results in the weak side of the artery to expand forming a bulge that will continue to grow and eventually rupture. Typically, aneurysms occur in the arteries of the coronary or peripheral vasculature, in particular the aorta. The section of the aorta below the diaphragm called the abdominal aorta is the source of an aneurysm known as an abdominal aortic aneurysm (AAA).

According to MedTechInsight, the majority or 90% of AAAs are located below the level of the renal arteries that lead from the aorta to the kidneys, while close to 67% of AAAs extend from the aorta to one or both of the iliac arteries. Protocol for treatment of the aneurysm is based on the location as well as its size and rate of growth. Endovascular stent-grafts, used to treat AAAs and other aneurysms, are able to achieve similar outcomes as open surgery, but with lower morbidity and mortality, quicker recovery time and lower risk and cost.

In most standard endovascular abdominal aortic aneurysm repair (EVAR) procedures, a stent graft device (consisting of a synthetic fabric tube supported by a metal cylinder frame) is attached to a delivery catheter that is inserted transfemorally through two tiny incisions in the groin and is guided to the weakened aorta. Once in place, the spring-like metal frame expands tightly against the vessel wall of the aorta, reinforcing the blood vessel and preventing the aneurysm from rupture. Typically the aneurysm will shrink over time.

AAA Stent Graft Markets (USD Millions)



Source: BioMedGPS

Abdominal aortic aneurysms (AAAs), a progressive expansion of the aortic vessel wall, is often caused by the progressive vascular disease atherosclerosis, that underlies the processes of coronary heart disease and stroke and is responsible for half of the deaths among the elderly worldwide, according to the Massachusetts Institute of Technology. Endovascular abdominal aortic aneurysm repair (EVAR) using transfemorally placed stent-grafts to prevent further aneurysm expansion and possible rupture, according to BioMedGPS, is now considered the less-invasive treatment of choice for 60% of the AAAs in the US requiring intervention annually. This percentage will rise steadily in the coming years with technological innovations that are being developed and introduced that are expanding the patient pool for EVAR, such as lower profiles, enhanced deliverability, flexibility, deployment and fixation.

According to BioMedGPS, EVAR is also a relatively developed market in the EU countries, owing primarily to the use of diagnostic modalities for early detection of patients with AAA and a highly skilled physician population performing interventional procedures. In the BRIC countries, the penetration rate of EVAR devices is much lower, with growth having been inhibited due to these devices' higher cost over surgical repair that must be paid for by the patient, sparse cath labs and the

imaging equipment needed for the procedure, and the number of interventionalists trained in the procedure. However as the BRIC countries begin to make progress in building a modernized healthcare infrastructure including interventional facilities and more trained interventionalists, along with a rising middle class who can afford advanced healthcare, it is anticipated that stent-graft usage will be approximately 30% of all AAA procedures in 2015.

According to BioMedGPS, EVAR procedure volume growth is projected to be highest in BRIC, then China assessed on its own, and then EU. In BRIC, approximately 14,500 procedures took place in 2010, growing at a forecasted 18.2% CAGR and reaching 33,600 in 2015. In China, 6,800 EVAR procedures took place in 2010, but procedures are projected to increase to 15,500 in 2015, a CAGR of 18%. In the EU, 16,100 procedures took place in 2010 and it is forecasted to reach 25,400 by 2015, representing a 9.5% CAGR. Looking at the Selected Market, 68,400 procedures took place in 2010, and 106,800 are projected for 2015, representing a 9.3% CAGR. Although these numbers are small currently, the potential opportunity for growth is attractive, based on the size of their populations and the number of patients affected by atherosclerosis-caused AAAs.

Market for Vena Cava Filter (VCF) Interventional Products

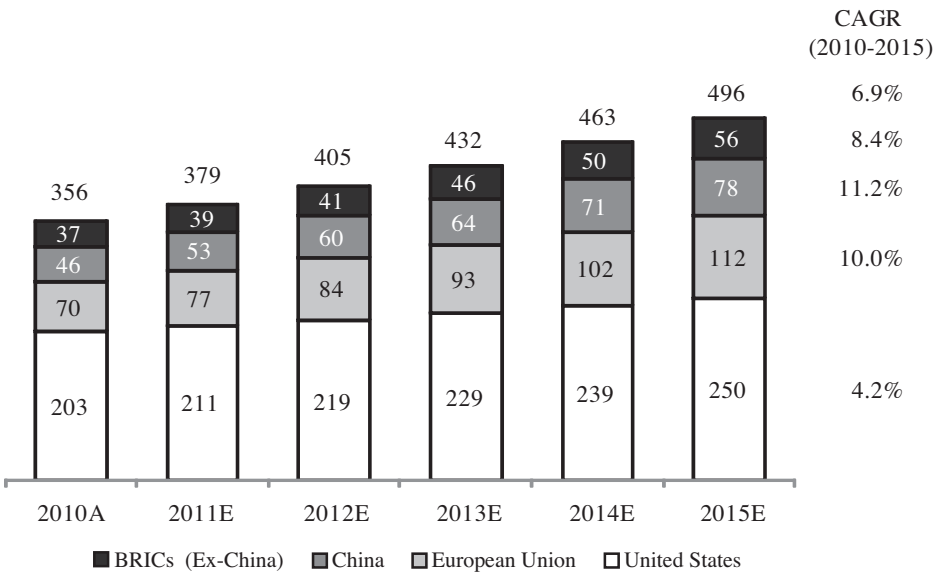
Vena cava filters (VCF) are designed for the prevention of Pulmonary Embolism (PE), characterized as an occlusion of the pulmonary artery commonly caused from a deep vein thromboembolus originating in the lower extremities or pelvis venous system. Deep Vein Thrombosis (DVT) is a blood clot that commonly forms deep within the veins in the lower region of the body such as the thigh, lower leg or pelvis and can lead to a fatal PE. The VCF is usually placed in the inferior vena cava (IVC) in the infrarenal segment since PEs are frequently associated with DVTs in the lower extremities or pelvic region. According to the Manual of Cardiovascular Medicine, DVTs found in the popliteal vein and above have an estimated 50% risk for PE if not treated.

The treatment goals for DVT is to stop the clot from spreading and prevent clot recurrence, PE, and pulmonary hypertension (a potential complication of multiple recurrent PEs). If blood thinners, the standard anticoagulation therapy is contraindicated or not appropriate, a vena cava filter will be inserted endovascularly in the groin through a catheter.

According to BioMedGPS, numerous VCFs are available with a combination of design features that consist of cage like designs with evenly spaced, angled or curved struts that form a conical shape to allow for easy percutaneous placement. Common materials utilized in VCFs are nickel alloys, stainless steel and titanium. There are several VCFs that are approved for permanent and temporary placement. Placement of permanent VCF devices for the prevention of recurrent PE is indicated for: chronic, recurrent PE in cases when anticoagulant therapy is contraindicated or has failed, emergency treatment following PE cases when benefits of conventional therapy are reduced, for failure of anticoagulant therapy in thromboembolic disease, and pulmonary thromboembolism when anticoagulants are contraindicated. According to BioMedGPS, the use of temporary or retrievable VCFs are typically reserved for a select number of severe trauma patients (e.g. during recovery from trauma or surgery) that are at risk for PE for a limited time. Recently there has also been increased prophylactic use of retrievable VCF filters in other high risk PE patients undergoing certain other procedures such as hip replacement or OB/GYN surgery.

Vena Cava filters can be permanent or retrievable. Retrievable filters have been growing as a percentage of total filters. Much of this growth was stimulated by the prophylactic use of retrievable filters during surgeries where the risk of a pulmonary embolism could be high (e.g. hip replacement). However there have been structural problems with one manufacturer's retrievable filters that has led to temporary stagnation in the overall retrievable filter market. We anticipate that this cautionary period will eventually end as it appears it is not an overall problem for retrievable filters, and the percentage of retrievable filters over total Vena Cava filters will again increase.

Vena Cava Filter Markets (USD Millions)



According to BioMedGPS, procedure growth for VCFs is forecasted to be highest between 2010 and 2015 in China, followed by BRIC and then EU. With respect to China as assessed on its own, VCF procedures totaled 20,000 in 2010 and are forecasted to reach 34,000 in 2015, a 11.2% CAGR. In BRIC, an estimated 46,200 filter procedures were performed in 2010, and at a 10% CAGR this number is forecasted to total 74,400 in 2015. In the EU, where VCF use is more prevalent, 63,500 procedures were performed in 2010, and this is forecasted to increase to 102,200 in 2015, a 10% CAGR. The Selected Market number of VCF procedures in 2010 was 294,300, growing at a 6.5% overall CAGR and increasing to 403,500 in 2015.

This section sets out an overview of material laws, regulations and rules applicable to our Group's business. We deem the material laws, regulations and rules to be those governing our business activities in a single country which contributes to 10% or more of the Company's revenue during the Track Record Period, i.e. China and India.

OVERVIEW OF LAWS AND REGULATIONS IN CHINA

The medical device industry in the PRC is subject to strict and extensive regulation and review by governmental authorities. The laws and regulations relating to medical devices that are applicable to us include, among others, the Regulations for the Supervision and Administration of Medical Devices (醫療器械監督管理條例), Measures for Supervision and Administration of Medical Device Production (醫療器械生產監督管理辦法), Measures for Medical Device Registration (醫療器械注冊管理辦法), Measures for the Administration of Permits for Medical Device Operation Enterprises (醫療器械經營企業許可證管理辦法), the Rules Concerning the Issuance of Medical Device Exporting Certificate (關於出具醫療器械產品出口銷售證明書的管理規定), Criteria for the Examination and Publication of Medical Device Advertisements (醫療器械廣告審查發布標準) and the Measures for the Examination of Medical Devices Advertisements (醫療器械廣告審查辦法).

Laws and Regulations Relating to Medical Devices

According to the Regulations for the Supervision and Administration of Medical Devices (醫療器械監督管理條例) promulgated by the State Council on January 4, 2000, medical devices are classified into three different categories, Class I, Class II and Class III. Class I medical devices are those for which safety and effectiveness can be ensured through routine administration and which shall be registered with the food and drug administration at the city level. Class II medical devices are those for which governmental control is required to ensure their safety and effectiveness and which shall be registered with the food and drug administration at the provincial level. Class III medical devices are those which are implanted into the human body, or used for life support or sustenance, or pose potential risk to the human body and thus their safety and effectiveness must be strictly controlled, and the production of Class III medical devices shall be examined, approved and granted with a product registration certificate by SFDA.

Clinical tests shall be conducted for Class II and Class III medical devices before they are put into production. Animal and laboratory testing shall strictly follow the applicable product registration standards. If the testing results are acceptable according to the applicable product registration standards, the manufacturer may then begin the clinical trial. After the clinical trial of a Class III device, the provincial level of SFDA, after receiving an application of inspection, will conduct an on-site inspection of the quality management system of the manufacturer and the integrity of the clinical trial conducted, and within 85 working days of receiving such application, will deliver an inspection report to the manufacturer. A registration application for a Class II or Class III device must provide the requisite pre-clinical and clinical trial data and information, including the foregoing inspection report for a Class III device, on the device and its components regarding, among other things, device design, manufacturing and labeling. For a Class III device, SFDA will conduct a technical review on such data to ensure the medical device meet the safety and efficacy standards set by SFDA, followed by an administration review to ensure that the registration process has been in compliance with relevant laws and regulations of China.

SFDA may change its policies, adopt additional regulations, revise existing regulations or tighten enforcement, each of which could block or delay the approval process for a medical device.

According to Measures for Supervision and Administration of Medical Device Production (醫療器械生產監督管理辦法) promulgated by SFDA on July 20, 2004, several requirements regarding, among others, personnel, facilities, technical standards, shall be met before the provincial food and drug administration issues a Medical Device Producing Enterprise License for producing Class II and/or Class III medical devices and before it applies for business license. The term of validity of a Medical Device Producing Enterprise License is five years. Where an enterprise engaged in producing Class II and/or Class III medical devices engages in a merger, acquisition or disposal, the enlarged or separate enterprise shall apply for a new Medical Device Producing Enterprise License. Where an enterprise engaged in producing Class I medical devices engages in a merger, acquisition or disposal, the enlarged or separate enterprise shall notify the provincial food and drug administration. As at the Latest Practicable Date, our subsidiaries in China, including Lifetech Shenzhen, Beijing PerMed and Shenzhen Shineyard, each held a Medical Device Producing Enterprise License (醫療器械生產企業許可證) for its manufacture and sale of Class I and Class III medical devices or Class III medical devices in China.

According to Measures for Medical Device Registration (醫療器械注冊管理辦法) issued by SFDA on August 9, 2004, the provincial level of SFDA, within 60 days of receiving an application for the registration of a Class II device, and SFDA, within 90 days of receiving an application for the registration of a Class III device, will notify the applicant whether the application for registration is approved. If approved, a Medical Device Registration Certificate (醫療器械注冊證) will be issued within ten days of the notification. If the provincial level of SFDA or SFDA, as the case may be, requires supplemental information, the approval process may take much longer. The Medical Device Registration Certificate is valid for four years and shall be renewed six months prior to its expiry. Where the types, specifications, production places, products standards, product performance or application ranges of the medical devices change, the enterprise shall apply for re-registration of the medical devices. As at the Latest Practicable Date, our subsidiaries Lifetech Shenzhen, Beijing PerMed, Shenzhen Shineyard held Medical Device Registration Certificates (醫療器械註冊證) for their products manufactured and sold in the PRC. In addition to medical device registration, a manufacturer of medical device should also obtain a China Compulsory Certification (中國強制性產品認證) for a medical device listed on the Catalogue of the First Batch of China Compulsory Certification Products (第一批實施強制性產品認證的產品目錄).

According to Measures for the Administration of Permits for Medical Device Operation Enterprises (醫療器械經營企業許可證管理辦法) promulgated by SFDA on August 9, 2004, an enterprise engaging in the sale of Class II or Class III devices shall obtain a Permit for Medical Device Trading Enterprises, which is valid for five years and shall be renewed six months prior to its expiry. Where a Class II or Class III medical device trading enterprise engages in a merger, acquisition or disposal, the enlarged or separate enterprise shall apply for new Permits for Medical Device Trading Enterprises. Measures for the Administration of Permits for Medical Device Operation Enterprises stipulate the requirements, among others, regarding the personnel, facilities, quality control systems that a medical device trading enterprise shall meet before the relevant food and drug administration

issues a Permit for Medical Device Trading Enterprises to it. As of the Latest Practicable Date, our subsidiaries, including Lifetech Shenzhen, Beijing PerMed and Shenzhen Enke, each held a Medical Device Operation Enterprise Permit (醫療器械經營企業許可證) for the sale of medical devices belonging to Class II and/or Class III.

According to the Rules Concerning the Issuance of Medical Device Exporting Certificate (關於出具醫療器械產品出口銷售證明書的管理規定) promulgated by SFDA on February 12, 2004, medical device exporting enterprises shall obtain Medical Device Exporting Certificates (醫療器械產品出口銷售證明書) for the exportation of medical devices. The Medical Device Exporting Certificate (醫療器械產品出口銷售證明書) is valid for two years. The medical device exporting enterprise shall guarantee the quality of the exported medical devices and bear any legal liabilities arising therefrom. As of the Latest Practicable Date, our subsidiaries Lifetech Shenzhen and Shenzhen Shineyard held Medical Device Exporting Certificates (醫療器械產品出口銷售證明書) for all medical devices exported by our Group.

According to the Criteria for the Examination and Publication of Medical Device Advertisements (醫療器械廣告審查發布標準) jointly promulgated by SFDA, SAIC and MOH on April 28, 2009, no advertisement shall be published for medical devices where its production, distribution and use have been prohibited by explicit orders of the food and drug administration and for medical devices developed by medical institutions for internal use. The name, scope of application, functions, composition and working mechanism of medical devices in a medical device advertisement shall conform to those indicated in the medical device registration certificate issued by the food and drug administration.

According to the Measures for the Examination of Medical Devices Advertisements (醫療器械廣告審查辦法) jointly promulgated by SFDA, SAIC and MOH on April 7, 2009, an approval from the provincial food and drug administration shall be obtained for releasing any medical device advertisement to the public, except for the advertisement only bearing the name of the medical device.

Implementation of Good Manufacturing Practice

According to Good Manufacturing Practice Rules for Medical Devices (Trial) (醫療器械生產質量管理規範(試行)) (the "GMP Rules") which was promulgated by the SFDA on December 16, 2009 and became effective as from January 1, 2011, enterprises engaging in producing medical devices shall adopt manufacturing policies which meet the standards as stipulated therein. Such standards cover a wide range of areas which include, among others, management responsibilities, resource management, documentation and records, design and development, and sales and service.The Good Manufacturing Practice Rules for Sterile Medical Devices (Trial) (醫療器械生產質量管理規範無菌醫療器械實施細則) (the "Sterile Medical Devices GMP Rules") and the Good Manufacturing Practice Rules for Implant Medical Devices (Trial) (醫療器械生產質量管理規範植入性醫療器械實施細則(試行)) (the "implant medical devices GMP rules") were promulgated by the SFDA on December 16, 2009 and became effective as from January 1, 2011, which are detailed implementation rules designed for manufacturing sterile medical devices and implant medical devices, respectively. According to the Notice On Printing and Distributing Rules for Implementation of and Assessment Standard for Good Manufacturing Practice for Sterile Medical Devices (Trial) (關於印發醫療器械生產質量管理規範無菌醫療器械實施細則和檢查評定標準(試行)的通知) and Notice On Printing and Distributing Rules

for Implementation of and Assessment Standard for Good Manufacturing Practice for Implant Medical Devices (Trial) (關於印發醫療器械生產質量管理規範植入性醫療器械實施細則和檢查評定標準(試行)的通知) which were promulgated by the SFDA on December 16, 2009, the SFDA shall inspect the manufacturing policies of the enterprises which engage in manufacturing sterile medical devices and implant medical devices in accordance with the GMP Rules, the Sterile Medical Devices GMP rules and the Implant Medical Devices GMP Rules. As of July 1, 2011 enterprises shall submit the GMP inspection results when they apply to the SFDA or its local offices for its registration or a renewal of its registration for sterile medical devices and/or implant medical devices. According to the Notice Concerning the Implementation of Good Manufacturing Practice for Medical Devices(Trial) and its detailed Implementation Rules (關於實施《醫療器械生產質量管理規範(試行)》及其配套文件有關問題的通知) which was promulgated by the SFDA on January 27, 2011, the manufacturers of sterile medical devices and/or implant medical devices shall adopt the manufacturing policies as stipulated in the GMP Rules as of January 1, 2011. The timing as to when manufacturers of other medical devices has to adopt the manufacturing policies as stipulated in the GMP Rules is subject to further announcement from the SFDA.

Pricing and Tender Process

In China, national and provincial price administration authorities publish price control lists, and may, from time to time, restrict retail prices for certain medical devices. Such restrictions are usually in the form of pricing guidelines. Manufacturers of selected medical devices are required to set the retail prices of their products below the relevant maximum prices contained in these pricing guidelines. The relevant price administration authorities typically determine the maximum retail price of a product on the basis of its average unit cost among various manufacturers of the product. As of the Latest Practicable Date, our products are not subject to the relevant maximum prices contained in the pricing guidelines as described above.

In China, public hospitals and healthcare institutions are required to purchase high value medical supplies, at prices established through a periodic tender process. In August 2004, MOH promulgated the Trial Working Plan for Centralized Purchasing of High Value Medical Supplies by Health Institutions in Eight Provinces and Municipalities (8省市醫療機構高值醫用耗材集中採購試點工作方案), pursuant to which MOH and its counterparts in eight provinces and municipalities, including Beijing and Guangdong province, organized and supervised the negotiation of retail prices with suppliers through a centralized bidding process to establish the retail prices for healthcare institutions within these provinces and municipalities. Hospitals and healthcare institutions in other provinces may follow the prices established in these tenders when making medical device purchases.

In June 2007, MOH issued a Notice regarding Further Enhancing the Administration of Centralized Purchasing of Medical Devices (衛生部關於進一步加强醫療器械集中採購管理的通知), pursuant to which MOH carried out a nationwide tender to set medical device retail prices for all hospitals and healthcare institutions in China.

In January 2010, MOH issued a Notice regarding Centralized Purchasing of High Value Medical Supplies (衛生部辦公廳關於全國高值醫用耗材集中採購有關事項的通知) which states that after the nationwide tender ended on September 30, 2010, MOH will institute a decentralized approach to tenders whereby individual provinces and municipalities will be authorized to hold their own tenders.

Moreover, in November 2009, NDRC, MOH and MOHRSS jointly issued a Notice of Opinion on Reform of Pricing System of Pharmaceuticals and Medical Services (關於印發改革藥品和醫療服務價格形成機制的意見的通知), pursuant to which NDRC will strengthen its intervention in the pricing of medical devices (including high value medical devices), limit the profit margins of the participants in the supply chain for medical devices and periodically announce market price information of medical devices.

Governmental Insurance Reimbursement Program

Pursuant to the Decision of the State Council on the Establishment of Basic Medical Insurance System for Urban Employees (國務院關於建立城鎮職工基本醫療保險制度的決定) issued on December 14, 1998, all employers in urban cities are required to enroll their employees in the basic medical insurance system and the insurance premium shall be jointly paid by the employers and employees on a monthly basis. Currently, most participants of this national basic medical insurance system are urban residents who are employed or retired. These participants are eligible for full or partial reimbursement of the cost of medicine, medical service and diagnosis and treatment designated by the PRC government. Patients who are participants of the basic medical insurance system tend to choose those medical devices covered by the medical insurance to minimum the cost to them in connection with diagnosis and medical treatment.

In accordance with a Notice of Opinion on the Diagnosis and Treatment Management, Scope and Payment Standard of Medical Service Facilities Covered by the National Urban Employees Basic Medical Insurance System (關於印發城鎮職工基本醫療保險診療項目專案管理、醫療服務設施範圍和支付標準意見的通知) jointly issued by the Ministry of Labor and Social Security, NDRC, the Ministry of Finance and the General Administration of Chinese Traditional Medicine in June 1999, vascular stents and other implantation materials in the body are classified as diagnosis and medical treatment, which could be partially reimbursed through basic medical insurance system. However, the actual devices that are covered under the basic medical insurance system and insurance coverage or reimbursement levels vary from region to region, as local government approvals for such coverage must be obtained in each geographic region in China.

As part of the healthcare reform plan, the PRC government aims to enlarge the scope of eligible participants in the medical insurance system from urban employees to almost all urban and rural residents, see "Healthcare Reform Plan" below.

Healthcare Reform Plan

In January 2009, the Chinese government approved in principle a healthcare reform plan to address the affordability of healthcare services, the rural healthcare system and the quality healthcare services in China. In March 2009, the State Council issued a Notice regarding Issuance of Key Implementation Scheme on Reform of Medical and Sanitary System in Recent Period (2009 — 2011) (關於印發醫藥衛生體制改革近期重點實施方案(2009-2011) 的通知) (the "Implementation Scheme"), which calls for, among other things, additional governmental spending on healthcare in the amount of RMB850 billion from 2009 to 2011 to support the reform plan. Such government spending is expected to be used primarily to (i) establish a basic healthcare medical insurance regime, (ii) increase the percentage of the rural and urban population covered by the basic medical insurance system or the new

rural cooperative healthcare medical system to at least 90% by 2011, (iii) build a basic medicine system that includes a catalog of necessary drugs produced and distributed under government control and supervision, and (iv) enhance healthcare facilities, including building clinics and hospitals. The Implementation Scheme directs relevant governmental authorities to adopt implementing rules for the reforms outlined in the healthcare reform plan. However, the PRC government has not yet provided a concrete timetable or steps to implement certain aspects of the healthcare reform plan.

A major portion of the increased spending is expected to be directed toward basic healthcare services, including building additional clinics in rural areas.

Laws and Regulations relating to Product Liability

According to the PRC Product Quality Law (中華人民共和國產品質量法) amended by the Standing Committee of the NPC on August 27, 2009, product liability claims may be brought against either the manufacturer or the seller of the defective products. The Product Quality Law applies to all production activities and sale of any product within the territory of the PRC, and producers and sellers will be held liable for any damage, harm or injury caused by defective products in accordance with the Product Quality Law.

The PRC Tort Law adopted by the Standing Committee of the NPC on December 26, 2009 and became effective on July 1, 2010. The PRC Tort Law stipulates tort liabilities relating to, among other things, products, motor vehicle traffic accidents, medical treatment, environmental pollution and high risk operations. Under the PRC Tort Law, a patient who suffers injury from a defect of a medical device can claim against either the medical institution that performed the medical procedure or manufacturer of the medical device. If the patient claims compensation against the medical institution, the medical institution that has paid the compensation shall be entitled to reimbursement from manufacturers who provide the defective medical devices.

Laws Relating to Environmental Protection

Pursuant to the Environmental Protection Law of the PRC (中華人民共和國環境保護法) promulgated and effective on December 26, 1989, the environmental protection department of the State Council is in charge of promulgating national standards for environmental protection. The provincial governments and the local governments in autonomous regions and municipalities may also promulgate local standards for environmental protection on matters not specified under national standards and the local governments must report such standards to the competent department of environmental protection administration under the State Council for record.

Pursuant to the Law on Environmental Impact Evaluations of the PRC（中華人民共和國環境影響評價法）promulgated on October 28, 2002 and effective on September 1, 2003, a construction unit shall, in accordance with the following provisions, make arrangements for preparing a written report on the environmental effects or a statement on such effects or fill out a registration form of environmental effects:

(1) where there may be a considerable impact on the environment, prepare a written report that includes a comprehensive evaluation of the impact on the environment;

(2) where there may be a mild impact on the environment, prepare a statement on the environmental impact that includes an analysis or special evaluation of the environmental impact; or

(3) where the environmental impact is very slight, it is not necessary to make an evaluation of the environmental impact, and filling out a registration form describing the environmental impact is sufficient.

Patent law

According to the PRC Patent Law (中華人民共和國專利法) promulgated on March 12, 1984 and as amended on August 25, 2000 and December 27, 2008, patent protection is divided into three categories: invention patent, utility model patent and design patent. An invention patent is intended to protect a new technical solution relating to a product, process or its improvement. A utility model patent is intended to protect a new technical solution relating to the shape, the structure, or the combination of both shape and structure of a product, which is applicable for functional use. A design patent is intended to protect new designs of the shape, the pattern or the combination of both shape and pattern, or the combination of the color with shape or pattern of a product with aesthetic and industrial application value.

Invention patent

Products eligible for invention patent protection must possess such characteristics as novelty and innovation, and the grant of an invention patent is subject to disclosure and publication requirements. In the PRC, the State Intellectual Property Office of the PRC ("SIPO") publishes the application 18 months after an application is filed, which may be shortened upon request by the applicant. The SIPO will conduct a substantive review as requested by an applicant within three years from the filing date of the application or if necessary at its discretion to grant the invention patent, issue the certificate of invention patent, announce and register the patent should there be no cause to reject the application of the invention patent after substantive review and make a decision. The term of protection is 20 years from the filing date of application.

Once an invention patent is granted, unless otherwise permitted by law, no individuals or entities are permitted to engage in the manufacture, use, sale, offer to sale or import of the product protected by such patent or otherwise engage in the manufacture, use, sale, offer to sale or import of the product directly derived from applying the method protected by such patent, without consent of the patent holder.

Utility model patent

Products eligible for utility model patent protection must possess such characteristics as novelty and innovation. A utility model patent is granted and registered upon application unless there are reasons for the SIPO to reject the application after its preliminary review. The utility model patent is also subject to the disclosure and publication requirement upon application. The term of protection is ten years from the filing date of the application.

Once a utility model patent is granted, unless otherwise permitted by law, no individuals or entities are permitted to engage in the manufacture, use, sale, offer to sale or import of the product protected by such patent without consent of the patent holder.

Design patent

Products eligible for design patent protection must not be the same as or similar to those previously known in domestic or abroad or infringing upon third parties' legal rights. The application procedure and term of protection are the same as for a utility model patent.

Once a design patent is granted, no individuals or entities are permitted to engage in the manufacture, sale, offer to sale or import of the product protected by such patent without consent of the patent holder.

Trademark Law

Registered trademarks are protected under the Trademark Law of the PRC (中華人民共和國商標法) adopted in 1982 and amended in 1993 and 2001. The PRC Trademark Office of the State Administration of Industry and Commerce is responsible for the registration and administration of trademarks throughout China. The PRC Trademark Law has adopted a "first-to-file" principle with respect to trademark registration. Where a trademark for which a registration has been made is identical or similar to another trademark that has already been registered or been subject to a preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such trademark may be rejected. Any person applying for the registration of a trademark shall not prejudice the existing right of others obtained by priority, nor shall any person register in advance a trademark that has already been used by another person and has already gained "sufficient degree of reputation" through that person's use. After receiving an application, the PRC Trademark Office will make a public announcement if the relevant trademark passes the preliminary examination. Within three months after such public announcement, any person may file an opposition against a trademark that has passed a preliminary examination. The PRC Trademark Office's decisions on rejection, opposition or cancellation of an application may be appealed to the PRC Trademark Review and Adjudication Board, whose decision may be further appealed through judicial proceedings. If no opposition is filed within three months after the public announcement period or if the opposition has been overruled, the PRC Trademark Office will approve the registration and issue a registration certificate, upon which the trademark is registered and will be effective for a renewable ten-year period, unless otherwise revoked.

Anti-corruption Laws in China

The PRC government has issued since the early 1990's various laws and regulations with respect to commercial bribery. In 1993, NPC adopted the Anti-Unfair Competition Law (反不正當競爭法) which became effective on December 1, 1993 and provided that a business operator would commit a crime if it offered money or any other bribes in the course of selling or purchasing products. On November 15, 1996, the State Administration for Industry and Commerce of the PRC ("SAIC") issued the Interim Rules on Prohibition of Commercial Bribery (關於禁止商業賄賂行為的暫行規定) ("Order 60"), which provided that the act of commercial bribery includes offering money, goods, free

tours and unrecorded rebate sales commission in secret to any person when selling or buying products. In accordance with the Anti-Unfair Competition Law and Order 60, SAIC (or its local counterparts), being the principal government authority that supervises matters relating to unfair competition and commercial bribery in China, has the power to impose fines in an amount ranging from RMB10,000 to RMB200,000 and to confiscate the illegal gains of a business operator when convicted of commercial bribery. In addition, if any entity or individual offers any property to any government officials for the purpose of seeking illegitimate gain or interests, such act would be considered a crime under the PRC Criminal Law and is punishable by the relevant PRC governmental authorities.

Major Applicable Taxes

Enterprise Income tax

PRC enterprise income tax is calculated primarily on the basis of taxable income determined under PRC tax laws and regulations. Prior to January 1, 2008, in accordance with Income Tax of China for Enterprises with Foreign Investment and Foreign Enterprises (中華人民共和國外商投資企業和外國企業所得税法) (the "FIE Income Tax Law") and the related implementing rules, FIEs incorporated in the PRC were generally subject to an income tax rate of 33% (30% of state income tax plus 3% local income tax). The FIE Income Tax Law and the related implementing rules provided certain favorable tax treatments to certain FIEs and enterprises which were registered and operated in specified economic development zones or Pudong New Area in the PRC. PRC domestically invested companies were governed by the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得税法) and were generally subject to an income tax rate of 33%. In March 2007, NPC adopted the New EIT Law that imposes a single uniform income tax rate of 25% for most domestic enterprises and FIEs. The New EIT Law became effective on January 1, 2008. It contemplates various transition periods and measures for existing preferential tax policies, including a grace period for as long as five years for FIEs which were entitled to a lower income tax rate before the promulgation of the New EIT Law and continued the implementation of preferential tax treatment with a fixed term until the expiration of such fixed term. Moreover, the New EIT Law provides that, if an enterprise incorporated outside the PRC has its "de facto management bodies" located within the PRC, the enterprise may be recognized as a "PRC resident enterprise" and thus may be subject to an enterprise income tax at the rate of 25% on its worldwide income. Under the implementation rules for the New EIT Law, "de facto management bodies" is defined as the bodies that have material and overall management control over the manufacturing and business operations, personnel and human resouces, accounts and other properties of an enterprise. In April 2009, the PRC tax authority promulgated a circular to clarify the criteria for determining that the "de facto management bodies" are located within the PRC for enterprises incorporated overseas with controlling shareholder being PRC enterprises or PRC enterprise groups if the following are located or resident in China: (i) senior management personnel and departments that are responsible for daily production, operation and management, (ii) financial and personnel decision making bodies, (iii) key properties, accounting books, company seal, and minutes of board meetings and shareholders' meetings, and (iv) half or more of the senior management or directors having voting rights. However, the relevant PRC laws and regulations remain unclear regarding how the PRC tax authoritieswill treat an overseas enterprise invested or controlled by another overseas enterprise, as in our case. Substantially all of our management team members reside in the PRC. If most of them continue to reside in the PRC, our Company may be deemed a PRC resident enterprise and therefore subject to the PRC enterprise income tax at a rate of 25% on our worldwide income.

According to the Notice of the State Council on the Implementation of the Transitional Preferential Policies in respect of Enterprise Income Tax (國務院關於實施企業所得税法過度優惠政策的通知), the companies which enjoyed a preferential tax rate of 15% before the promulgation of the New EIT Law will be subject to a gradual increase in their tax rates from 15% to 25% over five years after January 1, 2008, and the tax rate applicable to such companies in 2008, 2009, 2010, 2011 and 2012 is 18%, 20%, 22%, 24% and 25%, respectively.

Value-Added Tax

Pursuant to the Provisional Regulation of China on Value Added Tax (中華人民共和國增值税暫行條例) and its implementing rules, all entities and individuals that are engaged in the sale of goods, the provision of processing, repairs and replacement services and the importation of goods into China are generally required to pay output VAT at a staturory rate of 17% of the gross sales proceeds received, less any deductible input VAT already paid or borne by the entities or individual if they are general VAT payers. Further, when exporting goods, the output VAT can be exempted and input VAT paid can be refunded.

Foreign Exchange Controls

The Regulations of the PRC on Foreign Exchange Control (中華人民共和國外匯管理條例) (the "Foreign Exchange Regulation") promulgated on January 29, 1996 and amended on January 14, 1997 and August 1, 2008, contains detailed provisions in relation to foreign exchange control.

According to the Foreign Exchange Regulation, the retaining or selling of the foreign exchange earnings obtained from capital account shall be subject to the approval of foreign exchange authorities.

Enterprises within the PRC which need foreign exchange for their ordinary trading and non-trading activities, import activities and repayment of foreign debts may purchase foreign exchange from designated banks if the application is supported by the relevant documents. Furthermore, foreign invested enterprises may distribute profits to their foreign investors with funds in their foreign exchange bank accounts kept with designated banks.

According to the Notice of the Relevant Operating Issues concerning the Improvement of the Administration of Payment and Settlement of Foreign Currency Capital of Foreign-invested Enterprises (國家外匯管理局綜合司關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知) issued by SAFE on August 29, 2008, a foreign-invested enterprise must designate a competent accounting firm to verify its capital fund prior to application for the settlement of the foreign currency capital. The settled foreign currency capital must be used only for the type of business approved by the related authorities and must not be used for equity investments except as otherwise provided. It is also prohibited to use the settled foreign currency capital for purchasing not-self-use domestic real estate except if the foreign-invested enterprise is incorporated for real estate business.

According to the ''Circular regarding Foreign Exchange Control for Fundraising and Offshore-Domestic Investments by Domestic Residents through Special Purpose Vehicles'' (國家外匯管理局關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知) (the "Circular 75"), promulgated by SAFE on October 21, 2005 and effective as of November 1, 2005 and amended by SAFE on May 29, 2007, PRC residents are required to register with the local competent SAFE branches before establishing or controlling any company, referred to in the circular as an ''offshore special purpose vehicle'' (''SPV''), outside of the PRC for the purpose of offshore capital financing. Any change of shareholding or any other material capital alteration in such SPV must be registered or filed within 30 days starting from the date of shareholding transfer or capital alteration. To our knowledge and as advised by our PRC counsel, Zhong Lun Law Firm, five of our Shareholders who are PRC domestic residents, Mr. Xie, Mr. Wu, Mr. Zang Shixian, Mr. Lu Shiwen and Mr. Zi Zhenjun, have made the relevant application and filings with the Shenzhen branch of SAFE and have completed the Circular 75 registration.

Dividend distribution

The principal regulations governing distribution of dividends paid by wholly foreign-owned enterprises include:

- Wholly Foreign-Owned Enterprise Law (1986) (外資企業法), as amended in 2000; and
- Wholly Foreign-Owned Enterprise Law Implementation Rules (1990) (外資企業法實施細則), as amended in 2001.

Under these regulations, FIEs in China may pay dividends only out of net profits, if any, determined in accordance with PRC generally accepted accounting principles. In addition, a wholly foreign-owned enterprise in China is required to set aside at least 10% of its after-tax profit based on PRC GAAP each year to its statutory reserves until the accumulated amount of such reserves reach 50% of its registered capital. These reserves are not distributable as cash dividends. The board of directors of a FIE has the discretion to allocate a portion of its after-tax profits to staff welfare and bonus funds, which may not be distributed to equity owners.

The Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors

In August 2006, MOFCOM, together with the State-owned Assets Supervision and Administration Commission of the State Council of the PRC, SAT, SAIC, CSRC and SAFE, issued the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定) (the New M&A Rule), which became effective on September 8, 2006. A SPV is defined under the New M&A Rule as an offshore entity directly or indirectly controlled by PRC individuals or enterprises with the objective of an overseas listing, and the main assets of which are its rights and interests in an affiliated domestic PRC enterprise. Under the New

M&A Rule, an approval is required by central level MOFCOM for (1) the establishment of an SPV for overseas listings by PRC companies and (2) the SPV's acquisition of PRC affiliates. If the shareholders of a SPV propose to acquire any equity interest in a PRC domestic company by way of a share swap with the purpose of listing the interests of such PRC domestic company on an overseas stock exchange, the CSRC's approval should be obtained.

OVERVIEW OF LAWS AND REGULATIONS IN INDIA

Foreign Trade (Development & Regulation) Act, 1992

As per the provisions of the Foreign Trade (Development & Regulation) Act, 1992 and the rules framed thereunder, a company is required to obtain an Import Export Code Number in order for the relevant government authorities to monitor the imports made by the company.

Our subsidiary Lifetech India has obtained an Import Export Code Number and the same is valid and subsisting as of the Latest Practicable Date.

Sale of Goods Act, 1930

As per the provisions of the Sale of Goods Act, 1930 and the rules framed thereunder, a company is required to conduct its business in accordance with the provisions of the Act by (i) entering into contracts for purchase and sale or by obtaining purchase orders and accepting the same to fix the price, date and time of delivery of goods, details of the warranty, risk to the title of goods, among other things, (ii) issuing invoices on all the goods sold and (iii) accepting the return of defective goods or goods supplied in error or in excess quantities than prescribed in the contract.

Our subsidiary Lifetech India has complied with all the provisions of the said Act and conducted its business on the sale of goods in accordance with the said Act.

Drugs and Cosmetics Act, 1940

As per the provisions of the Drugs and Cosmetics Act, 1940 and the rules framed thereunder, a company or its overseas supplier is required to register itself with authorities concerned and obtain a certificate of registration to enable the import of medical devices manufactured outside India and further comply with the various conditions imposed on the licensee.

Our subsidiary Lifetech Shenzhen has registered itself with the office of the Drugs Controller for its sale of products to India, and obtained a registration certificate for the HeartR occluders dated August 7, 2008, which is valid through July 31, 2011. Lifetech Shenzhen has submitted application to the Drugs Controller General in India to obtain a new registration certificate for its HeartR occluders and SteerEase introducer. As advised by the Company's Indian legal adviser Rajkishore Associates, while such application is still pending, Lifetech India can still sell those HeartR occluders that were already imported into India before the original registration certificate expired. In addition, Lifetech Shenzhen has also obtained a registration certificate for Cera occluders and Aegisy vena cava filters on April 6, 2011, valid through March 14, 2014. Furthermore, both Lifetech India and Lifetech Shenzhen have complied with conditions mentioned in the above mentioned registration certificate.

Legal Metrology Act, 2009

As per the provisions of the Legal Metrology Act, 2009 and the rules framed thereunder, a company is required to print clearly on its packages of the goods imported and sold in India certain details in respect of the price, unit of measure, month and year of import, name of the importer and its overseas supplier.

Lifetech India has complied with all the provisions of the said Act.

Customs Act, 1962

As per the provisions of the Customs Act,1962 and the rules framed thereunder, a company is required to be registered with the Department of Customs and pay the necessary import duties on all its imports into India.

Lifetech India has registered with the Department of Customs, and the said registration is valid and subsisting as of the Latest Practicable Date and Lifetech India has paid import duties on all the imports made into India.

Income Tax Act, 1961

As per the provisions of the Income Tax Act, 1961 and the rules framed thereunder, a company is required to obtain a Permanent Account Number (PAN), file an income tax return for every financial year and pay the necessary taxes on its income which is chargeable to tax. Furthermore, the company is required to deduct taxes at source on several of its payments to various categories of persons such as employees, consultants, vendors, lessor, etc., and remit them to the account of the federal government and issue the necessary certificates for such deduction.

Lifetech India has, obtained a PAN and the said PAN is valid and subsisting as of the Latest Practicable Date, filed its income tax return for every financial year since incorporation and paid all taxes on its income chargeable to tax. Furthermore, Lifetech India has deducted taxes at source on all payments as mandated to be deducted by the said Act and remitted the same to the account of the federal government and has issued the necessary certificates to all deductees for such deduction of taxes at source.

Central Sales Tax Act, 1956

As per the provisions of the Central Sales Tax, 1956 and the rules framed thereunder, a company is required to be registered with the authorities concerned and obtain a certificate of registration under the said Act, to enable it to sell its goods outside the state of Karnataka. Furthermore, the company is required to levy the appropriate central sales tax (as may be prescribed from time to time) on all its invoices for sales made to its customers outside the state of Karnataka, recover the central sales tax from the customers and remit the same to the authorities concerned.

Lifetech India has obtained a registration under the said Act and the said registration is valid and subsisting as of the Latest Practicable Date, levied the central sales tax on all invoices raised on its customers outside the state of Karnataka, collected the tax so levied and paid the same to the authorities concerned.

Karnataka Value Added Tax Act, 2003

As per the provisions of the Karnataka Value Added Tax Act, 1956 and the rules framed thereunder, a company is required to be registered with the authorities concerned and obtain a certificate of registration under the said Act, to enable it to sell its goods outside the state of Karnataka. Furthermore, the company is required to levy the appropriate value added tax (as may be prescribed from time to time) on all its invoices for sales made to its customers within the state of Karnataka, recover the value added tax from the customers and remit the same to the authorities concerned.

Lifetech India has obtained a registration under the said Act and the said registration is valid and subsisting as of the Latest Practicable Date, levied the value added tax on all invoices raised on its customers within the state of Karnataka, collected the tax so levied and paid the same to the authorities concerned.

HISTORY AND DEVELOPMENT

Corporate History

Our business commenced in 1999 with the establishment of Lifetech Shenzhen in China specializing in the development, manufacturing and sale of advanced minimally invasive medical devices for cardiovascular and peripheral vascular diseases. In preparation for the Listing, our Company was incorporated as a holding company in the Cayman Islands in 2006 and we underwent a series of transactions as part of the Reorganization. For details, see the section headed "Reorganization" below. As a result, our Company became the holding company of our subsidiaries in China, Hong Kong and India.

We currently conduct our manufacturing and other major operational activities in China through Lifetech Shenzhen, Shenzhen Shineyard and Beijing PerMed. Our sales activities are primarily conducted through Lifetech Shenzhen and Lifetech India.

Business Milestones

The following sets out our business development and major achievements:

Year	Key events, milestones and achievements:
1999	• Establishment of Lifetech Shenzhen, our primary PRC operating subsidiary
2001	• Commenced production and sale of the first generation heart occluder
2003	• Lifetech Shenzhen obtained ISO9001 and ISO13485 (YY/T0287) certification for its quality management system for its certain products
	• Accredited as a high-tech enterprise in Shenzhen
2006	• Investment in the Group by Orchid Asia and Orchid Asia Co-Investment
2008	• Expanded into the Indian market and incorporated Lifetech India
	• Accredited as a national high-tech enterprise in the PRC
	• Completed acquisitions of Beijing PerMed and Shenzhen Shineyard
	• Lifetech Shenzhen obtained ISO 13485:2003 certification for its quality management system in respect of, among other things, the production of patent ductus arteriosus occluder, atrial septal defect occluder, ventricular septal defect occluder and vena cava filter

Year	Key events, milestones and achievements:
2009	• Obtained CE marks for our PBPV balloon, Nitinol Vena Cava Filter (VCF) and Cera ASD/VSD/PDA occluders
	• Joined the China National Basic Research Program (國家重點基礎研究發展計劃) and the China National High-tech Research and Development Program (國家高技術研究發展計劃)
	• Participated in the co-operation project with the Department of Education of Guangdong Province (廣東省教育廳) relating to the interventional treatment of coarctation of the aorta in children
	• Obtained SFDA approval certificate for Aegisy vena cava filter
2010	• Obtained CE marks for our FustarTM steerable sheath, CeraTM Vascular plug, AcumarkTM Sizing balloon, SeQure TM Snare and Milti fenestration ASD occluder
	• Commenced clinicals trials for our SpiderTM PFO in Germany and in France, being the Group's first clinical trials in Europe
	• Our SeQureTM Snare received FDA approval, being the first FDA approval obtained by the Group
	• Accredited as a Post-doctoral Research Workstation (博士後流動站) by the MOHRSS and commenced the first student intake
2011	• Joined the National High-tech Research and Development Program (國家高科技研究發展計劃) for our key technology and product development of bioabsorbable stents
	• Our FustarTM Steerable sheath received FDA approval
	• Obtained CE marks for our CeraFlex Series occluders and plugs

History of principal PRC operating entities within the Group

Lifetech Shenzhen

Lifetech Shenzhen, our primary operating subsidiary in the PRC, was established on July 7, 1999 as a limited liability company by Mr. Cheng Zhenghui, Mr. Zang Shixian and Mr. Wu Ruquan with a registered capital of RMB3.3 million. It engages in the manufacturing and sale of medical devices and is the holding company of the PRC subsidiaries of our Group. It has undergone several shareholding changes since its establishment. The following chart summarizes the changes in the shareholding and registered capital of Lifetech Shenzhen:

Date of shareholding change	Cheng Zhenghui		Zang Shixian		Wu Ruquan		Huang Zheng		Huo Yong		Antuoxin		Huishibang		Haisen		Wu Jianhui		Deng Zhigang		LifeTech Scientific Corporation		Total Registered Capital	
	RMB '000	*%*	*RMB '000*	*%*	*RMB '000*	*%*	*RMB '000*	*%*	*RMB '000*	*%*	*RMB '000*	*%*	*RMB '000*	*%*	*RMB '000*	*%*	*RMB '000*	*%*	*RMB '000*	*%*	*RMB '000*	*%*	*RMB '000*	*%*
July 7, 1999	2,475	75	495	15	330	10	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	3,300	100
May 26, 2000	1,815	55	495	15	330	10	462	14	198	6	—	—	—	—	—	—	—	—	—	—	—	—	3,300	100
November 8, 2000	3,300	16.5	900	4.5	600	3	840	4.2	360	1.8	6,000	30	4,000	20	4,000	20	—	—	—	—	—	—	20,000	100
August 12, 2004	—	—	900	4.5	—	—	—	—	—	—	6,000	30	4,000	20	—	—	4,000	20	5,100	25.5	—	—	20,000	100
August 24, 2006	—	—	900	4.5	—	—	—	—	—	—	—	—	10,000	50	—	—	9,100	45.5	—	—	—	—	20,000	100
August 29, 2006	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	20,000	100	20,000	100
January 8, 2007	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	50,000	100	50,000	100

The following table sets forth a summary of the transactions in connection with each shareholding change since the establishment of Lifetech Shenzhen:

Date of change of shareholding/ capital	Summary of transaction in connection with shareholding/capital change
July 7, 1999	Being distributors of overseas medical devices companies and in order to pursue opportunities in the manufacturing and sale of medical devices, Mr. Zang Shixian and Mr. Wu Ruquan jointly established Lifetech Shenzhen with Cheng Zhenghui as a limited liability company and contributed RMB2,475,000, RMB495,000 and RMB330,000 into the registered capital of Lifetech Shenzhen, respectively. The parties made such capital contributions with reference to the future capital needs for Lifetech Shenzhen. Mr. Cheng Zhenghui, Mr. Zang Shixian and Mr. Wu Ruquan are independent third parties of the Group. The Group gained its early technical expertise through the contributions of Mr. Zang Shixian and Mr. Wu Ruquan.
May 26, 2000	For individual investment purpose, Mr. Huang Zheng and Mr. Huo Yong, being PRC citizens and business partners of Mr. Cheng Zhenghui, acquired 14% and 6% equity interest in Lifetech Shenzhen, respectively, from Mr. Cheng Zhenghui for a consideration of RMB462,000 and RMB198,000, respectively. The parties determined the consideration for the equity transfers with reference to the amount of capital contribution previously made by Mr. Cheng Zhenghui. Mr. Huang Zeng and Mr. Huo Yong are independent third parties of the Group.
November 8, 2000	Lifetech Shenzhen was converted from a limited liability company into a company limited by shares, and accordingly changed its name to Shenzhen Lifetech Technology Corporation Ltd. (深圳市先健科技股份有限公司). As part of the conversion, each of Mr. Cheng Zhenghui and Mr. Zang Shixian each injected an intangible asset valued at RMB1,339,385. According to the capital increase agreement dated September 26, 2000 which was entered into among Mr. Cheng Zhenghui, Mr. Zang Shixian, Mr. Huang Zheng, Mr. Wu Ruquan, Mr. Huo Yong, Shenzhen Antuoxin Investment Co., Ltd. (深圳市安托信投資有限公司) ("**Antuoxin**"), Shenzhen Huishibang Technology Co., Ltd. (深圳市匯世邦科技有限公司) ("**Huishibang**") and Shenzhen Haisen Paper Co., Ltd. (深圳市海森紙業有限公司) ("**Haisen**"), Mr. Cheng Zhenghui and Mr. Zang Shixian contributed to the capital by injecting intangible assets owned by them in the form of ownership rights to a metal stent graft, which was approved by the Shenzhen Science and Technology Bureau (深圳市科學技術局) as

Date of change of shareholding/ capital	Summary of transaction in connection with shareholding/capital change

an achievement of advanced technology. The value of the intangible assets contributed by Mr. Cheng Zhenghui and Mr. Zang Shixian was agreed by all shareholders with reference to the valuation report prepared by a PRC valuer. To remove the dilution effect among the existing individual shareholders as a result of the capital increase by way of intangible assets, Mr. Zang Shixian proportionately transferred on the same date 2.24% of the equity interest of Lifetech Shenzhen to Mr. Cheng Zhenghui, 6.27% to Mr. Huang Zheng, 4.48% to Mr. Wu Ruquan and 2.69% to Mr. Huo Yong at nil consideration.

Also, on November 8, 2000 the shareholders of Lifetech Shenzhen resolved to increase the registered capital by inviting additional investors for the purpose of business expansion. Antuoxin, Huishibang and Haisen became additional investors and injected RMB6,000,000, RMB4,000,000 and RMB4,000,000, respectively, into Lifetech Shenzhen. Mr. Xie (being chairman and executive Director of our Group) is a close friend of the founders of Lifetech Shenzhen, and having gained experience in the research and development of advanced materials during his employment with Eastern Tantalum Group, considered the investment in Lifetech Shenzhen to be a profitable business and introduced Antuoxin, Huishibang and Haisen, who are independent third parties of the Group, to this investment opportunity. Mr. Xie was the general manager of Huishibang since December 23, 1997 and was promoted to serve as its chairman from April 13, 2000 to August 24, 2009. Mr. Xie was also a shareholder of Huishibang from December 23, 1997 to August 24, 2009. Through Mr. Xie's 26% shareholding in Huishibang during the period from April 13, 2000 to September 7, 2006, he also held a 2.6% indirect interest in Antuoxin from September 6, 2000 to January 13, 2001 and a 6.5% indirect interest in Haisen from June 7, 2000 to July 27, 2000. Antuoxin principally engages in the domestic distribution and sale of materials. Huishibang principally engages in technology development of motors, computer hardware and software, while Haisen principally engages in the manufacturing of aluminum sheets and sale of applied electronics materials.

Upon completion of the above transactions, the registered capital of Lifetech Shenzhen was increased to RMB20,000,000.

Date of change of shareholding/ capital	Summary of transaction in connection with shareholding/capital change
August 12, 2004	In May 2004, Haisen decided to exit its investment in Lifetech Shenzhen and transferred its 20% equity interest in Lifetech Shenzhen to Mr. Wu for a consideration of RMB4,000,000. Such consideration was determined with reference to the amount of capital previously contributed by Haisen. In June 2004, Mr. Huo Yong, Mr. Wu Ruquan, Mr. Huang Zheng and Mr. Cheng Zhenghui transferred their equity interest, of 1.8%, 3%, 4.2% and 16.5% in Lifetech Shenzhen to Mr. Deng Zhigang for a consideration of RMB360,000, RMB600,000, RMB840,000 and RMB3,300,000, respectively. Mr. Deng Zhigang acquired the equity interest in Lifetech Shenzhen from Mr. Huo, Mr. Wu, Mr. Huang and Mr. Cheng. The parties determined the arrangement and considerations of these transfers with reference to the respective amounts of capital previously contributed by the transferors. Mr. Deng Zhigang is an independent third party to the Group. The above shareholding changes were completed in August 2004.
August 24, 2006	Mr. Deng Zhigang decided to exit his investment in Lifetech Shenzhen, and transferred his 25.5% equity interest in Lifetech Shenzhen to Mr. Wu for a consideration of RMB5,100,000, representing Mr. Deng's total amount of investment in Lifetech Shenzhen. Mr. Wu had been an existing shareholder of Lifetech Shenzhen and he acquired the equity interest to increase his individual investment in Lifetech Shenzhen. On the same date, Antuoxin decided to dispose of its interest in Lifetech Shenzhen, and transferred its 30% equity interest in Lifetech Shenzhen to Huishibang for a consideration of RMB6,000,000 representing the amount of capital previously contributed by Antuoxin. As a result of this transfer, Shenzhen Huishibang, being an existing shareholder of Lifetech Shenzhen, increased its equity interest to 50%.
August 29, 2006	As part of the Reorganization in preparation for the Listing, Shenzhen Huishibang Technology Co., Ltd, Mr. Wu Jianhui and Mr. Zang Shixian transferred their equity interest of 50%, 45.5% and 4.5% in Lifetech Shenzhen for a consideration of RMB10,288,600, RMB9,362,500 and RMB926,000, respectively. Each of these considerations was determined with reference to the fair market value of the equity interest after arm's length negotiation with the Company, which was incorporated as the listing vehicle. As a result, Lifetech Shenzhen became a wholly foreign-owned enterprise.
January 8, 2007	Lifetech Shenzhen increased its registered capital to RMB50,000,000.

Shenzhen Enke

Shenzhen Enke, a subsidiary of our Group was established by Lifetech Shenzhen and Ms. Wen Weifang, mother of Mr. Xie Yuehui, on April 26, 2005 as a limited liability company in Shenzhen, PRC with a registered capital of RMB1,000,000. Shenzhen Enke primarily engages in the sale of medical devices and since its establishment, Shenzhen Enke's registered capital has remained unchanged. On May 13, 2011, Ms. Wen Weifang transferred her 10% equity interest in Shenzhen Enke to Lifetech Shenzhen for a consideration of RMB150,000. The purpose of this equity transfer is to enable the Group to exercise full control over Shenzhen Enke.

REORGANIZATION

In order to prepare for fund-raising and the Listing, our Group underwent the Reorganization which included the following steps:

Incorporation of our Company

On August 17, 2006, our Company was incorporated under the name of Lifetech China Corporation in the Cayman Islands as an exempted company with limited liability with a share capital of US$50,000, divided into 5,000,000 Shares of US$0.01 each. On May 4, 2011, our Company changed its name to LifeTech Scientific Corporation (先健科技公司). The following chart summarizes the changes in the shareholding and share capital of the Company since its incorporation.

Date of shareholding change	Mapcal Limited		Xianjian Technology		Orchid Asia*		Orchid Asia Co-Investment*		Wu Jianhui		Zeng Min Frank		Zi Zhenjin		Zang Shixian		Lu Shiwen		Lai Jihong		Zhao Yiwei Michael		St. Christopher		GE Asia Pacific		Zhang Deyuan		Issued Share Capital
	US$	*%*	*US$*	*%*	*US$*	*%*	*US$*	*%*	*US$*	*%*	*US$*	*%*	*US$*	*%*	*US$*	*%*	*US$*	*%*	*US$*	*%*	*US$*	*%*	*US$*	*%*	*US$*	*%*	*US$*	*%*	*US$*
August 17, 2006	0.01	100	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	500.00
August 21, 2006	—	—	500	100	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	500.00
September 7, 2006	—	—	456.14	70.75	182.934737	28.37	5.662105	0.88	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	644.73
February 1, 2007	—	—	456.14	61.9	272.276842	36.95	8.425263	1.14	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	736. 68
April 29, 2008	—	—	172.81675	23.45	272.276842	36.95	8.425263	1.14	166.85631	22.64	49.98421	6.77	21.81053	2.96	17.46316	2.37	12.49684	1.7	14.8122	2.01	—	—	—	—	—	—	—	—	736. 68
June 23, 2008	—	—	187.62895	25.46	272.276842	36.95	8.425263	1.14	166.85631	22.64	49.98421	6.77	21.81053	2.96	17.46316	2.37	12.49684	1.7	—	—	—	—	—	—	—	—	—	—	736. 68
August 3, 2010	—	—	187.62895	25.46	272.276842	36.95	8.425263	1.14	166.85631	22.64	35.1473679	4.77	21.81053	2.96	17.46316	2.37	12.49684	1.7	—	—	14.7368421	2	—	—	—	—	—	—	736. 68
November 8, 2010	—	—	187.62895	25.46	272.276842	36.95	8.425263	1.14	—	—	35.1473679	4.77	21.81053	2.96	17.46316	2.37	12.49684	1.7	—	—	—	—	—	—	166.85631	22.64	—	—	736. 68
February 18, 2011	—	—	187.62895	25.46	272.276842	36.95	8.425263	1.14	—	—	35.1473679	4.77	21.81053	2.96	17.46316	2.37	12.49684	1.7	—	—	—	—	14.7368421	2	166.85631	22.64	—	—	736. 68
February 25, 2011	—	—	192.7868447	24.92	272.276842	35.19	8.425263	1.09	—	—	35.1473679	4.54	26.2315826	3.39	17.46316	2.26	13.9705242	1.81	—	—	—	—	25.7894737	3.33	166.85631	21.57	14.7368421	1.9	773.68

Note:

* *The shares held by these two Shareholders throughout this period are Series A Preferred Shares.*

The following table sets forth a summary of the transactions in connection with each major shareholding change.

August 17, 2006	On incorporation, the share capital of the Company was US$50,000 divided into 5,000,000 shares at par value of US$0.01 each.
August 21, 2006	Mapcal Limited, being the initial subscriber which is independent of the Group, transferred one Share to Xianjian Technology and an additional 49,999 Shares were issued to Xianjian Technology. As a result, Xianjian Technology became the single shareholder of the Company. Xianjian Technology was a BVI holding company incorporated for the purpose of holding shares in the Company and to allow the then shareholders of Lifetech Shenzhen, namely Mr. Xie, Mr. Wu, Mr. Zeng Min Frank, Mr. Zi Zhenjun, Mr. Lu Shiwen and Mr. Zang Shixian, to have a proportionate, indirect interest in Lifetech Shenzhen upon completion of the Reorganization. Mr. Xie, Mr. Wu, Mr. Zeng Min Frank, Mr. Zi Zhenjun, Mr. Lu Shiwen and Mr. Zang Shixian, all being PRC individuals, were the then shareholders of Xianjian Technology and Mr. Xie is its sole director.
September 6, 2006	In preparation for the closing of the first tranche of the Series A investment by the Investors, the share capital of the Company was redesignated as US$50,000 divided into (i) 4,900,000 common Shares of US$0.01 each, (ii) 66,000 Series A-1 Preferred Shares of US$0.01 each, and (iii) 34,000 Series A-2 Preferred Shares of US$0.01 each.
September 7, 2006	The Company, the Investors, Xianjian Technology, Lifetech Shenzhen, Shenzhen Enke and six individual covenantors entered into a subscription and purchase agreement (the "**Subscription and Purchase Agreement**") with Orchid Asia and Orchid Asia Co-investment who are our pre-IPO investors. Pursuant to the Subscription and Purchase Agreement and in connection with the first tranche of the Series A investment, the Company issued and allotted 14,473.6824 Series A-1 Preferred Shares at the total consideration of US$5,500,000 to the Investors. In particular, Orchid Asia subscribed for 14,039.4737 Series A-1 Preferred Shares at the consideration of US$5,335,000 while Orchid Asia Co-Investment subscribed for 434.2105 Series A-1 Preferred Shares at the consideration of US$165,000.

Furthermore, pursuant to the Subscription and Purchase Agreement, the Company issued 4,386 Series A-1 Preferred Shares at par value to Xianjian Technology, out of which 4,254 Series A-1 Preferred Shares were purchased by Orchid Asia while 132 Series A-1 Preferred Shares were purchased by Orchid Asia Co-Investment. The total consideration for the purchase of the 4,386 Series A-1 Preferred Shares was US$1,500,000.

Also, on September 7, 2006, the Company repurchased a total of 4,386 Shares from Xianjian Technology at the par value of US$0.01 per Share out of the proceeds of the issuance of the 4,386 Series A-1 Preferred Shares to Xianjian Technology.

For further details, please refer to the paragraph headed "Series A Investments by the Investors" in this section of the prospectus.

February 1, 2007

In connection with the second tranche of the Series A investment, the Investors had the option to purchase 9,210.5263 Series A-2 Preferred Shares under the Subscription and Purchase Agreement. The Investors exercised the option and subscribed for 9,210.5263 Series A-2 Preferred Shares at the subscription price of US$380 per share with a total consideration of US$3,500,000. In particular, Orchid Asia subscribed for 8,934.2105 Series A-2 Preferred Shares at the consideration of US$3,395,000 while Orchid Asia Co-Investment subscribed for 276.3158 Series A-2 Preferred Shares at the consideration of US$105,000. For further details, please refer to the paragraph headed "Series A Investments by the Investors" in this section of the prospectus.

April 29, 2008

All of the issued and unissued shares in the then authorized share capital of the Company were subdivided into 1,000 shares and the par value of each share in the Company was subdivided from US$0.01 per share into US$0.00001 per share. As a result of the subdivision, the total number of issued shares of the Company became 73,684,210.5.

On the same date, Xianjian Technology underwent a series of share transfers. In particular, the share transfer of 22.64% to Mr. Wu Jianhui was made as part of the Reorganization process, while the share transfer of 6.77% to Mr. Zeng Min Frank was treated as incentive share awards in recognition of his contributions to the Group as he has been serving as a director of the Group since 2006.

November 8, 2010	Mr. Wu Jianhui transferred his entire shareholding interest in the Company to GE Asia Pacific, a BVI investment vehicle wholly-owned and controlled by him at nominal value.
February 18, 2011	Mr. Zhao Yiwei Michael transferred his entire shareholding interest in the Company to St. Christopher, a BVI investment vehicle wholly-owned and controlled by him at nominal value.
February 25, 2011	In order to recognise the contributions of a number of our senior management personnel to the Group, the Board approved the issuance of 3,684,210.52 Shares at nominal value. For further details, please refer to the paragraph headed "Issuance of Incentive Shares" in this section of the prospectus.

Acquisition of Lifetech Shenzhen by the Company

On August 25, 2006, the Company entered into an acquisition agreement and purchased from Shenzhen Huishibang Technology Co., Ltd, Mr. Wu Jianhui and Mr. Zang Shixian, the then shareholders of Lifetech Shenzhen, the entire equity interest in Lifetech Shenzhen for a total consideration of RMB 20,577,100 (the "**Lifetech Shenzhen Acquisition**"). As a result, Lifetech Shenzhen was converted into a wholly foreign owned enterprise with a total investment of RMB40 million. Accordingly, Lifetech Shenzhen changed its name from Shenzhen Lifetech Technology Co., Ltd. to current name of Lifetech Scientific (Shenzhen) Co., Ltd. Upon completion of the acquisition, Shenzhen Enke became an indirect subsidiary of the Company.

Establishment of Lifetech Beijing

Lifetech Beijing was established on March 20, 2007 as a branch of Lifetech Shenzhen in Beijing, PRC as the Group's sales office.

Shenzhen Biological

Shenzhen Biological, a subsidiary of our Group, was established by Lifetech Shenzhen and Mr. Xie Yuehui on August 6, 2007 as a limited liability company in Shenzhen, PRC with a registered capital of RMB30,000,000. On November 12, 2010, as the general working capital needs of Shenzhen Biological was lower than expected, Shenzhen Biological decreased its registered capital to RMB10,000,000, proportionally between its shareholders, to its current capital structure. Shenzhen Biological primarily engages in the technological development of biological materials, the provision of consultancy services and the import and export of goods and technology.

Acquisition of Beijing PerMed

Beijing PerMed, another principal operating subsidiary of our Group, engages in the manufacturing of medical devices. It was established on December 1, 1993 under the name of Beijing PerMed Bio-medical Engineering Company (北京市普惠生物醫科工程公司) as a state owned enterprise in Beijing, PRC, with a registered capital of RMB3,200,000. Beijing PerMed was the joint venture of Fuwai Hospital of China Medical Science Academy (中國醫學科學院阜外醫院) ("**Fuwai Hospital**") and Beijing No.3 Construction Works Company (北京市第三建築工程公司), which are independent third parties of our Group. The following chart summarizes the changes in the shareholding and registered capital of Beijing PerMed since its incorporation:

Date of shareholding change	Fuwai Hospital		Beijing No. 3 Construction Works Company		Lifetech Shenzhen		Total registered capital
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*
December 1, 1993	1,800	56.25	1,400	43.75	—	—	3,200
November 18, 1997	2,600	100	—	—	—	—	2,600
January 18, 2008	—	—	—	—	1,851	100	1,851
April 27, 2010	—	—	—	—	15,000	100	15,000

On May 20, 1997, Beijing No. 3 Construction Works Company agreed to transfer all of its equity interest in Beijing PerMed to Fuwai Hospital at a consideration of RMB900,000, being the amount of capital contribution paid by Beijing No. 3 Construction Works Company in order to bring the joint venture to an end. Subsequently, the registered capital of Beijing PerMed was reduced to RMB2,600,000. The reduction of registered capital was effected on November 18, 1997.

In 2008, Fuwai Hospital decided to dispose of its investment in Beijing PerMed by way of listing-for-sale pursuant to requirements under PRC law. On January 18, 2008, Lifetech Shenzhen acquired 100% equity interest in Beijing PerMed for a consideration of RMB1,851,500 through a listing-for-sale at Beijing Equity Exchange. The consideration was arrived at during the listing-for-sale process. According to our PRC legal advisor, Zhong Lun Law Firm, the listing-for-sale complies with the relevant laws and regulations in the PRC relating to the disposal of equity interests in a state-owned enterprise and the acquisition of Beijing PerMed by the Company is legal, valid and enforceable. Beijing PerMed changed to its current name on April 16, 2008. On April 27, 2010, Beijing PerMed increased its registered capital from RMB1,851,000 to RMB15 million through an additional capital contribution of RMB13,148,500 from Lifetech Shenzhen as part of our business expansion.

Incorporation of New Centre International

New Centre International was incorporated on April 21, 2008 as a private limited company in Hong Kong. It has an authorized share capital of HK$10,000 divided into 10,000 shares of HK$1.00 each. On July 16, 2008, the subscriber share in New Centre International was transferred from Easytime Development Limited, an independent third party, to our Company. Since March 2009, New Centre International has remained as the holding company of Lifetech India.

Incorporation of Lifetech India

The Group expanded into India in 2008 in order to increase its international presence and to further grow its business. Lifetech India was incorporated on April 9, 2008 as a private limited company in India with an authorized share capital of Rs.1,000,000 divided into 100,000 shares of Rs.0.10 each. It principally engages in the sale and distribution of our products in India. The table below summarizes the changes in the shareholding and authorized share capital of Lifetech India since its incorporation:

Date of shareholding change	Sajeevan Manikkoth		Lifetech Shenzhen		New Centre International		Authorized share capital
	Rs.	*%*	*Rs.*	*%*	*Rs.*	*%*	*Rs.*
April 9, 2008	—	—	—	—	—	—	1,000,000
April 19, 2008	10	0.01	99,990	99.99	—	—	1,000,000
February 3, 2009	10	0.01	99,990	99.99	—	—	8,000,000
March 30, 2009	10	0.00015	114,270	1.7383	6,459,400	98.26155	8,000,000
February 28, 2011	10	0.00015	—	—	6,573,670	99.99985	8,000,000

On April 19, 2008, Lifetech Shenzhen subscribed for 9,999 shares in Lifetech India while Mr. Sajeevan Manikkoth subscribed for one share. Mr. Manikkoth is the director of Lifetech India and our India Sales Director. On February 3, 2009, the authorized share capital of Lifetech India increased from Rs.10,000,000 to Rs.80,000,000. On March 30, 2009, Lifetech Shenzhen subscribed for an additional 1,428 shares in Lifetech India and 11,427 shares were issued and allotted, while 645,940 shares were issued and allotted to New Centre International. On February 28, 2011, Lifetech Shenzhen transferred all its shareholding interest in Lifetech India to New Centre International to the effect that Lifetech India is fully controlled by offshore shareholders. As a result, Lifetech India is owned as to 99.99985% by New Centre International and 0.00015% by Mr. Sajeevan Manikkoth, forming its current shareholding structure. Our India legal counsel, Rajkishore Associates confirms that Lifetech India complies with the India laws and regulations to which the business and operational activities of Lifetech India is subject, and all of the changes in shareholding of Lifetech India since its incorporation do not require prior approval from any government authorities in India. Rajkishore Associates further confirms that Lifetech Shenzhen, being Lifetech India's overseas supplier of goods also complies with the applicable India laws and regulations to which Lifetech Shenzhen is subject.

Incorporation of LifeTech Scientific

LifeTech Scientific was incorporated on August 3, 2011 as a private limited company in Hong Kong. It has an authorized share capital of HK$10,000 divided into 10,000 shares of HK$1.00 each and an issued share capital of HK$1.00, with the Company holding one share in LifeTech Scientific on incorporation as the founding member. It is intended that LifeTech Scientific will serve as the holding company for subsidiaries to be established in Europe when the business of the Group expands in the future.

Acquisition of Shenzhen Shineyard

Shenzhen Shineyard principally engages in the research and development, manufacturing and sale of medical devices and was established on September 25, 1995 with a registered capital of RMB3,000,000. Mr. Wu Ruquan, a PRC citizen and one of the founders of Shenzhen Shineyard, currently serves as its chairman. The table below summarizes the changes in the shareholding and registered capital of Shenzhen Shineyard since its establishment.

Date of shareholding change	Shenzhen Haiyuexiang Industrial Co., Ltd.		Zheng Hongxing		Wu Ruquan		Shenzhen Pangguangda Industrial Co., Ltd.		Yin Dengzheng		Zhang Zhesheng		Cheng Zhenghui		Yi Yixin		Jiang Lan		Lifetech Shenzhen		Shenzhen Huaqiang Keji Group Joint Stock Co., Ltd.		Total registered capital
	RMB '000	*%*	*RMB '000*	*%*	*RMB '000*	*%*	*RMB '000*	*%*	*RMB '000*	*%*	*RMB '000*	*%*	*RMB '000*	*%*	*RMB '000*	*%*	*RMB '000*	*%*	*RMB '000*	*%*	*RMB '000*	*%*	*RMB '000*
September 25, 1995	1,050	35	780	26	1,170	39	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	3,000
October 21, 1996	1,050	35	—	—	1,950	65	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	3,000
September 12, 2003	—	—	—	—	1,950	65	105	35	—	—	—	—	—	—	—	—	—	—	—	—	—	—	3,000
September 18, 2003	—	—	—	—	1,050	35	—	—	1,050	35	900	30	—	—	—	—	—	—	—	—	—	—	3,000
December 1, 2004	—	—	—	—	525	17.5	—	—	525	17.5	450	15	1,200	40	150	5	150	5	—	—	—	—	3,000
April 11, 2005	—	—	—	—	1,050	35	—	—	1,050	35	900	30	—	—	—	—	—	—	—	—	—	—	3,000
March 26, 2007	—	—	—	—	1,050	24.5	—	—	1,050	24.5	900	21	—	—	—	—	—	—	—	—	1,286	30	4,286
May 30, 2008	—	—	—	—	1,285.70	30	—	—	—	—	—	—	—	—	—	—	—	—	3,000	70	—	—	4,285.70
November 10, 2009	—	—	—	—	2,000	40	—	—	—	—	—	—	—	—	—	—	—	—	3,000	60	—	—	5,000

Shenzhen Shineyard was introduced to our Group by Mr. Wu Ruquan, who had been a shareholder of Lifetech Shenzhen from 1999 to 2000. On May 30, 2008, Lifetech Shenzhen acquired a 70% equity interest in Shenzhen Shineyard at a consideration of RMB15,000,000, and the remaining 30% equity interest of Shenzhen Shineyard was held by Mr. Wu Ruquan. Such consideration was determined after arm's length negotiations between the parties. The acquisition was intended to diversify our range of products as Shenzhen Shineyard possessed both manufacturing and R&D capabilities with respect to specialist medical devices which are different from those under our existing product lines.

On November 10, 2009, Shenzhen Shineyard increased its registered capital to RMB5,000,000 after Mr. Wu Ruquan injected intangible assets, valued at RMB714,300, in the form of a patent of a balloon catheter, which was registered with the State China Intellectual Property Office of the People's Republic of China (中華人民共和國國家知識產權局) on April 25, 2007. Mr. Wu Ruquan, a PRC citizen, is the chairman and director of Shenzhen Shineyard. As a result, Shenzhen Shineyard is currently owned as to 60% by Lifetech Shenzhen and 40% by Mr. Wu Ruquan.

Acquisition and disposal of Shanghai Guijian

Shanghai Guijian principally engages in the R&D, manufacturing and sale of blood clotting biological material. It is a state-controlled enterprise established on December 19, 2003 with a registered capital of RMB1.5 million. In September 2007, Shenzhen Biological proceeded with the acquisition of Shanghai Guijian on the expectation that Shanghai Guijian would create business synergy with another proposed acquisition target of the Group. On September 29, 2007, Shenzhen Biological acquired a total of 90% equity interest in Shanghai Guijian from Shanghai Changning Technology Innovation Service Center (上海市長寧區技術創新服務中心) and Shanghai Institute of Ceramics, Chinese Academy of Science (中國科學院上海矽酸鹽研究所), which are independent third parties of our Group, for a total consideration of RMB2,385,000. As Shanghai Guijian was a state-controlled enterprise before it was acquired by Shenzhen Biological, the acquisition was conducted through the Shanghai United Assets and Equity Exchange (上海聯合產權交易所) by way of listing-for-sale pursuant to the requirements under PRC law, and the transfer consideration of RMB2,385,000 was the minimum bid price for the 90% equity interest in Shanghai Guijian in the listing-for-sale.

In 2009, the management of the Company concluded that the Shanghai Guijian acquisition was unable to achieve the intended commercial purpose as the Group's proposed acquisition of the other target was not successful. As a result, the Group subsequently disposed of a 75% equity interest in Shanghai Guijian to Mr. Xin Dingdu for a consideration of RMB1,987,500 and the remaining 15% equity interest to Mr. Chang Jiang for a consideration of RMB397,500. The considerations were determined with reference to the existing amount of capital contributed by Shenzhen Biological in acquiring 90% of the equity interest in Shanghai Guijian in 2007 after arm's length negotiations. Mr. Xin Dingdu and Mr. Chang Jiang are independent third parties of our Group. As a result of the disposal, Shanghai Guijian is no longer a subsidiary of the Company.

Trust arrangement with Shanghai Qunyi

Shanghai Qunyi is a distributor of filters and stents in China and has been one of the major distributors of the Group since February 2006. It distributes the Group's occluders, vena cava filters, vascular plugs and stent grafts in Beijing and Shanghai. It was the largest distributor of the Group by revenue in 2009 and 2010 and the second largest distributor of the Group during the four months ended April 30, 2011, and contributed to approximately 11.6%, 8.1% and 6.7% of the Group's total sales in 2009, 2010 and for the four months ended April 30, 2011, respectively. Shanghai Qunyi was owned by two individuals, namely Jiang Ying (姜鶯) and Yang Jianhang (楊建杭), who are independent third parties of the Group. When the Company became aware that Mr. Ma Zhiguo ("**Mr. Ma**"), being the general manager of Shanghai Qunyi and an independent third party of the Group, would acquire a 60% interest in Shanghai Qunyi (the "**Qunyi Acquisition**"), the management was concerned that the Qunyi Acquisition might affect the ongoing transactions between Shanghai Qunyi and the Group. To counter the uncertainties brought about by the Qunyi Acquisition and the potential impact on Shanghai Qunyi's payment schedule with the Group, Shenzhen Enke entered into the Trust Agreement on December 10, 2006 (the "**Trust Agreement**"), whereby the parties agreed that Shenzhen Enke will acquire 60% equity interest of Shanghai Qunyi on behalf of and for the benefit of Mr. Ma at a consideration of RMB300,000. It was also set forth in the Trust Agreement that (i) Mr. Ma shall be responsible to pay all the consideration and expenses for the acquisition, (ii) all the rights, interests and liabilities accruing to the acquired equity interest shall belong to or be borne by Mr. Ma rather than Shenzhen Enke and (iii) Shenzhen Enke will not participate in any day to day operation, of Shanghai Qunyi. On December 12, 2006, Shenzhen Enke entered into an agreement with Jiang Ying and Yang Jianhang on behalf of Mr. Ma and proceeded with the Qunyi Acquisition. No consideration was paid by the Group for the Qunyi Acquisition. The Group believes that Mr. Ma entered into the Trust Agreement because he was interested in securing the distribution rights to the Group's products and such arrangement was necessary to convince the Group to enter into a commercial relationship with Shanghai Qunyi and grant it such distribution rights. Since Mr. Ma is the substantial shareholder of Shanghai Qunyi, Mr. Ma agreed to be responsible for paying all the consideration and expenses for the acquisition.

The Company previously believed that the Trust Agreement would provide the Group with a certain degree of assurance in the event that Shanghai Qunyi failed to adhere to the payment terms for transactions entered into between the Group and Shanghai Qunyi as Shenzhen Enke would become a nominee shareholder of Shanghai Qunyi. The Trust Agreement was intended to be an interim private commercial arrangement between Shenzhen Enke and Mr. Ma in order to provide some level of comfort to the Group that the ownership change of Shanghai Qunyi would not have any impact on its operations and Shanghai Qunyi would continue to make payments on time. The Directors considered that such trust arrangement could ensure the prompt and timely payment by Shanghai Qunyi for future transactions with the Group and hence was in the interest of the Company.

After entering into the Trust Agreement, the Group continued to monitor the payment schedules of Shanghai Qunyi on the amounts due to the Group. Over time, the Group progressively gained confidence in Mr. Ma's management of Shanghai Qunyi and its ability to repay the amounts due to the Group while under the management and control by Mr. Ma.

In the beginning of 2011, the Group has further reviewed the arrangement contemplated under the Trust Agreement and considered that the Group no longer required the Trust Agreement to secure the timely payment from Shanghai Qunyi. As the result, the Group proceeded to complete the transfer of the 60% equity interest at the same consideration of RMB300,000 from Shenzhen Enke to Mr. Ma for the purpose of unwinding the trust arrangement by entering into an equity transfer agreement on June 28, 2011, and the said equity transfer was completed on July 20, 2011.

In light of the Trust Agreement, during the Track Record Period, Shanghai Qunyi was neither regarded as a subsidiary nor an associated company, and no dividend or distribution has been received from Shanghai Qunyi. There are also no outstanding amounts due to and from Shanghai Qunyi from and to Shenzhen Enke.

Confirmation from our PRC legal advisor

According to Zhong Lun Law Firm, our PRC legal advisor, each of the above shareholding changes relating to our PRC subsidiaries, namely Lifetech Shenzhen, Shenzhen Enke, Beijing PerMed and Shenzhen Shineyard and the acquisition and disposal of Shanghai Guijian were duly approved by the relevant PRC government authorities.

SERIES A INVESTMENTS BY THE INVESTORS

In order to raise funds for our long-term growth and to benefit from the Investors' knowledge and experience in the business development of the Group, Orchid Asia and Orchid Asia Co-Investment became our Investors in 2006. The investment opportunity in the Company was introduced by one of the business partners of the Investors in 2006. The Company believes the reasons for the Investors' investments in the Company were: (i) the Company is one of the largest occluder developers in China with its own branded products, (ii) the Company has its own research and development capabilities and proprietary technologies, (iii) the Company has an experienced and disciplined management team to operate and monitor its business, and (iv) the Company is likely to benefit from the fast pace of growth in the Chinese economy.

Pursuant to the Subscription and Purchase Agreement dated September 7, 2006, the Investors together subscribed for 14,473.6842 Series A-1 Preferred Shares of the Company for a total consideration of US$5,500,000 under tranche 1 of the Series A investments. Furthermore, the Investors received an option to purchase such number of Series A-2 Preferred Shares for a total consideration of US$3,500,000 under tranche 2 of the Series A investments. Such option was exercised in full by the Investors on February 1, 2007 with the subscription of 9,210.5263 Series A-2 Preferred Shares. The subscription price of the Series A Preferred Shares was US$380 per share and the consideration for the subscription of our Series A Preferred Shares was arrived at after arms-length negotiations between the Company and the Investors with reference to the net profit of Lifetech Shenzhen and Shenzhen Enke as of June 2006, the financial position of the Company at the time and the future earning capacity of the Group.

The closing date of tranche 1 of the Series A investments was September 7, 2006 and the total consideration for tranche 1 was received by the Company through three installments paid by the Investors on August 24, 2006, August 28, 2006 and September 8, 2006. The closing date of tranche 2 of the Series A investments was February 1, 2007 and the total consideration for tranche 2 was settled and received by the Company on February 2, 2007. The proceeds from the Series A investments (tranche 1 and tranche 2) were applied in the following manner:

- RMB20,577,100 shall be paid to the selling shareholders of Lifetech Shenzhen, namely Huishibang, Mr. Wu Jianhui and Mr. Zhan Shixian.

- After the then selling shareholders of Lifetech Shenzhen received RMB20,577,100, as a result of commercial negotiations between the then selling shareholders and Orchid Asia, (i) the then selling shareholders agreed to lend RMB8,277,100 to Lifetech Shenzhen; and (ii) Lifetech Shenzhen discharge debts and liabilities of RMB10,400,000 due and owing to it by its shareholders and management.

- The remainder of the proceeds from the Series A investments of approximately USD5,783,574 to be applied by the Company as general corporate and working capital of the Group.

In connection with the Series A investments and pursuant to the Subscription and Purchase Agreement, our Company, Lifetech Shenzhen, Shenzhen Enke, the Investors, Xianjian Technology and six individuals entered into a shareholders agreement on September 7, 2006 (the "**Shareholders Agreement**"). Under the Shareholders Agreement and the amended and restated memorandum andarticles of association of the Company dated September 6, 2006, we have granted the Investors a series of preferences and rights. A summary of these preferences and rights is set out below:

Rights of first offer

The Investors were granted the right of first offer to purchase any common Shares or Series A Preferred Shares which the Company may propose to sell and issue from time to time, excluding the Series A-2 Preferred Shares and other certain types of excluded common Shares.

Rights of first refusal

The Investors are entitled to purchase any of the common or Series A Preferred Shares proposed to be sold by any other holder of our common Shares or Series A Preferred Shares.

Rights of co-sale and put option

If any holder of our common Shares or Series A Preferred Shares is selling any of its shares in the Company, subject to foregoing its right of refusal, the Investors are entitled to participate in such

sale on the same terms and conditions. Further, if a selling shareholder sells or transfers any Share in contravention to the co-sale right of the Series A Preferred Shareholder ("Prohibited Transfer"), the Investors shall have the right to sell to the defaulting selling shareholder the number of Series A Preferred Shares had the Prohibited Transfer been effected pursuant to the same terms.

Drag-along right

In the event of a legally binding commitment to sell to one or more third parties simultaneously by holders of more than 85% of the Shares or any issuance of new Shares achieving the same economic effect, then the Investors have the right to require all other Shareholders to participate in such sale or issuance of new Shares.

Registration rights

These rights include a demand registration rights, piggyback registration rights and Form F-3 registration rights only applicable if we intend to complete a Qualified IPO (as defined below) in the United States of America.

Voting rights with respect to certain important corporate actions

As long as 10% of the Series A-1 Preferred Shares remain outstanding, certain important corporate actions of the Company and any other subsidiary of our Group require prior written approval of the majority of the Investors. Such actions, among other matters, include changes to the obligations and liabilities of the Series A Preferred Shares and/or their holders, changes to the authorized number of any class of Shares, changes to board structure and share capital structure of the Company and the declaration or payment of any dividends.

Board representation rights

As long as 50% of the Series A-1 Preferred Shares remain outstanding, the Investors shall be entitled to elect two directors of the Company. As a result, Mr. Gabriel Li and Ms. Cong Ning became our Directors upon closing of tranche 1 of the Series A investments.

CFO designation right

Following the closing of tranche 1 of the Series A investments, Orchid Asia was entitled to designate any person to be the chief financial officer or the financial controller of any member of our Group, and the removal of the chief financial officer or the financial controller must be approved by a majority vote of the Board, which must be approved by at least one of the directors appointed by the Investors.

Information, inspection and audit rights

The Company is under the obligation to deliver to the Investors audited financial statements on a yearly basis and unaudited financial statements of the Group on quarterly and monthly basis,

prepared in accordance with IFRS. The Investors were also granted the right to inspect the books and records of the Company and its subsidiaries as may reasonably be required by the Investors. In addition, Orchid Asia had the right to call for an audit of the Group as long as it enjoyed the CFO designation right as described above.

On April 12, 2011, the Investors entered into a share conversion agreement with the Company, Mr. Xie, Xianjian Technology, Mr. Wu and GE Asia Pacific and agreed to and exercised their right to convert their 28,010,211 Series A Preferred Shares into Shares on one-for-one basis by deeming March 31, 2011 as the effective date of the conversion, and the Investors subsequently served conversion notices to the Company on April 29, 2011 to this effect. Immediately after the conversion, the respective shareholdings of Orchid Asia and Orchid Asia Co-Investment in the total issued share capital of the Company are 35.19% and 1.09%. Upon completion of such conversion, no Series A Preferred Shares are outstanding.

The Shareholders have passed a special resolution and such special resolution has been countersigned on behalf of the Company, to indicate its agreement to the share conversion agreement and to amend the articles of association of the Company to state that the conversion date in respect of all the Series A Preferred shall be deemed to be March 31, 2011. According to Maples and Calder, our Cayman Islands legal advisor, the special resolution (as countersigned) constitutes an agreement that the Shareholders and the Company shall take all necessary actions and conduct themselves and put themselves in a position as if the date of the share conversion was March 31, 2011 to the extent practical and permissible by law. In addition, Maples and Calder has confirmed that the change in the articles of association of the Company is valid under Cayman Islands law.

Further, terms and provisions of the Shareholder Agreement shall terminate upon consummation of a "Qualified IPO". Under the Shareholder Agreement, a Qualified IPO means the Company's issue or sale of its Shares through a firm commitment in an underwritten public offering on a nationally recognised exchange, at a per share public offering price of at least five times the original subscription price under the Subscription and Purchase Agreement (as adjusted for share combinations, consolidations, subdivisions, share splits, share dividends or the like with respect to the Series A Preferred Shares) and resulting in gross proceeds to the Company of at least US$40 million. The Company and all the shareholders of the Company entered into a deed of termination on October 22, 2011. Pursuant to this deed of termination, the parties agreed that the Share Offer and the Listing, when completed, shall constitute a Qualified IPO, and accordingly, all special rights granted to the Investors under the Shareholders Agreement will lapse and the Investors will not have any special rights which are different from the other Shareholders when the Share Offer and the Listing are completed.

The following table summarizes further details of the investments in the Company made by Orchid Asia and Orchid Asia Co-Investment:

Investor	Date of investment	Number and type of shares	Consideration *(USD)*	Payment dates of the consideration	Cost per Share *(HKD)*	Percentage of discount to the Offer Price[(1)]	Percentage interest in our issued share capital immediately following the Share Offer[(2)]
Orchid Asia	September 7, 2006	14,039.4737 Series A-1 Preferred Shares	5,335,000	Paid by three installments with September 8, 2006 as the payment date of the last installment	0.52	75%	22.38%
	February 1, 2007	8,934.2105 Series A-2 Preferred Shares	3,395,000	February 2, 2007	0.52	75%	
Orchid Asia Co-Investment	September 7, 2006	434.2105 Series A-1 Preferred Shares	165,000	Paid by three installments with September 8, 2006 as the payment date of the last installment	0.52	75%	0.69%
	February 1, 2007	276.3158 Series A-2 Preferred Shares	105,000	February 2, 2007	0.52	75%	

Notes:

(1) *Based on the Offer Price of HK$2.085 (being the mid-point of the estimated Offer Price range).*

(2) *The relevant percentages are calculated by reference only to the Shares in issue immediately following the completion of the Share Offer and on the assumption that no Shares are allotted and issued pursuant to the exercise of the Over-allotment Option and options may be granted under the Share Option Scheme. Consequently, this is based on 500,000,000 Shares, being the number of Shares in issue on the Listing Date assuming that the Offer Shares have been allotted and issued.*

The Investors

Orchid Asia is an exempted limited partnership registered under the laws of Cayman Islands having capital commitments from leading institutional investors, pension funds, trust funds of tertiary institutions, high net worth individuals and family trust funds. OAIII Holdings, L.P. is the general partner of Orchid Asia and controls Orchid Asia. OAIII Holdings, L.P. is controlled by Orchid Asia Group Management Ltd., which is in turn controlled by YM Investment Limited. The entire issued share capital of YM Investment Limited is ultimately held by The Li 2007 Family Trust, being a BVI discretionary trust established by Ms. Lam Lai Ming as settlor and Managecorp Limited as trustee on January 22, 2008. The beneficiaries of The Li 2007 Family Trust include family members of Ms. Lam Lai Ming and Mr. Gabriel Li, our non-executive Director. Ms. Lam Lai Ming is the spouse of Mr. Gabriel Li.

Orchid Asia Co-Investment is a limited company incorporated under the laws of BVI. YM Investment Limited holds 71.68% of the issued share capital of Orchid Asia Co-Investment, and employees, ex-employees, friends and family of Orchid Asia Group Management, Ltd. holds the remaining issued share capital of Orchid Asia Co-Investment. In particular, the remaining interest of 28.32% in Orchid Asia Co-Investment is owned as to (i) 4.95% by Ms. Cong Ning, being a director of the Company; (ii) 4.77% in aggregate by a group of eight individuals being founders and employees of an affiliate of Orchid Asia Co-Investment and (iii) 18.60 % in aggregate by a group of nine independent third parties to the Group. Orchid Asia Group Management, Ltd. is an investment group that assists corporate executives of companies in the consumer service and product sectors with high growth prospects to formulate strategies to finance and expand their business enterprises. The investment group focuses in particular on companies in China and other parts of Asia. Orchid Asia Group Management, Ltd. was voted by Securities Times Newspaper (証券時報) as the "Best China Venture Capital Fund Investor" (中國最具發現力創業投資家) in 2008 and by Zero2IPO (清科集團) as the "2008 Best 50 Venture Capital Group in China" (2008年中國創業投資機構50強).

To the best knowledge of our Directors, none of the investors of Orchid Asia and shareholders of Orchid Asia Co-Investment are listed companies in recognized stock markets.

Confirmation from the Sponsor

Based on the information provided by us, the Sponsor is of the view that such pre-IPO investments comply with the interim guidance issued on pre-IPO investments by the Hong Kong Stock Exchange on October 13, 2010.

ISSUANCE OF INCENTIVE SHARES

In order to recognise the contributions of a number of our senior management personnel to the Group, the Board and the shareholders of the Company unanimously approved the issuance of an aggregate of approximately 3,684,210 Shares of US$0.00001 each on February 25, 2011 (the "**Incentive Shares**"). The total consideration of RMB8,875,550 for the subscription of the Incentive Shares were fully paid to the Company on April 11, 2011 and the amount of consideration was determined with reference to the net asset value of the Group. We set out below the number of Incentive Shares awarded to the relevant senior management personnels (or entities owned by them) and other relevant information:

Name of persons awarded with the Incentive Shares	Consideration for the subscription of Incentive Shares *(RMB)*	Cost per Incentive Share *(HKD)*	Percentage of discount of the Offer Price[4]	Approximate number of Incentive Shares and % of our issued share capital immediately before the Capitalisation Issue	Number and % in our issued share capital immediately after the Share Offer[5]
Xianjian Technology[1]	1,242,500	0.60	71%	515,789 (0.67%)	2,716,664 (0.5%)
St. Christopher [2]	2,662,500	0.60	71%	1,105,263 (1.43%)	5,821,428 (1.2%)
Zi Zhengjun[3]	1,065,550	0.60	71%	442,105 (0.57%)	2,328,570 (0.5%)
Lu Shiwen[3]	355,000	0.60	71%	147,368 (0.19%)	776,188 (0.2%)
Zhang Deyuan[3]	3,550,000	0.60	71%	1,473,684 (1.90%)	7,761,904 (1.6%)
	Total: 8,875,550			Total: 3,684,210 (4.76%)	19,404,754 (3.9%)

Notes:

(1) Xianjian Technology is wholly-owned by Mr. Xie, the Chairman and executive Director of our Company.

(2) St. Christopher is wholly-owned by Mr. Zhao Yiwei Michael, an executive Director and the Chief Executive Officer of our Company.

(3) Mr. Zi Zhengjun and Mr. Lu Shiwen are the Business Development Director and the General Manager of Beijing PerMed, respectively, while Mr. Zhang Deyuan is the Chief Technology Officer of our Group.

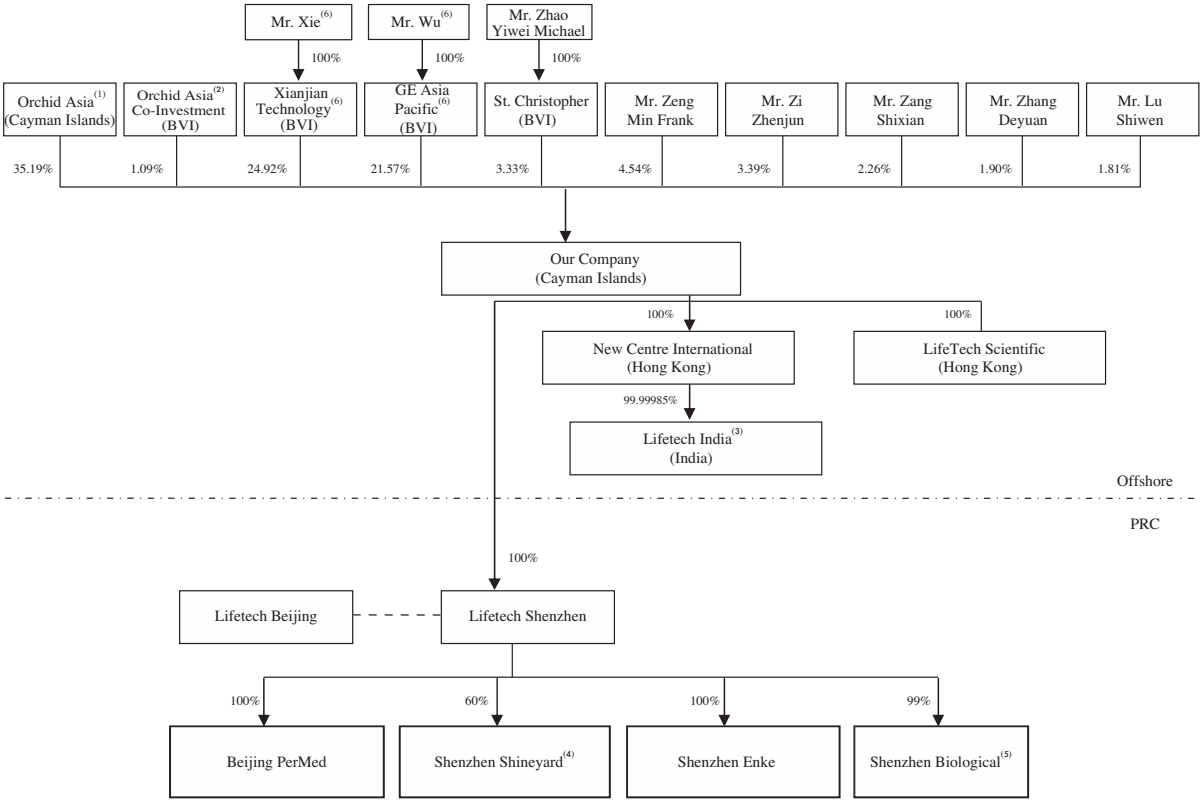
(4) Based on the Offer Price of HK$2.085 (being the mid-point end of the estimated Offer Price range).

(5) The relevant percentages are calculated by reference only to the Shares in issue immediately following the completion of the Share Offer and on the assumption that no Shares are allotted and issued pursuant to the exercise of the Over-allotment Option and options may be granted under the Share Option Scheme. Consequently, this is based on 500,000,000 Shares, being the number of Shares in issue on the Listing Date assuming that the Offer Shares have been allotted and issued.

CORPORATE STRUCTURE

Corporate structure after Reorganization

The following diagram illustrates the corporate structure of our Group immediately after the Reorganization but before completion of the Share Offer:



Notes:

(1) Orchid Asia is 100% controlled by OAIII Holdings, L.P. OAIII Holdings, L.P. is controlled by Orchid Asia Group Management, Ltd., which is ultimately controlled by YM Investment Limited. The entire issued share capital of YM Investment Limited is ultimately held by ManageCorp Limited as the trustee of The Li 2007 Family Trust. The Li 2007 Family trust is a BVI family trust established by Lam Lai Ming as settlor and ManageCorp Limited as trustee on January 22, 2008. The beneficiaries of The Li 2007 Family Trust include family members of Lam Lai Ming. Shares held by Orchid Asia will not be considered as Shares held by the public for the purposes of Rule 11.23 of the GEM Listing Rules as Orchid Asia is ultimately controlled by Ms. Lam Lai Ming and Mr. Li, our non-executive Director.

(2) Orchid Asia Co-Investment is 71.86% controlled by YM Investment Limited. For details of the shareholding structure of YM Investment Limited, please refer to Note (1) above. The remaining interest in Orchid Asia Co-Investment is owned as to (i) 4.95% by Ms. Cong Ning, being a director of the Group, (ii) 4.77% in aggregate by a group of eight individuals being founders and employees of affiliate of Orchid Asia Co-Investment, and (iii) 18.60 % in aggregate by a group of nine independent third parties to the Group. Shares held by Orchid Asia Co-Investment will not be considered as Shares held by the public for the purposes of Rule 11.23 of the GEM Listing Rules as Orchid Asia Co-Investment is ultimately controlled by Ms. Lam Lai Ming and Mr. Li, our non-executive Director.

(3) The remaining 0.000015% interest in Lifetech India is held by Mr. Sajeevan Manikkoth, the director of Lifetech India.

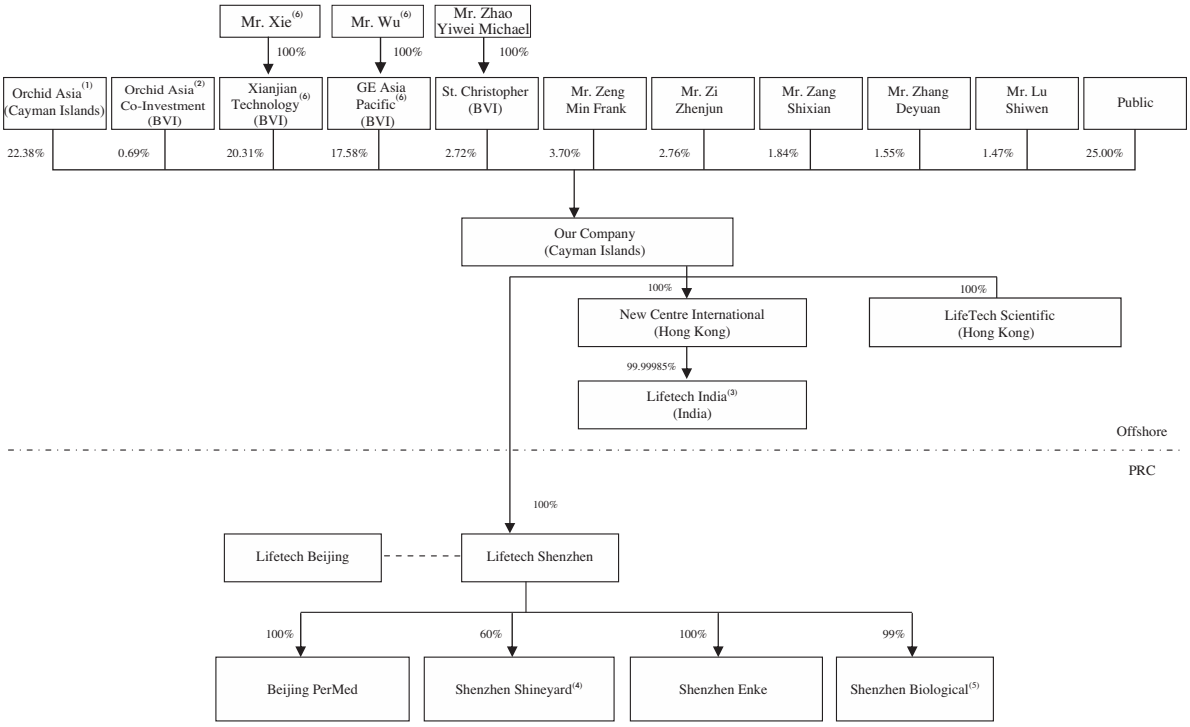
(4) The remaining 40% interest in Shenzhen Shineyard is held by Mr. Wu Ruquan, the chairman of Shenzhen Shineyard.

(5) The remaining 1% interest in Shenzhen Biological is held by Mr. Xie.

(6) Being the Controlling Shareholders and have been acting in concert with each other with respect to the Company during the Track Record Period.

Corporate structure following completion of the Share Offer

The following diagram illustrates the corporate structure of our Group after the Reorganization and immediately after completion of the Share Offer assuming that the Over-allotment Option is not exercised and no options will be exercised pursuant to the Share Option Scheme:



Notes:

(1) Orchid Asia is 100% controlled by OAIII Holdings, L.P. OAIII Holdings, L.P. is controlled by Orchid Asia Group Management, Ltd., which is ultimately controlled by YM Investment Limited. The entire issued share capital of YM Investment Limited is ultimately held by ManageCorp Limited as the trustee of The Li 2007 Family Trust. The Li 2007 Family trust is a BVI family trust established by Lam Lai Ming as settlor and ManageCorp Limited as trustee on January 22, 2008. The beneficiaries of The Li 2007 Family Trust include family members of Lam Lai Ming.

(2) Orchid Asia Co-Investment is 71.86% controlled by YM Investment Limited. For details of the shareholding structure of YM Investment Limited, please refer to Note (1) above. The remaining interest in Orchid Asia Co-Investment is owned as to (i) 4.95% by Ms. Cong Ning, being a director of the Group, (ii) 4.77% in aggregate by a group of eight individuals being founders and employees of affiliate of Orchid Asia Co-Investment, and (iii) 18.60 % in aggregate by a group of nine independent third parties to the Group.

(3) The remaining 0.00015% interest in Lifetech India is held by Mr. Sajeevan Manikkoth, the director of Lifetech India.

(4) The remaining 40% interest in Shenzhen Shineyard is held by Mr. Wu Ruquan, the chairman of Shenzhen Shineyard.

(5) The remaining 1% interest in Shenzhen Biological is held by Mr. Xie Yuehui.

(6) Being the Controlling Shareholders and have been acting in concert with each other with respect to the Company during the Track Record Period.

OVERVIEW

We are a developer, manufacturer and marketer of advanced minimally invasive interventional medical devices for cardiovascular and peripheral vascular diseases and disorders. We are the second largest provider worldwide of congenital heart defect occluders with approximately 19% market share in our Selected Market during 2010 in terms of the number of CHD occluder implantation procedures conducted, according to a report of BioMedGPS commissioned by us. We believe we offer one of the broadest product ranges of congenital heart defect occluders through our three generations of occluder series, namely HeartR, Cera and CeraFlex. We also offer six other types of minimally invasive implants and devices, including our proprietary Aegisy vena cava filters, Ankura stent grafts, Green Arrow/Blue Arrow/Red Arrow balloon catheters, Cera and CeraFlex vascular plugs, Supporter coronary stents and the PerMed bovine heart valve. In addition, we manufacture and sell nine types of associated delivery and supporting devices, including our FuStar steerable introducer. We currently have distributors in 26 countries across Asia, Europe, South America, North America and Africa reaching over 1,450 hospitals. We strategically focus on densely populated and fast growing emerging markets including China, India, Russia and Brazil (the BRIC countries) and also intend to increase penetration in larger and more mature markets in Europe and the United States. We believe we are well positioned to continue to grow our sales internationally in existing and new global markets by increasing sales of our core proprietary branded products and continuing to develop and commercialize our key pipeline products.

We strive to maintain industry leading technology and continuously invest in research and development to improve, advance and develop products in response to the demands of our various markets and customers. We launched our first generation HeartR nitinol wire frame occluder series in 2001, becoming the first Chinese company to sell occluders in China. Additionally, in 2009, building on our nitinol technology expertise, we successfully developed and launched our second generation Cera occluder series, offering enhanced biocompatibility through our proprietarily developed ceramic coating of our nitinol wire frame. We believe we are currently the only company worldwide to have commercially launched occluders featuring ceramic coating technology, which is now pending patent approval both in the United States and under the PCT internationally. Most recently, in September 2011, we launched our third generation CeraFlex occluder series which, in addition to the ceramic coating feature, offers reduced tension upon delivery through the replacement of stainless steel with nitinol in the tip and loop connections in lieu of screw connections.

Our experienced research and development team consisted of 71 employees as of the Latest Practicable Date and we have established cooperative relationships with reputable scientific advisors and third party institutions and universities, to effectively develop new, clinically effective and commercially attractive product candidates and maintain a stable and balanced pipeline of next generation products. As of the Latest Practicable Date, we have developed and brought to market 14 products that have obtained SFDA approval, 19 products that have obtained CE marking and two products that have passed United States FDA review. Additionally, we plan to launch 10 products by the end of 2015, including our patented foramen ovale (PFO) occluder series, left atrial appendage (LAA) occluder series and drug-eluting balloon (DEB) series. As of the Latest Practicable Date, we received a total of 35 registered patents, including 33 in China (three of which are jointly owned with third parties), one in US and one in Europe. The 33 registered patents in China cover 15 out of 27 types

of our products. For the registered patents in US and in Europe, they relate to our PFO occluder which is expected to be commercially launched around June 2012. We also had 24 patent applications pending approval in China, two in the United States, one in Europe and three PCT priority date applications as of the Latest Practicable Date.

As is typical for medical device producers in our geographic markets, we market our products through our network of distributors consisting of 157 distributors worldwide, including 109 in China, 18 in India, 14 in Europe (including Russia) and 16 elsewhere. Our in-house sales and marketing team of 61 employees trains and manages our distributors to establish industry best practices, identify market opportunities and provide feedback on their sales performance and provide customer relations support. Our sales and marketing team also consults directly with physicians and hospitals to ensure our brands and products are well recognized and received.

Our manufacturing facilities are located in Shenzhen and Beijing, China with our production capabilities providing us significant advantages as we compete across global markets. Our manufacturing facilities are equipped with technologically advanced equipment and we implement strict quality control measures throughout the manufacturing and production process. Our quality control department, consisting of 31 employees, monitors every stage of our manufacturing processes and ensures consistent product quality that meets or exceeds all applicable quality management standards and requirements.

In 2010 we sold 12,662 occluders, 4,568 vena cava filters, 614 stent grafts and 28,491 units of our other products and supporting devices. Sales of our congenital heart disease products (including occluders), peripheral products (including vena cava filters and stent grafts) and surgical products accounted for 74.2%, 22.5% and 3.3%, respectively, of our revenue in 2009, 72.1%, 26.9% and 1.0%, respectively, of our revenue in 2010, and 66.40%, 33.57% and 0.03%, respectively, of our revenue in the four months ended April 30, 2011. Our sales to China, India, Europe (including Russia) and elsewhere represented 67.2%, 12.8%, 12.5% and 7.5%, respectively, of our revenue in 2009, 65.8%, 14.2%, 11.6% and 8.4%, respectively, of our revenue in 2010, and 68.4%, 13.1%, 6.9% and 11.6%, respectively, of our revenue in the four months ended April 30, 2011.

In 2010 we had total revenue of RMB104.7 million, a 31.3% increase from our total revenue of RMB79.7 million in 2009. Our total revenue in the four months ended April 30, 2011 was RMB44.6 million, representing a 40.9% increase from our total revenue of RMB31.6 million in the four months ended April 30, 2010.

STRENGTHS

We believe that our principal competitive strengths include the following:

Leading Market Position for Congenital Heart Defect Occluders

We are the second largest provider of congenital heart defect occluders worldwide with approximately 19% market share in our Selected Market during 2010 in terms of the number of CHD occluder implantation procedures conducted, according to BioMedGPS. We believe we offer one of the broadest product ranges of congenital heart defect occluders through our three generations of occluder

series, namely HeartR, Cera and CeraFlex. Each generation of our occluder series includes design types developed for the non-surgical closure of three common defects: atrial septal defects (ASD), patent ductus arteriosus defects (PDA) and ventricular septal defects (VSD). For each ASD, PDA and VSD occluder, we offer a variety of sizes tailored for defect size, location and structure. We believe our market position for congenital heart defect occluders enables us to take advantage of the significant growth opportunities expected in our key markets, as well as create opportunities for us to expand into other growing and currently underserved markets and introduce new and complementary products.

We successfully launched our first generation HeartR nitinol wire frame occluder series in 2001, becoming the first Chinese company to sell occluders in China. In 2009, building on our nitinol technology expertise, we successfully developed and launched our second generation Cera occluder series, offering enhanced biocompatibility through our proprietary ceramic coating of the nitinol wire frame, as demonstrated by our animal testing and reports issued by independent third parties. Most recently, in September 2011, we launched our third generation CeraFlex occluder series which, in addition to the ceramic coating feature, offers reduced tension upon delivery through the replacement of stainless steel with nitinol in the tip and loop connections in lieu of screw connections. The results or our clinical trials conducted in China for our Cera occluders concluded that our Cera occluders are safe and efficacious. The closure rates of our Cera ASD, VSD and PDA occluders were reported to be 97.4%, 97.4% and 98.7%, respectively, which we believe are among the highest in the industry. We believe we are currently the only company worldwide to have commercially launched enhanced occluders featuring ceramic coating technology, which is now pending patent approval both in the United States and under the PCT internationally. We have continuously invested in research and development to continually improve and advance our occluder series in response to the demands of various markets, customers and end users while maintaining what we believe to be industry leading product technology. We primarily sell our first generation HeartR occluders in China, India and Russia and the second and the third generation of Cera and CeraFlex occluders in Europe and South America, taking into account differing local market demands and regulatory approval requirements.

Due to the high quality and cost effectiveness of our products, we have gained a strong market share in selected markets. According to BioMedGPS, we are the largest provider of congenital heart defect occluders in BRIC countries with an approximate 55% market share and the second largest provider of congenital heart defect occluders worldwide with an approximate 19% market share in our Selected Market during 2010 in terms of the number of CHD occluder implantation procedures conducted.

Broad Portfolio of Proprietarily Developed Minimally Invasive Cardiovascular and Peripheral Medical Devices

We have a broad portfolio of proprietary branded, minimally-invasive cardiovascular and peripheral vascular implants and devices and associated delivery and supporting devices. Currently, in addition to our congenital heart defect occluder series, we offer six other types of minimally invasive implants and devices, including our Aegisy vena cava filters (VCF), Ankura TAA and AAA stent grafts, Green Arrow/Blue Arrow/Red Arrow PBAV, PBMV and PBPV balloon catheters, Cera/CeraFlex vascular plugs, Supporter coronary stents and the PerMed bovine heart valve. We also manufacture and sell nine types of associated delivery and supporting devices, including our FuStar steerable introducer.

Our broad product portfolio allows our customers to procure a variety of products and related services and training from a single source, which saves them time and effort, and reduces the need for distributors and surgeons to retrain and familiarize themselves with different products and business practices from different manufacturers. Additionally, we believe our broad product offerings allow us to respond quickly to market demand in fast growing and currently underserved areas of complementary vascular devices while also enjoying reduced risk from any slowing in a particular market or product. Our medical device products also typically include certain desirable features that give them a preferred market position. For example, our Aegisy VCF is easy to retrieve and contains a precisely controlled release function, allowing surgeons to pull back our VCF and reposition in case of improper initial deployment and placement and our Ankura TAA and AAA vascular stent grafts are assembled using seamless technologies to prevent blood leakage. We believe these benefits differentiate us from our competitors, increase our customers' awareness, satisfaction and loyalty to our products and will help us further consolidate our market position.

Proven Research and Development Platform with Attractive Proprietary Pipeline Products under Development

As of the Latest Practicable Date, our experienced research and development team included 71 employees focused on maintaining a stable and balanced pipeline of next generation products to further expand our product offering. All of our engineers have graduated from reputable universities in China or overseas. Our research and development engineers work closely with our manufacturing and marketing teams to develop new, clinically effective and commercially attractive product candidates. As of the Latest Practicable Date, we have developed and brought to market 14 products that have obtained SFDA approval, 19 products that have obtained CE marking and two products that have passed United States Food and Drug Administration, or FDA, review, all of which are our proprietary products developed by us in-house. Additionally, we plan to launch 10 products by the end of 2015, including the PFO occluder, the LAA occluder and drug-eluting balloons for use in percutaneous transluminal coronary angioplasty (PTCA) and percutaneous transluminal angioplasty (PTA).

We pride ourselves on developing innovative products based on advances in intellectual property. To do so, we include top global experts from developed European countries and the United States as our scientific advisors on a project basis and we regularly contact the hospitals and surgeons which use our products to gain access to real-time information regarding customer needs and demands. In addition, we have established cooperative relationships to conduct animal testing and clinical trials for our products with reputable hospitals, including Guangdong People's Hospital (廣東省人民醫院) and Beijing Fuwai Hospital (北京阜外心血管病醫院) in China and Sankt Katharinen Hospital in Germany. We believe that our multifaceted research platform allows us to respond quickly and flexibly to develop innovative products and continue to facilitate easy use of our products.

As of the Latest Practicable Date, we received a total of 35 registered patents, including 33 in China (three of which are jointly owned with third parties), one in US and one in Europe. The 33 registered patents in China cover 15 out of 27 types of our products. For the registered patents in US and in Europe, they relate to our PFO occluder which is expected to be commercially launched around June 2012. We also had 24 patent applications pending approval in China, two in the United States, one in Europe and three PCT priority date applications as of the Latest Practicable Date. Our

subsidiary Lifetech Shenzhen was accredited as a high-tech enterprise in December 2008 and we have conducted and are conducting several government-sponsored research and development projects individually or in close cooperation with reputable universities or hospitals in China, including among others, a China National Basic Research Program (國家重點基礎研究發展計劃) research project on nano surface modified cardiovascular medical device and materials, a China National High-tech Research and Development Program (國家高技術研究發展計劃) research project on controllable stent graft for hybrid operation for aortic arch aneurysm, and a research project co-sponsored by Guangdong province and Ministry of Education of the PRC on metallic bioabsorable aortic stent for interventional treatment of childhood coarctation of the aorta.

We have also established a government accredited post-doctoral research program in cooperation with Harbin Institute of Technology (哈爾濱工業大學) and Peking University (北京大學), where we offer post-doctoral researchers opportunities to conduct innovative research and development projects under the guidance of our internal research and development seniors. This program demonstrates government recognition of our research and development capabilities and provides us with a means to recruit top academic talents to join our Group. We believe that our strong research and development capabilities, our experience of operating in the medical field, and our strong intellectual property portfolio reinforce our brand identity and adapt to constantly evolving technologies. Our research and development expenses accounted for 11.8%, 14.7% and 11.1% of our revenue in 2009 and 2010 and the four months ended April 30, 2011, respectively. We believe that this demonstrates our commitment to innovation and our continual investment in next generation technologies.

Established Sales, Marketing and Distribution Network

We have an established distribution network for our products consisting of 157 distributors internationally, including 109 in China, 18 in India, 14 in Europe (including Russia) and 16 elsewhere reaching over 1,450 hospitals in aggregate. We market our products through our distributors and our in-house sales and marketing personnel. Our sales and marketing team was comprised of 61 employees as of the Latest Practicable Date and is responsible for training and active management of our network of distributors in order to help our distributors to become more effective in selling our products. In particular, we assist our distributors in establishing best practices to follow in their sales and marketing activities, help them identify market opportunities and provide feedback on their sales performance and end-customer relations. Our sales and marketing team also directly interfaces with physicians and hospitals to ensure our brands and products are well recognized in the medical device industry, especially in key strategic locations and hospitals. In this respect, our sales and marketing staff's marketing activities include interaction with physicians to educate them about, and train them in the use of, our products, organizing physicians training seminars, establishment and maintenance of joint research and development projects with hospitals, collecting product responses, and contact with key surgeons.

We also market our products through our professional training and patient education programs conducted in select regions where we sell our products. We have established two training centres in Harbin and Guangzhou, China. These programs, and the maintenance and enhancement of our physician relationships generally, are a core component of our growth strategy because physicians are the ultimate decision makers with respect to which medical devices are recommended for use in their hospitals. We believe a professional relationship with physicians, anchored in providing new medical

devices and training in new technologies, will enable physicians using our products to improve patient treatment. Our goal is to build long-term relationships with physicians and surgeons and gain their endorsement of our products to his or her patients, colleagues and contacts. In addition, we believe that our established relationships with hospitals and physicians enhance our brand recognition and create a barrier to entry for medical device manufacturers, as hospitals and physicians tend to select products and work with companies that they trust. Moreover, these relationships assist our quality control and product development efforts, as we benefit from direct physician feedback. As a result, we believe our established sales, marketing and distribution network provides a strong competitive advantage.

High Quality Manufacturing and Quality Control

Our high quality manufacturing and quality control capabilities provide us with significant advantages as we compete in global markets. We believe that all of our manufacturing facilities will be able to meet China's cGMP quality standards and will be successful in obtaining the relevant registration for our pipeline products. Our manufacturing facilities in Shenzhen cover an aggregate of approximately 4,100 square meters and our manufacturing facility in Beijing covers an area of approximately 1,900 square meters. Lifetech Shenzhen has obtained ISO9001:2008 and ISO13485:2003 certification for its quality management system in respect of, among other things, the production of patent ductus arteriosus occluder, atrial septal defect occluder, ventricular septal defect occluder and vena cava filter. We also achieved YY/T0287-2003 certification for five of our products manufactured at the Shenzhen facility located at our headquarters by Beijing Hua Guang Certification of Medical Devices Co., Ltd. (北京國醫械華光認證有限公司), an SFDA recognized certification agency and an independent third party of our Group. We have equipped our manufacturing facilities with advanced equipment, for example, nickel-titanium weaving, fuse and ultrasonic cleaning machines.

We have adopted manufacturing process management policies strictly in accordance with PRC national and international standards. We implement strict quality control measures throughout our production process, including supplier qualification, raw material inspection, manufacturing process control, packaging and product inspections. As at the Latest Practicable Date, we have received SFDA approval for 14 of our products and received CE mark certification for 19 of our products. In addition, two of our products have passed United States FDA review. Our quality control department, consisting of 31 employees, monitors every stage of our manufacturing processes and ensures consistent product quality that meets our quality management standards and policies. We regard our product quality is a key attribute to our success and a significant factor in hospitals' and physicians' decisions to purchase our products.

Well Qualified Management Team with Significant International Experience

Our senior management team possesses strong technical, business and management expertise, including abundant industry experience gained from working in large local and multinational companies. Mr. Xie, chairman of our Board, has been with us for more than 10 years, having extensive experience and knowledge in business operations and management. Our Chief Executive Officer, Mr. Zhao Yiwei Michael, has more than 10 years of global experience in cardiovascular medical device industry, working with Johnson & Johnson for nine years in senior management for its Cordis

subsidiary in the United States, Europe and Australia and as a general manager of Cordis China. Our chief technology officer, Mr. Zhang Deyuan, is an engineering Ph.D with nearly 22 years of experience in research and development in materials. He is a member of China National Metal and Non-metal Coating Standardization Technology Committee (全國金屬與非金屬覆蓋層標準化技術委員會) and a member of Surface Engineering Branch of China Mechanical Engineering Association (中國機械工程學會表面工程分會). Our business development and strategic planning director, Mr. Zi Zhenjun, has more than 10 years' experience in the Chinese medical device industry. He was MicroPort's research and development manager and is an inventor of China's first generation stent graft and PTCA balloon catheter. Our chief financial officer, Mr. Liu Jianxiong, is a senior member of Association of Chartered Certified Accountants and has worked in various local and multinational companies as chief financial officer. We believe that our experienced and committed management team has the comprehensive capabilities to lead our Group through continued innovation and globalization and enhance our ability to develop and implement our strategies quickly in response to market changes. Furthermore, due to our well-recognized brand name and leading market position in China and select international markets, we believe that we will be able to attract highly qualified personnel at various levels.

STRATEGIES

Our objective is to further strengthen our global brand of advanced medical devices for cardiovascular and peripheral vascular diseases and disorders and become an industry leading company. We intend to achieve our objective by implementing the following strategies:

Enhance Market Position of Core Cardiovascular and Peripheral Vascular Devices in Key Emerging Markets

We will continue to build our brand name and increase the market penetration of our core cardiovascular and peripheral vascular products in key emerging markets, including BRIC, by expanding our product offerings, increasing our marketing efforts and expanding our distribution network. We will commercially launch our Cera occluders in China and CeraFlex occluders in Russia within the first half of 2012. We will continue to leverage our cost structure advantage to deliver affordable high quality products to these markets. In addition, we plan to add new distributors to cover more hospitals in these markets. We also plan to increase our sales and marketing team and efforts to further penetrate these markets. We will continue to invest heavily in professional and patient education, including increasing the number of training programs and training centers that we offer physicians and providing increased information regarding disease prevention and treatment modalities. For example, we plan to establish an additional physician training center in India. Additionally, we will continue to conduct post-launch clinical studies with select hospitals to build patient databases to further demonstrate the safety and efficacy of our products and to conduct clinical studies that compare our products to those of our competitors. Going forward, we intend to leverage our presence and market position in key emerging markets to expand into their neighbouring countries. For example, we are in the process of applying for regulatory approval for sale of our CE marked products in Mexico, Peru and Argentina.

Continue to Develop and Commercialize Pipeline Products

We believe that our success has depended on and will continue to depend on our ability to develop new proprietary products. As part of our business strategy, our research and development team will leverage our core competencies to develop and expand our current pipeline of 10 products, including PFO and LAA occluders and drug-eluting balloons for PTCA and PTA. According to BioMedGPS, the market opportunity for PFO occluders is estimated to be greater than US$1.0 billion. We currently are conducting clinical trials for our PFO occluder in Europe and plan to launch commercial sales in Europe as early as June 2012 following receipt of CE certification. We also intend to apply for China's SFDA approval and to launch our PFO occluder in China, India and Russia by 2013. Furthermore, according to BioMedGPS, the market opportunity for LAA occluders is estimated to be greater than US$5.0 billion. Development of our LAA occluder currently is in the animal testing stage and we expect to launch commercial sales as soon as 2013 subject to successful completion of clinical trials and regulatory approval. We also believe that our drug-eluting baloon product currently in the animal testing stage of development will complement our existing peripheral vascular implant product offerings and will make us one of the few companies worldwide to offer a full line of peripheral disease products. The drug-eluting baloon will be particularly important as a supporting product for our bioabsorbable stent. We believe that with the introduction of our PFO and LAA occluders, drug-eluting balloons and our other pipeline products, we will be able to take advantage of attractive market growth potential to further expand our business and increase our sales.

Many of our products are developed in consultation with global industry opinion leaders in order to best gauge our market response and efficacy. We intend to enhance our practice of soliciting opinions and feedback from our physician and hospital customers and applying such information to our product development. We believe this approach will increase the likelihood that our new products will be responsive to evolving market demand.

Expand into Key International Markets with Current and Pipeline Products

Our broad portfolio of products, robust product development pipeline and strong research and development capabilities provide substantial opportunities for us to grow our business and revenue through further penetration and expansion into key international markets. In the near term, we intend to further penetrate the European market and expand into the United States, Australia, Korea and other select countries with attractive market opportunities. We have received CE marking for 19 of our products, including our Cera/CeraFlex occluders and Aegisy vena cava filters and, we expect to receive CE marking for our PFO occluder to be launched around June 2012. Products with CE marking are allowed to be sold in the 30 European Economic Area countries and are more readily approved for sale in certain other international markets including India without the need for separate or additional clinical trials. Most recently, we passed FDA review for two of our delivery and supporting systems, including our FuStar steerable introducer, which is neccessary for sales in the United States.

We plan to establish a sales office in Holland and also plan to establish an European customer service center in Holland by the end of 2011. We are also actively identifying qualified distributors to sell our products in the United States. We will continue to hire additional sales and marketing professionals, increase the number of distributors we use overseas, increase the number of overseas clinical trials we conduct and strengthen our international sales department.

Expand into Complementary Product Offerings

We intend to continue to focus on the development of complementary product offerings to leverage our established market position and our technological expertise. For example, we are researching bioabsorbale applications across cardiovascular and peripheral vascular implants. We expect significant demand for bioabsorbable products due to the benefits of avoiding longer term complications associated with thrombosis, anticoagulation therapy, fracturing of metals, as well as other general complications related to the long term implantation of medical devices in the body. We are currently in the development process with our bioabsorbable coronary and peripheral stents as well as occluders. In addition, we are researching applications to build on our nitinol technology expertise, such as our bronchial valve, surgical stent grafts and peripheral stents, and plan to continue to focus broadly across vascular implant technologies and products. Furthermore, from our experience developing Cera's proprietary ceramic coating technology, we are exploring the use of ceramic coatings on various products to enhance biocompatability, and more generally, researching novel metal surfacing technologies for improved biocompatibility in medical devices.

Pursue Opportunistic Acquisitions, Partnerships, Alliances and Licensing Opportunities

We intend to opportunistically pursue strategic acquisitions, partnerships or licensing opportunities that would provide technologies, products or distribution capabilities that will complement our growth strategy. We believe that pursuing such opportunities have the ability to enhance our competitiveness and market position in current key markets as well as select new markets. We will explore opportunities to strengthen our cooperative relationship with third-party companies, institutions and hospitals to further develop our technological expertise. We may also consider technology licensing or cooperation arrangements with third parties in instances when we elect not to conduct research and development in-house. We may also consider acquisitions as a means to add additional distribution channels and expand our global sales coverage. We also believe that our relationships with many industry participants and our knowledge of, and experience in, medical device industry globally allow us to understand industry trends, technological developments, and practical applications of medical technologies, which will assist us in making decisions regarding the acquisitions, partnerships, alliances and licensing.

PRODUCTS

We develop, manufacture and sell a broad range of cardiovascular, peripheral vascular and other implants and associated delivery and supporting devices. As of the Latest Practicable Date, we have seven types of implant and device products. In addition, we offer nine types of associated delivery and supporting devices. We believe our broad product portfolio allows our customers to procure products and related training services from a single source and allows us to respond quickly to market demand in fast growing and currently underserved areas of complementary vascular devices while also enjoying reduced risk from any slowing in a particular market or product acceptance or use. As of the Latest Practicable Date, we have received CE certification for 19 of our products, obtained FDA approval for two of our products and obtained SFDA approval for 14 of our products. As advised by our PRC legal adviser, Zhong Lun Law Firm, all of our products sold in China, which are classified as Class III medical devices with the exception of two products that are classified as Class II medical devices, meet the requisite standards of the SFDA, and have received SFDA approval. We obtained

separate regulatory approval for almost all of our associated delivery and supporting devices so that they can be sold individually, although in some cases we may sell them with our implants. During the Track Record Period, all our revenue have been generated from sales of our proprietary products.

Our Products

The following table sets forth a list of our current implant and device product lines, their brands, commercial launch dates, key current markets where they are sold and the relevant product approvals we obtained.

Type of Implant and Device	Brand	Product	Year of Commercial Launch	Key Current Markets	Approvals Obtained[6]	Price Range (RMB per unit)[7]	SFDA Classification
Minimally Invasive Congenital Heart Disease (CHD) Implants, and Associated Delivery and Supporting Devices	HeartR[2]	ASD, VSD and PDA CHD occluders	2001[1]	China, Russia, India and, Vietnam	We have obtained China SFDA approval and received approvals or registrations for sale in Philippines, Russia, Vietnam, Belarus, Sri Lanka, Kyrgyzstan, Ukraine and India.[3]	3,846 - 13,172	Class III
	Cera		2009	European Union, Vietnam, Russia, Brazil, Turkey and Jordan	We have obtained CE marking and received approvals or registrations for sale in Russia, Vietnam, Brazil, India, Hong Kong, Argentina and Algeria.[4]		
	CeraFlex		2011	European Union	We have obtained CE marking.		
	Blue Arrow[2]	PBMV balloon catheter	1996	China, India, Brazil and European Union	We have obtained China SFDA approval and CE marking and received approvals or registrations for sale in India and Brazil.	3,675 - 4,051	Class III
	Red Arrow	PBPV balloon catheter	2009	Turkey, Vietnam and Brazil	We have obtained CE marking and received approvals or registrations for sale in Vietnam and Brazil.		
	Green Arrow	PBAV balloon catheter	2010	European Union	We have obtained CE marking.		
	SteerEase	Introducer	2006	China, Russia, India, Brazil and European Union	We have obtained SFDA approval and CE marking and received approvals or registrations for sale in Philippines, Russia, Vietnam, Brazil, Belarus, Sri Lanka, Kyrgyzstan, Ukraine, India, Hong Kong and Algeria.	769 - 940	Class III
	SeQure	Snare	2009	Turkey	We have obtained FDA approval and CE marking and received approvals or registrations for sale in Vietnam.	993	Class III

Type of Implant and Device	Brand	Product	Year of Commercial Launch	Key Current Markets	Approvals Obtained[6]	Price Range (RMB per unit)[7]	SFDA Classification
Minimally Invasive Peripheral and Other Vascular Implants, and Associated Delivery and Supporting Devices	Aegisy	Vena cava filter	2005	India, European Union and Brazil	We have obtained China SFDA approval and CE marking and have received registrations or approvals for sale in Brazil, India and Hong Kong.	3,846 - 4,304	Class III
	Ankura	TAA and AAA stent graft	2004	China and Vietnam	We have obtained China SFDA approval and registrations or approvals for sale in Vietnam.	18,803 - 20,857	Class III
	Cera	Vascular plug	2010	European Union and Turkey	We have obtained CE marking and approvals or registrations for sale in Vietnam, Brazil and Algeria	1,950 - 3,846	Class III
	CeraFlex		2011	European Union	We have received CE marking.		
	FuStar	Steerable Introducer	2009	European Union and United States	We have obtained FDA approval and CE marking and received approvals or registrations for sale in Vietnam, Hong Kong, Algeria and Mexico.	1,655	Class III
Surgical Implants	PerMed	Bovine heart valve	2011	China[7]	We have received China SFDA approval.		Class III

Notes:

(1) Our HeartR VSD and PDA CHD occluders were commercially launched in 2003 and 2004, respectively.

(2) These products were suspended for sale in Algeria in 2009 due to its changes in medical device registration and sales policy.

(3) Approvals or registrations in Philippines and Sri Lanka only cover our HeartR PDA and ASD occluders and do not cover HeartR VSD occluders.

(4) Registration in Algeria does not cover our Cera ASD occluders.

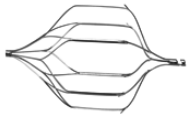
(5) The determination of whether to obtain SFDA approval, CE marking or FDA approval for a product depends on its targeted markets, which are subject to different product registration and approval requirements. SFDA approval means the issuance of Medical Device Registration Certificate by the SFDA with respect to a Class II or Class III medical device product and obtaining such certificate is a pre-requisite for the medical device product to be sold in China. CE marking is a mandatory conformance mark on medical device products placed in the market in the EEA. With the CE marking on a medical device product the manufacturer ensures that the product is in conformity with the essential requirements of the applicable European Conformity directives.

(6) Price set forth here is supply price to our distributors. Details of average selling prices of our key products are set forth in "Description of Certain Income Statement Components — Revenue" in the section headed "Financial Information" in this prospectus.

(7) We expect to commercially launch the PerMed Bovine heart valve in China before the end of 2011.

The following tables contain sample photos of our key products:

Brand and year of launch / Product	HeartR (2001)	Cera (2009)	CeraFlex (2011)
ASD occluder			
VSD occluder			
PDA occluder			
Vascular plug			

Brand	Product	Year of Launch	Sample photos
Blue Arrow	PBMV balloon catheter	1996	
Red Arrow	PBPV balloon catheter	2009	
Green Arrow	PBAV balloon catheter	2010	
Aegisy	Vena cava filter	2005	
Ankura	TAA stent graft	2004	
	AAA stent graft	2004	
PerMed	Bovine heart valve	2011	

In recent years, many of our products are typically launched first in the European Union countries rather than in China as the case was in early years. Such trend is not solely a result of our marketing strategy for launching different models of products in different countries or markets. Many factors contributed to such trend, including (i) differences in customer demand, pricing, market characteristics and the maturity of the medical community; (ii) different regulatory approval regime, i.e. it typically takes us longer time to obtain SFDA approval for sale in China than to obtain CE marking for sale in the European Union countries based on our experience, although we generally prepare for application work concurrently; (iii) our business considerations of resource allocations and focus of operations; and (iv) our evolution towards being a global company as we expand our international business.

Product Development Pipeline

Our research and development, manufacturing and marketing teams work together closely with the goal to develop new, clinically effective and commercially attractive product candidates. Since 2009, we have developed and brought to market 15 new products. The chart below sets forth the primary new products that we intend to launch by the end of 2015, all of which are being developed independently by us in-house except the surgical stent graft, which we are developing in cooperation with a reputable hospital in China, taking advantage of their technological expertise and research capabilities. As at the Latest Practicable Date, we have not encountered any material obstacles in the research and development process for all of the products listed in the table below.

Expected to be Commercially Launched as Soon as	**Type of Device**	**Product**	**Features and Applications**	**Stage of Development**
2012	CHD Implants	Patent Foramen Ovale (PFO) occluder	A percutaneous transcatheter occlusion device intended for the non-surgical closure of PFO.	European Union clinical trials
	Coronary and Peripheral Implants	Percutaneous transluminal coronary angioplasty (PCTA) and percutaneous transluminal angioplasty (PTA) drug-eluting balloon (DEB)	A balloon catheter coated with paclitaxel, a drug that can prevent restenosis, and used in PCTA and PTA.	Animal testing
2013	CHD Implants	Left atrial appendage (LAA) occluder	An occluder designed to prevent embolization in the LAA.	Animal testing
	Peripheral Vascular Implants	Peripheral stent	A stent designed to expand peripheral blood vessels and prevent revascularization.	Animal testing
2014	Other Implants	Bronchial valve (BV)	A system to improve patient respiration.	Research and development
	Surgical Implants	Surgical stent graft	A graft used for aortic arch aneurysm artery in a hybrid surgical operation.	Animal testing

Expected to be Commercially Launched as Soon as	Type of Device	Product	Features and Applications	Stage of Development
Beyond 2014	CHD and Peripheral Implants	Bioabsorbable coronary and peripheral stent	Coronary and peripheral stent made of materials that can be absorbed by human bodies in two or three years.	Animal testing
	CHD Implants	Bioabsorbable CHD occulder	An occulder made of bioabsorbable devices to block abnormal openings in the heart	Research and development
	CHD and Peripheral Implants	Closure device	A tool used for the percutaneous delivery of sutures to close the common femoral artery access site of patients who have undergone diagnostic or interventional catheterization procedure.	Research and development
	Peripheral Vascular Implants	Enhanced vena cava filter	Vena cava filter that can be kept in vena cava for more than three months instead of the current 15 days before explantation.	Research and development

Our product portfolio

Our CHD occluders are our top selling products, followed by vena cava filters and stent grafts. Revenue generated from these three lines of products in 2009 and 2010 and the four months ended April 30, 2011 was approximately 81.2%, 84.8% and 84.5%, respectively, of our total revenue. We expect that sales from CHD occluders, vena cava filters and stent grafts will continue to account for a majority of our revenue.

Occluders

We are the second largest provider of congenital heart defect (CHD) occluders worldwide with approximately 19% market share in our Selected Market during 2010 in terms of number of occluders sold, according to BioMedGPS. Our CHD occluder is a device used to close, without open surgical operation, an abnormal opening in the heart. It is primarily used by paediatric cardiologists to treat CHD. In the years ended December 31, 2009 and 2010 and the four months ended April 30, 2011, sales from occluders accounted for 59.1%, 58.3% and 51.4%, respectively, of our total revenue. We continuously invest in research and development to introduce improved and advanced occluders, with

updated technology, and in response to the various market demands of different countries and at different times. From our first occluder product launch in 2001, we have introduced three generations of occluders designed for sale in different markets, responding to differing local market demands and regulatory approval requirements.

We were one of the first Chinese companies to manufacture and market occluders in China. HeartR occluders were our first generation of occluders, now primarily sold in China. We received SFDA approval for our HeartR PDA, ASD and VSD occluders in June 2001, April 2003 and June 2004, respectively. We successfully developed and introduced our second generation Cera occluders, and our third generation CeraFlex occluders, in 2009 and September 2011, respectively. Cera and CeraFlex occluders are primarily sold in Europe at present. We received CE certification for our Cera and CeraFlex occluder in May 2009 and March 2011, respectively. The table below sets forth the distinctive features of our three generations of occluders.

Occluders Brand	**Features**
HeartR occluders	Composed of PET or ePTFE membrane supported by a knitted nitinol wire frame with a stainless steel tip to fix the frame and a stainless steel screw to connect to the introducers and eventually self-expandable in human bodies after delivery through introducers to the septal defect to stop the shunting of blood. Over the course of several weeks to months, cells begin to infiltrate and grow over the PET or ePTFE membrane and the nitinol wire frame, ensuring successful closure of the defect.
Cera occluders	Possesses all the features of HeartR occluders, plus ceramic coating to ensure enhanced biocompatibility as demonstrated by lower level of release of nikel ions, low incidence of thrombogenicity and accelerated coverage by tissues and cells.
CeraFlex occluders	Possesses all the features of Cera occluders, plus the replacement of stainless steel with nitinol in making tip and loop connection in lieu of screw connection which is designed to reduce galvanic corrosion and tensions in delivering occluders. With our CeraFlex occluders, physicians can accurately gauge the size of the shunt before release.

Each generation of our occluder series includes three different design types used for curing different defects with different sizes tailored for various defect sizes, locations and structures.

- ASD occluders — used for non-surgical closure of atrial septal defects (ASD). Our ASD occluders are composed of a metallic frame and a PET membrane. We have 26 different sizes of ASD occluders. In the years ended December 31, 2009 and 2010 and the four months ended April 30, 2011, revenue generated from our sales of ASD occluders were approximately 30.3%, 30.8% and 25.6%, respectively, of our total revenue.

- PDA occluders — used for non-surgical closure of patent ductus arteriosus defects (PDA). Our PDA occluders are composed of a metallic frame and an ePTFE membrane. We have 10 different sizes of PDA occluders. In the years ended December 31, 2009 and 2010 and the four months ended April 30, 2011, revenue generated from our sales of PDA occluders were approximately 18.7%, 17.4% and 15.5%, respectively, of our total revenue.

- VSD occluders — used for non-surgical closure of ventricular septal defects (VSD). Our VSD occluders are composed of a metallic frame and an ePTFE membrane. We have 52 different sizes of VSD occluders. In the years ended December 31, 2009 and 2010 and the four months ended April 30, 2011, revenue generated from our sales of VSD occluders were approximately 10.1%, 10.1% and 10.3%, respectively, of our total revenue.

We are currently in the process of development of our PFO occluder, which is a percutaneous transcatheter closure device for the non-surgical closure of a PFO. PFO is a defect in the septum between the two upper chambers of the heart that causes an incomplete closure of the atrial wall in a flap or opening in the atrial septal wall. We are currently conducting clinical trial in the European Union for our PFO occluder and expect to commercially launch it as soon as June 2012, subject to results of clinical trials and regulatory approval. We believe there is attractive market demand for PFO occluders. According to BioMedGPS, PFO is found in approximately 20% of the general population worldwide and the market opportunity for PFO occluders is estimated to be greater than a US$1.0 billion.

We are currently in the process of research and development of our LAA occluder, which is designed to prevent embolization in the LAA. We are currently conducting animal test for our LAA occluder. We expect to commercially launch LAA occluder as soon as 2013, subject to results of clinical trials and regulatory approval. We believe there is an attractive market demand for LAA occluders. According to BioMedGPS, the market opportunity for LAA occluders in the Selected Market is estimated to be greater than US$5.0 billion.

We believe with the introduction of our PFO and LAA occluders, we will be able to capitalize on significant market demand to continue to grow our business. We are also in research and development of a bioabsorbable coronary and peripheral stent and a bioabsorbable CHD occluder and expect to commercially launch them as soon as 2014, subject to results of clinical trials and regulatory approval.

Balloon Catheter

Our balloon catheter is a "soft" catheter with an inflatable "balloon" at the tip used during a catheterization procedure to enlarge a narrow opening or passage within the body. We have three types of balloon catheters intended for use in percutaeous balloon aortic valvuloplasty (PBAV), percutaeous balloon mitral valvuloplasty (PBMV) and percutaeous balloon pulmonary valvuloplasty (PBPV), respectively. We added the balloon catheter to our product lines as a result of our acquisition of Shenzhen Shineyard in 2008. We have obtained CE certification for our PBAV, PBMV and PBPV balloon catheters in March 2010, July 2008 and October 2009, respectively, and SFDA approval of PBMV balloon catheter in 2008. We currently sell PBAV balloon catheters and PBPV balloon catheters primarily in European Union countries and PBMV balloon catheters primarily in China. Sales of our balloon catheters accounted for approximately 1.4%, 1.6% and 3.0% of our revenue in 2009 and 2010 and the four months ended April 30, 2011, respectively.

We are also in the process of research and development of a balloon catheter coated with paclitaxel, a drug that can prevent restenosis, designed for PTCA and PTA, respectively. We are currently conducting animal testing of these products. We expect to commercially launch our PTCA and PTA balloon catheter products as early as 2012, subject to clinical trials and regulatory approval.

Vena Cava Filter

We have received SFDA approval and commercially launched the product in 2005. We obtained SFDA approval and CE marking for our Aegisy vena cava filter in November 2005 and February 2009, respectively. The vena cava filter (VCF) is a medical device implanted by surgeons in the inferior vena cava to prevent fatal pulmonary emboli. During manufacturing, the filter is laser cut from a nitinol tube and then shaped into an asymmetric lantern-looking configuration, with a distal (cranial) basket in a hexagon diamond shape and a proximal (caudal) entry basket in a "Y" shape. Vena cava filters connect to introducers, a device used to deliver implants to human bodies, with screws. We believe that our vena cava filters possess certain desirable features that give them a preferred market position. Our vena cava filters are easy to retrieve and include a precisely controlled release function, meaning that surgeons can pull back our vena cava filters and reposition for deployment in case of any improper deployment and placement. To date, the majority of our vena cava filter sales are sold in China. In the years ended December 31, 2009 and 2010 and the four months ended April 30, 2011, revenue generated from our sale of vena cava filters were approximately 15.3%, 16.8% and 21.1%, respectively, of our total revenue. We are actively developing a new generation of vena cava filters that can be kept in vena cava for more than three months instead of the current 15 days before expiration. We expect to commercially launch our new generation product as soon as 2015, subject to clinical trials and regulatory approval.

Stent Graft

A stent graft is a tubular medical device composed of ePTFE patch material supported by a single knitted nitinol wire frame rigid structure. Compared with stent graft of our competitors, our stent grafts are assembled using seamless technologies to prevent blood leakage. Stent grafts are used to support weak points in arteries; our stent grafts are mainly used to address thoracic aortic aneurysms (TAA) and abdominal aortic aneurysms (AAA). We manufacture and sell two types of stent grafts, one in a straight tubular shape and the other in a "Y" tubular shape. We received SFDA approval for our stent graft in June 2004. To date, we have sold our stent graft primarily in China because we have not yet obtained CE certification. In the years ended December 31, 2009 and 2010 and the four months ended April 30, 2011, revenue generated from our sale of stent grafts were approximately 6.8%, 9.7% and 12.0%, respectively, of our total revenue.

We are currently developing our surgical stent graft, which is a graft used for aortic arch aneurysm artery during a hybrid surgical operation. We are currently conducting animal testing and studies for this product. Subject to the results of clinical trial and regulatory approval, we expect to commercially launch our surgical stent graft as soon as 2014.

Vascular Plug

Our vascular plug is made of nitinol wire mesh and PTFE patches and can be expanded to occlude blood vessels. To date, we have developed two generations of our vascular plug: Cera vascular plug

and CeraFlex vascular plug. Similar to our Cera and CeraFlex occluders, our Cera and CeraFlex vascular plugs are dressed with ceramic coating to ensure enhanced biocompatibility. In producing our CeraFlex vascular plugs, we replace stainless steel with nitinol in making tip and loop connection in lieu of screw connection, which is designed to reduce potential galvanic corrosion. With these features, we believe our vascular plugs are more technologically advanced than our competitors. We obtained CE marking for our Cera vascular plug in February 2010 and CeraFlex vascular plug in March 2011. We currently sell vascular plugs primarily in European Union countries. In the years ended December 31, 2009 and 2010 and the four months ended April 30, 2011, revenue generated from our sale of vascular plugs was approximately 0.1%, 0.3% and 0.3%, respectively, of our total revenue.

Coronary and Peripheral Stent

Our coronary stent is a tube placed in the coronary arteries to keep the arteries open during the treatment of coronary heart disease. Our coronary stent is bare-metal and is not coated with any drugs. We obtained SFDA approval for our coronary stent in March 2001. We have not been actively selling our coronary stent since 2010 because such product is not as popular in the market as it was previously.

We are in the process of research and development for a peripheral stent, which is a stent designed to expand peripheral blood vessels and prevent revascularization, and a bioabsorbable coronary and peripheral stent, which is a coronary stent and a peripheral stent made of materials that can be absorbed by human bodies in two or three years. We are currently conducting animal testing for these products and expect to commercially launch the peripheral stent as soon as 2013 and the bioabsorbable coronary and peripheral stent as soon as 2014, subject to clinical trials and regulatory approval.

Bovine Heart Valve

Our bovine heart valve is implanted in the heart of a patient with heart valvular disease. As a tissue heart valve, our bovine heart valve generally can function for a longer time in human bodies than can a pocine heart valve and is more compatible in human bodies than a mechanical heart valve. We added the bovine heart valve to our product lines as a result of our acquisition of Beijing PerMed in 2008. We obtained SFDA approval for our bovine heart valve and commercially launched it in 2011.

Bronchial valve

Bronchial valve is a system to improve patient respiration. We are currently in the process of research and development of our bronchial valve. We expect to commercially launch our bronchial valve product as soon as 2014, subject to clinical trials and regulatory approval.

Closure Device

Our closure device is a tool used for the percutaneous delivery of sutures to close the common femoral artery access site of patients who have undergone diagnostic or interventional catheterization procedure. We are currently in the process of research and development of our closure device. We expect to commercially launch our closure device as soon as 2015, subject to clinical trials and regulatory approval.

Associated delivery and supporting devices

In addition to the implant medical devices described above, we also develop, manufacture and sell a variety of associated delivery and supporting devices. As of the Latest Practicable Date, we have introduced to market nine types of associated delivery and supporting products, among which the introducer is our most successful product to date. Introducer is a tool used to transport and deliver cardiovascular implants in the human body. It consists of deflectable sheath, dilator, loader, haemostatic valve and delivery cable. We have two kinds of introducers: ordinary introducer and steerable introducer. Compared with ordinary introducer, steerable introducer includes a deflectable distal end, which allows the surgeon to accelerate the operation. We commercially launched our ordinary SteerEase introducer in 2009 and have obtained SFDA approval and CE certification. We received CE certification and commercially launched our FuStar steerable introducer in 2010 and passed FDA review for our Fustar steerable introducer in February 2011. In 2009 and 2010 and the four months ended April 30, 2011, revenue generated from our associated delivery and supporting devices, including our FuStar steerable introducers, accounted for approximately 16.2%, 11.9% and 10.5% of our revenue, respectively.

RESEARCH AND DEVELOPMENT

We believe that our success has depended and will continue to depend to a large extent on our ability to develop new proprietary products. Due to the nature of our products, our research and development cycle typically is more than five years for a particular product. Our research and development expenses accounted for approximately 11.8%, 14.7% and 11.1% of our revenue in 2009 and 2010 and the four months ended April 30, 2011, respectively. Up to the Latest Practicable Date, our internal research and development team has developed all of our proprietary products. Since 2009, we have developed and brought to market 15 new products that collectively accounted for approximately 4.7%, 9.0% and 11.2% of our revenue in 2009 and 2010 and the four months ended April 30, 2011, respectively, and we have been focusing research and development efforts on nitinol based technologies and absorbable material based technologies with respect to cardiovascular and peripheral vascular products. As of the Latest Practicable Date, we have 10 products under research and development, all of which are expected to launch by 2015. As of the Latest Practicable Date, we received a total of 35 registered patents, including 33 in China (three of which are jointly owned with third parties), one in US and one in Europe. The 33 registered patents in China cover 15 out of 27 types of our products. For the registered patents in US and in Europe, they relate to our PFO occluder which is expected to be commercially launched around June 2012. We also had 24 patent applications pending approval in China, two in the United States, one in Europe and three PCT priority date applications as of the Latest Practicable Date.

Led by Mr. Zhang Deyuan, a member of our senior management who is our chief technology officer, our research and development team consisted of 71 employees as of the Latest Practicable Date. Mr. Zhang Deyuan has nearly 22 years of experience in research and development in new materials. He is a member of China National Metal and Non-metal Coating Standardization Technology Committee (全國金屬與非金屬覆蓋層標準化技術委員會) and a member of Surface Engineering Branch of the China Mechanical Engineering Association (中國機械工程學會表面工程分會). All of our engineers have graduated from reputable universities in China or overseas. Our agreements with our research and development staff include confidentiality obligations and provide

for all relevant intellectual property rights to belong to us. We have also from time to time invited top global opinion leaders from European countries and the United States to be our scientific advisors on a project basis to assist with our research and development and regularly contact the hospitals and surgeons which use our products to gain access to real-time information regarding customer needs and demands.

Due to our advanced research and development capabilities, our subsidiary Lifetech Shenzhen was approved as a High-Tech Enterprise in December 2008. We are also conducting several research and development projects sponsored by the PRC government authorities, including but not limited to the National Development and Reform Commission (中華人民共和國發展和改革委員會), the Ministry of Science and Technology (中華人民共和國科技部) and Guangdong provincial and local governments. Applications for government sponsorship of research projects are open to the public and the sponsorship will typically be determined based on factors, including novelty of the technologies and the scope of industrial applications. As advised by our PRC legal adviser Zhong Lun Law Firm, all the government sponsorship we received is legal under PRC laws and regulations. Our key sponsored projects include:

- Nano surface modified cardiovascular medical device and materials, sponsored by China National Basic Research Program (國家重點基礎研究發展計劃);

- Research and application of controllable stent graft for hybrid operation for aortic arch aneurysm, sponsored by China National High-tech Research and Development Program (國家高技術研究發展計劃);

- Research of key technology and products of total biodegradable vascular stent and materials, sponsored by the Ministry of Science and Technology;

- Metallic surface modified bio-absorbable stent, sponsored by the Guangdong provincial government, China; and

- Metallic bio-absorbable aortic stent for interventional treatment of childhood coarctation of the aorta, sponsored by the Cooperation Project in Industry, Education and Research of Guangdong Province and the Ministry of Education of the PRC (廣東省教育部產學研整合計劃).

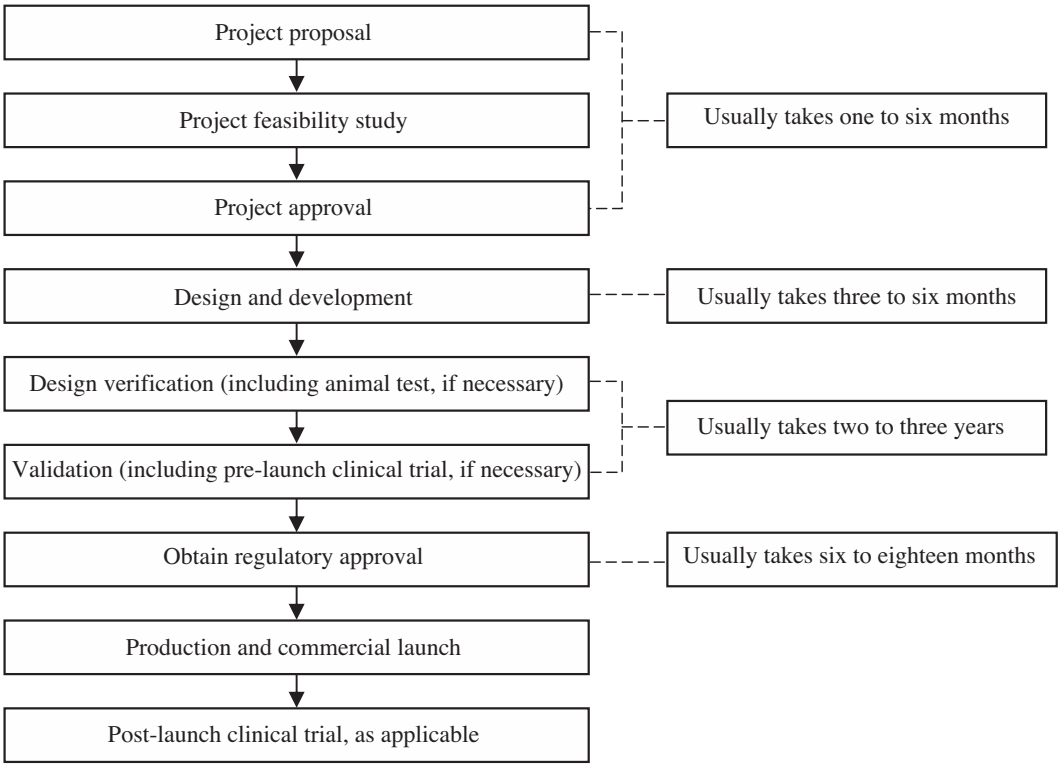
We typically sign written agreements with relevant government authorities with respect to the government sponsorship of research and development project where we are required to use the government funding on a project-by-project basis for specified purposes. We will follow the application requirements and criteria set forth in the guidelines issued by the relevant government authorities for the specific research and development project, and must fulfill the research work and submit application for project completion review within a specified timeframe. Any adjustment to the staffing and research plan for our various research projects must be reported to the relevant government authorities in a timely manner and cannot be implemented without prior approval. Any

intellectual property rights arising from such research projects can be agreed upon among the parties. The relevant member of the Group typically agrees that any intellectual property rights generated from the research projects shall belong to that relevant company, or be owned jointly with cooperating parties, if any. However, the government will typically be entitled to use such intellectual property rights without payment or allow third parties to use such intellectual property rights in very limited circumstances, such as national emergencies. In case we breach the terms of agreements, the government authorities may, among others, terminate the contract, stop allocation of the remaining portion of funds or request for refund of previously allocated funding. Up to the Latest Practicable Date, we have not been required to refund any government funding. We conduct government-sponsored research and development projects in collaboration with reputable hospitals and universities in China under written agreements. The terms of such agreements vary from project to project and are determined on arm's length discussions. Typically, we will pay certain amount of expenses and/or provide the relevant required equipment and facilities and the cooperating parties will be responsible for conducting the project and animal testing and facilitating clinical trials, as the case may be. The technological results or patents jointly accomplished by us and the cooperating parties will generally be jointly owned, although in some cases it is agreed that they shall belong to us.

Despite the government sponsorship of our research and development projects, the PRC government does not directly participate in our research and development projects. As at the Latest Practicable Date, the PRC government does not have any ownership of any intellectual properties that we derived from government-funded projects. We are not reliant on government funding to carry out our research and development projects, but we will continue to apply for such government sponsorship and funding from time to time where appropriate. The Group would have carried out the projects that were government funded had the government funding been not available. Therefore, in the Group's view, there is not necessarily a causal relationship between government funding and our intellectual property rights.

We have also established a post-doctoral research station in cooperation with Harbin Institute of Technology (哈爾濱工業大學) and Peking University (北京大學). As of the Latest Practicable Date, we have four Ph.Ds working at our stations. As a recognition of our strong research and development capabilities, we were awarded the first class prize of Sci-Tech Advancement of Guangdong Province (廣東省科技進步一等獎) in 2007. Our vena cava filter was awarded the prize of "Self-developed Innovative Product of Guangdong Province" (廣東省自主創新產品) in 2009.

Below is a flow chart of our research and development process.



CLINICAL TRIALS AND ANIMAL TESTING

Our research and development team has significant experience in conducting clinical trials and animal testing for our products. We conduct clinical trials and animal testing of our new products in order to obtain the requisite regulatory approvals and collect post-procedure data to improve our products. In addition, clinical data is an important marketing tool for increasing the credibility for our brand.

The goal of a clinical trial is to measure the clinical efficacy and safety of a device in order to gain regulatory approval or further improve product design and specifications. Primary parameters for clinical trials are selected based on the intended use of the medical device. Although clinical trial metrics are collected at an individual patient level, the results are extrapolated to entire populations of patients based on clinical similarities to patients in the clinical trials. In China, the SFDA maintains a catalog of hospitals that are approved clinical trial centers, from which we select a number of hospitals with the desirable expertise, patient samples, technology and equipment to conduct our clinical trials. Animal tests are required for certain medical devices and clinical trial centers usually require them for high-risk products prior to conducting trials on patients. After we have selected clinical trial centers and, if required, completed animal tests, we will prepare a clinical trial protocol plan that describes in detail the goal of the clinical trial, the risks involved, the overall design of the trial and the methods and procedures of the trial. We will also organize a meeting with the participating hospitals to discuss the purposes and requirements of the clinical trial, as well as to select certain hospitals acting as the principal investigators for the clinical trial, which are typically

the largest and best-equipped two or three out of all the participating hospitals. Following such meeting, we submit a proposal to the ethics committee of each of the participating hospitals, including our clinical trial protocol plan, our drafts of the informed consent documents to be filled out by patients, the case report forms to be completed by investigators supervising the clinical trial, and our agreements with the hospitals to perform the clinical trial. The ethics committees may ask us to revise the clinical trial protocol or other documents before approval. During the clinical trial, our clinical specialists will monitor the use of our products pursuant to the approved clinical trial protocol during the procedures and the patients' reactions to the products following the procedures and check relevant clinical data for us. At the end of the clinical trial, the principal investigators will gather case report forms from all participating hospitals, submit these case report forms to core laboratories and data statistic centers for data handling, prepare formal reports of the results of the clinical trial and submit them to the SFDA.

Recently, the SFDA has required more extensive clinical trials, significantly increasing the time and expense required to obtain approval. This extended approval process will significantly increase our product development costs for newer products.

We have established cooperative relationships to conduct clinical trials for our products with reputable hospitals, including Guangdong People's Hospital (廣東省人民醫院) and Beijing Fuwai Hospital (阜外心血管病醫院) in China and Sankt Katharinen Hospital in Germany. Under our agreements with hospitals, we typically design the clinical trial plan jointly with the hospitals and provide relevant products for the hospital's use in patients who agree to participate in our clinical trials. We pay hospitals a certain amount of fees based on the number of participating patients to cover various expenses, including follow-up examinations of patients to track the function and effect of our products. The hospitals are responsible for informing patients of the relevant risks and uncertainties in the clinical trials, carrying out operations and follow-up examinations and issuing formal clinical trial reports. In the event that the patients have suffered any loss or damage after the clinical trials, and if the doctors in charge of the clinical trials or the local government authorities can prove that the loss or damage suffered arises from any quality defect of our products, we are generally required to be liable for such loss or damage suffered. We have conducted and are conducting pre-launch and post-launch clinical trials in China with respect to 11 and four products, respectively, including among others our Cera and CeraFlex occluders, vena cava filter and stent graft. In addition, we have carried out post-launch clinical trial for our Cera VSD occluder in Brazil and are conducting pre-launch clinical trial for PFO occluder in Germany and France. In each of these clinical trials, we assess the safety and efficacy of our products by measuring key quantitative clinical criteria which are commonly used by international manufacturers in their own clinical studies, including measuring the incidence among patients of major adverse cardiac events resulting from use of our products. During the Track Record Period, we have not experienced any material adverse effect on our business, financial conditions or reputation resulting from claims by any participating patient for adverse reactions resulting from our clinical studies. During the Track Record Period, physicians have reported certain cases of adverse events on patients after they used our products in clinical trials, which we believe are within a reasonable range and in none of these cases has it been proven the adverse event was caused by the design or quality of our products. These cases of adverse events did not have a material adverse effect on the Company's business and operations. The Directors confirm that the Group has not received any notice of claims against the Group made by the participating patients in connection with any adverse event relating to the use of our products in our clinical trial programs during the Track Record Period.

During the period from August 2008 to October 2009, in cooperation with 11 leading hospitals in China, we conducted clinical trials for our Cera ASD, VSD and PDA occluders and tested 156, 156 and 152 patients with our Cera ASD, VSD and PDA occluders, respectively. The objective of such clinical trials is to assess the safety and efficacy of our Cera series occluders. We believe, based on our commissioned search conducted by China Academy of Sciences Shanghai Technology Chaxin Consulting Center (中國科學院上海科技查新咨詢中心), we are the first company in China which has launched head-to-head clinical trials for occluders involving such large numbers of patients, comparing our Cera series occluders with our earlier HeartR series occluders. We divided the patients into two groups for the purpose of the comparative study with traditional nitinol occluders on the one hand, and with the other group using our Cera occluders on the other hand. We monitored the closure effect and adaptability of our Cera occluders in patients' bodies for a period or 24 hours, 30 days, 90 days and 180 days after implantation. The study results indicated that our Cera series occluders are safe and efficacious and the adverse event rate is slightly lower than that of traditional nitinol occluders.

During our research and development process, we may also conduct animal testing to test the efficacy and safety of our products before we launch clinical trials. During the Track Record Period, we have conducted animal testing with respect to six of our products either internally or in cooperation with third party hospitals or companies. These animal testings have generally demonstrated positive results. We have not receive any notice of claims in connection with our animal testing as at the Latest Practicable Date.

For the years ended December 31, 2009 and 2010 and the four months ended April 30, 2011, we incurred costs of RMB1.1 million, RMB2.2 million and RMB0.4 million in conducting clinical trials and animal testing, respectively. We paid RMB0.6 million, RMB0.6 million and nil to hospitals for clinical trials in 2009, 2010 and the four months ended April 30, 2011, respectively, and paid nil, RMB0.4 million and RMB0.1 million for animal testing in 2009, 2010 and the four months ended April 30, 2011, respectively.

OUR SALES NETWORK

Distribution Network

Our Directors and the Sponsor confirm that it is customary to rely on distributors for sale of products to hospitals in the medical device industry. Following such industry practice, we primarily sell our products to our distributors, who then resell our products, directly or through their local distributors, to hospitals. Using distributors to sell our products allows us to quickly establish our sales network and reach a broad customer base with minimum amount of investment. Our distributors are independent third parties which purchase our products and our relationship with them is not that of a principal and an agent, notwithstanding the fact that we generally allow them to refer to our trademarks, logos and product names in marketing and selling our products. In 2009 and 2010 and the four months ended April 30, 2011, we generated approximately 57.8%, 62.1% and 65.9%, respectively, of our revenue from sales to Chinese distributors, and approximately 32.8%, 34.3% and 31.5%, respectively, of our revenue from sales to international distributors. Sales to our top five distributors

in 2009 and 2010 and the four months ended April 30, 2011 accounted for approximately 37.2%, 28.5% and 28.2%, respectively, of our revenue. Sales to our largest Chinese distributor in 2009 and 2010 and the four months ended April 30, 2011 accounted for approximately 11.6%, 8.1% and 7.2%, respectively, of our revenue. Sales to our largest international distributor in 2009 and 2010 and the four months ended April 30, 2011 accounted for approximately 7.6%, 7.7% and 4.4%, respectively, of our revenue. In 2009 and 2010 and the first four months of 2011, there were two, nil and nil distributors each accounting for more than 10% of our revenue, respectively. None of our Directors or their associates, and none of our existing Shareholders who (to the knowledge of our Directors) own more than five percent of our issued share capital, have any interest in any of our distributors. We expect that our international sales will increase as a percentage of total sales in the near future, as we expand our international sales network and marketing efforts and recognition of our products in international markets increases.

We have an established distribution network for our products consisting of 157 distributors internationally, including 109 in China, 18 in India, 14 in Europe (including Russia) and 16 in elsewhere reaching over 1,450 hospitals in aggregate. Below is a world map showing the location of our distributors globally.

The table below sets forth the number of our distributors in China as of the dates indicated.

	As at December 31,		As at the Latest Practicable Date
	2009	2010	
Number of distributors in China			
Beginning of the year	54	67	90
Number of new distributors	24	34	27
Number of terminated distributors	11	11	8
End of the period	67	90	109

The table below sets forth the number of our distributors outside of China as of the dates indicated.

	As at December 31,		As at the Latest Practicable Date
	2009	2010	
Number of distributors outside of China			
Beginning of the year	8	31	40
Number of new distributors	24	12	10
Number of terminated distributors	1	3	2
End of the period	31	40	48

China has been our largest market. In 2009 and 2010 and the four months ended April 30, 2011, sales generated from Chinese market accounted for approximately 67.2%, 65.8% and 68.4% of our total revenue, respectively. We believe that, due to our strong brand and product offerings, the right to distribute our products is highly sought after in China. As of the Latest Practicable Date, we have 109 Chinese distributors covering all of the 31 provinces, autonomous regions and municipalities. Our products are sold primarily in eastern China, where the economy is more developed. Hospitals in eastern China are more sophisticated in performing cardiovascular operations and, as a result, products like ours are in higher demand. Almost all of our products are sold at Tier III Class A hospitals (三級甲等醫院), which perform the majority of the cardiovascular operations in China. As of the Latest Practicable Date, our products had been sold to about 400 Tier III Class A hospitals among a total of approximately 900 Tier III Class A hospitals (三級甲等醫院) in China. We had a network of 47 international distributors in 26 countries across Asia, Europe, America and Africa. We plan to grow our international business by further penetrating key emerging markets such as BRIC countries, and expansion into key international markets including the European market, the United States, Australia, Korea and other select countries with attractive market opportunities. As of the

Latest Practicable Date, we have applied and intend to apply for regulatory approval for sale of our all CE marked products to Australia, Korea, Mexico, Argentina, Peru, Hong Kong and Taiwan. No sales were made in such countries in the Track Record Period. The table below sets out the latest status of our applications in each of these countries and our anticipated date of receiving approval.

Country	**Status**	**Anticipated Date of Obtaining of Regulatory Approval**
Australia	Application documents were being prepared by the Company as of the Latest Practicable Date.	N/A
Korea	Application documents were being prepared by the Company as of the Latest Practicable Date.	N/A
Mexico	Application was being reviewed as of the Latest Practicable Date.	2011
Argentina	Application was being reviewed as of the Latest Practicable Date.	2012
Peru	Application was being reviewed as of the Latest Practicable Date.	2011
Hong Kong	Application was being reviewed as of the Latest Practicable Date.	2011
Taiwan	Application was being reviewed as of the Latest Practicable Date.	2011

Our distributors are all business entities that are primarily engaged in trading of general merchandise or medical devices specifically. Most of our distributors enter into our applicable standard form of distribution agreement with us. The following is a summary of the key terms and conditions of our standard distribution agreement currently in effect.

Term. Our standard distribution agreement with Chinese distributors runs for a term of one year and will automatically terminate unless the parties agree to renew. Our international distribution agreements are typically for a term of three years, which can be automatically renewed for another three years unless there is a notification of breach of the agreement or either party serves a notice not to renew at least six months prior to expiry.

Sales territory. We define for each of our distributors a territory within which they may sell our designated products. In China, we divide our products into three groups according to our three segments of products: the congenital heart disease product group, peripheral vascular disease product group and surgical products group. To optimize the benefits expected from our distribution network, we typically do not appoint more than one distributor for the same group of products for sale to the same hospital. Our international distributors have the exclusive rights to sell specific products within the designated territory. International distributors typically have a right of first offer to sell any of our additional products to be launched in that territory. Our distributors are not allowed to sell our products outside the defined territory. For Chinese distributors, we can require them to pay us a penalty up to five times the price they pay for our products for each product sold out of their territory. We may also increase the price of products we sell to them or terminate the distribution agreement. For international distributors, we may terminate the distribution agreement if they fail to rectify the violation within 60 days upon our notice.

Price and payment. We sell our products to our distributors at a price prescribed in the distribution agreement, subject to our adjustment as we see fit, provided that we shall give at least 60 days' prior written notice to our international distributors and such price changes cannot be made more than once in a six-month period, unless otherwise agreed by our international distributors. In turn, our Chinese distributors are typically required to sell our products to hospitals at a price no lower than the minimum price set by us. Breach of such term entitles us to invoke several punitive measures, including termination of distributorship. Chinese distributors that work with us for less than 12 months are typically required to pay us in full before our delivery of products. For Chinese distributors that have worked with us for more than 12 months, we may grant them a credit term up to 180 days with a maximum credit amount of 30% of their annual sales, taking into account their targeted performance, creditworthiness and history of cooperation. We may also grant our international distributors with a long cooperation history with us a credit term of up to 90 days and a credit limit of up to 30% of their annual sales. Any delay in payment may result in our ceasing to supply products to distributors as well as potentially seeking damages.

Transportation and delivery. We generally deliver products at our own expense to our Chinese distributors, however, distributors have to pay the costs of any required urgent deliveries. For international distributors, transportation and delivery will be arranged in accordance with the trading terms, typically FOB, agreed by both parties.

Performance target and incentives. We typically set a quarterly target for our distributors with respect to the products they purchase from us and the products they sell to hospitals. Failure on the part of any Chinese distributor to achieve its performance target in two successive quarters would give us the contractual right to increase our supply price or terminate the agreement. Additionally, our international distributors must fulfill quarterly and annual sales performance target forecasts set forth in our distribution agreements. We will assess the distributors' performance and decide whether to grant any incentive in the form of discount to purchase price upon written application by our Chinese distributors.

Exchange and return policy. Our Chinese and international distributors typically have no right to return our products, however, we do accept exchange of our products under three circumstances. We accept exchange from all our distributors for (A) defective products, which mainly comprise of (A-i) occluders and stent grafts that are not released in the body of the patients properly* during the procedures (A-ii) products damaged during transportation and (A-iii) mislabeled products. The Directors confirm that such disfectiveness is not related to the design or quality of our products. Secondly, the operating physician cannot at all times have an exact understanding of the medical condition of the patients' bodies (i.e., the size of the hole in patients' hearts) in selecting occluders of the right size for implantation. Therefore, it is possible that the initially selected occluders will be found to be unsuitable for patients in terms of size during the operations and need to be replaced. Although such unsuitability is not related to our brand or the quality of our occluders, we have been following market practice in China to offer exchange of such occluders to our Chinese distributors. Historically, we have accepted exchange of (B) all occluders found to be unsuitable for patients in terms of size during procedures from our Chinese distributors. Starting from 2011, to better control

* *Note* Often the occluder is designed with an umbrella-type design and is folded up until the catheter arrives at the hole in the heart. Once in place the occluder is unfolded on both sides of the hole so that pressure from both sides keeps it in place.

the product exchange by our Chinese distributors, we set a ceiling ratio for Chinese distributors' exchange of such occluders based on the target sales under the relevant distribution agreements with respect to which we agree to accept at no cost. For any additional product exchange beyond such ceiling ratio, we will charge our Chinese distributors certain amount of fee. Thirdly, we allow our Chinese distributors to exchange (C) occluders that are three to six months close to the expiry of their validity period. We offer product exchanges under circumstances (B) and (C) to our international distributors as well, but on a case by case basis.

Among all the above circumstances for product exchange, under circumstances (A-i) and (B), the products are returned after being used in patients' bodies, and under circumstances (A-ii), (A-iii) and (C), the products returned are not used in patients' bodies. We destroy and dispose all used products returned to us and may legitimately reprocess some of these unused returned products for resale and use some of the returned products for internal research and development. For further details and relevant provision policy and accounting treatment for product exchange, please refer to the section headed "Financial information — Cost of Sales — Product Exchange".

During the years ended 2009 and 2010 and the four months ended April 30, 2011, product exchanges were RMB11.3 million, RMB11.7 million and RMB3.2 million, accounting for approximately 14.3%, 11.2% and 7.2% of our total revenue, respectively. Our lower product exchange ratio during the four months ended April 30, 2011 primarily was due to our new product exchange policy adopted in 2011. We believe that our product exchange ratio is in line with industry norm. Most of the product exchanges during the Track Record Period were made because the products were found to be unsuitable for patients in terms of size during operations, accounting for approximately 10.9%, 7.8% and 4.4% of our total revenue, of which only approximately 1.4%, 4.6% and 0.7% were derived from international sales. Only approximately 0.5%, 0.2% and 0.5% of the product exchanges in terms of sales amount were due to defective product, and approximately 2.8%, 3.2% and 2.3% due to products close to expiry in 2009, 2010 and the four months ended April 30, 2011, respectively.

Non-compete. Unless we agree in writing, our distributors are not allowed to manufacture, sell or be involved in any manner in our competitors' products. Breach of this provision entitles us to take certain measures, including the termination of distribution agreement.

Intellectual Property. We allow our Chinese distributors to refer to our trademarks, logos and product names on a non-exclusive basis solely to market our products within their distribution territory. Our Chinese distributors also agree in writing that they will not take any action that would cause harm to our intellectual property rights, including trade secrets, patents, trademarks and copyrights. In the event that our Chinese distributors discover any infringement of our intellectual property rights by themselves or third parties, they are obligated to notify us and to use their best efforts to assist us in stopping such infringement activities. We generally require our international distributors to respect and protect our intellectual property rights and provide necessary assistance to us in the event of any third party infringement on our intellectual property rights. To the best

knowledge of the Company, our distributors have referred to our trademarks, logos or product names in their business cards and in circumstances where they are claiming themselves as our distributors or selling our products. We have not detected any distributors selling third parties' products using our trademarks or logos during the Track Record Period.

Inventories. Our distributors are required to maintain inventories equalling at least two or four months' targeted sales volume at their storage. We also require a higher volume of inventories for our distributors that supply to certain key hospitals in China.

Termination. Other than the termination rights described above, we can also terminate Chinese distribution agreements at any time if we receive more than 10 complaints from end customers with regard to our distributors' services. The Chinese distribution agreement will be automatically terminated if one party breaches the terms of the distribution agreement and fails to rectify within 45 days upon receiving written notice from the other party, or in case of the occurrence of one of the following events, which continues for 30 days after receiving from the other party the notice requesting rectification: (i) one party has applied for bankruptcy or is involved in bankruptcy administration and debt clearance or other litigations; (ii) one party has applied for dissolution; and (iii) one party is no longer qualified for manufacturing or selling the products. We may terminate the international distribution agreement upon three months' written notice if the distributors fail to rectify, within 60 days after our notice, material breach including but not limited to: (i) failure to achieve 75% of its forecasted sales in two consecutive quarters; (ii) failure to keep adequately traceable records of our products; (iii) failure to report any incident involving the use of our products; (iv) sales of competing products; (v) failure to comply with confidentiality and intellectual property protection obligations; and (vi) failure to reach agreement with us on the purchase forecast for the subsequent year.

Exclusive Distribution of Third Party's Products

We are also selling a third party's products in addition to our own proprietary products through our distribution network. On November 25, 2010, we entered into an agreement with a Korean company, whereby we act as exclusive distributor to market and sell its biliary stent, covered esophageal stent, covered esophageal stent with anti-reflux valve and intestine stent in China, including Hong Kong, Macau and Taiwan. The term of the agreement is five years. Pursuant to the agreement, we will use our best efforts but are not obligated to sell its products up to a targeted volume, at a price solely determined by us. If we can achieve such targeted sales volume, we will be entitled to refund by it of certain percentage of our purchase price. We are also required not to directly or indirectly market any non-vascular stent products or other products similar to its products covered in the agreement. Otherwise, apart from any other remedies that may be sought by it, our distribution right under the agreement will be converted into non-exclusive and as a result, we may have to compete with other sellers in China in selling its products.

This agreement can be terminated by either party (i) upon the occurrence of a material breach or default as to any obligation under the agreement by the other party and the failure of the other party to cure such material breach or default within thirty (30) days after receiving written notice from the

non-breaching party; (ii) in the event of a change of control of the other party; or (iii) upon the filing of a petition in bankruptcy, insolvency or reorganization against or by the other party, or the other party becoming subject to a composition for creditors, or the other party going into receivership or otherwise become insolvent.

We currently do not have any existing product or product under development that serves similar features and functions as the products under the above agreement. We possess valid license to sell third party's products in accordance with such agreement in the PRC and have complied with the terms and conditions of such agreement during the Track Record Period. We did not recognize any revenue from such exclusive distribution of third party products in 2009 and 2010 and the four months ended April 30, 2011.

Distributor Management

Our distribution network is managed by our Chinese sales team and international sales team led by Mr. Zhan Guowei and Mr. Mark Cibuzar, respectively. Mr. Zhan Guowei has more than 11 years of experience in the sales of medical devices. Prior to joining us, he was the national sales manager of Johnson & Johnson in China. Mr. Mark Cibuzar was Occlutech's vice president responsible for sales and marketing in the Europe and America and was a director of AGA responsible for international sales and marketing. Our Directors confirm that there is no conflict of interest between our internal sales team and our distributors.

We generally select distributors based on factors such as creditworthiness, sales network and knowledge of medical devices. All of our distributors are independent third parties. Distributors selling our products must hold a valid medical device distribution license covering our products. Each of our distributors is required to provide us with its current distribution license for our record and, to ensure that our distributors follow our requirements, we have put in place a system to monitor the distribution licenses. The Directors confirm that all of the Group's distributors have obtained valid licenses required for the distribution and sale of the Group's products. In order to better service hospitals, distributors also typically need to maintain a certain amount of inventories.

We proactively manage our network of distributors and review their performances on a regular basis. We have formulated a distributor management system as part of our internal compliance procedures in order to supervise the business activities of our distributors. We have also signed written distribution agreements with most of our distributors, under which we set forth our policies and guidelines that distributors must follow in selling our products. If any of our distributors breaches our policies or guidelines as set forth in the distribution agreements, we may enforce our rights against our distributors, including among others termination of the distribution agreement and claim for damages. We also have implemented a regular system to review and evaluate the performance of our distributors based on selected financial and business criteria. We review and evaluate our Chinese and international distributors on a quarterly basis primarily with reference to the following criteria: (i) payment for our supplied products within agreed credit term and credit amount; (ii) achievement of the agreed performance target; and (iii) customer satisfaction. With respect to our Chinese distributors, we will also provide marketing training and thereafter assess and review their marketing efforts and performance. With respect to our international distributors, we will examine their sales records for traceability to the end users. Depending on the performance review results, we may make

adjustments to the distributors' distribution rights accordingly. For underperforming distributors, we either narrow their sales territory or terminate distribution rights in order to maximize our presence in target markets and our sales opportunities. We also provide trainings to our distributors to familiarize them with functionalities and usage of our products.

We closely monitor our distributors' use of our trademarks and logos. Our sales personnel periodically review and consult with our distributors regarding the use by them of our trademarks and logos. We require any infringement of our trademarks and logos be reported to our intellectual property department, which will deal with it in a timely manner.

We believe we maintain a good relationship with our distributors. During the Track Record Period, there was no material breach of contract terms by our distributors. There were 36 distributors that terminated their relationship with us during the Track Record Period, of which 14 were terminated due to underperformance of distributors and the rest were terminated primarily due to respective distributors' commercial considerations.

MARKETING AND CUSTOMER SERVICE

As of the Latest Practicable Date, our sales and marketing team consisted of 61 employees. Hospitals, healthcare institutions and medical device manufacturers like our Company in China follow a complex and competitive public bidding process for certain medical device purchases. In such public bidding process, we will participate in setting the bidding prices. If we have won the bids, the final price established in these public tender and bidding processes will be the price to be followed by those public hospitals and healthcare institutions in purchasing our medical devices.

The method for conducting the tender process in China has changed frequently in the last several years. MOH in a June 2007 notice required that the purchase of medical devices shall be centralized at national, provincial or city level and the power to procure high-value medical devices, including heart pacemakers and heart intervention materials, shall be centralized at MOH. MOH then conducted a nationwide tender for high-value medical devices in the second half of 2008, announced a catalogue of selected medical devices, including our vena cava filter and stent graft products, and set retail prices of these medical devices for all hospitals and healthcare institutions in China. MOH indicated that these prices were to stay in place until the next tender, to be held in 2009. However, no tender was held in 2009. Instead, MOH's next national tender, held in April 2010, was only for new products that had received SFDA approval following the previous tender in 2008. MOH then announced in its January 2010 notice that the tender process would be decentralized, allowing individual provinces and municipalities to hold their own tenders after September 30, 2010. We believe such decentralization of tendering process will (i) allow us to adopt differing pricing strategies in different provinces and municipalities after overall consideration of our brand name and strength, competition landscape, distribution network and other factors, (ii) enable us to keep our bidding price relatively stable as compared to the centralized tendering process, due to our relatively stronger bargaining power when dealing with local hospitals or the units offering the bids individually instead of dealing directly with MOH, and (iii) offer us greater flexibility in organizing our sales and marketing activities to target higher price opportunities and gain market share.

During the Track Record Period (including after the September 30, 2010 decentralization), at each tender the retail prices of our products have varied among different cities or regions, but generally remained relatively stable with occasional decreases in a particular city or region that did not result in any material adverse effect on the Group's business and financial performance. For example, in Guangzhou Military Command (廣州軍區), the bidding price for our HeartR ASD and VSD occluders, vena cava filter and one type of our stent grafts decreased by 2.4%, 14.3%, 21.3% and 5.0%, respectively, from September 30, 2010 to the Latest Practicable Date and the bidding price for our other products remained unchanged[(1)]. Regardless, our supply price to our Chinese distributors remained the same from September 30, 2010 to the Latest Practicable Date. We usually participate in the procurement bidding process conducted by hospitals or their bidding agencies. In some cases, we authorize our distributors to bid on our behalf. A special committee consisting of experts selected by MOH or local counterparts will review the bidding documents and the bidding price and decide the successful bidders. The Directors confirm that the Group and its distributors, only when bidding on the Group's behalf, were not involved in any bribery incidents in connection with the bidding process in China during the Track Record Period. Our Directors confirm that none of us, our directors or employees during their service or employment with us has been involved in any incident of healthcare fraud or corruption in selling our products during the Track Record Period. The Directors confirm that by exercising due care, they have not become aware of any healthcare fraud or corruption committed by our distributors in selling our products during the Track Record Period.

The Company has also engaged an independent risk and business consulting firm ("the risk consulting firm") to review its key internal controls, including anti-fraud controls. The risk consulting firm is one of the leading internal control advisory service providers globally which has the competency and experience in assisting companies listed or planning to list in Hong Kong. Following the recommendation furnished by the risk consulting firm, the Company has properly enhanced and implemented anti-fraud policies and procedures within the Group as planned. In particular, such anti-fraud policies include the implementation of the following measures to prevent fraud or corruption involving distributors:

- The Company shall conduct effective communication and training on its anti-fraud policies internally and externally and implement distributors and suppliers management systems.
- The Company shall conduct background checks against its distributors, suppliers and other third-party strategic partners, and all illegal, infringing and unethical transactions or practices are strictly prohibited.
- The anti-fraud committee to be established by the Company will be responsible for setting up channels of communication for employees and third parties, including distributors and suppliers, to report any suspected violation of the relevant anti-fraud policies, or any actual or suspected fraud cases committed by the Company, its employees and other third parties.

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(1) From 2009 up to the Latest Practicable Date, we have succeeded in 16 biddings in different regions or cities in China. Our bidding prices vary and are non-comparable among these different regions or cities due to factors including among others level of economic development, competitive landscape, our sales coverage and marketing effort. In addition, a bid generally will be effective for one year, however new tenders often are not organized and conducted in a timely manner resulting in the continuation of the existing bid price for a longer term. During the Track Record Period, only our bids for the Guangzhou Military Command recorded multiple bidding prices. All others recorded only a single bidding price during the Track Record Period.

- In accordance with the relevant anti-fraud policies, the Company shall reprimand third party distributors or suppliers who have committed fraud, and shall report to internal and external authorities (including PRC national judicial bodies) if there are any breaches of the applicable laws and regulations.

- The Company will include specific provisions in the next renewal of its standard distribution agreement from 2012 onwards to prohibit distributors from engaging in fraud, corruption, bribery or other improper activities.

During the review, the risk consulting firm detected no significant findings of fraud or corruption.

We employ a network of independent distributors to market our products. Our sales team, working closely with our marketing and research and development teams, provide our distributors with technical support, including training in the basic technologies of our products and participating in presentations to potential customers. Our distributors also provide trainings to physicians. Our sales and marketing team is responsible for training and active management of our network of distributors in order to help our distributors to become more effective in selling our products. In particular, we assist our distributors in establishing best practices to follow in their sales and marketing activities, help them identify market opportunities and provide feedback on their sales performance and end-customer relations.

Our sales team and marketing team also regularly visit physicians and surgeons to explain the most advanced cardiovascular operation methods and demonstrate our products. In addition, we sponsor key opinion leaders to attend academic conferences both in China and abroad and display and promote our products in exhibitions, trade shows or professional conferences. For example, we organized and sponsored the first Sino-European physician exchange program in 2010. We also market our Company and products by attending professional conferences and delivering speeches.

Furthermore, we have established training centers in cooperation with Guangdong Provincial People's Hospital (廣東省人民醫院) in 2010 and with the Second Affiliated Hospital of Harbin Medical University (哈爾濱醫科大學附屬第二醫院) in 2011. Guangdong Provincial People's Hospital (廣東省人民醫院) and the Second Affiliated Hospital of Harbin Medical University (哈爾濱醫科大學附屬第二醫院) are responsible to train the physicians we select on using occluders in cardiovascular operations. We will generally pay the travelling, lodging and other related expenses for these physicians trained at the training centers. As of the Latest Practicable Date, we have over 20 physicians and surgeons from South America, Southeast Asia and Europe at our Guangdong training center. Our Harbin training center trains physicians from Russia and other Middle Asia countries specifically and began operations in August 2011. We also launched a patient awareness program, in which we invite physicians to provide volunteered medical services and lectures in China.

Our quality control department is responsible for listening to and handling customer complaints. Our sales and marketing teams, working closely with our research and development teams, will respond to our customers with regard to any problems they encounter while using our products.

MANUFACTURING AND QUALITY CONTROL

We believe that our commitment to high quality and efficient manufacturing has been and will be a critical competitive advantage and a key to our growth and success. We are well-positioned to

capitalize on the advantages of operating in China, including relatively low labor and operating costs, a large talent pool of qualified engineers, and land use and other tax advantages that make China an attractive location for cardiovascular, other vascular and other implants development and manufacturing. We believe that our manufacturing costs are significantly lower than those of major multinational players and comparable to those of our China based players, while maintaining international quality standards.

Manufacturing

We manufacture, assemble and test our products at our two facilities in Shenzhen of Guangdong province and one facility in Beijing. Our largest manufacturing facility is located at our headquarters in Shenzhen covering an area of approximately 2,300 square meters. Our subsidiary, Shenzhen Shineyard, maintains a manufacturing facility covering an area of approximately 1,800 square meters, which is used for production of balloon catheters and associated delivery and supporting systems. We manufacture occluders, vascular plugs, vena cava filters, stent grafts and coronary stents in such facility at our headquarters. Our facility in Beijing owned by our subsidiary Beijing PerMed covers an area of approximately 1,900 square meters and manufactures bovine heart valves and associated delivery and supporting systems.

Our manufacturing process typically involves the following steps:

- raw materials preparation and cleaning;
- weaving, laser cutting, moduling, dressing, shaping, welding or heating treatment, depending on the products that are being manufactured;
- product cleaning and assembling;
- product inner packaging; and
- sanitizing and outer packaging.

We typically conduct each of the above steps in-house. Our integrated production process increases our production efficiency and reduces our dependence on third parties, as well as enabling us to adjust our production quickly to respond to changes in market demand for our products.

The following tables sets forth the production capacity, actual production volume and utilization rate for certain of our primary products, including occluders, vena cava filters and stent grafts, respectively.

	Years ended December 31,		Four months ended April 30,
	2009	2010	2011
Occluders:			
Production capacity (units)	22,366	28,591	8,008
Actual production volume (units)	17,678	14,892	5,184
Utilization rate (%)	79.0	52.1	64.7%
Vena Cava Filters:			
Production capacity (units)	7,854	7,854	3,040
Actual production volume (units)	3,548	4,354	2,611
Utilization rate (%)	45.2	55.4	85.9%
Stent grafts:			
Production capacity (units)	1,584	1,584	475
Actual production volume (units)	553	1,089	409
Utilization rate (%)	34.9	68.8	86.1%

Notes:

(1) The production capacity of our occluders in the four months ended April 30, 2011 was proportionally lower because we shifted more resources to produce Cera occluders in 2011 in response to market demand, resulting in lower capacity due to the additional processing procedures involved for Cera occluder production.

(2) The production capacity of our vena cava filters in the four months ended April 30, 2011 was proportionally higher due to our improvement of manufacturing process and efficiency.

(3) The production capacity of our stent grafts in the four months ended April 30, 2011 was proportionally lower because our dust proof workshop was shut down for about a month for renovation in order to make it compliant with China's newly implemented GMP requirement.

We decreased our production volume of occluders in 2010 to improve out inventory control and because we had 6,417 units of occluders in stock as at December 31, 2009, which we estimated would satisfy a portion of our customer demands in 2010.

We also outsource part of the manufacturing process, primarily the reprocessing of our raw materials, to independent third parties. We have engaged seven outsourcing manufacturers during the Track Record Period, most of them are located in China. These outsourcing manufacturers are independent third parties of us which specialized in laser work, module or plastic materials processing or surface treatment. We do not believe we are dependent on any of our outsourcing manufacturers. The machinery we use to manufacture our products is generally available in the market from multiple suppliers. We have also implemented a comprehensive maintenance system for our machinery. If any

of these machines break down, our manufacturing may be materially adversely affected. For example, we experienced breakdown of our nikel-titanium tube cutting machine during the Track Record Period, as a result, we temporarily outsourced our nikel-titanium tube cutting to a third party before our machine was repaired. See the section headed "Risk Factors — Risks Related to Our Business — We manufacture our products at our manufacturing facilities in Shenzhen and Beijing. Any disruption to these manufacturing facilities could cause us to suffer losses and materially and adversely affect our business, financial condition and results of operations" in this prospectus for further details. Other than this, we have not experienced any material or prolonged interruptions of our machinery due to equipment or machinery failure. We may consider to purchase more equipment and machinery to reduce the risk of breakdown.

Our distributors typically order our products on a purchase order basis. We project demand for our products based on rolling projections from our distributors, our understanding of anticipated hospital procurement spending, and distributor inventory levels. Lack of significant order backlog and the varying sales and purchasing cycles of our distributors and other customers, however, make it difficult for us to forecast precise future demand. We closely monitor the sales activities and inventory levels to arrange our manufacturing plan. We generally ship our products to Chinese distributors within 48 hours of receipt of the order and within seven days for overseas distributors. We have not experienced any material backlogs or delays in meeting distributor orders during the Track Record Period.

We are planning to purchase land in Shenzhen for the construction of our new manufacturing facilities to manufacture our current and pipeline products, to house our research and development team and corporate head-quarters. Our commercial rationale for constructing our new manufacturing facilities is that (i) we plan to launch five new products by the end of 2013 and 10 new products by the end of 2015 (including the five new products to be launched by the end of 2013) with respect to which we will require additional production facilities; (ii) we plan to shut down our existing manufacturing facilities gradually after our new manufacturing facilities are put into use and we plan to consolidate all of our production activities into the new manufacturing facilities; (iii) we consider it will benefit the Group and the Shareholders as a whole that the manufacturing facilities be located in self-owned property instead of leased property; and (iv) the Directors estimate, based on our sales trend, feedback from existing and potential distributors and planned expansion of sales network, that our current manufacturing facilities cannot support the expected required production capacity for our existing products beyond 2013. The General Office of Shenzhen People's Government (深圳市人民政府辦公廳) has preliminarily agreed to our application for the use of the land and currently is locating a suitable land plot for us in Nanshan District, Shenzhen, which we plan to purchase with approximately HK$48 million of the net proceeds from the Share Offer. Please refer to the section headed "Statement of Business objectives — Reasons for the share offer and use of proceeds" for further details. However, as at the Latest Practicable Date, the piece of land has not yet been located. We will thereafter address the required formalities necessary for use of the land in due course. We expect construction to commence in early 2012 and to be completed in around mid 2013. Upon completion, we expect to integrate all of manufacturing activities for both existing and new products into our new manufacturing facilities.

Quality Control and Assurance

We regard our high product quality as a significant factor in our end-customers' purchasing decisions. As of the Latest Practicable Date, our quality control department had 31 employees.

We have obtained all relevant quality qualifications required for the production of each of our products. Our products are manufactured in accordance with China's SFDA regulations or CE certification requirements in all material aspects. As at the Latest Practicable Date, the Group had 14 products registered with the SFDA, of which 12 products were Class III medical devices and two products were Class I medical devices. The 12 Class III medical devices are subject to GMP review by China Certification Committee for Drugs, or the relevant local SFDA authorities. Since the implementation of China's GMP rules, we have made improvements to our manufacturing facilities and processing to ensure our compliance with GMP rules. As at the Latest Practicable Date, we have passed GMP review for two of our products manufactured at our facilities in Beijing and we have submitted application for GMP inspection of our stent graft and steerable introducer production at our facilities in Shenzhen. We believe that all of our manufacturing facilities will be able to meet China's cGMP quality standards so that we will be successful in obtaining the relevant registration for our pipeline products. We have also passed FDA review for selling two of our products in the United States. We have received regulatory approvals or registrations, where required, from relevant governmental authorities in each of the countries in which we sell our products as at the Latest Practicable Date. The governmental authorities of each of these non-CE countries (other than China and US) accept ISO13485:2003 certification as a proof of our production quality qualification in support our application for approvals or registrations. To improve the quality control of our production process, we have invested in advanced quality control equipment, such as a digital analysis system, total organic carbon measuring instruments, micro analysis systems, and dust particle counters.

We have developed manufacturing process management policies strictly in accordance with PRC national standards. We implement quality control measures throughout our production process, including supplier examination, raw material inspection, process control and product inspection. Our quality control procedures primarily consist of the following: for raw material inspection, we source only from suppliers with good business reputations and stable product quality. We have an established procedure in selecting suppliers and we periodically review the quality control systems of our suppliers. We inspect the raw material's measurements, components and other features before accepting delivery. We also perform chemistry and biological test of raw materials to ensure their safety; for process control, we plan the production process based on the technologies adopted by each product type and monitor the entire production process, particularly specified key steps of the production process, for which we perform process validation on a yearly basis; and for product inspection, we employ a product inspection manual based on our product specifications and inspect our products according to such manual, including testing the capability and measurement of our products, verifying the product labels and manuals and confirming the products are properly packed. We also have a sound monitoring and alert system to monitor our manufacturing facilities which have special requirement on sanitation and invite third-party testing institution to evaluate the environment every year.

Representatives of the SFDA and certification agencies periodically inspect our manufacturing facilities and quality management system. We have complied with all of our quality qualification requirements in material respects and have passed all of the inspections up to the Latest Practicable Date except as disclosed in the section headed "Business — Legal Proceedings and Compliance" in this prospectus.

Our products typically are valid for use for a term of two to three years. We will provide replacement for our products which are found to be defective by our distributors. The Directors confirm that the Group has not experienced any material product safety and quality problems during the Track Record Period except as disclosed in the section headed "Business — Legal Proceedings and Compliance" in this prospectus.

We did not make any material recalls of our products during the Track Record Period except as disclosed in the section headed "Business — Legal Proceedings and Compliance" in this prospectus.

We will continue to strengthen our quality control efforts to ensure our on-going compliance with the relevant quality qualification requirements, including (i) to add additional specialized employees to our quality control team and provide additional training to improve their knowledge and skills; (ii) to further prioritize each component of our quality control during our manufacturing process and strengthen our supervision, inspection sample testing; (iii) to improve our product design and manufacturing technologies; and (iv) to more actively communicate with end users to collect feedback on the use of our products.

RAW MATERIALS, SUPPLIERS AND INVENTORY

We principally use the raw materials nickel-titanium wire, nickel-titanium tube, PET and ePTFE membrane, high polymer tube and platinum imaging ring in our manufacturing process. From time to time, we also use stainless steel tubes, packaging materials and other accessory materials. Our principal raw materials are typically purchased overseas. In the years ended December 31, 2009 and 2010 and the four months ended April 30, 2011, we sourced approximately 36.5%, 58.2% and 52.3%, respectively, of our total raw materials purchase overseas.

As of the Latest Practicable Date, we have a total of approximately 50 suppliers of different raw materials. We select our suppliers based on quality, after-sales service and price. Due to the specialty of our principal raw materials, we typically only maintain one or two suppliers for our principal raw materials. We are actively attempting to locate more suppliers, with a view to expanding our supplier pool. During the years 2009 and 2010 and the four months ended April 30, 2011, purchases from our top five suppliers accounted for approximately 51.2%, 35.4% and 27.9%, respectively, of our total raw material costs. Purchases from our largest supplier accounted for approximately 14.1%, 11.3% and 12.9%, respectively, of our total raw material costs during the same years. Mr. Zeng Min Frank, one of our Directors, holds 100% interest in our second largest supplier Lifetech of America Corporation during the Track Record Period. Lifetech of America Corporation was a company established in the United States and was founded in December 2006 by Mr. Zeng. Lifetech of America Corporation is primarily engaged in consulting services and raw materials and supplies procurement services. Lifetech of America Corporation uses "Lifetech" in its corporate name and it has not used "Lifetech" for other purposes. It is independent of the Company, despite that its name contains "Lifetech." As a

corporate name is not a trademark and Lifetech of America Corporation (i) is owned by a related party; (ii) was a supplier of the Group; and (iii) is not a competitor of the Group, the Company did not see any harm to it if Lifetech of America Corporation was allowed to use the word "Lifetech" in its name. Therefore, the Company did not disagree or attempt to prohibit its using the word "Lifetech" as a cordial arrangement between related parties. Our Directors confirm that transactions between the Group and Lifetech of America Corporation were entered into on normal commercial terms during the Track Record Period. As of the Latest Practicable Date, we have already ceased to purchase raw materials through Lifetech of America Corporation and all the related accounts have been settled. We do not expect that any further transactions will be conducted between us and Lifetech of America Corporation after the Listing. Lifetech of America Corporation is in the process of being dissolved and an application for the dissolution has been filed with the California Secretary of State as of the Latest Practicable Date. Except this, none of our Directors or their associates, and none of our existing Shareholders who (to the knowledge of our Directors) own more than five percent of our issued share capital or have any interest in any of our five largest suppliers. If any of our principal raw materials suppliers ceased to supply us with materials or supplied materials with quality problems, we might not be able to find an alternative supplier easily or at all. See the section headed "Risk Factors — Risks Related to Our Business — If we are unable to obtain adequate supplies of required raw materials, components and manufacturing equipment that meet our production standards at acceptable costs, or at all, our ability to accept and fulfil product orders with the required quality and within the required time frame could be restricted, which could materially and adversely affect our business, financial condition, results of operations and prospects" in this prospectus for further details. For example, in 2009, we discovered certain quality problems with respect to the nickel-titanium wire we purchased for our research and development and progress in our research and development was slowed even though we found an alternative supplier soon after. In 2010, we discovered certain quality problems with the nickel-titanium tubes we purchased from a supplier and therefore, turned to another supply for the nickel-titanium tubes.

We typically provide our international suppliers a yearly demand projection at the beginning of a year and purchase raw materials and supplies from them on a purchase order basis at the then prevailing market price. We purchase supplies from our Chinese suppliers based on annual purchase contracts or purchase orders. We typically receive raw materials and supplies within 30 to 60 days upon placing orders. We pay our suppliers before or after delivery and in some cases, we are required to pay certain amount of deposit. As of December 31, 2009 and 2010 and April 30, 2011, the prepayment made to our suppliers amounted to RMB5.2 million, RMB1.5 million and RMB1.5 million, respectively.

For the years ended December 31, 2009 and 2010 and the four months ended April 30, 2011, our inventory turnover days were 272 days, 263 days and 242 days, respectively. As of April 30, 2011, we had inventories of RMB16.1 million. As at August 31, 2011, we had inventories of RMB20.3 million, and our inventory turnover period was 293 days. The higher inventory balance as at August 31, 2011 was a result of, among others, an increase in inventories, including raw materials, work in progress or finished goods relating to our major products. Such inventories are intended for the coming launch of our FustarTM Steerable sheath in the US market and CeraFlex Series occluders in European markets, and in anticipation of increased orders for our major products (including Vena Cava Filter, stent graft, HeartR and Cera occluders) from our distributors during the fourth quarter of the year, which is generally the peak season of the Group from our past experience.

INVENTORY MANAGEMENT

Our inventories consist of raw materials, works in progress and finished goods. We generally maintain an inventory level of three months' supply of our raw materials and three to six months' supply of finished goods, and such level varies according to the demand of our distributors, sales and production plans after taking into account, among other things, lead time of raw material procurement and production lead time of our major products. We generally maintain three to six months' supply of our raw materials primarily because (i) we source a majority of our principal raw materials from international markets which may take a longer time for delivery in comparison to domestically-sourced raw materials. On average, it takes one week to one month from order to receipt for domestic purchases and one to two months for oversea purchases, (ii) we spend additional time on the inspection of inventory quality before acceptance as we require particularly high quality standards for our raw materials and (iii) we tend to order certain raw materials in relatively large batches to obtain better pricing from our suppliers. On average, our production cycle (including time for product inspection) for our primary products, including occluders, vena cava filters and stent grafts, is approximately 20 days. We store substantially all our inventories in our headquarters in Shenzhen, China, with the remainder in our facilities in Beijing.

To minimize the risk of building up inventory, we have set up formal inventory management policies, pursuant to which we regularly review our inventory levels by carrying out physical stock counts and stock inspections internally, on a monthly basis, to monitor and analyze inventory movements of each type of product and raw material. Any irregular movement or overstock requires immediate investigation and rectification, and adjustments will be made to the procurement or production plan as necessary to maintain a reasonable inventory level for each type of product and raw material, in order to ensure on time delivery of our finished products to the distributors. During the Track Record Period, we did not experience any material shortages in inventory.

INTELLECTUAL PROPERTY RIGHTS

Our intellectual property rights are of fundamental importance to our business, since our success in staying competitive in the market depends on our customers' recognition of our brands and the protection of our intellectual property rights. We have developed a substantial portfolio of intellectual property rights in China and overseas to protect the technologies, inventions and improvements significant to our business. As of the Latest Practicable Date, we received a total of 35 registered patents, including 33 in China (three of which are jointly owned with third parties), one in US and one in Europe. The 33 registered patents in China cover 15 out of 27 types of our products. For the registered patents in US and in Europe, they relate to our PFO occluder which is expected to be commercially launched around June 2012. We also had 24 patent applications pending approval in China, two in the United States, one in Europe and three PCT priority date applications as of the Latest Practicable Date. During the Track Record Period, the revenue generated from our patented products sold in countries where patents are registered amounted to over RMB32 million, RMB42 million and RMB17 million, accounting for approximately 40.3%, 40.3% and 39.4% of our revenue, in 2009, 2010 and the four months ended April 30, 2011, respectively.

The patents that we jointly own with third parties are "a patent ductus arteriosus occluder," "an atrial septal defect occluder" and "an artificial aortic arch vascular stent" (including an invention and a utility model, respectively) jointly owned with physicians and "an artificial aortic arch vascular stent" jointly owned with the Second Military Medical University (第二軍醫大學). These joint owners are all independent third parties unrelated to us or any of our shareholders, directors, senior management or any of their respective associates. These physicians and hospitals participated in and made contributions to the development of the technologies underlying the patents and thus became the joint owners of the patents. There is no written cooperation agreement between us and any of the joint owners regarding the joint development project, nor is there any agreement regarding sharing of profit generated from using such patents. The Directors confirm that during the Track Record Period, no revenues were attributable to the sales of products containing the technologies applying these jointly owned patents. We do not anticipate using these patents going forward except for "an artificial aortic arch vascular stent," which will be used in our surgical stent graft to be launched in 2014. Our PRC legal adviser Zhong Lun Law Firm has advised us that according to Article 15 of the PRC Patent Law, where the co-owners of a patent have concluded an agreement on the exercising of the right, the agreement shall prevail. In the absence of such an agreement, any co-owner of the patent may independently exploit the patent. Therefor, no consent from the joint owner is required for our use of the patent for "an artificial aortic arch vascular stent" in our surgical stent graft and we are not required to share profits generated from such use with the joint owner.

We also had three application for priority dates pending under the PCT. In general, a PCT application does not itself result in the grant of a patent, which can only be granted by each national or regional authority of the country that the applicant wishes to have. The difference between a PCT application and a patent registration under national or regional law is that a PCT application itself does not result in the grant of the actual patent. For example, an invention patent registration under the PRC patent law would result in the actual granting of such patent to the applicant in China being valid for twenty years from the date of filing. On the other hand, a PCT application only offers a registrant a filing date, which can later be used as a date of priority to compete against the filing dates of applications for the actual patent made by other applicants (if any) in a PCT contracting state. A successful application for priority dates under PCT (the "Priority Registration Date") would allow us to file a subsequent patent application in a PCT contracting state for the same technology within 30 months, with the subsequent regional patent application date being the same as the Priority Registration Date.

As of the Latest Practicable Date, we have obtained 23 trademarks for our various brand names and associated logos used to market our products, including 18 in China, one in Australia, one in Singapore, one in South Korea and two in Hong Kong. We have not successfully registered "Lifetech" trademark in any jurisdiction as of the Latest Practicable Date. We are also in the process of applying for four trademarks in China. For further details of our patents, trademarks and other intellectual property rights, please refer to the section headed "Further Information About Our Business — Intellectual Property Rights" in Appendix V to this prospectus. We will continue to follow our brand management policy to build our brand name recognition.

As at the Latest Practicable Date, we have registered patents for most but not all of our products. The main reason is because our business has been expanding rapidly during the Track Record Period, and given that patent registration may take months or even years to complete, the Company considers

it is not economically viable to complete patent registrations for all products before launching them in the market in the past. Over the years, the Company has strengthened its financial resources and accumulated experience in developing its intellectual property rights ("IPRs") strategies. Since March 2011, the Company has also established internal procedures on assessing IPR risks before product launch with the aim of avoiding IPR disputes in the future. Additionally, in order to better manage our intellectual property affairs, we have a special intellectual property manager, who works closely with our research and development team on patent information search and patent applications to avoid patent infringement during our research and development process and protect our proprietary technology. Such manager is also responsible for trademark applications and handling our intellectual property disputes. In general, while we seek patent protection for our proprietary technologies in China and overseas, we do not rely solely on our patents to maintain our competitive position, and we believe that development of new products and improvements of existing products at competitive costs has been and will continue to be important to maintaining our competitive position.

We have entered into agreements with our employees involved in research and development, under which intellectual property conceived and developed during their employment belongs to us and they waive all relevant rights or claims to such intellectual property. Our employees involved in research and development are also bound by confidentiality and non-compete obligations. Despite the measures we have taken to protect our intellectual property, unauthorized parties may attempt to copy aspects of our products or our proprietary technology or to obtain and use information that we regard as proprietary. See the section headed "Risk Factors — Risks Related to Our Business — If our patents and other intellectual property rights do not adequately protect our products, we may lose market share to our competitors and be unable to operate our business profitably" in this prospectus for further details.

In designing and developing new products, our engineering and intellectual property teams conduct patent searches to ensure that we do not infringe any existing patent owned by third parties. We will typically obtain clearance opinions from local patent legal counsel before releasing any key product to the European or US market. See the section headed "Risk Factors — Risks Related to Our Business — If third parties claim that we infringe upon their intellectual property rights, we may incur liabilities and financial penalties and may have to redesign or discontinue selling any affected products" in this prospectus for further details.

We are currently a party to an intellectual property lawsuit in India. See the section headed "Risk Factors — Risks Related to Our Business — We are currently involved in a lawsuit in India. If the case is determined against us, our business, financial conditions, results of operations, prospects and reputation will be materially and adversely affected" and "— Legal Proceedings and Compliance" in this prospectus for further details.

COMPETITION

The medical device industry is characterized by rapid product development, technological advances, intense competition and a strong emphasis on proprietary product offerings. We compete primarily based on our research and development capabilities, pricing, brand recognition, reputation, product functionality and design, reliability and quality, time to market and sales and distribution network coverage.

In the international markets, our competitors include multinational companies such as AGA/St. Jude's Medical, W.L. Gore & Associates and Occlutech GmbH with respect to our occluder series and Johnson & Johnson, Medtronic, Cook Medical, W.L. Gore & Associates and B. Braun Medical with respect to our other cardiovascular and peripheral vascular product offerings. We also face competition from Chinese companies and other small local companies in the international markets in which we currently sell or wish to sell our products. In some of our markets, larger competitors have established sizable local businesses, acquired local competitors or distributors or established local partnerships, which allow them to be highly competitive in their pricing and distribution infrastructure. In the China market, we primarily compete with Shanghai Memory Alloy Co., Ltd., a wholly owned subsidiary of Lepu Medical Technology and Starway Medical with respect to our occluder series and MicroPort Medical in addition to the international players listed above for our other cardiovascular and peripheral vascular product offerings.

We believe many factors have enabled us to compete effectively with our competitors and will be key to our continued success. We believe that we provide high quality products that are comparable, and in some cases superior to our competitors, to our customers on a consistent basis. Our manufacturing process and quality control systems meet international standards and we plan to continually invest to ensure that we remain a leader in the markets we serve. We are highly flexible and are capable of manufacturing a broad portfolio of products with a wide range of specifications and diversifications to accommodate physicians and patients needs. We have multiple generations of occluders which offer features and price points allowing us to compete across different levels with economic flexibility in the various markets we serve and we will look to continue to introduce multiple product generations and price points to meet demands across our cardiovascular and peripheral vascular product portfolio. We provide services to our customers and end-users in a dedicated manner and also provide training to distributors and physicians. We believe our continued investment in providing high quality services to the markets we serve will continue to build our brand recognition and reputation as a leader in the markets we serve.

In terms of pricing we believe we offer a competitive product offering across all of our product lines which allows us to effectively compete with international and local companies in the markets we operate. Typically, for example, our HeartR occluder in China and international markets are priced at or above the leading local based occluder providers while typically lower than leading international providers. However, with the introduction of our Cera occluders, we believe we are the only company worldwide to have commercially launched occluders featuring our enhanced bio-compatibility ceramic coating technology, as a result we have been able to significantly price above the levels of our HeartR occluder series and that of local players while pricing competitively with the leading international players. We believe through our continued investment in bringing leading differentiated product technologies to the market we will be able to maintain and in some cases increase our prices compared to both international and domestic competitors across our cardiovascular and peripheral vascular product offering.

In addition, our products are generally covered under China's medical insurance programs, whereby patients may be able to claim reimbursement for the costs of our products at a percentage depending on the type of surgery and device and local policies in place which differ across China. Any abolishment by the Chinese government of the medical insurance reimbursement policy favorable to domestic manufacturers could materially and adversely affect our ability to compete with multinational companies in China.

In the future, we may also compete against companies which have obtained regulatory approval to manufacture or sell occluders, vena cava filters, stent grafts or our other cardiovascular and peripheral vascular products or companies which have developed technology for these products but have not entered the markets where we currently operate or may enter in the future.

We also compete for distributors with other medical devices companies in the markets we operate. Our competitors may prohibit their distributors from selling products that compete with their own, which could limit our ability to expand our network of distributors either in further penetrating current markets we operate or in markets we plan to enter.

Several of our competitors have significantly higher financial and operational resources as well as having high brand recognition in the markets we operate. Our competitors dedicate, and we believe they will continue to dedicate, significant resources to promote their products aggressively. They may develop technologies and products that are safer, more effective, easier to use or less expensive than ours. We have encountered and expect to continue to encounter hospitals, physicians and patients who, due to existing relationships with our competitors, are committed to or prefer the products offered by these competitors.

HONORS, AWARDS AND RECOGNITION

We have received various awards, honors and recognitions including:

Prizewinning Entity	Year	Relevant Product or Project	Prize	Awarding Entity
Liftech Shenzhen	2007	Research and clinical application of congenital heart disease interventional treatment medical devices	First Prize of Sci-Tech Advancement of Guangdong Province (廣東省科技進步一等獎)	People's Government of Guangdong Province
Lifetech Shenzhen	2008	—	Hi-Tech Enterprise	Shenzhen Technology and Information Bureau, Shenzhen Finance Bureau, Shenzhen State Tax Bureau and Shenzhen Local Tax Bureau
Lifetech Shenzhen	2009	Vena cava filter	Self-developed Innovative Product of Guangdong Province (廣東省自主創新產品)	Guangdong Province Science and Technology Commission, Guangdong Province Development and Reform Commission, Guangdong Province Economic and Trade Commission, Guangdong Province Finance Commission, Guangdong Province Intellectual Property Bureau and Guangdong Quality Technology Supervision Bureau

Prizewinning Entity	Year	Relevant Product or Project	Prize	Awarding Entity
Lifetech Shenzhen	2010	—	Shenzhen Intellectual Property Strength Enterprise (深圳市知識產權優勢企業)	Shenzhen Market Supervision Administration Bureau (深圳市市場監督管理局)
Lifetech Shenzhen	2010	—	Shenzhen Growth Medium and Small Enterprise Top 500 (深圳市成長型中小企業500強)	Shenzhen Technology, Industry, Trading and Information Commission (深圳市科技工貿和信息化委員會) and Shenzhen Medium and Small Enterprise Service Center (深圳市中小企業服務中心)
Lifetech Shenzhen	2010	—	The 2nd Shenzhen Import and Export Credible AAA Enterprise (第二屆深圳進出口誠信AAA企業)	Shenzhen Credibility Alliance Association (深圳市誠信聯盟協會)

EMPLOYEES

The following table sets forth the number of our employees categorized by function as of the Latest Practicable Date.

Function	Number
Manufacturing	133
Quality control	31
Research and development	71
Sales and marketing	61
General and administration	62
Clinical trial and product registration	11
Others	25
Total:	**394**

Our total staff costs for the years ended December 31, 2009 and 2010 and the four months ended April 30, 2011 were approximately RMB11 million, RMB14 million and RMB12 million, respectively. We have 20 employees based in India and the United States.

In compliance with the relevant PRC labor laws, we enter into individual employment contracts with our employees covering matters such as wages, bonuses, employee benefits, workplace safety,

confidentiality obligations, non-competition and grounds for termination. These employment contracts generally have a term of three years. In addition, we are required under PRC law to make contributions to statutory employee benefit plans at a certain percentage of our employees' salaries, including bonus and allowances, up to a maximum amount specified by the local government. The contributions, once made, are kept in Chinese government-administered funds and we are not allowed to forfeit any contribution once the employees leave. The total amount of contributions we made to such employee benefit plans in 2009 and 2010 and the four months ended April 30, 2011 were approximately RMB0.7 million, RMB0.8 million and RMB0.3 million, respectively. As advised by our PRC legal advisor Zhong Lun Law Firm, the Group has complied with the relevant labor and social security benefit laws and regulation in the PRC in all material respects.

We invest in continuing education and training programs for our management staff and other employees to upgrade their skills and knowledge continuously. We provide our employees with internal and external training in various areas, such as product knowledge and project development and team building.

During the Track Record Period, we have not experienced any strikes, labor disputes or industrial actions which have had a material effect on our business, and we consider our employee relations to be good.

INSURANCE

We maintained limited property insurance as at the Latest Practicable Date. We have purchased product liability insurance which insures us against product liability claims arising from any of our products sold to distributors or customers in Europe, Asia, Africa and Latin America (and not including the United States and Canada) in an amount of up to US$1 million per claim and in the aggregate during the period of insurance, which is 12 months from June 1, 2011. The Directors are of the view that such insurance policy is in line with the practice followed by manufacturers in our industry that are based in China with similar international sales coverage. In addition, insurance companies in China offer limited business insurance products and do not, to our knowledge, offer business liability insurance. While business disruption insurance is available to a limited extent in China, we have determined that the risks of disruption, cost of such insurance and the difficulties associated with acquiring such insurance on commercially reasonable terms make it impractical for us to have such insurance. As a result, except as disclosed above, we do not have any business liability, disruption or litigation insurance coverage for our operations in China. See the section headed "Risk Factors — Risks Related to Our Business — We have limited insurance coverage, and any claims beyond our insurance coverage may result in our incurring substantial costs and a diversion of resources" in this prospectus for further details.

During the Track Record Period, we have not made or been the subject of any material insurance claims.

PROPERTIES AND FACILITIES

We are headquartered at Floor 1-3, Cybio Electric Building, Langshan 2nd Street, North Area of High-tech Park, Nanshan District, Shenzhen 518057, PRC. We have office and manufacturing space at our headquarters covering an area of approximately 4,100 square meters. We lease such space from a third party and the current lease will expire on March 22, 2012. We have a right of first refusal to renew such lease on same terms and conditions as may be proposed by other potential tenants with a three months' prior written notice before expiry of the term. The Beijing branch office of Lifetech Shenzhen is located on a leased premise in Dongcheng District, Beijing with a lease term expiring on March 31, 2012. Shenzhen Shineyard also leases a space covering approximately 1,800 square meters in Nanshan District, Shenzhen for office and manufacturing use. The current lease will expire on December 31, 2013. Shenzhen Shineyard has a right of first refusal to renew such lease on same terms and conditions with a two months' prior written notice before expiry of lease term. Our subsidiary Beijing PerMed leases a space covering approximately 1,900 square meters in Daxing District, Beijing for office and manufacturing purpose. The current lease will expire on November 14, 2015. Beijing PerMed may renew such lease with three months' prior written notice before expiry of lease term.

We own industrial real estate covering an area of approximately 1,130 square meters and residential real estate of approximately 120 square meters in Futian District, Shenzhen. We have obtained valid land use right and building ownership certificate with regard to the relevant land and the buildings thereon. Currently, these real estate are being leased to third parties and are subject to a RMB20.2 million maximum mortgage in favour of China Construction Bank in connection with its RMB25.0 million credit facility extended to us.

In addition, we have leased several residential apartments in Beijing and Shenzhen, which we provide to our employees as part of the benefits. For more details of our owned and leased properties, please see "Property Valuation" in Appendix III to this prospectus.

SAFETY

We have established work safety policies or procedures to ensure that all of our operations are in compliance with applicable laws and regulations. As of the Latest Practicable Date, our manufacturing facilities complied with applicable laws, regulations and standards and we have obtained all necessary licenses in relation to safety.

During the Track Record Period, we have not experienced any material or prolonged stoppage of production due to equipment failure, and we have not experienced any material accidents during our manufacturing process.

ENVIRONMENTAL MATTERS

Our operations in the PRC are subject to, among other relevant environmental protection standards, the following environmental laws and regulations:

- Environmental Protection Law of the PRC (中華人民共和國環境保護法);

- Water Pollution Prevention Law of the PRC (中華人民共和國水污染防治法);
- PRC Law on the Prevention and Control of Air Pollution (中華人民共和國大氣污染防治法);
- PRC Law on the Prevention and Control of Environmental Pollution by Solid Waste (中華人民共和國固體廢物污染環境防治法);
- PRC Law on the Prevention and Control of Environmental Noise Pollution (中華人民共和國環境噪音污染防治法);
- Environmental Impact Assessment Law of the PRC (中華人民共和國環境影響評價法); and
- PRC Administrative Regulations on Levy and Use of Discharge Fees (中華人民共和國排污費徵收使用管理條例).

We do not operate in a high pollution generating industry, and our manufacturing process primarily produces waste water, waste liquid, solid wastes and noise. The waste water we produce is treated in our waste water treatment facility, managed and maintained by a professional institute. We discharge the treated waste water to city centralized disposal facilities and pay waste water disposal fees to the water supply company. Waste liquid and solid wastes are recycled and disposed of by waste disposal entities. Our PRC legal counsel, Zhong Lun Law Firm, has advised that we have been in compliance in all material respects with applicable environmental laws and regulations during the Track Record Period. In addition, we conduct environmental impact assessments for our projects to ensure our compliance with environmental protection standards and requirements in connection with our expansion of our facilities.

For the years ended December 31, 2009 and 2010 and the four months ended April 30, 2011, we incurred costs of approximately RMB3,000, RMB9,400 and nil, respectively, in connection with our compliance with applicable environmental laws and regulations. We expect to incur similar costs in 2011, subject to any future changes in applicable environmental laws and regulations which may arise.

LEGAL PROCEEDINGS AND COMPLIANCE

Our Directors confirm that we were not subject to any claims or litigation concerning the quality of our products during the Track Record Period. We did not make any material recalls of our products during the Track Record Period except as disclosed in this prospectus in this section.

Pending and potential patent litigation claims relating to AGA

China and India

To date, we have been involved in three patent cases with AGA, two of which have been resolved with one currently pending. AGA is an independent third party in relation to our company and is one of our competitors. AGA's business is manufacturing and selling medical devices for the treatment of structural heart defects and vascular abnormalities. In June 2004, we filed an application with the

Patent Re-examination Board of the PRC State Intellectual Property Bureau (中華人民共和國知識產權局專利重審委員會) (the "Patent Re-examination Board"), requesting for the invalidation of a patent No.98808876.2 (預制導管導引的閉塞器械), or Patent A, owned by AGA with respect to occluders technology. On February 8, 2006, the Patent Re-examination Board announced the invalidation of Patent A. AGA disagreed with the decision and pleaded to the Beijing First Intermediate People's Court (北京市第一中級人民法院) for the revocation of the decision of the Patent Re-examination Board. On January 25, 2007, the Beijing First Intermediate People's Court (北京市第一中級人民法院) affirmed the decision of the Patent Re-examination Board on the ground that Patent A lacked the required novelty. AGA further appealed the judgment to the Beijing High People's Court (北京市高級人民法院), which affirmed the judgment on November 30, 2007.

In July 2004, we filed an application with the Patent Re-examination Board, respectively, requesting for the invalidation of a patent No.97194488.1 (通過經皮導管導向的血管內阻塞裝置), or Patent B, owned by AGA, with respect to occluders technology. On June 28, 2007, the Patent Re-examination Board announced its decision of affirming the validity of Patent B. We disagreed with the decision and pleaded to the Beijing First Intermediate People's Court (北京市第一中級人民法院) for the revocation of the decision of the Patent Re-examination Board. The Beijing First Intermediate People's Court (北京市第一中級人民法院) later delivered a judgment, reversing the decision of the Patent Re-examination Board on the ground that Patent B lacked the required novelty and ordering the Patent Re-examination Board to revisit its decision. AGA appealed to the Beijing High People's Court, which affirmed the judgment of the Beijing First Intermediate People's Court (北京市第一中級人民法院) on May 30, 2008. The Patent Re-examination Board invalidated Patent B in June 2009.

On April 22, 2008, AGA filed a suit with High Court of Delhi at New Delhi against Lifetech Shenzhen, our national importer in India at the time, which is an Indian company, and its local distributor in India, or collectively, the Defendants. AGA alleged that, among others, (i) the Defendants' occluders imported into and sold in India were mere copies of its Patent C, and thus, infringed its Patent C; (ii) the Defendants were unfairly competing with AGA by infringing its Patent C; and (iii) the Defendants were selling inferior quality products at a much lower price. Based on the above, AGA pleaded the court to (i) issue a permanent injunction restraining the Defendants, their promoters, directors, servants, agents, dealers, distributors or anyone acting for or on their behalf from manufacturing, importing, distributing, selling, offering for sale, exporting or in any other manner dealing with the occluders or any other product which infringes its Patent C; (ii) order our Indian national importer and its local distributor to surrender all the infringing devices and related materials and documents in their possession; and (iii) order our Indian national importer and its local distributor to pay AGA all the profits made by them from the distribution and sales of our occluders throughout India, including Delhi, or damages of INR21,00,000 (approximately HK$368,486, assuming an exchange rate of 5.699:1) suffered as a result.

On July 10, 2008, the Defendants filed a reply with the court and denied all of AGA's claims. On the same date, the Defendants filed a counterclaim against AGA, alleging that Patent C is invalid and should be revoked for various reasons, including among others: (i) the Patent C lacked novelty at the time of the patent application filing date because the technological features and specifications had been known to the public through various sources, including journal publications, several PCT International Publications, another United States patent and public use; (ii) even if the Patent C bears some distinctive features from what had been made public, these distinctive features alone are not

inventive enough to deserve patent protection; and (iii) the Patent C lacks utility because it is more expensive but less useful than another product. As of the Latest Practicable Date, issues of the case have been framed, and AGA has concluded filing its evidence on August 9, 2011. As AGA delayed in filing the evidence, the Court imposed a cost INR 20,000 on AGA for such delay, and also directed that AGA shall bear the costs of amounting to INR55,000. As of the Latest Practicable Date, AGA has included two witnesses. The cross-examination of AGA's first witness has been completed on October 13, 2011, and subject to the Court's schedule, Saikrishna & Associates, our Indian counsel, expected the cross-examination of AGA's second witness will be conducted on November 30, 2011 and on December 1, 2011. After that, our Indian counsel will lead the Defendants' evidence and witnesses who will then be cross-examined by AGA, and these processes are not expected to be completed before January 6, 2012, which is the date currently fixed by the Court on which the case will be placed before it for argument. Saikrishna & Associates, our Indian counsel specifically engaged in this case has advised us that the arguments are expected to be lengthy and the court may appoint a scientific advisor to assist in this matter.

Because this litigation is still pending, we are not in a position to express opinion on whether our HeartR occluders' technological and distinctive features and specifications are similar to AGA's Patent C. Our Indian counsel specifically engaged for this case has advised us that it is very unlikely that the court will grant a permanent injunction or award delivery of devices, rendition of accounts of profits or payment of damages in favour of AGA primarily due to the following reasons: (i) AGA's underlying patent is very likely to be invalidated because relevant technologies are not of novel feature and had been made public before patent application in India and (ii) Indian courts have typically denied grant of injunctions in cases involving pharmaceutical substances and drugs, which shall include our occluders, due to public interest concerns that our products are in good quality but are sold at significantly lower price than AGA's. See the section headed "Risk Factors — Risks Related to Intellectual Property Rights — We are currently involved in a lawsuit in India. If the case is determined against us, our business, financial conditions, results of operations, prospects and reputation will be materially and adversely affected" in this prospectus for further details. The occluders we have sold in India to date consist entirely of our first generation HeartR occluders which are developed and manufactured by our subsidiary, Lifetech Shenzhen. In 2009 and 2010 and the four months ended April 30, 2011, revenue from sales of our HeartR occluders in India were approximately RMB9.6 million, RMB13.9 million and RMB5.4 million, accounting for approximately 94.1%, 93.6% and 92.7% of our total Indian sales of all products, 36.8%, 38.9% and 38.4% of our total international sales revenue and approximately 12.1%, 13.3% and 12.1% of our total revenue during the same periods, respectively. The Group's revenue and the gross profit would have decreased by approximately 12.8%, 14.2% and 13.1% and 14.2%, 14.7% and 13.0%, respectively, for 2009, 2010 and four months ended April 30, 2011 after deducting contributions from Indian business. Our Controlling Shareholders did not provide the Group any indemnity in connection with any losses we may incur from this litigation case.

The Sponsor confirms that the Group will fulfill the requirement of having cash flow generated from operating activities (in the ordinary course of business before changes in working capital and taxes paid) of at least HK$20,000,000 in aggregate for the two financial years immediately preceding the issue of this prospectus according to Rule 11.12A of GEM Listing Rules even after adjusting the cash flows contributed by its India business.

Russia

During the Track Record Period, Russia has been the third largest market of our HeartR ASD and VSD occluders immediately after China and India. The total percentage sales of our HeartR ASD and VSD in Russia for the two years ended 2009 and 2010 and the four months ended 2011 are 15.2%, 13.2% and 5.6% respectively. The Company believes that apart from the pending litigation in India which may have a material impact on the Company, potential patent infringement claims for HeartR ASD and VSD occluders may arise in Russia. If AGA could make successful claims against us in Russia, we may be prohibited from selling HeartR ASD and VSD occluders in the Russian market. While the Company is of the view that its HeartR ASD and VSD occluders do not infringe AGA's Patent C, it is not in a position to express opinion on whether our HeartR occluders' technological and distinctive features and specifications are similar to AGA's Patent C. If AGA has successfully registered its Patent C in Russia, we may be subject to additional infringement claims of Patent C.

As of the Latest Practicable Date, we had not been involved in any patent infringement claim initiated by AGA in Russia. We are unable to quantify the financial impact to the Group in the worst case scenario for the Russian market because we cannot ascertain whether AGA, its agents or affiliates have filed valid patent registrations in Russia, which is the prerequisite for AGA to be able to proceed with making any potential patent infringement claims against us. This is because the Company is not in a position to determine conclusively whether (i) AGA, its agents or affiliates have either applied for or obtained valid PCT registrations for Patent C in Russia, or (ii) whether AGA, its agents or affiliates have chosen to apply for Patent C by other patent registration methods in Russia, where the relevant patent registration records are not publicly searchable. In the event that AGA could make successful claims against us in Russia, we may be prohibited from selling our HeartR ASD and VSD occluders in the Russian market. The following table shows the revenue contributions from our sale of HeartR ASD and VSD occluders in Russia, during the Track Record Period and their respective percentage over our total sales of HeartR ASD and VSD:

	For the year ended December 31, 2009			**For the year ended December 31, 2010**			**For the four months ended April 30, 2011**		
	(in RMB)	*% of total revenue of HeartR ASD and VSD sales*	*% of total revenue of the Group*	*(in RMB)*	*% of total revenue of HeartR ASD and VSD sales*	*% of total revenue of the Group*	*(in RMB)*	*% of total revenue of HeartR ASD and VSD sales*	*% of total revenue of the Group*
HeartR ASD	4,413,128	14.9	5.5	4,497,942	12.3	4.3	723,680	5.6	1.6
HeartR VSD	97,285	0.3	0.1	330,125	0.9	0.3	—	—	—
Total:	4,510,413	15.2	5.7	4,828,067	13.2	4.6	723,680	5.6	1.6

From the table above, the Group's total sales of HeartR ASD and VSD occluders would have decreased by approximately 15.2%, 13.2% and 5.6% respectively for 2009, 2010 and the four months ended April 30, 2011 after deducting contributions from the sale of HeartR ASD and VSD occluders

in the Russian market. Also, the Group's revenue would have decreased by approximately 5.7%, 4.6% and 1.6%, respectively, for 2009, 2010 and four months ended April 30, 2011. As a result, our business and operation in Russia may be affected.

Other countries

Based on publicly available information, applications on Patent C have been filed by AGA in Australia, Canada, China, European Union, Japan and Republic of Korea. Out of these countries, Australia and Republic of Korea have granted patents while China has denied grant of a patent. The Company confirms that it has not sold any of its HeartR ASD and VSD occluders in Australia, Canada, European Union, Japan and Republic of Korea as of the Latest Practicable Date. Besides selling HeartR ASD and VSD occluders to China, India and Russia, the rest of our sales were made to a very diversified number of countries including Brazil, United Kingdom and Vietnam, out of which there is no single country that contributed to over 5% of our total sales of HeartR ASD and VSD occluders during the Track Record Period. In view of the above, the Company believes that it is unlikely for AGA to make patent infringement claims against us in Australia, Canada, China, European Union, Japan and Republic of Korea.

SFDA' notice of non-compliance relating to our introducers

On November 9, 2009, we received a notice from the SFDA Shenzhen Branch that during inspection they found that some introducers we produced did not meet the required quality standards. On March 15, 2010, the SFDA Shenzhen Branch officially announced their decision on such matter, including that (i) requiring our correction of the non-compliance within a timeframe; (ii) issuing an administrative warning on us; (iii) confiscation and forfeiture of the non-compliant products and our income of RMB6,300 from sales of such products; and (iv) ordering us to pay of a fine of RMB18,900.

Upon SFDA's serving notice to us, we immediately segregated all the introducers in the same installment we produced and tracked their status. Those introducers had only been sold to one distributor in 21 units and had not been sold by distributors to hospitals. We then recalled all the 21 units of introducers. At the same time, we checked the other installments of introducers we manufactured around the same time and did not find any similar quality problems. After investigation, we concluded that the quality problem of such installment of introducers was due to a quality problem of the delivery steel cable supplied to us by one of our suppliers. In order to prevent the reoccurrence of similar problems, we replaced this supplier and created a new raw material processing procedure which is one of the initial steps of our entire manufacturing quality control chain.

The Company and the Directors believe that the above event did not have any material adverse effect on the Company's business, reputation or financial condition.

As of the Latest Practicable Date, we had obtained all requisite permits, licenses and approvals for our business operations. During the Track Record Period, we were not subject to any material administrative penalties other than described above. The Directors confirm that the Group has complied with all material applicable laws and regulations in all jurisdictions where it has had business operations during the Track Record Period except as otherwise disclosed above.

OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the Share Offer, Xianjian Technology is expected to hold approximately 19.93% of our issued Shares, while GE Asia Pacific is expected to hold approximately 17.25% of our issued Shares (assuming the Over-allotment is exercised in full, without taking into account any exercise of options granted and/or to be granted under the Share Option Scheme). Xianjian Technology and GE Asia Pacific are 100% owned and controlled by Mr. Xie and Mr. Wu respectively. Throughout the Track Record Period, Xianjian Technology, GE Asia Pacific, Mr. Xie and Mr. Wu held more than 30% of the issued shares in the Company and are parties acting in concert with respect to the Company on the following reasons:

(a) Mr. Wu has held, directly or indirectly, a shareholding interest in Lifetech Shenzhen, the key PRC operating subsidiary of the Group, since 12 August 2004, and he has held, directly or indirectly, a shareholding interest in the Company since 5 September 2006 through a series of share transfers involving Xianjian Technology and GE Asia Pacific as part of the Reorganization process;

(b) Mr. Xie has held an indirect shareholding interest in Lifetech Shenzhen, the key PRC operating subsidiary of the Group, since 8 November 2000, and he has held an indirect shareholding interest in the Company since 21 August 2006 through a series of share transfers involving Xianjian Technology as part of the Reorganization process;

(c) Mr. Xie and Mr. Wu have been directors of the Company since 2006, and they jointly manage and control the Company as a group either in the capacity of directors historically, or in the capacity of shareholders of the Company through their respective shareholdings in Xianjian Technology and GE Asia Pacific during the entire Track Record Period;

(d) Since Mr. Xie and Mr. Wu became directors of the Company in 2006 and during the entire Track Record Period, they had voted unanimously at most of the time in the past board resolutions involving the key decisions of the Company;

(e) During the entire Track Record Period, Xianjian Technology and GE Asia Pacific had voted unanimously at most of the time in past shareholders' resolutions involving the key decisions of the Company;

(f) Mr. Xie and Mr. Wu had almost always consulted with each other before making any major voting decisions on key business and management matters of the Company on the basis of mutual trust and bonding historically since 2006 and during the entire Track Record Period; and

(g) Mr. Xie and Mr. Wu have known each other even before their participation in the Company.

INDEPENDENCE FROM OUR SHAREHOLDERS

We are satisfied that we are capable of carrying our business independently from and do not place undue reliance on our Controlling Shareholders upon Listing, taking into consideration, amongst other factors, the following factors:

Competition

None of our Controlling Shareholders nor any of its/his associates and none of our Directors was interested in any business (other than our Group) which directly or indirectly, competes or likely to compete with our business.

To ensure competition will not exist in the future, the Controlling Shareholders have entered into the Deed of Non-Competition with us. Please refer to the paragraph headed "Deed of Non-Competition" below for details of the principal terms of the Deed of Non-Competition.

Management Independence

Our Directors and senior management are responsible for the day-to-day management of the business of our Group. As our Directors do not have any agreement, arrangement, undertaking, whether formal or informal, express or implied to act, among them, in making managerial decisions of our Company, our Directors are of the view that they are able to perform their roles in our Company independently. Each of them possesses relevant management and/or industry-related experience to act as our Director, and is aware of his fiduciary duties as a Director, which require, among other things; that he acts for the benefit and in the best interests of our Group and does not allow any conflict between his duties as a Director and his personal interest. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum.

Operational Independence

We have not entered into any connected transaction with any of our Shareholders that will continue after the Share Offer. We make business decisions independently and hold all relevant licenses necessary to carry on our business and have sufficient capital, equipment and employees to operate our business in the name of any member of our Group. We do not rely on the Controlling Shareholders for any significant amount of our revenue, technology infrastructure, product development, staffing or marketing and sales activities.

There is also no potential operational competition between us and the Controlling Shareholders in terms of human and capital resources, technology, intellectual properties, licenses, permits and suppliers for the following reasons:

(a) we have established our own operational structure and have our own headcount of employees for our operations comprised of separate departments, each with a specific area of responsibility and our own human resources department headed by a member of our management, for managing our work force. We have also established a set of internal control procedures to facilitate the effective operation of our business;

(b) we do not rely on our Controling Shareholders for any financing and we have our own treasury functions. We are also not reliant on intra-group funding from the Controlling Shareholders for our operations;

(c) in relation to technology, we have our own research and development team; and

(d) all the registered trademarks, designs and other intellectual property necessary or desirable for our business are registered in the name of our Group, as disclosed in the paragraph headed "Intellectual Property Rights" in Appendix V to this prospectus.

Financial Independence

We believe we are able to maintain financial independence from the Controlling Shareholders. We have our own accounting systems, accounting and finance departments, independent treasury function, and we make financial decision based on our own business needs. We do not rely on any guarantee provided by the Controlling Shareholders. Our Directors confirm that during the Track Record Period and as at the Latest Practicable Date, our Group had no outstanding loans or loan guarantees from or to the Controlling Shareholders.

DEED OF NON-COMPETITION

The Controlling Shareholder Group (collectively, the "Covenantors") has entered into the Deed of Non-Compete with us, pursuant to which each of the Covenantors has undertaken to us that he/it shall not and shall procure his/its associates not to, whether as principal or agent and whether directly or indirectly (including through any of their associates, subsidiaries, partnerships, joint ventures or other contractual arrangements) and whether for profit or otherwise, carry on, engage, invest, participate in, or hold any right or interest in, or otherwise be involved in any business which directly or indirectly, competes or likely to compete with our business (the "Restricted Business") during the period commencing on the Listing Date and ending on the earlier of the day on which:

(a) the aggregate beneficial shareholding (whether direct or indirect) of the Covenantors and/or their respective associates in our Company falls below 30% of the issued share capital of our Company; or

(b) the Shares cease to be listed on the Hong Kong Stock Exchange;

whether alone or jointly with another person and whether directly or indirectly except:

(i) through his/its interests in our Group; or

(ii) through ownership of shares in any company whose shares are listed on the Hong Kong Stock Exchange or on any other stock exchange and which competes with our Group provided that such shares do not exceed 5% of such listed company's issued share capital and provided further that at no time shall any of the Covenantor and/or his associates participate in the management of such company.

CORPORATE GOVERNANCE

We are committed to the view that our Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgment. All our independent non-executive Directors possess the requisite business knowledge and experience for their views to carry weight, and their biographical details (including, their directorships in other companies listed on the Hong Kong Stock Exchange) are set out in the section headed "Directors and Senior Management" in this prospectus. We therefore believe that they will be able to provide impartial and professional advice to protect the interests of our minority shareholders.

Pursuant to the Deed of Non-Competition, each of the Covenantors has undertaken:

(a) to provide all information necessary for the annual review by our independent non-executive Directors for the enforcement of the Deed of Non-Competition; and

(b) to make an annual declaration on the compliance with this Deed of Non-Competition.

In this connection, we also intend to adopt the following corporate governance measures to manage any potential conflicts of interest arising from any future potential competing business and to safeguard the interests of our Shareholders:

(a) our independent non-executive Directors will review, at least on an annual basis, the compliance of the Covenantors with the Deed of Non-Competition; and

(b) our Company will make disclosures in our annual reports or by way of announcements regarding the review by of the independent non-executive Directors relating to such compliance with and the enforcement of the Deed of Non-Competition.

To further strengthen the protection of our Shareholders' interests, we have appointed Piper Jaffray Asia as our compliance adviser, who shall provide us with professional advice and guidance in respect of compliance with the GEM Listing Rules and applicable laws, including but not limited to various requirements relating to directors' duties and internal controls.

OVERALL BUSINESS OBJECTIVES AND STRATEGIES

Our goal is to further strengthen our global brand for advanced minimally invasive interventional medical devices for cardiovascular and peripheral vascular diseases and disorders and become an industry leading company. Leveraging on our global leading position in congenital heart disease products, our strong research and development capabilities and our experience and network in the medical device industry, we believe that we are well positioned to capture the huge market potentials and enhance our market position further in both the PRC and the overseas markets.

BUSINESS STRATEGIES

Our objective is to further strengthen our global brand of advanced medical devices for cardiovascular and peripheral vascular diseases and disorders and become a leader. We intend to achieve our objective by implementing the following strategies:

Enhance Market Position of Core Cardiovascular and Peripheral Vascular Devices in Key Emerging Markets

We will continue to build our brand name and increase the market penetration of our core cardiovascular and peripheral vascular products in key emerging markets, including the BRIC countries, by expanding our product offerings, increasing our marketing efforts and expanding our distribution network. We will commercially launch our Cera occluders in China and CeraFlex occluders in Russia within the first half of 2012. We will continue to leverage our cost structure advantage to deliver affordable high quality products to these markets. In addition, we plan to add new distributors to cover more hospitals in these markets. We also plan to increase our sales and marketing team and efforts to further penetrate these markets. We will continue to invest heavily in professional and patient education, including increasing the number of training programs and training centers that we offer physicians and providing increased information regarding disease prevention and treatment modalities. For example, we plan to establish an additional physician training center in India. Additionally, we will continue to conduct post-launch clinical studies with select hospitals to build patient databases to further demonstrate the safety and efficacy of our products and to conduct clinical studies that compare our products to those of our competitors. Going forward, we intend to leverage our presence and market position in key emerging markets to expand into their neighbouring countries. For example, we are in the process of applying for regulatory approval for sale of our CE marked products in Mexico, Peru and Argentina.

Continue to Develop and Commercialize Pipeline Products

We believe that our success has depended on and will continue to depend on our ability to develop new proprietary products. As part of our business strategy, our research and development team will leverage our core competencies to develop and expand our current pipeline of 10 products, including PFO and LAA occluders and drug-eluting balloons for PTCA and PTA. According to BioMedGPS, PFO is found in approximately 20% of the general population worldwide and the market opportunity for PFO occluders is estimated to be greater than US$1.0 billion. We currently are conducting clinical trials for our PFO occluder in Europe and plan to launch commercial sales in Europe as early as June 2012 following receipt of CE certification. We also intend to apply for China's

SFDA approval and to launch our PFO occluder in China, India and Russia by 2013. Furthermore, according to BioMedGPS, the market opportunity for LAA occluders is estimated to be greater than US$5.0 billion. Development of our LAA occluder currently is in the animal testing stage and we expect to launch commercial sales as soon as 2013 subject to successful completion of clinical trials and regulatory approval. We also believe that our drug-eluting baloon product currently in the animal testing stage of development will complement our existing peripheral vascular implant product offerings and will make us one of the few companies worldwide to offer a full line of peripheral disease products. The drug-eluting baloon will be particularly important as a supporting product for our bioabsorbable stent. We believe with the introduction of our PFO and LAA occluders, drug-eluting balloons and our other pipeline products, we will be able to take advantage of attractive market growth potential to further expand our business and increase our sales.

Most of our products are developed in consultation with global industry opinion leaders in order to best gauge our market response and efficacy. We intend to enhance our practice of soliciting opinions and feedback from our physician and hospital customers and applying such information to our product development. We believe this approach will increase the likelihood that our new products will be responsive to evolving market demand.

Expansion into Key International Markets with Current and Pipeline Products

Our broad portfolio of products, robust product development pipeline and strong research and development capabilities provide substantial opportunities for us to grow our business and revenue through further penetration and expansion into key international markets. In the near term, we intend to further penetrate the European market and expand into the United States, Australia, Korea and other select countries with attractive market opportunities. We have received CE marking for 19 of our products, including our Cera/CeraFlex occluders and Aegisy vena cava filters and, we expect to receive CE marking for our PFO occluder to be launched around June 2012. Products with CE marking are allowed to be sold in the 30 European Economic Area countries and are more readily approved for sale in certain other international markets including India without the need for separate or additional clinical trials. Most recently, we passed FDA review for two of our delivery and supporting systems, including our FuStar steerable introducer, which is neccessary for sales in the United States.

We also are in the process of establishing a sales office in Holland and also plan to establish an European customer service center in Holland by the end of 2011. We also are actively identifying qualified distributors to sell our products in the United States. We will continue to hire additional sales and marketing professionals, increase the number of distributors we use overseas, increase the number of overseas clinical trials we conduct and strengthen our international sales department.

Expansion into Complementary Product Offerings

We intend to continue to focus on the development of complementary product offerings to leverage our established market position and our technological expertise. For example, we are researching bioabsorbale applications across cardiovascular and peripheral vascular implants. We expect significant demand for bioabsorbable products due to the benefits of avoiding longer term complications associated with thrombosis, anticoagulation therapy, fracturing of metals, as well as other general complications related to the long term implantation of medical devices in the body. We are currently in the development process with our bioabsorbable coronary and peripheral stents as well as occluders. In addition, we are researching applications to build on our nitinol technology expertise, such as our bronchial valve, surgical stent grafts and peripheral stents, and plan to continue to focus broadly across vascular implant technologies and products. Furthermore, from our experience developing Cera's proprietary ceramic coating technology, we are exploring the use of ceramic coatings on various products to enhance biocompatability, and more generally, researching novel metal surfacing technologies for improved biocompatibility in medical devices.

Pursue Opportunistic Acquisitions, Partnerships, Alliances and Licensing Opportunities

We intend to opportunistically pursue strategic acquisitions, partnerships or licensing opportunities that would provide technologies, products or distribution capabilities that will complement our growth strategy. We believe that pursuing such opportunities have the ability to enhance our competitiveness and market position in current key markets as well as select new markets. We will explore opportunities to strengthen our cooperative relationship with third-party companies, institutions and hospitals to further develop our technological expertise. We may also consider technology licensing or cooperation arrangements with third parties in instances when we elect not to conduct research and development in-house. We may also consider acquisitions as a means to add additional distribution channels and expand our global sales coverage. We also believe that our relationships with many industry participants and our knowledge of, and experience in, medical device industry globally allow us to understand industry trends, technological developments, and practical applications of medical technologies, which will assist us in making decisions regarding the acquisitions, partnerships, alliances and licensing.

IMPLEMENTATION PLANS

The Group has formulated the following business plans to implement the strategies during the time periods as below. The Group's implementation plan are based on certain bases and assumptions as set out in paragraph headed "Bases and key assumptions of the business plans" below. It should also be noted that the Directors believe that the medical device market is not static and is subject to market and technology change. The implementation plans set forth below only reflect the Directors' present understandings to the market and may be changed along with any changes in market conditions.

1. For the period from the Latest Practicable Date to December 31, 2011

Strategies	Implementation activities
Enhance Market Position of Core Cardiovascular and Peripheral Vascular Devices in Key Emerging Markets	• We will establish an external key opinion leaders advisory board for China, Brazil, Russia and India to facilitate the regular exchange of medical device knowledge between key opinion leaders and us; • We will build a local sales and marketing force in Russia and expand our sales and marketing force in China; • We will strengthen the training activities at the Sino-Russian training center in Harbin, China; • We will facilitate the second Sino-European physician exchange program; • We will complete registration of Cera occluders in Thailand; and • We will complete registration for stent graft and vena cava filter in Russia.
Continue to Develop and Commercialize Pipeline Products	• We will complete the enrollment of more patients into our PFO clinical trial in Europe; • We will continue animal testing for LAA occluders; and • We will continue our animal testing of PTCA and PTA drug-eluting balloons.
Expansion into Key International Markets with Current and Pipeline Products	• We will establish a sales office in Holland, Europe; • We will build a local sales and marketing team in Germany; • We will complete registration of Cera occluders in Taiwan; • We will continue registration of Cera occluders in Australia; and • We will launch snares in the United States.
Expansion into Complementary Product Offerings	• We will continue animal testing of absorbable coronary stent; and • We will continue animal testing for peripheral stent.
Pursue Opportunistic Acquisitions, Partnerships, Alliances and Licensing Opportunities	• We will evaluate and explore acquisitions, partnerships, alliances and licensing opportunities.

2. For the period from January 1, 2012 to June 30, 2012

Strategies	Implementation activities
Enhance Market Position of Core Cardiovascular and Peripheral Vascular Devices in Key Emerging Markets	• We will commercially launch Cera occluders in China and CeraFlex occluders in Russia; • We will continue to expand our international sales force in India, Russia and Brazil; • We will establish a training center in India; • We will start an international post market surveillance study on occluders; • We will proceed on registration of stent graft and vena cava filter for sale in India; and • We will build a separate sales force and distribution network for our bovine heart valve in China.
Continue to Develop and Commercialize Pipeline Products	• We will complete clinical trial and submit for CE marking for PFO; • We will continue animal testing for LAA occluders; • We will conduct clinical trials for PTCA and PTA drug-eluting balloons; and • We will commercially launch PFO occluders in Europe.
Expansion into Key International Markets with Current and Pipeline Products	• We will continue to expand our sales force in Europe; • We will launch our evidence based medicine program; • We will commercially launch Fustar steerable introducer in the USA; and • We will launch occluders in Hong Kong.
Expansion into Complementary Product Offerings	• We will complete feasibility study on bronchial valve; • We will continue animal testing of absorbable coronary stent; • We will continue animal testing for peripheral stent; and • We will start animal testing for absorbable occluders.
Pursue Opportunistic Acquisitions, Partnerships, Alliances and Licensing Opportunities	• We will evaluate and explore acquisitions, partnerships, alliances and licensing opportunities.

3. For the period from July 1, 2012 to December 31, 2012

Strategies	Implementation activities
Enhance Market Position of Core Cardiovascular and Peripheral Vascular Devices in Key Emerging Markets	• We will increase investments into physician training programs; • We will commercially launch stent grafts and vena cava filter in Russia; and • We will complete registration of bovine heart valve in Russia, India, Iran and Vietnam.
Continue to Develop and Commercialize Pipeline Products	• We will complete clinical trials on PTCA and PTA drug-eluting balloons; and • We will start clinical trial work for LAA occluders.
Expansion into Key International Markets with Current and Pipeline Products	• We will continue to recruit top global talents into our sales and marketing team; • We will establish an external global key opinion leaders advisory board to facilitate the regular exchange of medical device knowledge between key opinion leaders and us; • We will increase our presence at global trade shows and physician conference; and • We will launch occluders in Australia.
Expansion into Complementary Product Offerings	• We will start clinical trial study for peripheral stents; • We will complete animal study for absorbable coronary stents; • We will start animal testing work for bronchial valve; and • We will continue animal study on absorbable stent and occluders.
Pursue Selected Acquisitions, Partnerships, Alliances and Licensing Opportunities	• We will evaluate and explore acquisitions, partnerships, alliances and licensing opportunities.

4. For the period from January 1, 2013 to June 30, 2013

Strategies	Implementation activities
Enhance Market Position of Core Cardiovascular and Peripheral Vascular Devices in Key Emerging Markets	• We will continue to expand our sales and marketing force in China, Russia and India; • We will increase the number of training centers; • We will increase our investments in patient awareness programs; and • We will commercially launch vena cava filter and stent graft in Mexico, Argentina and Iran.
Continue to Develop and Commercialize Pipeline Products	• We will commercially launch PFO in India and Russia; • We will launch PTA/PCTA drug-eluting balloons in Russia; • We will submit for CE certification for PTA/PCTA drug-eluting balloons; and • We will continue clinical trial work for LAA occluders.
Expansion into Key International Markets with Current and Pipeline Products	• We will continue to expand our sales force in Europe; • We will expand our distribution network to cover additional key international markets; • We will establish a European customer service center in Holland; • We will commercially launch CeraFlex occluders in Canada; and • We will commercially launch vena cava filter and stent graft in Australia and Taiwan.
Expansion into Complementary Product Offerings	• We will continue clinical study on peripheral stent; • We will start clinical trial work on bronchial valve; and • We will complete animal study on absorbable occluders.
Pursue Opportunistic Acquisitions, Partnerships, Alliances and Licensing Opportunities	• We will evaluate and explore acquisitions, partnerships, alliances and licensing opportunities.

5. For the period from July 1, 2013 to December 31, 2013

Strategies	Implementation activities
Enhance Market Position of Core Cardiovascular and Peripheral Vascular Devices in Key Emerging Markets	• We will cooperate with medical societies in China, India and Russia to drive professional education; • We will cooperate with select charity organization for patient charity work; • We will establish additional sales and marketing team for our PTA and PCTA drug-eluting balloons; and • We will launch Fustar steerable introducers in South America.
Continue to Develop and Commercialize Pipeline Products	• We will commercially launch PTA/PCTA drug-eluting balloons in Brazil, Australia, Hong Kong and Southeast Asia; • We will obtain CE certification for PTA/PCTA drug-eluting balloons; • We will submit PTA/PCTA drug-eluting balloon application to SFDA; and • We will complete clinical study for LAA occluders.
Expansion into Key International Markets with Current and Pipeline Products	• We will expand our distribution network to cover key additional international markets; • We will launch Fustar steerable introducers in Australia and Canada; • We will launch occluders in Korea; and • We will launch bovine heart valve in European Union Countries.
Expansion into Complementary Product Offerings	• We will compete clinical trial study on peripheral stents; • We will continue clinical study on bronchical valve.
Pursue Opportunistic Acquisitions, Partnerships, Alliances and Licensing Opportunities	• We will evaluate and explore acquisitions, partnerships, alliances and licensing opportunities.

BASES AND KEY ASSUMPTIONS OF THE BUSINESS PLANS

In formulating our business strategies and implementation plans set out above, the Directors have made reference to their industry knowledge and experience, after evaluating the existing market conditions and growth potential for our products, and based on a number of bases and assumptions. Although the Directors are of the view that such bases and assumptions are reasonable, there is no assurance that such bases and assumptions are correct and complete. In the event that any part of the implementation plans of the Company does not materialise or proceed as planned, the Directors will carefully evaluate the situation and may revise or adjust our implementation plans as appropriate and/or reallocate the proceeds from the Share Offer to be received by the Company to other plans and/or new projects of the Company as long as the Directors consider it to be in the best interests of the Company and its Shareholders taken as a whole.

The following are the bases and assumptions in relation to the implementation plans of the Company:

General assumptions:

- There will be no material changes in the existing laws (whether in the PRC, Hong Kong or any other part of the world), policies or industry or regulatory treatment relating to the Company, or in the political, economic or market conditions in which the Company operates;

- There will be no significant economic change, such as changes in interest rate, inflation rate, tax rate and currency exchange rate, or other aspects of fiscal or monetary policies, in the PRC and other jurisdictions where the Company is operating business or sells, directly or indirectly such as through distributors or importers and exporters, that will adversely affect the business of the Company; and

- There will be no disasters, natural, policitical or otherwise, which could materially disrupt the business or operations of the Company or cause substantial loss, damage or destruction to its properties and facilities.

Specific assumptions:

- There will be no material adverse change in the existing markets or the markets which we plan to enter for our medical devices;

- The current increasing trend of spending and investment in healthcare by the governments and peoples of the jurisdictions where we operate will continue;

- There will be no material changes in the estimated funding requirement for each of the near term implementation plans described herein;

- External financing will be readily available to the Company if and when needed;

- The Group is not materially and/or adversely affected by any of the risk factors set out in the section headed "Risk factors" in this prospectus; and

- The Group will not experience any significant delay in achieving its stated business objectives in any of the specified periods.

REASONS FOR THE SHARE OFFER AND USE OF PROCEEDS

The Directors believe that the listing of the Shares on the GEM Board could enhance the Group's profile and the net proceeds from the Share Offer will strengthen the Group's financial position and enable the Group to implement its business plans set out in this section. Furthermore, a public listing status on the GEM Board will offer the Group access to capital market for future corporate finance exercises to assist in future business development and strengthen its competitivness.

Based on the Offer Price of HK$2.085 per Share, being the mid-point of the range of the Offer Price stated in this prospectus, and assuming the Over-allotment Option is not exercised, we estimate that the net proceeds of the Share Offer after deduction of underwriting fees and expenses payable by the Company in relation to the Share Offer, are estimated to be approximately HK$160.0 million. The Company currently intends to use the net proceeds from the Share Offer as follows:

- as to approximately 55%, or HK$88.0 million, to expand our manufacturing facilities, including approximately HK$48.0 million for acquiring a new plot of land in Nanshan District, Shenzhen, and approximately HK$40.0 million for construction of new manufacturing facilities on the land, and purchase of production and testing equipment. Please refer to the section headed "Business — Manufacturing" for further details. The decision of the Group to expand its production capacity is based on a number of factors, including but not limited to historical growth, new products and the Director's views of the business development and market growth. Such decision is not based on current new/confirmed orders;

- as to approximately 35%, or HK$56.0 million, to support our product offerings, including HK$46.0 million to enhance our research and development of current pipeline products, including PFO and LAA occluders and drug-eluting ballons for PTCA and PIA. In particular, we will be (i) increasing the headcount of our research and development team, by hiring 40 additional members, (ii) planning to budget for a level of spending on research and development expenses in terms of percentage over sales similar to that incurred during the Track Record Period, and (iii) conducting animal testing and clinical trials, obtaining both Chinese and international regulatory approvals and cooperation, alliances with or licensing from third parties to develop new or complementary technologies or products. The full list of our current pipeline products are set out in the section headed "Business — Products — Product Development Pipeline" in this prospectus and HK$10.0 million to expand into complementary product offerings that are not yet in our pipeline and for acquiring businesses or acquiring or licensing products and technologies that we believe could complement our existing capabilities. As of the Latest Practicable Date, our Directors

confirm that our Company has not entered into any agreement nor do we have any definite plans at present in relation to any potential acquisitions of businesses or potential acquisitions or licensing of products and technologies; and

- as to approximately 10%, or HK$16.0 million, to expand our sales, marketing and distribution activities in key emerging markets (BRIC countries) and key international markets (Europe and the United States), including expanding and enhancing our sales, marketing and distribution network by adding approximately 110 distributors to cover more hospitals in these markets, hiring approximately 35 sales and marketing staff by the end of 2013, conducting overseas clinical trials for three of our products and strengthen our international sales department, increasing training and education of physicians regarding our products by strengthening our current or establishing additional training centers and other marketing activities.

In the event that the Offer Price is fixed at HK$1.91 or HK$2.26 (being the respective low end and high end of the indicative range of the Offer Price as stated in this prospectus) and assuming the Over-allotment Option is not exercised, the net proceeds of the Share Offer to be received by our Company are approximately HK$144.3 million and HK$175.7 million, respectively, after deduction of all underwriting fees and expenses paid and payable by us. We currently intend to apply the aforesaid net proceeds in the same manner and in the same proportion as shown above.

In the event that the Over-allotment Option is exercised in full and assuming the Offer Price is HK$2.085 (the mid-point price of the indicative range of Offer Price as indicated in this prospectus), we will receive additional net proceeds of approximately HK$18.8 million, after deduction of all underwriting fees and expenses paid and payable by us. We intend to apply such additional net proceeds in the same manner and in the same proportion as shown above.

In case that the net proceeds from the Share Offer do not immediately apply for the aforesaid purposes, we currently intend that the amount be placed on short term deposits with licensed banks in Hong Kong and/or commercial banks in the PRC or other financial institutions.

The following table sets out the schedule of use of proceeds for implementation of the Group's business plans for the period from the Latest Practicable Date to the six month ended December 31, 2013:

	From the Latest Practicable Date to December 31, 2011	**From January 1, 2012 to June 30, 2012**	**From July 1, 2012 to December 31, 2012**	**From January 1, 2013 to June 30, 2013**	**From July 1, 2013 to December 31, 2013**	**Total**
	(HK$ million)	*(HK$ million)*	*(HK$ million)*	*(HK$ million)*	*(HK$ million)*	*(HK$ million)*
Enhance Market Position of Core Cardiovascular and Peripheral Vascular Devices in Key Emerging Markets	1.0	1.8	1.9	1.7	1.6	8.0
Continue to Develop and Commercialize Pipeline Products	1.2	10.2	12.2	10.4	12.0	46.0
Expansion into Key International Markets with Current and Pipeline Products	1.0	1.8	1.9	1.7	1.6	8.0
Expansion of manufacturing facilities	—	48.0	12.0	28.0	—	88.0
Expansion into Complementary Product Offerings & Pursue Opportunistic Acquisitions, Partnerships Alliances and Licensing Opportunities						10.0
Total						160.0

The Directors believe that the net proceeds from the issuance of the New Shares will be sufficient for financing the future plan as disclosed in this Prospectus. In the event that the Group cannot obtain sufficient funding for implementing the future plan, the Directors will carefully evaluate the requirements of the Group and take into consideration all other relevant factors and circumstances where upon the Company may revise the allocation of resources to the above areas as appropriate. In addition, the future plan may be scaled up or down depending on factors such as market conditions, consumer trends and financial resources available to the Group. In the event that there is any material modification to the use of proceeds from the Share Offer as stated above, the Company will issue an announcement via the website of the Hong Kong Stock Exchange.

The Selling Shareholders are offering the Sale Shares for sale pursuant to the Share Offer at the Offer Price. The gross proceeds to be received by the Selling Shareholders from the sale of the Sale Shares amount to approximately HK$67.8 million (if the Over-allotment Option is not exercised) or HK$87.3 million (if the Over-allotment Option is exercised in full). We will not receive any of the proceeds from the sale of shares by the Selling Shareholders in the Share Offer.

BOARD OF DIRECTORS

Our board of Directors is responsible and has general powers for the management and conduct of our business. Saved as disclosed below, none of our Directors has any other directorship in listed companies in the last three years. The table below shows certain information in respect of members of the board of Directors of our Company:

Name	Age	Position	Responsibilities	Date of appointment
XIE Yuehui（謝粵輝）	42	Chairman and executive Director	Overall strategic planning and management of the Group	August 17, 2006
ZHAO Yiwei Michael (趙亦偉)	45	Executive Director and Chief Executive Officer	Overseeing daily operations of the Group	October 22, 2011
ZENG Min Frank (曾敏)	48	Non-executive Director	Advising on the R&D aspects of the Group's operational activities	September 7, 2006
LI Gabriel (李基培)	43	Non-executive Director	Providing general business management advice to the Board	September 7, 2006
WU Jianhui (鄔建輝)	41	Non-executive Director	Providing financial advice to the Board	September 7, 2006
CONG Ning（叢寧）	41	Non-executive Director	Providing financial advice to the Board	September 7, 2006
LIANG Hsien-Tse Joseph (梁顯治)	57	Independent non-executive Director	Overseeing and advising on the financial aspects of the Group's business, chairman of audit committee	October 22, 2011

Name	Age	Position	Responsibilities	Date of appointment
ZHANG Xingdong (張興棟)	73	Independent non-executive Director	Providing specialist advice relating to the medical device industry to the Board	October 22, 2011
ZHOU Gengshen (周庚申)	44	Independent non-executive Director	Providing general business management advice to the Board	October 22, 2011

Executive Directors

XIE Yuehui (謝粵輝), aged 42, is our chairman and has been appointed as a Director with effect from August 2006 and as an executive Director with effect from October 22, 2011. Mr. Xie has served as the director of Lifetech Shenzhen since October 2000 and was promoted to serve as the chairman of Lifetech Shenzhen since 2005. Mr. Xie is primarily responsible for our Group's overall strategic planning and the management of our Group's business. Mr. Xie has 20 years of experience in business management in the PRC, of which over 10 years in medical device industry. From 1991 to 1993, Mr. Xie served as the project manager of Eastern Tantalum Group (東方鉭業集團). From June 1993 to January 1994, Mr. Xie served as the investment manager at a subsidiary of China Southern Securities (南方證券), and was responsible for project investment. From February 1994 to February 1996, Mr. Xie served as the deputy general manager at an investment branch of Bank of China, Jilin Province, and was responsible for managing investment projects involving futures. From February 1996 to December 1998, Mr. Xie served as the manager at the domestic trade department of Shenzhen Huihua Group (深圳市匯華集團), and was responsible for overall trade management. Since June 1998, Mr. Xie served as general manager at Shenzhen Huishibang Technology Company Limited (深圳市匯世邦科技有限公司) and was promoted to serve as the chairman in 2000. During this time, Mr. Xie was responsible for overall business management. Mr. Xie graduated from Kunming Institute of Technology (昆明工學院) in July 1991 with a bachelor's degree in materials specialising in pressurized processing of metals (金屬壓力加工專業). He also obtained a master's degree in Business Administration from Tsinghua University in July 2006.

ZHAO Yiwei Michael (趙亦偉), aged 45, is our executive Director with effect from October 22, 2011 and Chief Executive Officer principally in charge of the daily operations of the Group. Mr. Zhao joined our Group in April 2010 as the Chief Executive Officer and has over 21 years of experience in general corporate management at multinational medical and life science companies in major global markets, including the US, Europe, Australia and the PRC. From 1990 to 1991, Mr. Zhao served as the assistant store manager at K-mart Corporation in Canada. From 1992 to 1994, Mr. Zhao served as the vice-president (sales and marketing) at Golden Capital Securities Inc. in Canada, and was responsible for directing sales and marketing activities. From 1995 to 1996, Mr. Zhao served as the

national sales manager (analytical instruments) of Ciba Geigy AG and was responsible to lead product localization initiatives. From 1998 to 2007, Mr. Zhao held several senior management positions at Johnson & Johnson Medical's Cordis Corporation, one of the world's leading developer and manufacturer of minimally invasive treatments and products for vascular diseases. These positions include the global project manager of Cordis USA, European marketing manager of Cordis Belgium, group marketing manager of Cordis Australia and general manager of Cordis China. During this time, Mr. Zhao was responsible for the development and implementation of corporate strategies and establishment of a national distribution network. Mr. Zhao has earned numerous awards, including the Marketing Person of the Year (Australia) in 2000 issued by Johnson & Johnson Medical Australia, and Global and Regional Awards for Outstanding Business Performance for three consecutive years in 2002, 2003 and 2004 issued by Johnson & Johnson Medical Asia Pacific. Mr. Zhao obtained a bachelor of science degree majoring in management from Huntington College in July 1990. Mr. Zhao also obtained a master's degree in business administration from Richard Ivey School of Business of the University of Western Ontario in July 1998.

Non-executive Directors

ZENG Min Frank (曾敏), aged 48, is our non-executive Director and has been serving as a director of the Company since September 2006. Mr. Zeng joined our Group in January 2003. Mr. Zeng has 17 years of experience in the medical equipment industry. From 1994 to 1996, Mr. Zeng served as the manager of the products design department at Sulzer Medica, one of the world's leading companies in heart valve products, in which Mr. Zeng was responsible for products design. From January 1996 to July 1998, Mr. Zeng served as the project manager at C.R. Bard, Inc. (NYSE: BCR), a multinational developer, manufacturer and marketer of medical equipment and he was responsible for the research and development of blood vessels support products. From August 1998 to December 2000, Mr. Zeng was one of the inventors of the technology at Endologix (NASDAQ:ELGX). Mr. Zeng was primarily responsible for the research and development of artery support system. In December 2000, Mr. Zeng participated in the setting up of MicroPort Medical System Company, the predecessor of MicroPort Scientific Corporation (Stock Code: 853) and its subsidiary in Shanghai, PRC, namely MicroPort Medical (Shanghai) Co., Ltd. (微創醫療器械(上海)有限公司). Mr. Zeng was responsible for corporate management, products design and technology support. Mr. Zeng is currently independent of MicroPort Scientific Corporation and its connected person after leaving that company in around the beginning of 2002. Mr. Zeng graduated from Tsinghua University's College of Mechanical Engineering in July 1986. He also obtained a master's degree in mechanical engineering from University of Texas in May 1993. Mr. Zeng has been listed in Who's Who of Professionals in biological engineering in the US for the year of 2003.

LI Gabriel (李基培), aged 43, is our non-executive Director and has been serving as a director of the Company since September 2006. Mr. Li joined our Group in September 2006. Mr. Li has over 15 years of experience in finance, investment and consulting. Since 2003, Mr. Li has served as the managing director and investment committee member at Orchid Asia Group Management, Limited, a private equity firm focused on investing in PRC and other parts of Asia, where Mr. Li has been involved in the management of the firm in the past eight years. Mr. Li is currently on the board of Ctrip.com International (NASDAQ: CTRP), one of the largest travel services companies in the PRC, and has been the lead investor responsible for the first and second round financing. Mr. Li graduated

summa cum laude from the University of California, Berkeley in chemical engineering in May 1990. He earned his Master of Science degree from the Massachusetts Institute of Technology majored in chemical engineering practice in September 1991 and his M.B.A. from the Stanford University Business School in June 1995.

WU Jianhui (鄔建輝), aged 40, is our non-executive Director and has been serving as a director of the Company since September 2006. Mr. Wu has 19 years of experience in accounting and general corporate matters. Mr. Wu joined Lixin Dahua Certified Public Accountants Firm (立信大華會計師事務所) in 1992 and was promoted to serve as a partner in 1997, providing accounting and financial consulting services to Hong Kong and PRC listed companies and assisting various PRC companies to obtain finances overseas. Mr. Wu is a member of Chinese People's Political Consultative Conference, Shenzhen Municipal Committee (深圳市政協) since 2010, part-time instructor of master degree candidates at Hehai University Business School (河海大學商學院) since 2009, part-time instructor at the International Business School at Zhongshan Unviersity (中山大學國際商學院) since 2010 and visiting professor at the Jinling Institute of Technology (金陵科技大學). Mr. Wu graduated from Shanghai University of Finance and Economic with a bachelor's degree majoring in accounting in July 1992. Mr. Wu obtained an EMBA (高級管理人員工商管理碩士) from Peking University Guanghua Management School (北京大學光華管理學院) in January 2005.

CONG Ning（叢寧）, aged 41, is our non-executive Director and has been serving as a director of the Company since September 2006. Ms. Cong joined our Group in September 2006. Ms. Cong has 10 years of experience in finance and investment, especially in private equity investments in Greater China with a total investment size of over US$100 million. From 1992 to 1997, Ms. Cong served as the assistant project manager at Shandong Electricity Power Institute (Shandong Electricity Power Group) on R&D funding projects management and foreign investment related projects involving joint ventures, international bidding and on-site project management. From June 2001 to November 2005, Ms. Cong served as the assistant manager and was subsequently promoted to serve as the manager at KPMG Corporate Finance (Hong Kong) where Ms. Cong was mainly engaged in financial and commercial due diligence services for multinational corporation and private equity funds. Since November 2005, Ms. Cong has served various positions with the Orchid Asia Group Management Limited, including the vice president, investment director, managing director and an investment committee member, a private equity firm focused on investing in PRC and other parts of Asia, where Ms. Cong leads Orchid's operation in southern China and made numerous investments in a number of industries. From June 2007 to present, Ms. Cong served as a director of Shenzhen Comix Stationery Co., Ltd. (深圳市齊心文具股份有限公司), a company listed on the Shenzhen Stock Exchange (Stock Code: 002301). Ms. Cong graduated from Nanjing University (南京大學) with a bachelor's degree (with first class honor) in history in July 1992, and obtained her MBA from HEC School of Management in Paris in February 2001.

Independent non-executive Directors

LIANG Hsien Tse Joseph (梁顯治), aged 57, was appointed as an independent non-executive Director of our Company with effect from October 22, 2011. Mr. Liang has extensive experience in finance and accounting. From November 1993 to August 2001, Mr. Liang served as the finance manager at Hongkong International Terminals Limited for Yantian International Container Terminals,

both companies being container terminal companies managed by the Hutchison Port Holdings Trust. From August 2001 to October 2005, Mr. Liang served various roles at Skyworth Digital Holdings Limited listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 00751), including the group's financial controller and company secretary in charge of finance and MIS functions of the Group. From October 2005 to December 2008, Mr. Liang served as a director at Shenzhen Alclear Consulting Limited, a company engaging in financial, corporate management and investment consultancy services, and was responsible for developing accounting training in China. Since October 2009, Mr. Liang was the managing director of the financial planning and development department at United International College ("College") in Zhuhai, PRC, and was responsible for serving financial advisory and human resources management functions. Since October 2011, Mr. Liang has been serving as special consultant on campus development at the College. Mr. Liang graduated from Hong Kong Open University with a bachelor's degree in language and translation in December 2007. Mr. Liang obtained a master's degree in professional accounting from University of Texas, Austin in May 1981 and a diploma in business management from Hong Kong Baptist College in December 1977. Mr. Liang is a member of the Texas Society of Certified Public Accountants, Hong Kong Institute of Certified Public Accountants (formerly known as "Hong Kong Society of Accountants") since June 1982 and Association of Certified Chartered Accountants (ACCA) since May 1982.

ZHANG Xingdong (張興棟), aged 73, was appointed as an independent non-executive Director of our Company with effect from October 22, 2011. Mr. Zhang is a professor at Sichuan University and actively participates in international committees and organizations, including Chinese Committee of Biological Materials (中國生物材料委員會), International Union of Societies of Biomaterials Science and Engineering (國際生物材料科學與工程學會聯合會), Chinese Academy of Engineering (中國工程院) and Executive Committee of the International Engineering and Regenerative Medicine China (Asia Pacific) Association (國際組織工程與再生醫學學會大陸(亞太)理事會). Mr. Zhang has conducted in-depth research in artificial bone and coatings which is widely recognized and applied in the PRC medical equipment. Mr. Zhang's research has received numerous awards, including the National Science and Technology Progress Award. Mr. Zhang graduated from Sichuan University with a bachelor's degree in solid mechanics (固體物理) in July 1960.

ZHOU Gengshen (周庚申), aged 44, was appointed as an independent non-executive Director of our Company with effect from October 22, 2011. Mr. Zhou has over 22 years of experience in information technology engineering. Since August 1989 till present, Mr. Zhou has held several positions at China Great Wall Computer Group (Shenzhen) Co., Ltd. (中國長城計算機集團(深圳)公司), including technician, assistant engineer, and R&D manager of its printers business department. Since 1997, Mr. Zhou has held several positions at China Great Wall Computers Shenzhen Co., Ltd. (中國長城計算機深圳股份有限公司) ("Great Wall Computers"), a company listed in the PRC (Stock Code: 000066). Mr. Zhou is currently the director and chief executive officer of Great Wall Computers and is responsible for business management. Mr. Zhou has received numerous awards, including Brand China Person of the Year (品牌中國年度人物) in 2007, and Most Economically Influential Person of the Year in the Information Technology Industry of China (中國信息產業年度經濟人物) in 2008 and 2010. Mr. Zhou graduated from Tsinghua University's department of precision instruments with a bachelor's degree in July 1989. Mr. Zhou obtained a EMBA degree from Tsinghua University's school of economics and management in July 2009.

Save as disclosed above, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there were no other matters with respect to the appointment of our Directors that needs to be brought to the attention of the Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rules 17.50(2)(h) to (v) of the Listing Rules as at the Latest Practicable Date.

SENIOR MANAGEMENT

The table below sets forth information regarding our senior management (including directors who also hold executive positions):

Name	Age	Position
ZHAO Yiwei Michael (趙亦偉)	45	Chief Executive Officer
ZHANG Deyuan (張德元)	47	Chief Technology Officer
ZI Zhenjun (訾振軍)	41	Business Development & Strategic Planning Director
LIU Jianxiong (劉劍雄)	40	Chief Financial Officer
ZHAN Guowei (湛國威)	35	Domestic Sales Director
CIBUZAR Mark	54	Overseas Sales Director
MANIKKOTH Sajeevan	40	India Sales Director
LU Shiwen (呂世文)	42	General Manager
GONG Zheng (龔政)	38	Manager
LI Huiping (李惠平)	55	Manager

None of our senior management members has any directorship in listed companies in the last three years.

ZHAO Yiwei Michael (趙亦偉) is our Chief Executive Officer. Details of his biography are set out above in this section of the prospectus.

ZHANG Deyuan (張德元) is our Chief Technology Officer principally in charge of research and development of our Group. Mr. Zhang joined our Group in October 2006 as a research and development director and has over 22 years of experience in research and development in materials. From 1981 to 1983, Mr. Zhang served as a technician at the Huinan Coal Mine Machinery Plant of the Formerly Ministry of Coal (原煤炭部淮南煤礦機械廠), and was responsible for the technical operation in relation to metal materials. From 1990 to 2002, Mr. Zhang served as the deputy director of Institute of Applied Physics and chairman of laser R&D center at Jiangxi Academy of Sciences (江西科學院), and was responsible for the R&D of new materials and surface processing technology. During this time, Mr. Zhang completed six technology projects (provincial level) and received three technology advancement and technology innovation awards granted by the provincial government. From 2002 to 2006, he served as the director at the R&D department of the National R&D Centre for Surface Engineering of PRC (國家863計劃材料表面技術研究開發中心), and was responsible for the R&D of the material surface ion implantation, PVD, PCVD and micro-arc oxidation technology. In 2006, he served as the manager of surface coating department of Lung Kee Group in Hong Kong

(香港龍記集團), and was responsible for the development of mold surface special coating process. Mr. Zhang graduated from Anhui University of Technology (安徽工學院) with a major in casting technology and equipment in August 1987. He obtained master's degree in Southeast University (東南大學) majored in material science and engineering in May 1990. Mr. Zhang then obtained a doctorate's degree in University of Science and Technology, Beijing's (北京科技大學) department of physical chemistry in June 2001. Mr. Zhang obtained a special subsidy from the State Department of PRC in 2000 for his excellence in scientific research, and received a professorship at the Chinese Academy of Sciences in 2003.

ZI Zhenjun (訾振軍) is our Business Development & Strategic Planning Director principally in charge of our new business development. Mr. Zi joined our Group in January 2003 as the Technical Project Manager and has more than 12 years of experience in the field of medical technology. Mr. Zi was one of the research and development managers of MicroPort Medical (Shanghai) Co., Ltd. (微創醫療器械(上海)有限公司) (an affiliated company of MicroPort Scientific Corporation (Stock Code: 00853)) and served as the manager of research department at this company until 2002. During this time, Mr. Zi was responsible for R&D, general corporate management, development of sales strategies and training of technical and sales personnel. Mr. Zi has extensive experience in medical equipment technology and is the owner of various patents in the medical science industry. Mr. Zi graduated from the applied chemistry specialty of Hefei University of Technology and obtained a master's degree in June 1998. As a primary inventor, Mr. Zi is the owner of 26 patents on non-invasive medical device.

LIU Jianxiong (劉劍雄), aged 40, is the Chief Financial Officer of our Group. Mr. Liu joined us in September 2010. Mr. Liu has about 18 years experience in the accounting fields, he started his career as an auditor at Kwan Wong Tan & Fong (currently Deloitte Touche Tohmatsu) in 1993, and was primarily responsible for carrying out audits and consultancy work. Mr. Liu then continued to work with a number of multinational companies. From 1997 to 2001, he was the accounting services manager of Yantian International Container Terminal Company Limited (鹽田國際集裝箱碼頭有限公司). From 2001 to 2003, Mr. Liu was the financial controller of Shenzhen Schlumberger Electronic System Solution Co., Ltd (深圳斯倫貝謝電子系統有限公司). From March 2007 to July 2007, Mr. Liu was the China financial controller of the China Light & Power Group renewable energy division. From December 2007 to February 2010, Mr. Liu was the Great China corporate controller of AnyDATA Group, and was responsible for financial management, accounts audit, tax planning, raising capital and preparation of financial accounts in accordance with accounting standards in PRC, U.S. and Hong Kong. He is a member of the Association of Chartered Certified Accountants since 1997 and a registered tax agent since 1999. Mr. Liu graduated from Zhongshan University's Physics department majoring in modern physics technology in July 1990. He obtained a master's degree in business administration from University of Glamorgan in the United Kingdom in December 2004.

ZHAN Guowei (湛國威) is our Domestic Sales Director principally responsible for domestic sales in the PRC. Mr. Zhan joined our Group in August 2010 as a sales director, and has more than 11 years of experience in the sales of medical devices. From July 1999 to June 2009, Mr. Zhan served as a territory assistant and was promoted to national sales manager at Johnson & Johnson (Shanghai) Medical Company Limited (強生(上海)醫療器材有限公司), and was responsible for overall domestic sales management. During his employment with Johnson & Johnson (Shanghai) Medical Company Limited, from January 2007, Mr. Zhan also served as the national sales manager at Johnson & Johnson

Biosense Webster Electrophysiology Products Division (強生Biosense Webster電生理產品組) overseeing its domestic sales management. From October 2009 to July 2010, Mr. Zhan served as the national sales manager at the AF electrophysiology department of St. Jude (Shanghai) Medical Co., Ltd. (聖猶達(上海)醫療用品有限公司). Mr. Zhan graduated from Zhongshan University's (中山大學) international trade and finance department with a bachelor's degree in international finance in June 1999.

Mark CIBUZAR is our Overseas Sales Director principally in charge of international sales. Mr. Cibuzar joined our Group in November 2009 as a sales director and has more than 25 years of experience in the sales and marketing of medical equipment. From May 2008 to October 2009, Mr. Cibuzar served as the Vice-President (International Sales and Marketing) at Occlutech International GmbH, and was responsible for developing and executing sales and marketing plans. From May 2007 to April 2008, Mr. Cibuzar served as an independent medical device consultant and was responsible for client consultation in the areas of congenital and structural heart diseases. From December 2001 to April 2007, Mr. Cibuzar served as the Director at the international sales and marketing department of AGA Medical Corporation, and was responsible for international sales and marketing. From August 1997 to November 2001, Mr. Cibuzar served as the senior marketing manager of Microvena Corporation's global cardiology business, and was responsible for marketing, training and providing programming support. From March 1995 to August 1997, Mr. Cibuzar served as the senior marketing manager at Arizant Medical, Inc.'s wound care division, and was responsible for developing and commercializing new therapeutic device in the US. From February 1993 to February 1995, Mr. Cibuzar served as the market development manager at the heart valve division of St. Jude Medical, Inc., and was responsible for diversifying the heart valve division's product portfolio via technology licensing and distribution agreements. From June 1990 to February 1993, Mr. Cibuzar served as the product marketing manager at the cardiology division of Schneider USA Inc. and was responsible for marketing. From September 1987 to June 1990, Mr. Cibuzar served as the sales representative and trainer at the Deseret IV division of Becton-Dickinson, Inc., and was responsible for products sales and training to sales representatives. From 1985 to September 1987, Mr. Cibuzar served as the sales representative and trainer of General Medical Corporation and was responsible for international sales and marketing. Mr. Cibuzar graduated from University of Minnesota with a bachelor's degree majoring in political science in March 1980, and obtained a master's degree in business administration at Indiana W. University in January 1990.

Sajeevan MANIKKOTH is our India Sales Director principally in charge of sales and marketing in India. Mr. Manikkoth joined our Group since April 2006 and has more than 11 years of experience in sales and marketing. From December 2000 to March 2006, Mr. Manikkoth served as business head of Edwards Lifesciences India Pvt. Ltd.. From February 1999 to November 2000, Mr. Manikkoth served as country sales manager in Core Healthcare Limited, a company in India which produces and markets pharmaceutical and healthcare products. From August 1996 to January 1999, Mr. Manikkoth served as sales manager in Wockhardt Ltd, a pharmaceutical and biological company in India. Mr. Manikkoth graduated from University of Calicut in March 1992 with a bachelor's degree in science. Mr. Manikkoth obtained a post graduate diploma in sales and marketing from National Institute of Sales in March 1996 and a diploma in export management from Indian Institute of Export Management in September 1998.

LU Shiwen (呂世文) is the General Manager of Beijing PerMed principally responsible for its overall business operation and management and has more than 10 years of experience in medical engineering. Mr. Lu joined our Group in January 2003 as an assistant of the general manager and was promoted to serve as the deputy general manager in 2007. Since 2009, Mr. Lu serves as the general manager of Beijing PerMed. In November 2001, Mr. Lu was one of the founders of Vico (Suzhou) Medical Equipment Co., Ltd. (維科(蘇州)醫療器械有限公司). From July 2000 to October 2001, Mr. Lu served as the quality assurement director and production management director of Medical (Shanghai) MicroPort Co., Ltd. in the PRC (微創醫療器械(上海)有限公司), a subsidiary of MicroPort Scientific Corporation (Stock Code 00853). During this time, Mr. Lu was responsible for supervising quality control and production. Mr. Lu graduated from Harbin Shipbuilding Engineering University's department of mechanical engineering with a bachelor's degree in engineering in July 1993.

GONG Zheng (龔政) joined our Group in June 2008 as a technical engineer. He is currently the Manager of our Group's intellectual property department principally responsible for planning and maintaining our Group's intellectual property in the global market. From April 2006 to 2008, Mr. Gong served as the patent engineer at the intellectual property department of Actions Semiconductor Co., Ltd. (炬力積體電路設計有限公司). Mr. Gong graduated from Lanzhou University with a bachelor's degree in theoretical physics in June 1995. Mr. Gong obtained a master's degree in condensed matter physics from the Institute of Physics of the China Academy of Sciences (中國科學院物理研究所) in July 1998. Mr. Gong obtained a master of Science degree from Duke University in December 2001.

LI Huiping (李惠平) is our manager in registration and quality control principally responsible for quality control. Ms. Li joined our Group in July 1999 as a quality manager and has more than 12 years of experience in machinery quality control.

Company Secretary

LIU Jianxiong (劉劍雄), 40, was appointed as our Company Secretary on September 21, 2011, 2011. Details of his biography are set out above in this section of the prospectus.

Compliance Officer

ZHAO Yiwei Michael (趙亦偉), 45, was appointed as our Compliance Officer on October 22, 2011. Details of his biography are set out above in this section of the prospectus.

BOARD COMMITTEES

Audit Committee

We established an audit committee on October 22, 2011 with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and paragraph C.3 of the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules. The audit committee consists of three independent non-executive Directors namely Mr. Liang Hsie-Tse Joseph, a Director with the appropriate professional qualifications who serves as the chairman of the audit committee,

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

Remuneration Committee

We established a remuneration committee on October 22, 2011 with written terms of reference in compliance with paragraph B1.1 of the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules. The remuneration committee consists of three members, the majority of whom are independent non-executive Directors, namely Mr. Li Gabriel, who serves as the chairman of the remuneration committee, Mr. Liang Hsien Tse Joseph and Mr. Zhou Gengshen. The primary duties of the remuneration committee include (but without limitation): (i) making recommendations to the Directors on our policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; (ii) determining the terms of the specific remuneration package of our Directors and senior management; (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Directors from time to time; and (iv) considering and approving the grant of share options to eligible participants pursuant to the Share Option Scheme.

Nomination Committee

We have also established a nomination committee on October 22, 2011 with written terms of reference in compliance with paragraph A4.4 of the Code on Corporate Governance Practices as set out in Appendix 15 of the GEM Listing Rules. The nomination committee consists of three members, the majority of whom are independent non-executive Directors, namely Ms. Cong Ning, who serves as the chairman of the nomination committee, Mr. Liang Hsien Tse Joseph and Mr. Zhang Xingdong. The primary function of the nomination committee is to make recommendations our Board to fill vacancies on the same.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

All Directors receive reimbursements from our Company for expenses which are necessarily and reasonably incurred for providing services to our Company or executing matters in relation to the operations of our Company. The executive Directors elected by the Board, who are also employees of our Company, are entitled to receive, in their capacity as employees of our Company, compensation in the form of salaries, other allowances and benefits in kind, including our Company's contribution to the pension scheme for its executive Directors.

The aggregate amounts of remuneration (including fees, salaries, contributions to pension schemes, housing allowances and other allowances and benefits in kind and discretionary bonuses) paid to our Directors were approximately RMB168,000 in 2009 and RMB235,000 in 2010.

The aggregate amounts of remuneration (including fees, salaries, contributions to pension schemes, housing allowances and other allowances and benefits in kind and discretionary bonuses) paid by our Group to our five highest paid individuals were approximately RMB1,576,000 in 2009 and RMB4,447,000 in 2010.

No remuneration was paid by our Group to the Directors or the five highest paid individuals as an inducement to join or upon joining our Group or as a compensation for loss of office during the Track Record Period. Further, none of our Directors had waived any remuneration during the same period.

Under our arrangements currently in force, the aggregate remuneration (including fees, salaries, contributions to pension schemes, bonus payables, housing allowances and other allowances and benefits in kind) of our Directors in 2011 is estimated to be approximately RMB2,700,000.

COMPLIANCE ADVISER

We will appoint Piper Jaffray Asia as our compliance adviser pursuant to Rule 6A.19 of the GEM Listing Rules. Pursuant to Rule 6A.23 of the GEM Listing Rules, the compliance adviser will advise us on the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- where we propose to use the proceeds of the Share Offer in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and
- where the Hong Kong Stock Exchange makes an inquiry of us regarding unusual movements in the price or grading volume of our Shares.

The terms of the appointment shall commence on the Listing Date and end on the date which we distribute our annual report of our financial results for the second full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

OUR CONTROLLING AND SUBSTANTIAL SHAREHOLDERS

Xianjian Technology, Mr. Xie Yuehui, GE Asia Pacific and Mr. Wu Jianhui have been acting in concert with respect to the Company during the Track Record Period. For details, please refer to the section headed "Relationship with our Controlling Shareholders — Our Controlling Shareholders" in this prospectus.

In addition, so far as our Directors are aware, immediately following the completion of the Share Offer and the Capitalisation Issue (but without taking account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option or any shares which may be issued pursuant to the exericse of any options which may be granted under the Share Option Scheme), the following persons will be, directly and/or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company and are therefore regarded as substantial Shareholders of our Company under the SFO:

Name	Nature of interest	Number of Shares	Approximate percentage of shareholding[5]
Orchid Asia[1]	Beneficial owner	111,883,884[L]	22.38%
OAIII Holdings, L.P.[1]	Interest in a controlled corporation	111,883,884[L]	22.38%
Orchid Asia Group Management Limited[1]	Interest in a controlled corporation	111,883,884[L]	22.38%
Orchid Asia Group Limited[1]	Interest in a controlled corporation	111,883,884[L]	22.38%
YM Investment Limited[2]	Interest in a controlled corporation	115,345,989[L]	23.07%
ManageCorp Limited[2]	Trustee	115,345,989[L]	23.07%
Ms. Lam Lai Ming[2]	Founder of The Li 2007 Family Trust	115,345,989[L]	23.07%
Mr. Gabriel Li[2]	Founder of The Li 2007 Family Trust	115,345,989[L]	23.07%
Xianjian Technology[3][6]	Beneficial owner	101,540,962[L]	20.31%
Mr. Xie Yuehui[3][6]	Interest of a controlled corporation	101,540,962[L]	20.31%
GE Asia Pacific [4][6]	Beneficial owner	87,883,332[L]	17.58%
Mr. Wu Jianhui[4][6]	Interest of a controlled corporation	87,883,332[L]	17.58%

Notes:

(1) Orchid Asia III, L.P. is controlled by OAIII Holdings, L.P., which is in turn controlled by Orchid Asia Group Management Limited, which is in turn controlled by Orchid Asia Group Limited.

(2) Among these 136,054,591 Shares, 4,083,673 Shares are registered in the name of Orchid Asia Co-Investment Limited, which is controlled by YM Investment Limited. The remaining 131,970,918 Shares are registered in the name of Orchid Asia III, L.P., which is indirectly controlled by Orchid Asia Group Limited, which is in turn controlled by YM Investment Limited. The entire issued share capital of YM Investment Limited is ultimately held by The Li 2007 Family Trust, which is a BVI discretionary trust established by Ms. Lam Lai Ming, spouse of Mr. Li Gabriel as settlor and ManageCorp Limited as trustee on January 22, 2008. The beneficiaries of The Li 2007 Family Trust include family members of Ms. Lam Lai Ming and Mr. Li Gabriel.

(3) Mr. Xie owns the entire issued share capital of Xianjian Technology and is deemed under the SFO to be interested in the 93,442,603 Shares held by Xianjian Technology.

(4) Mr. Wu owns the entire issued share capital of GE Asia Pacific and is deemed under the SFO to be interested in the 80,874,232 Shares held by GE Asia Pacific.

(5) As required by the SFO, the relevant percentages are calculated by reference only to the Shares in issue immediately following the completion of the Share Offer and the Capitalisation Issue and on the assumption that no Shares are allotted and issued pursuant to the exercise of the Over-allotment Option and options which have been granted under the Share Option Scheme. Consequently, this is based on 500,000,000 Shares, being the number of Shares in issue on the Listing Date assuming that the Offer Shares have been allotted and issued (but the Over-allotment Option has not been exercised).

(6) Being the Controlling Shareholders and have been acting in concert with respect to the Company during the Track Record Period.

** The letter "L" denotes the person's long position in such Shares.*

Except as disclosed in this prospectus, the Directors are not aware of any person who will, immediately following the completion of the Share Offer and the Capitalisation Issue, have a discloseable interest in 10% or more of our Shares for the purposes of Part XV of the SFO.

AUTHORIZED AND ISSUED SHARE CAPITAL

The following is a description of the authorized and issued share capital of the Company as of the date of this prospectus and immediately after completion of the Share Offer. The tables below assume that the Share Offer becomes unconditional.

Authorized share capital:		**US$**
5,000,000,000	Ordinary shares with a par value of US$0.00001 each	50,000

Assuming the Over-allotment Option is not exercised, the total number of Shares immediately following the Share Offer will be as follows:

Issued and to be issued, fully paid, or credited as fully paid upon completion of the Share Offer:		**US$**
77,368,421.02	Shares in issue immediately before the Capitalisation Issue	773.68
330,131,578.98	Shares to be issued under the Capitalisation Issue	3,301.32
92,500,000.00	Shares to be issued under the Share Offer	925.00
500,000,000.00	Total	5,000.00

Assuming the Over-allotment Option is exercised in full, the total number of Shares immediately following the Share Offer will be as follows:

Issued and to be issued, fully paid or credited as fully paid upon completion of the Share Offer:		**US$**
77,368,421.02	Shares in issue immediately before the Capitalisation Issue	773.68
330,131,578.98	Shares to be issued under the Capitalisation Issue	3,301.32
101,875,000.00	Shares to be issued under the Share Offer and the Over-allotment Option	1,018.75
509,375,000.00	Total	5,093.75

Note: The Shares referred to in the above tables have been or will be fully paid or credited as fully paid when issued.

RANKING

The Offer Shares, including the Shares to be issued on exercise of the Over-allotment Option, will be Shares in the share capital of our Company and will rank equally with all Shares currently in issue or to be issued as mentioned in this prospectus and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus.

GENERAL MANDATE TO ISSUE SHARES

Conditional on the Share Offer becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares (otherwise than pursuant to, or in consequence of, the Share Offer, a rights issue or the exercise of any options under the Share Option Scheme or any scrip dividend scheme or similar arrangements, or any adjustment of rights to subscribe for Shares under options and warrants or a special authority granted by our Shareholders) with an aggregate nominal value of not more than the sum of:

- 20% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Share Offer before any exercise of the Over-allotment Option; and

- the aggregate nominal value of the share capital of our Company repurchased by our Company (if any) under the general mandate to repurchase Shares referred to below.

This general mandate to issue Shares will remain in effect until:

- the conclusion of our Company's next annual general meeting;

- the expiration of the period within which our Company's next annual general meeting is required to be held by any applicable law or our Articles of Association to be held; or

- it is varied or revoked by an ordinary resolution of our Shareholders in general meeting, whichever is the earliest.

GENERAL MANDATE TO REPURCHASE SHARES

Conditional on the Share Offer becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all our powers to repurchase Shares (Shares which may be listed on the Hong Kong Stock Exchange or on any other stock exchange and Shares which are recognized by the Securities and Futures Commission and the Hong Kong Stock Exchange for this purpose) with a total nominal value of not more than 10% of the aggregate nominal value of our Company's share capital in issue immediately following completion of the Placing.

This mandate only relates to repurchases made on the Hong Kong Stock Exchange, or on any other stock exchange on which the Shares are listed (and which is recognized by the Securities and Futures Commission and the Hong Kong Stock Exchange for this purpose), and made in accordance with all applicable laws and the requirements of the GEM Listing Rules. A summary of the relevant GEM Listing Rules is set out in the section headed "Written Resolutions of our shareholders" in Appendix V to this prospectus.

The general mandate to repurchase Shares will remain in effect until the earliest of:

- the conclusion of our Company's next annual general meeting;

- the expiration of the period within which our Company's next annual general meeting is required by any applicable law or our Articles of Association to be held; or

- it is varied or revoked by an ordinary resolution of our Company's Shareholders in general meeting.

SHARE OPTION SCHEME

We have conditionally adopted the Share Option Scheme. The principal terms of the Share Option Scheme are summarized under the section headed "Share Option Scheme" as set out in Appendix V to this prospectus.

The following discussion and analysis of our financial condition and results of operations are based on and should be read in conjunction with our financial information for each of the two years ended and as at December 31, 2009 and 2010 and for the four months ended and as at April 30, 2010 and 2011, including the notes thereto, as set out in Appendix I — "Accountants' Report" and other financial information appearing elsewhere in this prospectus. Our financial information has been prepared in accordance with IFRS, which may differ in material respects from generally accepted accounting principles in other jurisdictions, including in the United States. Our financial information for the four months ended April 30, 2010 is unaudited but has been reviewed by Deloitte Touche Tohmatsu, the auditor and reporting accountants and prepared on the same basis as our audited financial information.

The following discussion and analysis contains certain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. Our actual results and the timing of selected events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set out in the section headed "Risk Factors" in this prospectus.

OVERVIEW

We are a developer, manufacturer and marketer of advanced minimally invasive interventional medical devices for cardiovascular and peripheral vascular diseases and disorders. We are the second largest provider worldwide of congenital heart defect occluders with approximately 19% market share in our Selected Market during 2010 in terms of procedures conducted, according to a report of BioMedGPS commissioned by us. We believe we offer one of the broadest product ranges of congenital heart defect occluders through our three generations of occluder series, namely HeartR, Cera and CeraFlex. We also offer six other types of minimally invasive implants and devices, including our proprietary Aegisy vena cava filters, Ankura stent grafts, Green Arrow/Blue Arrow/Red Arrow balloon catheters, Cera and CeraFlex vascular plugs, Supporter coronary stents and the PerMed bovine heart valve. In addition, we manufacture and sell nine types of associated delivery and supporting devices, including our FuStar steerable introducer. We currently have distributors in 26 countries across Asia, Europe, South America, North America and Africa reaching over 1,450 hospitals. We strategically focus on densely populated and fast growing emerging markets, including China, India, Russia and Brazil and also intend to increase penetration in larger and more mature markets such as those in Europe and the United States. We believe we are well positioned to continue to grow our sales internationally in existing and new global markets by increasing sales of our core proprietary branded products and continuing to develop and commercialize our key pipeline products.

As is typical for medical device producers in our geographic markets, we market our products through our network of distributors consisting of 157 distributors worldwide, including 109 in China, 18 in India, 14 in Europe (including Russia) and 16 elsewhere.

In 2010 we sold 12,662 occluders, 4,568 vena cava filters, 614 stent grafts and 28,491 units of our other products and supporting devices. Sales of our congenital heart disease products (including

occluders), peripheral products (including vena cava filters and stent grafts) and surgical products accounted for 74.2%, 22.5% and 3.3%, respectively, of our revenue in 2009, 72.1%, 26.9% and 1.0%, respectively, of our revenue in 2010, and 66.40%, 33.57% and 0.03%, respectively, of our revenue in the four months ended April 30, 2011. Our sales to China, India, Europe (including Russia) and elsewhere represented 67.2%, 12.8%, 12.5% and 7.5%, respectively, of our revenue in 2009, 65.8%, 14.2%, 11.6% and 8.4%, respectively, of our revenue in 2010, and 68.4%, 13.1%, 6.9% and 11.6%, respectively, of our revenue in the four months ended April 30, 2011.

In 2010 we had revenue of RMB104.7 million, a 31.3% increase from our revenue of RMB79.7 million in 2009. Our revenue in the four months ended April 30, 2011 was RMB44.6 million, representing a 40.9% increase from our revenue of RMB31.6 million in the four months ended April 30, 2010.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

The major factors affecting our financial condition and results of operations include:

Our Ability to Develop and Successfully Market New Products

The medical device market is highly competitive and characterized by evolving technologies. Our ability to develop and successfully market new products is one of the most important factors affecting our results of operations and financial condition. Our success depends on our ability to anticipate industry trends and identify, develop and market in a timely and cost-effective manner new products that meet our customers' demands. Although our products typically have a long commercial lifespan, new products are expected to continue to significantly influence our revenue and gross margins. Since 2009, we have developed and brought to market 15 new products. New products introduced since 2009 collectively accounted for 4.7%, 9.0% and 11.2% of our revenue in 2009, 2010 and the four months ended April 30, 2011, respectively.

We will continue to invest significantly in the development and commercialization of new products. Our research and development strategy for the next few years is to focus on nitinol based technologies and absorbable material based technologies with respect to cardiovascular and peripheral vascular products. We currently have 10 new products in research and development, all of which are expected to launch by 2015. The successful commercialization of any new products is subject to uncertainties and depends on factors such as favorable results of our research and development efforts, including pre-launch and post-launch clinical trials, required lead time, our ability to obtain relevant regulatory approval or clearance for commercial launch and the receptiveness of our products by our customers.

New products may also have an impact on our profit margin. We may experience profit margin erosion from our existing products generally as their sales in a given market mature and the introduction of new products with generally higher margins may partially offset the negative effects of such erosion. However, certain of our new products may have lower margins than our existing products.

Pricing of Our Products

The prices of our products directly affect our financial performance and are influenced by competition from our domestic Chinese and international competitors. As of the Latest Practicable Date, our products are not subject to any regulatory price caps. In addition, in China, the government maintains a high level of involvement in determining of retail prices of medical devices, and public hospitals and healthcare institutions are required to purchase high value medical supplies, including our products, at prices established through a periodic tender process. The method for conducting the tender process in China has changed frequently in the last several years. In a June 2007 notice MOH published a notice requiring the purchase of medical devices to be centralized at the national, provincial or city level and announcing the centralization of the power to procure high-value medical devices, including heart pacemakers and heart intervention material, at MOH. MOH then conducted a nationwide tender for high-value medical devices in the second half of 2008, announced a catalogue of selected medical devices, including our vena cava filter and stent graft products, and set retail prices for these medical devices for all hospitals and healthcare institutions in China. MOH indicated that these prices were to stay in place until the next tender, to be held in 2009. However, no tender was held in 2009. Instead, MOH's next national tender, held in April 2010, was only for new products that had received SFDA approval following the previous tender in 2008. MOH then announced in its January 2010 notice that the tender process would be decentralized, allowing individual provinces and municipalities to hold their own tenders after September 30, 2010. Moreover, in November 2009, NDRC, MOH and MOHRSS jointly issued a Notice of Opinion on Reform of Pricing System of Pharmaceuticals and Medical Services (改革藥品和醫療服務價格形成機制意見), pursuant to which NDRC will strengthen its intervention in the pricing of medical devices (including high value medical devices), limit the profit margins of the participants in the supply chain for medical devices and periodically announce market price information of medical devices. Accordingly, NDRC may determine that our or our distributors' profit margins for some or all of our products are too high and therefore lower the allowable retail prices of our products.

In recent years, the tender process in China has occurred at irregular intervals. We believe the recent trend of decentralization of tendering process in China will allow us to adopt differing pricing strategies in different provinces and municipalities after overall consideration of our brand name and strength, competition landscape, distribution network and other factors. We believe the decentralized tendering process enables us to obtain a generally higher price in tender offers than in centralized tendering process, due to our relatively stronger bargaining power when dealing with local hospitals or the units offering the bids individually instead of dealing directly with MOH. We believe the decentralized tendering process also offers us greater flexibility in organizing our sales and marketing activities to target higher price opportunities and gain market share. During the Track Record Period (including after the September 30, 2010 decentralization), at each tender the retail prices of our products have varied among different cities and regions, but generally remained relatively stable with occasional decreases in a particular city or region that did not result in any material adverse effect on the Group's business and financial performance. Retail prices may be further reduced in any future tender process. Although substantially all of our sales are being carried out through distributors, the decrease in retail prices will require us to adjust our supply price to our distributors. During the Track Record Period, our supply price to our distributors remained stable. We negotiate with our distributors to share the effect of retail price reductions when they occur, typically targeting to reduce the price paid by the distributor by approximately half of the amount of the decline in the retail price.

Our Ability to Expand and Manage Our Sales Network and Marketing Activities

We primarily sell our products to our customers through our global network of distributors internationally and in China and revenue generated from our distributors comprises a substantial portion of our revenue. Revenue generated from our distribution sales accounted for 90.6%, 96.4% and 97.4% of our total revenue in 2009, 2010 and the four months ended April 30, 2011, respectively. Our network of distributors grew from 88 in 2009 to 157 as of the Latest Practicable Date, including 109 distributors in China, 18 in India, 14 in Europe (including Russia) and 16 elsewhere. We intend to continue to add new distributors, optimize our existing distributors by retaining those with superior coverage and sales performance, increase our sales by further penetrating current key markets such as China, India, Russia and Brazil, and entering and expanding in other key international markets such as the United States, Europe, Australia and Canada. Our ability to expand and manage our distribution network will have a great impact on our future financial performance.

Hospital purchasing departments make product procurement decisions and physicians and surgeons typically recommend to patients what products to use. Currently, we devote much of our marketing efforts to regular visits to and training programs for physicians and surgeons as well as other activities targeting medical professionals. We also gain useful information, ideas, feedback and support from these physicians and surgeons for our research and development of new products. Therefore, maintaining good relationships with hospitals, physicians and surgeons is important to maintain sales of our existing products and to successfully introduce new products.

Competition

The medical device industry is characterized by rapid product development, technological advances, intense competition and a strong emphasis on proprietary product offerings. Across our entire product lines, we face direct competition both in China and internationally. In the international markets, our competitors include multinational companies such as AGA/St. Jude's Medical, W.L. Gore & Associates and Occlutech GmbH with respect to our occluder series and Johnson & Johnson, Medtronic, Cook Medical, W.L. Gore & Associates and B. Braun Medical with respect to our other cardiovascular and peripheral vascular product offerings. We also face competition from Chinese companies and other small local companies in the international markets in which we currently sell or wish to sell our products. In some of our markets, larger competitors have established sizable local businesses, acquired local competitors or distributors or established local partnerships, which allow them to be highly competitive in their pricing and distribution infrastructure. In the China market, we primarily compete with Shanghai Memory Alloy Co., Ltd., a wholly owned subsidiary of Lepu Medical Technology and Starway Medical, with respect to our occluder series, and MicroPort Medical in addition to the international players listed above for our other cardiovascular and peripheral vascular product offerings. We compete primarily based on factors such as research and development capabilities, brand recognition, reputation, product functionality and design, time to market and sales and distribution network coverage. We believe that our ability to continue to compete on these factors, and in particular to offer high-quality products at competitive prices, remains a critical element to our current and future success.

Growth of the medical device market in China and globally, in particular for cardiovascular and peripheral vascular products

Our financial results have been, and we expect them to continue to be, dependent to a significant extent on the overall growth in the medical device market in China and globally for cardiovascular and peripheral vascular devices. According to BioMedGPS, the global market for all interventional cardiovascular product is projected to exceed sales of US$13 billion in 2015 and the cardiology and peripheral interventional segments (including CHD occluders, vena cava filters, AAA stent graft, PFO and LAA occluders) are projected to comprise 21% of this total, or approximately US$2.7 billion in sales in 2015. Factors driving growth for the industry include increasing consumer wealth, a growing and aging population, changes in people's lifestyle, healthcare reform policies, the growing number of catheter laboratories and physicians who have been trained to perform interventional cardiology procedures, increasing government focus on improving the quality of healthcare, improvement of the hospital system and private healthcare insurance. We expect that these factors will continue to generate demand for medical devices in China and globally for the foreseeable future.

Seasonality

Our quarterly revenue and operating results have fluctuated in the past and may continue to fluctuate depending upon numerous factors related to seasonality both in the Chinese market and the international market. We typically have decreased sales of our products in the first quarter due to Chinese New Year holiday. Our congenital heart disease products such as occluders typically have higher sales in the second quarter and third quarter in China. This is because many of the adolescents, as one of major patient groups of our congenital heart disease products, are diagnosed of congenital and structural heart disorders during physical check-ups for registration with elementary or senior high school and they usually choose to have operations during summer months which results in higher sales beginning in the second quarter. On the other hand, sales of our peripheral products typically increase in the fourth quarter of the year as colder weather has a higher correlation with peripheral vascular diseases and such diseases are typically treated immediately when diagnosed. International sales has fluctuated more historically, but usually record higher sales in the fourth quarter of the year, during which the Group usually receives more orders from its international distributors.

CRITICAL ACCOUNTING POLICIES

The preparation of our consolidated financial statements and related notes requires us to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, net sales and expenses, and related disclosure of contingent assets and liabilities. We have based our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Our management has discussed the development, selection and disclosure of these estimates with our Directors. Actual results may differ from these estimates under different assumptions or conditions.

An accounting policy is considered to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, and if different estimates that reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur periodically, could materially impact the consolidated financial statements. We believe that the following critical accounting policies are the most sensitive and are those that require the more significant estimates and assumptions used in the preparation of our consolidated financial statements. We also have other policies that we consider to be significant accounting policies, which are set forth in "Accountants' Report — Note 3" in Appendix I to this prospectus.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of sales related taxes.

Revenue from the sale of goods is recognized when goods are delivered and title has passed and when all the following conditions are satisfied: (i) we have transferred to the buyer the significant risks and rewards of ownership of the goods; (ii) we retain neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; (iii) the amount of revenue can be measured reliably; (iv) it is probable that the economic benefits associated with the transaction will flow to us; and (v) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

We recognise revenue when our customers take ownership and assume risk of loss of the goods. For sales of medical devices through appointed sales distributors, the transfer of ownership occurs at the time when the medical device is shipped to or picked up by the distributors in our premises without any recourse.

Intangible assets

Intangible assets acquired in a business combination are recognized separately from goodwill and are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for an internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, an internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets which are acquired separately.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is calculated using the weighted average method.

Impairment of Non-financial Assets

At the end of each reporting period, we review the carrying amounts of our tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indicator exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised as income immediately.

Impairment of Financial Assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected. Objective evidence of impairment could include: (i) significant financial difficulty of the issuer or counterparty; or (ii) breach of contract, such as default or delinquency in interest and principal payments; or (iii) it becoming probable that the borrower will enter bankruptcy or financial reorganization.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include our past experience of collecting payments, an increase in the number of delayed payments in the portfolio past a normally allowed credit period of 30-90 days and observable changes in national or local economic conditions that correlate with default on receivables. For financial assets carried at amortized cost, an impairment loss is recognized in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Government grants

Government grants are not recognized until there is reasonable assurance that we will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which we recognize as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that we should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the consolidated statement of financial position and transferred to profit or loss over the useful lives of the related assets. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to us with no future related costs are recognized in profit or loss in the period in which they become receivable.

Convertible redeemable preferred shares

Our convertible redeemable preferred Shares are redeemable and convertible to common Shares at the option of the holder. The conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of our own equity instruments are considered as embedded derivatives not closely related to the host debt contract.

We have elected to designate our Series A Preferred Shares with embedded derivatives as financial liabilities at fair value through profit or loss on initial recognition as our Series A Preferred Shares contain one or more embedded derivatives. At the end of each reporting period subsequent to initial recognition, all Series A Preferred Shares are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

The fair value of the entirety of the Series A Preferred Shares is established by using a Binomial Option Pricing Model, which included some assumptions that are not supportable by observable market prices or rates.

If the volatility had been 5% higher or lower and all other variables were held constant, the carrying amount of the Series A Preferred Shares would increase or decrease by approximately RMB2,358,000 or RMB1,620,000 and RMB1,886,000 or RMB1,870,000 as at December 31, 2009 and 2010, respectively, as a result of the change in fair value of convertible redeemable preferred shares.

If the equity value had been 5% higher or lower and all other variables were held constant, the carrying amount of the Series A Preferred Shares would increase or decrease by approximately RMB2,938,000 or RMB1,828,000 and RMB4,702,000 or RMB4,439,000 as at December 31, 2009 and 2010, respectively, as a result of the change in fair value of convertible redeemable preferred shares.

Our Series A Preferred Shares were converted into our common Shares effective on March 31, 2011.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit or loss for the year. Taxable profit differs from profit as reported in the consolidated statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Our liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary difference to the extent that it is probable that

taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where we are able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interest are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which we expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

DESCRIPTION OF CERTAIN INCOME STATEMENT COMPONENTS

Revenue

Our revenue represents our revenue from operations, net of sales related tax. We derive revenue from sales of our proprietary products during the Track Record Period. We sell our proprietary products primarily through a network of distributors.

During the Track Record Period, we operated in the following business segments: (i) congenital heart disease products business as represented by our occluders, balloon catheters and associated delivery and supporting systems; (ii) peripheral vascular products business, including vena cava filters, stent grafts, vascular plugs, coronary stents and associated delivery and supporting systems; and (iii) surgical products business, including heart valve related delivery and supporting systems. Congenital heart disease products and peripheral vascular products are our primary two business segments and revenue generated from these two segments accounted for 74.2% and 22.5%, respectively, of our revenue in 2009, 72.1% and 26.9%, respectively, of our revenue in 2010, and 66.4% and 33.6%, respectively, of our revenue in the four months ended April 30, 2011. We expect that revenue from congenital heart disease products and peripheral vascular products will continue to account for a majority of our revenue. We also expect that sales from peripheral vascular products will increase more quickly than sales from our congenital heart disease products.

Historically, we have relied on a limited number of our products for a substantial portion of revenue. Occluders, which include ASD, VSD and PDA occluders under each of our HeartR, Cera and CeraFlex generations, have been our best selling products, contributing to 59.1%, 58.3% and 51.4% of our revenue for the years ended 2009, 2010 and the four months ended April 30, 2011, respectively. Our vena cava filters have been our second best selling products and sales from vena cava filters were 15.3%, 16.8% and 21.1% of our revenue in 2009, 2010 and the four months ended April 30, 2011, respectively. Sales of our stent grafts accounted for 6.8%, 9.7% and 12.0% of our revenue in 2009, 2010 and the four months ended April 30, 2011, respectively.

In line with market practice, we primarily sell our products to our distributors who then resell our products to hospitals. We derive a substantial portion of our revenue from sales to a limited number of distributors. Sales to our top five distributors accounted for 37.2%, 28.5% and 28.2% of our revenue in 2009, 2010 and the four months ended April 30, 2011, respectively. Our largest distributor contributed 11.6%, 8.1% and 7.2% to our revenue in 2009, 2010 and the four months ended April 30, 2011, respectively. In 2009, 2010 and the four months ended April 30, 2011, we had two, nil and nil distributors each contributing more than 10% of our revenue. We believe we will continue to generate a substantial portion of our revenue from a limited number of distributors. Our direct sales accounted for 9.4%, 3.6% and 2.6% of our revenue in 2009, 2010 and the four months ended April 30, 2011, respectively.

As at the Latest Practicable Date, we sold our products in 26 countries and regions across Asia, Europe, America and Africa. In 2009, 2010 and the four months ended April 30, 2011, sales from China accounted for 67.2%, 65.8% and 68.4% of our revenue and international sales accounted for 32.8%, 34.2% and 31.6% of our revenue, respectively. We are actively seeking opportunities to further penetrate emerging markets such as China, India, Brazil and Russia, and expand or enter into developed markets internationally.

The following table sets forth the breakdown of our revenue by business segment during the Track Record Period.

	Years Ended December 31,				Four Months Ended April 30,	
	2009		2010		2011	
Business Segment	**Amount**	**% of Revenue**	**Amount**	**% of Revenue**	**Amount**	**% of Revenue**
	(RMB in thousands, except percentages)					
Congenital heart disease products business	59,203	74.2	75,501	72.1	29,603	66.40
Peripheral products business	17,912	22.5	28,169	26.9	14,967	33.57
Surgical products business	2,621	3.3	1,034	1.0	16	0.03
Total	**79,736**	**100.0**	**104,704**	**100.0**	**44,586**	**100.0**

The following table sets forth the breakdown of our revenue by products during the Track Record Period.

	Years Ended December 31,				Four Months Ended April 30,	
	2009		2010		2011	
Product	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
	(RMB in thousands, except percentages)					
Occluders	47,117	59.1	61,074	58.3	22,925	51.4
Vena cava filters	12,205	15.3	17,573	16.8	9,391	21.1
Stent grafts[(1)]	5,446	6.8	10,131	9.7	5,371	12.0
Others[(2)]	14,968	18.8	15,926	15.2	6,899	15.5
Total	**79,736**	**100.0**	**104,704**	**100.0**	**44,586**	**100.0**

Notes:

(1) Stent graft sales revenue disclosed in this table and elsewhere in the prospectus has included the sales of our cuff that can only be used together with stent graft of RMB0.5 million, RMB0.9 million and RMB0.4 million in 2009, 2010 and the four months ended April 30, 2011, respectively.

(2) Others include balloon catheters, coronary stents and vascular plugs and all the delivery and supporting systems. Among these other products, no one specific product accounted for more than 5% of our revenue in 2009, 2010 and the four months ended April 30, 2011.

The following table sets forth the breakdown of our revenue by geographic markets during the Track Record Period.

	Years Ended December 31,				Four Months Ended April 30,	
	2009		2010		2011	
Market	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
	(RMB in thousands, except percentages)					
China	53,563	67.2	68,840	65.8	30,495	68.4
India	10,220	12.8	14,890	14.2	5,831	13.1
Europe (including Russia)	10,004	12.5	12,137	11.6	3,082	6.9
Asia (excluding China and India)	3,076	3.9	6,729	6.4	3,531	7.9
South America	2,151	2.7	1,998	1.9	1,454	3.3
Others	722	0.9	110	0.1	193	0.4
Total	**79,736**	**100.0**	**104,704**	**100.0**	**44,586**	**100.0**

The following table sets forth the number of units sold of our occluders, vena cava filters, stent grafts and other products during the Track Record Period.

	Years Ended December 31,		Four Months Ended April 30,
	2009	2010	2011
Occluders			
ASD occluders	4,423	5,750	2,081
VSD occluders	1,536	2,053	914
PDA occluders	3,863	4,859	1,834
Vena cava filters	3,157	4,568	2,438
Stent grafts[(1)]	335	614	321
Others	43,550	28,491	11,350
Total	**56,864**	**46,335**	**18,938**

Note:

(1) The units of stent grafts have included 72, 128 and 60 units in 2009, 2010 and the four months ended April 30, 2011, respectively, of our cuff that can only be used together with stent grafts.

The following table sets forth the average selling price of our occluders, vena cava filters and stent grafts during the Track Record Period.

	Years Ended December 31,		Four Months Ended April 30,
	2009	2010	2011
		(in RMB)	
Occluders	4,797	4,823	4,747
Vena cava filters	3,866	3,847	3,852
Stent grafts[(1)]	18,992	19,026	19,018

Note:

(1) We have excluded the sales revenue and sales quantity of our cuff when calculating the average selling price of stent grafts.

Cost of Sales

Our cost of sales consists primarily of direct costs of production which mainly includes (i) manufacturing overhead costs such as rental expenses for our leased manufacturing facilities and depreciation of property, plant and equipment used for production purposes, (ii) direct raw material costs, including fees we paid to outsourced third-party manufacturers, and (iii) direct labor costs.

Our cost of sales as a percentage of our revenue is primarily driven by the cost of our raw materials. Raw materials costs are, and are expected to continue to be, the most significant component of our cost of sales. Our principal raw materials include nickel-titanium wire, nickel-titanium tube, PET and ePTFE membrane, high polymer tube and platinum imaging ring. During the years ended December 31, 2009 and 2010 and the four months ended April 30, 2011, purchases from our top five suppliers accounted for approximately 51.2%, 35.4% and 27.9%, respectively, of our total raw material costs. Purchases from our largest supplier accounted for approximately 14.1%, 11.3% and 12.9%, respectively, of our total raw material costs during the same periods. We expect that going forward, our raw material purchase prices will remain relatively stable with slight increases, if any.

The table below sets forth the components of our cost of sales during the Track Record Period.

	Years Ended December 31,						Four Months Ended April 30,		
	2009			2010			2011		
	Amount	% of Cost of Sales	% of Revenue	Amount	% of Cost of Sales	% of Revenue	Amount	% of Cost of Sales	% of Revenue
	(RMB in thousands, except percentages)								
Direct raw material costs	12,738	59.1	16.0	11,645	55.3	11.1	4,200	52.6	9.4
Manufacturing overhead cost	4,907	22.8	6.1	6,167	29.3	5.9	2,355	29.5	5.3
Direct labor cost	3,897	18.1	4.9	3,254	15.4	3.1	1,428	17.9	3.2
Total	**21,542**	**100.0**	**27.0**	**21,066**	**100.0**	**20.1**	**7,983**	**100.0**	**17.9**

Our cost of sales initially tends to be higher when a new product is first introduced due to start-up costs associated with manufacturing a new product and the relatively low yield at the initial stages of production. As production volumes increase, we typically improve our manufacturing and operational efficiency. We experience relative cost effectiveness of our products due to our China-based manufacturing. From 2009 to 2010 and further during the four months ended April 30, 2011, our cost of sales as a percentage of revenue has decreased as we have made improvements in our manufacturing processes, enhanced manufacturing efficiency and achieved economies of scale. We will continue to strengthen our cost control and enhance our manufacturing efficiency so as to reduce our cost of sales as a percentage of our revenue.

Product Exchange

I. Type of Product Exchange

Our Chinese and international distributors typically have no right to return our products, however, we do accept exchange of our products under three circumstances. We accept exchange from all our distributors for (A) defective products, which mainly comprise of (A-i) occluders and stent grafts that are not released in the body of the patients properly* during the procedures (A-ii) products damaged during transportation and (A-iii) mislabeled products. The Directors confirm that such defectiveness is not related to the design or quality of our products. Secondly, the operating physician cannot at all times have an exact understanding of the medical condition of the patients' bodies (i.e., the size of the hole in patients' hearts) in selecting occluders of the right size for implantation. Therefore, it is possible that the initially selected occluders will be found to be unsuitable for patients in terms of size during the operations and need to be replaced. Although such unsuitability is not related to our brand or the

* *Note* Often the occluder is designed with an umbrella-type design and is folded up until the catheter arrives at the hole in the heart. Once in place the occluder is unfolded on both sides of the hole so that pressure from both sides keeps it in place.

quality of our occluders, we have been following market practice in China to offer exchange of such occluders to our Chinese distributors. Historically, we have accepted exchange of (B) all occluders found to be unsuitable for patients in terms of size during procedures from our Chinese distributors. Starting from 2011, to better control the product exchange by our Chinese distributors, we set a ceiling ratio for Chinese distributors' exchange of such occluders based on the target sales under the relevant distribution agreements with respect to which we agree to accept at no cost. For any additional product exchange beyond such ceiling ratio, we will charge our Chinese distributors certain amount of fee. Thirdly, we allow our Chinese distributors to exchange (C) occluders that are three to six months close to the expiry of their validity period. We offer product exchanges under these two circumstances to our international distributors as well, but on a case by case basis.

II. Processing Methods

Among all the above circumstances for product exchange, under circumstances (A-i) and (B), the products are returned after being used in patients' bodies, and under circumstances (A-ii), (A-iii) and (C), the products returned are not used in patients' bodies. We destroy and dispose all used products returned to us and may legitimately reprocess some of these unused returned products for resale and use some of the returned products for internal research and development. In December 2009, after accumulating sufficient technical data of products after being produced for over three years, the Group applied to the SFDA for extension of the validity period of our HeartR occluders from an original two year term to a three year term. Such extension was approved and took effect after one month since the date of application. We label relevant products with a valid term of three years since our receiving of such approval, but there were occluders produced and labeled with a valid term of two years prior to our receiving of such approval. Our PRC counsel confirms that such arrangement of relabeling and resale of products with extended validity period term is legitimate under PRC laws. When distributors returned occluders labeled prior to such extension approval and with a validity period of two years under circumstances (C), we will re-label some of such occluders by extending its valid term by one year and then resell. We also may apply some of occluders returned under circumstances (C) to internal research and development. Except for the above mentioned, our Directors confirm that the Company destroys and disposes of all products returned to us for exchange, including all (A) defective products and (B) occluders found to be unsuitable for patients in terms of size during procedures.

III. Provision Policy

During the Track Record Period, we only made warranty provisions for product exchanges relating to (B) occluders found to be unsuitable for patients in terms of size discovered during medical procedures. We did not make provisions for product exchanges relating to (A) defective products or (C) products that are three to six months close to expiry because according to our historical experience, the costs related to these two types of product exchange were insignificant. We made warranty provisions in 2009 and 2010 for product exchanges relating to (B) occluders found to be unsuitable for patients in terms of size discovered during medical procedures based on our experience with respect to our history of exchanges, taking into account the ratio of costs related to this type of product exchanges over total sales. Beginning in 2011, we adopted a policy of setting a ceiling ratio in our contracts with Chinese distributors for products relating to (B) occluders found to be unsuitable

for patients in terms of size discovered during medical procedures, and accordingly, we generally make provisions based on the maximum identifiable contractual liability. We do not make additional warranty provisions with respect to our overseas sales because historically a substantial portion of this type of product exchanges were made by domestic distributors.

IV. Accounting Treatment

When we exchange products relating to (B) occluders found to be unsuitable for patients in terms of size discovered during medical procedures, we debit warranty provision and credit inventories. Also, when we provide exchange for (A) defective products and (C) occluders that are three to six months close to the expiry of their validity periods that we do not make provision for, we debit cost of sales and credit inventories or particularly, in the case where the products exchanged are occluders which can be re-labeled by extending the validity period from two years to three years, no separate accounting entry will be made.

Details of different types of our product exchange, and relevant processing methods, provision policy and accounting treatment are summarized as below:

I Type of Product Exchange			II Processing Methods	III Provision Policy	IV Accounting Treatment
Products returned for exchange after being used in patients' bodies	(A-i) Defective products - occluders and stent grafts that are not released in the body of the patients properly* during procedures		Destroy and dispose	No provision was made as insignificant cost was incurred according to our historical experience	Debit cost and credit inventory
	(B) Occluders found to be unsuitable for patients in terms of size during procedures		Destroy and dispose	Provision was made according to our historical experience for 2009-2010, and according to maximum identifiable contractual liability for the first four months in 2011	Debit warranty provision and credit inventory
Product returned for exchange without being used in patients' bodies	(A-ii) Defective products - products that are crushed during transportation and (A-iii) mislabeled products		Destroy and dispose	No provision was made as insignificant cost was incurred according to our historical experience	Debit cost and credit inventory
	(C) Occluders that are three to six months close to expiry of validity period	Occluders that are 3-6 months close to expiry of valid term except the case below	Destroy and dispose or apply to internal research and development	No provision was made as insignificant cost was incurred according to our historical experience	Debit cost and credit inventory
		HeartR Occluders produced and labeled with a valid period of two years prior to our receiving of approval in December 2009 for extension of valid term from two years to three years	Legitimately re-label by extending the valid term and resell or apply to internal research and development		No separate accounting entry

* *Note* Often the occluder is designed with an umbrella-type design and is folded up until the catheter arrives at the hole in the heart. Once in place the occluder is unfolded on both sides of the hole so that pressure from both sides keeps it in place.

During the years ended 2009 and 2010 and the four months ended April 30, 2011, product exchanges were RMB11.3 million, RMB11.7 million and RMB3.2 million, accounting for approximately 14.3%, 11.2% and 7.2% of our total revenue, respectively. Our lower product exchange ratio during the four months ended April 30, 2011 primarily was due to our new product exchange policy adopted in 2011. We believe that our product exchange ratio is in line with the industry norm. Most of the product exchanges during the Track Record Period were made because the products were found to be unsuitable for patients in terms of size during operations, accounting for approximately 10.9%, 7.8% and 4.4% of our total revenue in 2009, 2010 and the four months ended April 30, 2011, respectively, of which only approximately 1.4%, 4.6% and 0.7% were derived from international sales

in 2009, 2010 and the four months ended April 30, 2011, respectively. Only approximately 0.5%, 0.2% and 0.5% of the product exchanges in terms of sales amount were due to defective product in 2009, 2010 and the four months ended April 30, 2011, respectively, and approximately 2.8%, 3.2% and 2.3% due to products close to expiry in 2009, 2010 and the four months ended April 30, 2011, respectively.

Gross profit

Gross profit is equal to revenue less cost of sales. Gross margin is equal to gross profit divided by revenue. Our gross margins in 2009, 2010 and the four months ended April 30, 2011 were 73.0%, 79.9% and 82.1%, respectively.

The table below sets forth our gross profit and gross margin by business segments during the Track Record Period.

	Years Ended December 31,				Four Months Ended April 30,	
	2009		2010		2011	
	Gross Profit	Gross Margin	Gross Profit	Gross Margin	Gross Profit	Gross Margin
	(RMB in thousands, except percentages)					
Congenital heart disease products business	44,090	74.5%	59,520	78.8%	24,181	81.7%
Peripheral products business	14,586	81.4%	23,850	84.7%	12,410	82.9%
Surgical products business	(482)	(18.4%)	268	25.9%	12	75.0%
Total	**58,194**	**73.0%**	**83,638**	**79.9%**	**36,603**	**82.1%**

Our gross margin for a period is primarily affected by the effect of introducing new products and entering into new markets, the sales mix of higher margin products, cost control, manufacturing efficiency and economies of scale. Our congenital heart disease business segment and peripheral vascular product business segment have relatively higher margins, as compared to surgical products business segment. The profit margin of our surgical products in the four months ended April 30, 2011 is not representative of the profit margin of our surgical products generally because production of our surgical products was not active during that period and the surgical products we sold in that period were from inventories with respect to which a RMB1.4 million provision was provided in 2009.

Other income and other gains and losses

Other income and other gains and losses primarily include (i) government grants; (ii) interest on bank deposits; (iii) rental income; (iv) net foreign exchange gain/(loss); and (v) gain on disposal of a subsidiary. Government grants represent PRC government funding we received in sponsorship of certain of our research and development projects and are non-recurring in nature. Government grants are not recognized until there is reasonable assurance that all the conditions attaching to the government grant have been satisfied or met. We recognised government grants of RMB0.4 million, RMB0.4 million and RMB0.2 million in 2009, 2010 and the four months ended April 30, 2011,

respectively. There is no assurance that we can continue to receive government funding in the future. Rental income related to the rent we received from the leasing of real estate property to third parties. Gain on disposal of a subsidiary related to our disposal of a 90% equity interest of Shanghai Guijian in 2009.

Selling and distribution expenses

Selling and distribution expenses consist primarily of (i) expenses for training, conferences, exhibitions and other marketing activities; (ii) compensation and benefits for our sales and marketing staff; and (iii) travelling and office related expenses of our sales and marketing staff.

The table below sets forth the components of our selling and distribution expenses during the Track Record Period.

	Years Ended December 31,				Four Months Ended April 30,	
	2009		2010		2011	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
	(RMB in thousands, except for percentages)					
Exhibition and conference	7,478	9.4%	9,028	8.6%	2,904	6.5%
Staff compensation	3,343	4.2%	4,815	4.6%	2,520	5.6%
Travelling and transportation	3,476	4.4%	3,660	3.5%	846	1.9%
Others	1,387	1.7%	2,553	2.5%	1,010	2.3%
Total	**15,684**	**19.7%**	**20,057**	**19.2%**	**7,280**	**16.3%**

Administration expenses

Administration expenses consist primarily of (i) compensation, benefits and related expenses for our general management, finance and administrative personnel; (ii) depreciation of property, plant and equipment used for administrative purposes and rental expenses relating to apartment leases for our management personnel; (iii) professional consulting fees such as auditors and legal advisers from time to time in connection with our administrative activities; and (iv) expenses associated with our administrative offices.

The table below sets forth the components of our administration expenses during the Track Record Period.

	Years Ended December 31,				Four Months Ended April 30,	
	2009		2010		2011	
	Amount	% of Revenue	Amount	% of Revenue	Amount	% of Revenue
	(RMB in thousands, except for percentages)					
Staff compensation	2,980	3.8%	5,287	5.0%	2,664	6.0%
Rental and office related expenses	1,774	2.2%	2,695	2.6%	1,020	2.3%
Professional fee	589	0.7%	904	0.8%	90	0.2%
Travelling and business entertainment	2,078	2.6%	2,307	2.2%	768	1.7%
Depreciation and amortization	1,992	2.5%	1,635	1.6%	580	1.3%
Share based compensation	—	—	—	—	5,118	11.5%
Others	3,748	4.7%	3,943	3.8%	2,004	4.5%
Total	**13,161**	**16.5%**	**16,771**	**16.0%**	**12,244**	**27.5%**

Research and development expenses

Research and development expenses primarily consist of (i) compensation and benefits for research and development staff; (ii) purchases of modules, supplies and materials used in our research and development projects; (iii) fees in relation to required regulatory approval, such as SFDA approval, CE certification and FDA review; (iv) costs associated with the conduct of clinical trials and animal testing; and (v) scientific advisory fees in relation to our research and development activities.

Offering expenses

Offering expenses are expenses we incurred in connection with the Listing.

Finance costs

Finance costs are interest on bank borrowings.

Change in fair value of convertible redeemable preferred shares

Change in fair value of convertible redeemable preferred shares is in relation to change in fair value of a total of 28,070.2105 Series A Preferred Shares we issued in September 7, 2006 and February 1, 2007, respectively. Our Series A Preferred Shares were valued at fair value by the Directors with reference to valuation reports prepared by an independent qualified valuer and the changes in fair value are recorded as a non-cash charge in the consolidated statements of comprehensive income, but have no impact on our consolidated statements of cash flows. Our Series A Preferred Shares were fully converted into common Shares effective on March 31, 2011.

Income tax

Cayman Islands

Our Company was incorporated in the Cayman Islands and is not subject to tax on income or capital gain under the current laws of the Cayman Islands. In addition, no withholding tax is imposed by the Cayman Islands on any payment of dividends by our Company.

Hong Kong

New Centre International, our wholly owned subsidiary incorporated in Hong Kong, is subject to Hong Kong profit tax on its activities conducted in Hong Kong. No provision for Hong Kong profits tax was made as New Centre International Limited has yet to generate any assessable profits in Hong Kong as at the Latest Practicable Date.

India

Lifetech India, our subsidiary incorporated in India, is subject to a 30.9% income tax rate on its taxable income in India.

China

The Enterprise Income Tax Law of the PRC, or the New EIT Law, was enacted in March 2007 and became effective on January 1, 2008. The New EIT Law applies a uniform 25% enterprise income tax rate to both foreign-invested enterprises and domestic enterprises. The New EIT Law and its implementing rules also permit qualified High and New-Technology Enterprises, or HNTEs, to enjoy a reduced 15% enterprise income tax rate.

We have five subsidiaries registered in the PRC: Lifetech Shenzhen, Shenzhen Enke, Shenzhen Shineyard, Shenzhen Biological and Beijing PerMed. These entities are subject to PRC enterprise income tax on the taxable income in accordance with the New EIT Law and other PRC enterprise income tax regulations. Lifetech Shenzhen was qualified as an HNTE effective from December 2008 with a valid term of three years and enjoyed a preferential tax rate of 15% in 2009 and 2010. Our other PRC subsidiaries located in Shenzhen, including Shenzhen Enke and Shenzhen Shineyard, as enterprises operating in the Shenzhen Special Economic Zone, were entitled to a lower income tax rate before the promulgation of the New EIT Law and are subject to phase-out rates granted by the New

EIT Law, which are 18%, 20%, 22% and 24% and in 2008, 2009, 2010 and 2011, respectively. Starting from 2012, they will be subject to a statutory EIT rate of 25%. The New EIT Law and its implementing rules also permit qualified small-scale enterprise with low profit margins to enjoy a reduced enterprise income tax rate of 20%. Our subsidiary Shenzhen Biological was entitled to a reduced enterprise income tax rate of 20% as a small-scale enterprise with low profit margins in 2009 and 2010. Beijing PerMed is subject to the standard enterprise income tax rate of 25% starting from 2008.

Moreover, the New EIT Law provides that, if an enterprise incorporated outside the PRC has its "de facto management bodies" located within the PRC, the enterprise may be recognized as a "PRC resident enterprise" and thus may be subject to an enterprise income tax at the rate of 25% on its worldwide income. Under the implementation rules for the New EIT Law, "de facto management bodies" is defined as the bodies that have material and overall management control over the manufacturing and business operations, personnel and human resources, accounts and other properties of an enterprise. In April 2009, the PRC tax authority promulgated a circular ("Circular 82") to clarify the criteria for determining whether the "de facto management bodies" are located within the PRC for enterprises incorporated overseas with controlling shareholders being PRC enterprises or PRC enterprise groups. However, the relevant PRC laws and regulations remain unclear regarding how the PRC tax authorities will treat an overseas enterprise invested or controlled by another overseas enterprise as in our case. Substantially all of our management team members reside in the PRC. If most of them continue to reside in the PRC, our Company may be deemed a PRC resident enterprise and therefore subject to the PRC enterprise income tax at a rate of 25% on our worldwide income.

RESULTS OF OPERATIONS

The table below sets forth a summary of our consolidated income statement by amount for the years ended December 31, 2009 and 2010 and the four months ended April 30, 2010 and 2011.

	For the Years Ended December 31,				For the Four Months Ended April 30,			
	2009		2010		2010		2011	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
					(unaudited)			
	(RMB in thousands, except percentages)							
Revenue	79,736	100.0	104,704	100.0	31,636	100.0	44,586	100.0
Cost of sales	(21,542)	(27.0)	(21,066)	(20.1)	(6,542)	(20.7)	(7,983)	(17.9)
Gross profit	58,194	73.0	83,638	79.9	25,094	79.3	36,603	82.1
Other income and other gains and losses	3,135	3.9	3,333	3.2	262	0.8	1,293	2.9
Selling and distribution expenses	(15,684)	(19.7)	(20,057)	(19.2)	(5,434)	(17.2)	(7,280)	(16.3)
Administration expenses	(13,161)	(16.5)	(16,771)	(16.0)	(5,244)	(16.5)	(12,244)	(27.5)
Research and development expenses	(9,409)	(11.8)	(15,442)	(14.7)	(4,388)	(13.9)	(4,949)	(11.1)
Offering expenses	—	—	(182)	(0.2)	—	—	(2,609)	(5.9)
Finance costs	(5)	(0)	—	—	—	—	—	—
Profit before tax and change in fair value of convertible redeemable preferred shares	23,070	28.9	34,519	33.0	10,290	32.5	10,814	24.2
Change in fair value of convertible redeemable preferred shares	(23,086)	(28.9)	(24,107)	(23.0)	(6,614)	(20.9)	3,288	7.4
(Loss) profit before tax	(16)	(0)	10,412	10.0	3,676	11.6	14,102	31.6
Income tax expense	(4,475)	(5.6)	(6,621)	(6.3)	(1,828)	(5.8)	(3,132)	7.0
(Loss) profit for the year/period	**(4,491)**	**(5.6)**	**3,791**	**3.7**	**1,848**	**5.8**	**10,970**	**24.6**
Other comprehensive expenses: Exchange differences arising on translating foreign operation	(61)	(0.1)	(64)	(0.1)	(4)	(0)	(4)	(0)
Total comprehensive (expenses) income for the year/period	**(4,552)**	**(5.7)**	**3,727**	**3.6**	**1,844**	**5.8**	**10,966**	**24.6**

Four months ended April 30, 2011 compared to four months ended April 30, 2010

Revenue

Our revenue increased by 40.9% from RMB31.6 million in the four months ended April 30, 2010 to RMB44.6 million in the four months ended April 30, 2011. This increase primarily resulted from our organic growth as a result of increased sales volume of our primary products along with the expansion of our sales network. Average selling prices for our key products have remained relatively stable, with a slight increase from the four months ended April 30, 2010 to the four months ended April 30, 2011.

During the four months ended April 30, 2011 we experienced significant growth in sales from the four months ended April 30, 2010 generated by our congenital heart disease product segment and our peripheral vascular product segment. Sales from our congenital heart disease products increased by 38.6% from RMB21.4 million in the four months ended April 30, 2010 to RMB29.6 million in the four months ended April 30, 2011 primarily due to the increase in sales volume as we expanded our sales network and strengthened our sales and marketing efforts. Sales of our peripheral vascular products increased by 59.7% from RMB9.4 million in the four months ended April 30, 2010 to RMB15.0 million in the four months ended April 30, 2011 primarily due to the increase in sales volume as we expanded our sales network and strengthened our sales and marketing efforts. The higher increase rate of our peripheral vascular products was primarily due to the stronger increase in sales volume of vena cava filters and stent grafts as compared to occluders and the significantly higher average selling price of our stent grafts than occluders. Sales from our surgical product segment decreased from RMB0.9 million in the four months ended April 30, 2010 to RMB16,000 in the four months ended April 30, 2011. Such decrease was primarily because Beijing PerMed voluntarily terminated its production in June 2010 and its sales of surgical products to a major customer of Beijing PerMed in 2010. The surgical products Beijing PerMed sold to this customer were heart valve associated delivery systems whose sales price was relatively lower than that of our implant products, and this customer was the only purchaser of such associated delivery systems. As a result, the manufacturing costs and operating expenses for the sale of such systems were proportionately higher as compared to our other products, resulting in lower operating profit attributable to such associated delivery systems. Beijing PerMed voluntarily suspended sales to this customer in 2010, but expects to resume business with this customer through sales of our bovine heart valve product. As of the Latest Practicable Date, there was no outstanding trade receivable balance due from this customer.

Sales from each of our best selling product lines also increased significantly. Sales from our occluders, which accounted for 55.2% and 51.4% of our revenue in the four months ended April 30, 2010 and 2011, respectively, increased by 31.2% from RMB17.5 million in the four months ended April 30, 2010 to RMB22.9 million in the four months ended April 30, 2011. Our sales quantity of occluders increased from 3,751 in the four months ended April 30, 2010 to 4,829 in the four months ended April 30, 2011. Sales from our vena cava filters, which accounted for 19.5% and 21.1% of our revenue in the four months ended April 30, 2010 and 2011, respectively, increased by 52.4% from RMB6.2 million in the four months ended April 30, 2010 to RMB9.4 million in the four months ended April 30, 2011. Our sales quantity of vena cava filters increased from 1,600 in the four months ended

April 30, 2010 to 2,438 in the four months ended April 30, 2011. Sales from our stent grafts increased by 73.1% from RMB3.1 million in the four months ended April 30, 2010 to RMB5.4 million in the four months ended April 30, 2011. Our sales quantity of stent grafts increased from 186 in the four months ended April 30, 2010 to 321 in the four months ended April 30, 2011.

Sales of our products in China increased by 27.3% from RMB24.0 million in the four months ended April 30, 2010 to RMB30.5 million in the four months ended April 30, 2011. International sales of our products increased by 83.6% from RMB7.7 million in the four months ended April 30, 2010 to RMB14.1 million in the four months ended April 30, 2011, primarily as a result of our increased investment in international marketing activities and our new entry into eight countries during the four months ended April 30, 2011. We have seen a strong increase in international sales, with South America at the highest rate of 320.2% among all of our geographical regions, followed by Asia (excluding China and India) at 175.9% and Europe (including Russia) at 60.0%, between the four months ended April 30, 2010 and the four months ended April 30, 2011. Our Indian sales increased by 41.5% from RMB4.1 million in the four months ended April 30, 2010 to RMB5.8 million in the four months ended April 30, 2011. We also significantly expanded our Chinese and international distribution sales network and sales coverage during the period. The number of our distributors in China increased from 73 as at April 30, 2010 to 92 as at April 30, 2011. The number of our international distributors increased from 34 as at April 30, 2010 to 47 as at April 30, 2011.

Cost of sales

Our cost of sales increased by 22.3% from RMB6.5 million in the four months ended April 30, 2010 to RMB8.0 million in the four months ended April 30, 2011. The increase in our cost of sales generally is primarily due to our increase of sales revenue. However, our cost of sales as a percentage of our revenue decreased from 20.7% in the four months ended April 30, 2010 to 17.9% in the four months ended April 30, 2011. The decrease was primarily due to our improved manufacturing process, enhanced manufacturing efficiency and economies of scale.

Gross Profit

As a result of the foregoing factors, our gross profit increased by 45.9% from RMB25.1 million in the four months ended April 30, 2010 to RMB36.6 million in the four months ended April 30, 2011. Our gross margin increased by 2.8% from 79.3% in the four months ended April 30, 2010 to 82.1% in the four months ended April 30, 2011. The gross margin of our congenital heart disease products business increased from 79.0% in the four months ended April 30, 2010 to 81.7% in the four months ended April 30, 2011 as a result of our increased sales of Cera occluders which have a margin higher than that of HeartR occluders, our enhanced manufacturing efficiency and economies of scale. The gross margin of our peripheral products business remained stable, slightly decreasing from 83.1% in the four months ended April 30, 2010 to 82.9% in the four months ended April 30, 2011. The gross margin of our surgical products business increased from 48.5% in the four months ended April 30, 2010 to 75.0% in the four months ended April 30, 2011 because the surgical products we sold in the four months ended April 30, 2011 were from inventories with respect to which a RMB1.4 million provision was provided in 2009.

Other income and other gains and losses

Our other income and other gains and losses increased from RMB0.3 million in the four months ended April 30, 2010 to RMB1.3 million in the four months ended April 30, 2011. This increase was primarily attributable to (i) an increase of our net foreign exchange gain, from a loss of RMB74,000 in the four months ended April 30, 2010 to a gain of RMB0.4 million in the four months ended April 30, 2011, and (ii) a RMB0.2 million increase in income relating to government grants.

Selling and distribution expenses

Our selling and distribution expenses increased by 34.0% from RMB5.4 million in the four months ended April 30, 2010 to RMB7.3 million in the four months ended April 30, 2011. This increase was primarily due to (i) a RMB1.3 million increase in expenses for exhibition, advertising and marketing activities due to our enhanced marketing efforts; (ii) a RMB1.2 million increase in compensation and benefits paid to our sales and marketing staff as a result of our increase in employee headcount and our increase in sales revenue, partially offset by our RMB0.4 million decrease in travelling expenses for our sales and marketing staff. As a percentage of revenue, our selling and distribution expenses decreased from 17.2% in the four months ended April 30, 2010 to 16.3% in the four months ended April 30, 2011.

Administration expenses

Our administration expenses increased by 133.5% from RMB5.2 million in the four months ended April 30, 2010 to RMB12.2 million in the four months ended April 30, 2011. This increase was primarily due to (i) a RMB5.1 million increase in share-based compensation expenses incurred in connection with our issuance of common Shares at a nominal value to certain senior management as approved by the Board in February 2011 in recognition of their contribution to the Group; and (ii) a RMB1.2 million increase in salaries paid and benefits provided to our general administration staff as a result of the expansion of our management team. Our administration expenses as a percentage of our revenue increased from 16.5% in the four months ended April 30, 2010 to 27.5% in the four months ended April 30, 2011 primarily as a result of our share-based compensation recorded in the four months ended April 30, 2011.

Research and development expenses

Our research and development expenses increased by 12.8% from RMB4.4 million in the four months ended April 30, 2010 to RMB4.9 million in the four months ended April 30, 2011. This increase was primarily due to (i) a RMB1.0 million increase in salaries and benefits paid to our research and development staff; (ii) a RMB0.3 million increase in expenses for materials used in research and development activities; and (iii) a RMB0.3 million increase in expenses for clinical trials primarily as a result of our clinical trails for PFO occluders in Germany in 2011, offset by a RMB1.0 million decrease in product registration expenses. Our research and development expenses as a percentage of our revenue decreased from 13.9% in the four months ended April 30, 2010 to 11.1% in the four months ended April 30, 2011 primarily because we had fewer new product registration activities in the four months ended April 30, 2011 due to our timing within the research and development cycle and the timing of new product launches.

Offering expenses

We recorded offering expenses of RMB2.6 million in the four months ended April 30, 2011 as compared to nil in the four months ended April 30, 2010. The offering expenses in the four months ended April 30, 2011 were primarily the professional fees we paid in connection with the Listing.

Finance costs

We incurred no finance costs in the four months ended April 30, 2010 and 2011.

Profit before tax and change in fair value of convertible redeemable preferred shares

As a result of the foregoing, our profit before tax and change in fair value of convertible redeemable preferred shares increased by 5.1% from RMB10.3 million in the four months ended April 30, 2010 to RMB10.8 million in the four months ended April 30, 2011. Our operating margin decreased by 8.3% from 32.5% in the four months ended April 30, 2010 to 24.2% in the four months ended April 30, 2011.

Change in fair value of convertible redeemable preferred shares

We recorded a gain of RMB3.3 million in connection with change in fair value of our Series A Preferred Shares in the four months ended April 30, 2011, as compared to a charge of RMB6.6 million in the four months ended April 30, 2010.

Income tax expense

Our income tax expense increased by 71.3% from RMB1.8 million in the four months ended April 30, 2010 to RMB3.1 million in the four months ended April 30, 2011. The increase was primarily due to our increase in sales, resulting in greater taxable income. Our effective tax rate in the four months ended April 30, 2010 and 2011 was 49.7% and 22.2%, respectively. Our high effective tax rate in the four months ended April 30, 2010 and during the year 2010 was primarily due to charges related to the change in fair value of our Series A Preferred Shares which reduced our profit amount. Absent such changes and share-based compensation expense, our effective tax rate in the four months ended April 30, 2010 and 2011 would have been 17.8% and 19.7%, respectively, primarily due to more non-deductible expenses incurred during the four months ended April 30, 2011.

(Loss) profit for the period

As a result of the foregoing, our profit for the four months ended April 30, 2011 was RMB11.0 million, as compared to RMB1.8 million in the four months ended April 30, 2010.

Year ended December 31, 2010 compared to year ended December 31, 2009

Revenue

Our revenue increased by 31.3% from RMB79.7 million in 2009 to RMB104.7 million in 2010. This increase primarily resulted from our organic growth as a result of increased sales volume of our primary products along with the expansion of our sales network, while our average selling price remained relatively stable except that average selling price of our Cera occluders dropped by 10.9% to 22.2% due to the lower selling price in certain international markets we newly entered into in 2010.

From 2009 to 2010, our congenital heart disease product segment and peripheral vascular product segment experienced significant growth while our surgical product business experienced a decrease in sales. Sales from our congenital heart disease products increased by 27.5% from RMB59.2 million in 2009 to RMB75.5 million in 2010. Sales from our peripheral vascular products increased by 57.3% from RMB17.9 million in 2009 to RMB28.2 million in 2010. Sales from surgical product segment decreased by 60.5% from RMB2.6 million in 2009 to RMB1.0 million in 2010. The higher increase rate of our peripheral vascular product segment in 2010 was primarily due to our significant increase in sales of our stent graft system whose average selling price is the highest among all of our products as a result of increased yield in 2010. The decrease in sales in our surgical product segment was primarily because Beijing PerMed voluntarily terminated its production in June 2010 and its sales of surgical products to a major customer of Beijing PerMed in 2010. The surgical products Beijing PerMed sold to this customer were heart valve associated delivery systems whose sales price was relatively lower than that of our implant products, and this customer was the only purchaser of such associated delivery systems. As a result, the manufacturing costs and operating expenses for the sale of such systems were proportionately higher as compared to our other products, resulting in lower operating profit attributable to such delivery systems. Beijing PerMed voluntarily suspended sales to such customer in 2010, but expects to resume business with such customer through sales of our bovine heart valve product. As of the Latest Practicable Date, there was no outstanding trade receivable balance due from this customer.

Sales from each of our best selling product lines also increased significantly. Sales from our occluders, which accounted for 59.1% and 58.3% of our revenue in 2009 and 2010, respectively, increased by 29.6% from RMB47.1 million in 2009 to RMB61.1 million in 2010. Our sales quantity of occluders increased from 9,822 in 2009 to 12,662 in 2010. Sales from our vena cava filters, which accounted for 15.3% and 16.8% of our revenue in 2009 and 2010, respectively, increased by 44.0% from RMB12.2 million in 2009 to RMB17.6 million in 2010. Sales quantity of vena cava filters increased from 3,157 in 2009 to 4,568 in 2010. Sales from our stent grafts increased by 86.0% from RMB5.4 million in 2009 to RMB10.1 million in 2010. Sales quantity of stent graft increased from 335 in 2009 to 614 in 2010.

Sales of our products in China increased by 28.5% from RMB53.6 million in 2009 to RMB68.8 million in 2010. International sales of our products increased by 37.0% from RMB26.1 million in 2009 to RMB35.9 million in 2010, as a result of our increased investment in international marketing activities and our new entry into nine countries in 2010. We also significantly expanded our sales network and sales coverage from 2009 to 2010. The number of our distributors in China increased from 67 as of December 31, 2009 to 87 as of December 31, 2010. The number of our international distributors increased from 31 as of December 31, 2009 to 43 as of December 31, 2010.

Cost of sales

Our cost of sales decreased by 2.2% from RMB21.5 million in 2009 to RMB21.1 million in 2010. The decrease in our cost of sales is primarily as a result of a decrease in direct raw material costs of RMB1.1 million and a RMB0.6 million decrease in direct labor cost, partially offset by a RMB1.3 million increase in manufacturing overhead cost. Our cost of sales as a percentage of our revenue slightly decreased from 27.0% in 2009 to 20.1% in 2010. This decrease was primarily as a result of certain improved manufacturing process, increased yield, enhanced manufacturing efficiency and economies of scale.

Gross profit

As a result of the foregoing factors, our gross profit increased by 43.7% from RMB58.2 million in 2009 to RMB83.6 million in 2010. Our gross margin increased by 6.9% from 73.0% in 2009 to 79.9% in 2010. The gross margin of our congenital heart disease products business increased from 74.5% in 2009 to 78.8% in 2010 primarily due to the increase of relevant sales and the RMB1.8 million provision we made for congenital heart disease product inventories in 2009. The gross margin of our peripheral products business increased from 81.4% in 2009 to 84.7% in 2010 was primarily due to our increased sale of stent grafts which have a margin higher than that of vena cava filters, enhanced manufacturing efficiency and economies of scale. The gross margin of our surgical products business increased from (18.4)% in 2009 to 25.9% in 2010 because we made a provision for our surgical product inventories of RMB1.4 million in 2009.

Other income and other gains and losses

Our other income and other gains and losses increased by 6.3% from RMB3.1 million in 2009 to RMB3.3 million in 2010. The increase was primarily attributable to a RMB1.9 million increase in net foreign exchange gain in 2010, partially offset by a RMB1.5 million decrease in gain on disposal of a subsidiary in 2010.

Selling and distribution expenses

Our selling and distribution expenses increased by 27.9% from RMB15.7 million in 2009 to RMB20.1 million in 2010. The increase was primarily due to (i) a RMB2.7 million increase in expenses for exhibition and marketing activities due to our enhanced marketing efforts; (ii) a RMB1.5 million increase in compensation and benefits paid to our sales and marketing staff because of increase

in headcount; and (iii) a RMB0.2 million increase in travelling expenses for our sales and marketing staff. The increase in selling and distribution expenses was in line with our increase in sales. As a percentage of revenue, our selling and distribution expenses slightly decreased from 19.7% in 2009 to 19.2% in 2010.

Administration expenses

Our administration expenses increased by 27.4% from RMB13.2 million in 2009 to RMB16.8 million in 2010. The increase was primarily due to a RMB2.3 million increase in salaries paid and benefits provided to our general administration staff because of the expansion of our management team. Our administration expenses as a percentage of our revenue decreased from 16.5% in 2009 to 16.0% in 2010.

Research and development expenses

Our research and development expenses increased by 64.1% from RMB9.4 million in 2009 to RMB15.4 million in 2010. The increase was primarily due to (i) a RMB1.8 million increase in expenses for materials used in research and development activities; (ii) a RMB1.2 million increase in expenses related to registration because we had more products submitted for registration overseas in 2010, including our CeraFlex occluders; (iii) a RMB0.7 million increase in expenses for clinical trials as we launched overseas clinical trials for our PFO occluders in 2010; and (iv) a RMB0.4 million increase in salaries and benefits paid to our research and development staff. Our research and development expenses as a percentage of our revenue increased from 11.8% in 2009 to 14.7% in 2010.

Offering expenses

Our offering expenses were RMB0.2 million in 2010 which primarily consisted of professional fees we paid for the Listing, as compared to nil in 2009.

Finance costs

Our finance costs decreased by 100% from 2009 to 2010, primarily due to the repayment of bank borrowings in 2009.

Profit before tax and change in fair value of convertible redeemable preferred shares

As a result of the foregoing, our profit before tax and change in fair value of convertible redeemable preferred shares increased by 49.6% from RMB23.1 million in 2009 to RMB34.5 million in 2010. Our operating margin increased by 4.1% from 28.9% in 2009 to 33.0% in 2010.

Change in fair value of convertible redeemable preferred shares

We incurred a charge on change in fair value of Series A Preferred Shares of RMB24.1 million in 2010 as compared to a charge of RMB23.1 million in 2009.

Income tax expense

Our income tax expense increased by 48.0% from RMB4.5 million in 2009 to RMB6.6 million in 2010. The increase was due primarily to increase in sales, resulting in greater taxable income, as well as an increase in "deemed sales." "Deemed sales" primarily include our use of products for research and development, product registration and marketing purposes, as well as donation of our products at no cost to charity organizations. These activities are not actual sales to our customers but are deemed as sales for tax purposes. Our deemed sales increased from RMB1.0 million in 2009 to RMB5.1 million in 2010 due to our increased product registration, marketing and donation activities and as a result, the attributable income tax expenses increased by 388.0% from RMB0.2 million in 2009 to RMB0.8 million in 2010. We had income tax expense in 2009 despite reporting a loss and our effective tax rate in 2010 was 63.6%, These were primarily due to charges related to the change in fair value of our Series A Preferred Shares which reduced our profit amount. Absent such changes, our effective tax rate in 2009 and 2010 would have been 19.4% and 19.2%, respectively.

(Loss) profit for the year

As a result of the foregoing, our profit for the year was RMB3.8 million in 2010, as compared to loss of RMB4.5 million in 2009.

CERTAIN BALANCE SHEET ITEMS

Inventories

Our inventories consist of raw materials, work in progress and finished goods. The following table sets forth the breakdown of our inventories as of December 31, 2009 and 2010 and April 30, 2011.

	As of December 31,		As of April 30,
	2009	**2010**	**2011**
	(RMB in thousands)		
Raw materials	6,833	6,455	5,909
Work in progress	2,524	1,546	1,550
Finished goods	6,700	7,177	8,672
Total	**16,057**	**15,178**	**16,131**

As of August 31, 2011, our inventories for raw materials, work in progress and finished goods are RMB8.0 million, RMB2.3 million and RMB9.9 million respectively, and the total inventories amounted to RMB20.3 million.

Our total inventories decreased from RMB16.1 million as of December 31, 2009 to RMB15.2 million as of December 31, 2010. The decrease was due to our enhanced inventory control and

management in 2010 and the improvement of our production efficiency. Our raw materials balance as of December 31, 2010 was RMB6.5 million, as compared to RMB6.8 million as of December 31, 2009. Our work in progress as of December 31, 2010 was RMB1.5 million, as compared to RMB2.5 million as of December 31, 2009. Our finished goods was RMB7.2 million as of December 31, 2010, as compared to RMB6.7 million as of December 31, 2009. Our total inventories as of April 30, 2011 and August 31, 2011 were RMB16.1 million and RMB20.3 million, including raw materials of RMB5.9 million and RMB8.0 million, work in progress of RMB1.6 million and RMB2.3 million and finished goods of RMB8.7 million and RMB9.9 million, respectively. The higher inventory balance as of August 31, 2011 was a result of, among others, an increase in inventory (in the form of raw material, work in progress or finished products) for the coming launch of our FustarTM Steerable sheath in the US market and CeraFlex Series occluders in European markets and our efforts to accommodate the increase in orders expected to be received from our distributors for our major products, including vena cava filter, stent graft, and HeartR and Cera occluders during the fourth quarter, which according to our historical experience, is the peak season of the Group.

Our products are subject to an effective period determined by relevant product registration authorities, which is typically two or three years from the manufacturing date. Products are no longer allowed to be sold or used upon the expiry of their respective effective period. We regularly check our inventories and review an ageing analysis of our inventories at the end of each reporting period, and make allowance for obsolete and slow-moving inventory items identified that are no longer suitable for use. We estimate the net realizable value for such inventories based primarily on the latest invoice prices and current market conditions. We carry out inventory review on a product by product basis at the end of each reporting period and make allowances for obsolete items. Our allowance for obsolete stock slightly increased from RMB6.2 million as of December 31, 2009 to RMB6.5 million as of December 31, 2010 and to RMB6.6 million as of April 30, 2011 and remained as RMB6.6 million as of August 31, 2011.

We generally maintain an inventory level of three months' supply of raw materials and three to six months' supply of finished goods, and such level will vary according to the demand of our distributors, sales and production plans. We generally maintain three to six months' supply of our raw materials primarily because (i) we source a majority of our principal raw materials from international markets which may take a longer time for delivery in comparison to domestically-sourced raw materials, (ii) we spend additional time on the inspection of inventory quality before acceptance as we require particularly high quality standards for our raw materials, and (iii) we tend to order certain raw materials in relatively large batches to obtain better pricing from our suppliers. Our inventory turnover days[(1)] were 242 days in the four months ended April 30, 2011 and 263 days in 2010, as compared to 272 days in 2009. Our inventory turnover days increased to 293 for the eight months ended August 31, 2011. In general, our inventory turnover days are relatively long due to the nature of our business that requires us to produce and store products that are made to different specifications for use in different patient types. We believe that our inventory turnover days are in line with industry experience. Based on discussion with the Directors and publicly available information of the Group's major competitors that are already listed, the Sponsor is of the view that the Group's inventory turnover days are reasonable and in line with industry prevailing level.

Note:

(1) The number of inventory turnover days is equal to the inventory (net of allowance for inventories) divided by cost of sales and multiplied by 365 days for 2009 and 2010 and multiplied by 120 days for the four months ended April 30, 2011 and by 243 days for the eight months ended August 31, 2011.

We have formulated and implemented internal rules to manage and control our inventories. We carefully draw up our procurement plans based on our manufacturing plan, current level of inventories, bill of materials and lead time and such plans must be reviewed and approved by the procurement department and financial department. We have a team comprising of representatives from supply, manufacturing, warehousing, quality control and financial departments to inspect our inventories on a monthly basis and compile relevant reports. We will also investigate any inventory understock or overstock and work out improvement solutions.

Of the RMB16.1 million of inventories as of April 30, 2011, RMB9.0 million was subsequently used or sold by September 30, 2011.

Trade receivables, other receivables and prepayments

Our trade receivables represent the balance due from our distributors and hospitals that are our direct sales customers, to which certain terms of credit are offered, in the ordinary course of business. Our Chinese distributors that have worked with us for more than 12 months can be entitled to a maximum credit term of up to 180 days, with a maximum credit amount of up to 30% of their annual sales. Our international distributors who have a long history of cooperation with us can be entitled to a maximum credit term of up to 90 days with a maximum credit amount of up to 30% of their annual sales. However, in practice, very few distributors are eligible for such maximum credit terms. In 2011, we have granted our Chinese and international distributors credit terms of 30 to 90 days based on our assessment of their targeted performance, past payment history, creditworthiness and history of cooperation. We typically require new distributors of our products to pay the entire purchase price at the time of purchase. We typically grant credit terms to our direct sales customers in verbal form based on our negotiation with them. Credit terms enjoyed by our direct sales customers are generally longer than those provided to our distributors.

Our other receivables and prepayments primarily consist of (i) prepayments made to our suppliers; (ii) receivables from other debtors, mainly advances to employees for travelling and business; (iii) other deposits, mainly in connection with our utilities; and (iv) rental deposits, which is paid for our leased premises.

The following table sets forth the breakdown of our trade receivables, other receivables and prepayments:

	As of December 31,		As of April 30,
	2009	2010	2011
	(RMB in thousands)		
Trade receivables	29,542	26,948	38,091
Chinese distributors	20,163	13,841	23,078
International distributors	4,246	9,429	12,194
Direct sales customers	5,133	3,678	2,831
Provision for uncollectible accounts	—	—	(12)
Other receivables and prepayments			
Prepayment	5,217	1,507	1,532
Other debtors	164	438	653
Advance to employees	1,295	2,627	4,012
Prepaid offering costs	—	—	907
Other deposits	154	492	645
Rental deposits	587	626	685
Subtotal	7,417	5,690	8,434
Total	**36,959**	**32,638**	**46,525**

Our trade receivables decreased from RMB29.5 million as of December 31, 2009 to RMB26.9 million as of December 31, 2010 and increased to RMB38.1 million as of April 30, 2011. The decrease from December 31, 2009 to December 31, 2010 was due to our strengthened management of trade receivables from our distributors and collection efforts in 2010. Historically, we did not formulate or execute a sound system to control and manage our credit terms granted to our distributors and accounts receivable from them. Often times, the credit terms were granted to our distributors verbally and we did not closely track the distributors' payment to make sure that they paid us in a timely manner. We began to strengthen our accounts receivable management system in 2010. Since May 2010, we have hired a trade receivables account personnel solely to manage and collect outstanding accounts receivables and set up a distributor credit management system to categorize distributors under different credit ratings according to length of cooperation and past track record of purchase amount and payment schedule of each distributor, and assigned different credit terms ranging from 30 to 90 days to our distributors according to their credit ratings (except for distributors that we had cooperated with for less than 12 months, which generally have to pay us upon delivery). The trade receivables account personnel who graduated from Xiang Tan University (湘潭大學) in Hunan, PRC and majored in accounting, is a PRC qualified accountant as of the Latest Practicable Date. We have documented our credit terms to our distributors in the relevant distribution agreements to the extent possible. We also consider the timely settlement by distributors as one of the metrics for their credit review. We may suspend orders, product exchange, rebates, market support or other business with our distributors that fail to make required payments to us within a certain number of days upon the expiry of credit term

until outstanding balances are settled in a satisfactory manner, provided that all the rebates entitled by the distributors during the suspension period will be forfeited permanently. The increase as of April 30, 2011 was primarily a result of our increased sales and payment pattern of our distributors, being that payment tends to be slower during the beginning of a year. As of August 31, 2011, our trade receivables decreased to RMB35.6 million.

The following is an aging analysis of trade receivables presented based on the invoice date at December 31, 2009 and 2010 and April 30, 2011. Our aging of trade receivables was greatly improved in 2010 as compared to 2009 as we strengthened our accounts receivable management system and collection efforts by including payment by distributors as a metric considered in their credit review.

	As of December 31,		As of April 30,	Subsequent settlement as of September 30, 2011
	2009	2010	2011	
	(RMB in thousands)			
1 to 90 days	14,076	21,794	24,541	19,470
91 to 180 days	7,902	4,100	12,619	9,270
181 to 365 days	1,573	732	931	703
Over 365 days	5,991	322	—	—
Total	**29,542**	**26,948**	**38,091**	**29,449**

Our distributors may make payment to us beyond the credit term we grant to them. We had trade receivables of RMB19.9 million, RMB11.3 million, RMB17.8 million and RMB15.4 million which were past due but not impaired as of December 31, 2009 and 2010, April 30, 2011 and August 31, 2011, respectively. The table below sets forth the details of the aging of past due but not impaired trade receivables:

	As of December 31,		As of April 30,	Subsequent settlement as of September 30, 2011
	2009	2010	2011	
	(RMB in thousands)			
Age				
Within 90 days	6,014	7,319	6,286	5,389
91 to 180 days	6,749	3,614	10,958	8,087
181 to 365 days	1,137	328	591	522
Over 365 days	5,991	57	—	—
Total	**19,891**	**11,318**	**17,835**	**13,998**

As of December 31, 2009 and 2010, we had outstanding allowances for uncollectible accounts of nil as our management determined no allowance was necessary for those periods based on historical experience, account balance aging, creditworthiness of our customers and the continuous subsequent settlement on the trade receivable balance. Our allowance for uncollectible accounts was insignificant as of April 30, 2011 and August 31, 2011. The Directors hold the same view with our management and do not see any material problems in the recovery of our accounts receivable.

The following table sets forth our average trade receivables turnover days during the Track Record Period.

	For the Years Ended December 31,		For the Four Months Ended April 30,
	2009	2010	2011
Average trade receivables turnover days[(1)]	123	98	88

Note:

(1) Number of average trade receivable turnover days is equal to the average trade receivable from our external debtors divided by revenue and multiplied by 365 days for 2009 and 2010 and multiplied by 120 days for the four months ended April 30, 2011 and by 243 days for the eight months ended August 31, 2011.

For the eight months ended August 31, 2011, our average trade receivables turnover days were 83.

Our actual credit terms may be longer than the credit term we grant to our distributors because we only began to enhance our credit control and payment collection in the second half of 2010. We believe we have significantly improved our accounts receivable management since then. Based on discussion with the Directors and publicly available information of the Group's major competitors that are already listed, the Sponsor is of the view that the Group's trade receivable turnover days are reasonable and in line with levels prevailing within our industry.

Of the RMB38.1 million trade receivables as of April 30, 2011, RMB29.4 million was subsequently settled by September 30, 2011.

Our other receivables and prepayments decreased from RMB7.4 million as of December 31, 2009 to RMB5.7 million as of December 31, 2010 and increased to RMB8.4 million as of April 30, 2011. The increase was primarily due to our prepaid offering expenses in connection with the Listing and an increase in cash advances to employees during the period. The cash advances to our employees during the Track Record Period were our advances to employees during our ordinary course of business for marketing, travelling, research and development, general office use and other business purposes. We record these advances in our account as other receivables and prepayments before our employees submit relevant invoices and receipts to us for reimbursement. As advised by our PRC legal adviser Zhong Lun Law Firm, these cash advances to employees are legal under PRC law. The increase in our advances to employees from December 31, 2009 to December 31, 2010 and further to April 30, 2011 was primarily due to our increased sales activities and research and development projects. The

increase in our advance to employees from December 31, 2010 to April 30, 2011 was also due to more frequent marketing activities during the first half of a year and the timing of employee's submission of invoices and receipts for reimbursement. We do not expect our advances to employees to be fully settled prior to the Listing.

Trade and other payables

Our trade payables mainly relate to the purchase of raw materials for our production. We typically provide our international suppliers a yearly demand projection at the beginning of a year and purchase raw materials and supplies from them on a purchase order basis at the then prevailing market price. We purchase supplies from our Chinese suppliers based on annual purchase contracts or purchase orders. We typically receive raw materials and supplies within 30 to 60 days upon placing orders. We pay our suppliers before or after delivery and in some cases, we are required to pay certain amounts as deposits. As of December 31, 2009 and 2010 and April 30, 2011, the prepayment made to our suppliers amounted to RMB5.2 million, RMB1.5 million and RMB1.5 million, respectively. Other payables primarily include (i) government grants that we received in a given year, but we did not recognise as our income because certain conditions are yet to be met; (ii) accrued payroll; (iii) value-added tax payables; (iv) receipt in advance from customers; and (v) other tax payables.

The table below sets forth the breakdown of our trade and other payables as of December 31, 2009 and 2010 and April 30, 2011.

	As of December 31,		As of April 30,
	2009	2010	2011
	(RMB in thousands)		
Trade payables	2,221	1,816	2,914
Other payables			
Government grants	2,881	9,127	9,057
Accrued payroll	2,913	4,418	2,857
Other payables	2,190	3,606	2,695
Accrued expenses	47	677	1,700
Value-added tax payables	107	1,207	1,503
Receipt in advance from customers	636	756	608
Other tax payables	86	82	134
Total	**11,081**	**21,689**	**21,468**

Our trade payables decreased from RMB2.2 million as of December 31, 2009 to RMB1.8 million as of December 31, 2010 and increased to RMB2.9 million as of April 30, 2011. Other payables increased from RMB8.9 million as of December 31, 2009 to RMB19.9 million as of December 31, 2010. The increase was primarily due to (i) a RMB6.2 million increase in government grants; (ii) a RMB1.5 million increase in accrued payroll and (iii) a RMB1.4 million increase in other payables. Our other payables decreased to RMB18.6 million as of April 30, 2011.

The following table sets forth the aging analysis of our trade payables as of December 31, 2009 and 2010 and April 30, 2011.

	As of December 31,		As of April 30,
	2009	2010	2011
	(RMB in thousands)		
0 to 30 days	602	845	701
31 to 60 days	357	210	504
61 to 120 days	395	70	346
Over 120 days	867	691	1,363
Total	**2,221**	**1,816**	**2,914**

The following table sets forth our average trade payables turnover days for the years ended December 31, 2009 and 2010.

	For the Years Ended December 31,		For the Four Months Ended April 30,
	2009	2010	2011
Average trade payables turnover days[(1)]	28	35	35

Note:

(1) Average trade payables turnover days is equal to the average trade payable divided by cost of sales and multiplied by 365 days for 2009 and 2010 and multiplied by 120 days for the four months ended April 30, 2011. We had cost of sales of RMB21.5 million, RMB21.1 million and RMB8.0 million in 2009, 2010 and the four months ended April 30, 2011, respectively.

Of the RMB2.9 million trade payables as of April 30, 2011, RMB2.2 million was subsequently settled by September 30, 2011.

In order to better control our cashflow cycle and ensure sufficient liquidity for our business operation, we have formulated and implemented detailed measures to manage our accounts payable and accounts receivable. We carefully evaluate the creditworthiness of and relationship with our distributors, their past sales performance and historical payment record before determining the credit amount and credit term granted to them. Our finance department closely monitors the payment by our distributors and imposes penalties on our distributors who fail to comply with the payment schedule. For those distributors who fail to make payment within designated period of time after receiving notice from our finance department, we may, among others, stop accepting product exchanges, cancel the credit amount and term already granted or suspend any entitled sales incentive. On the other hand,

we continue to prioritize our procurement plan based on our manufacturing needs and strengthen the management on accounts payable. In 2011, we set an internal rule, requiring that our prepayment for procurement typically cannot exceed 30% of total contract price and payment generally shall be made not less than 30 days after invoice date. Furthermore, no prepayment of contract price in full is allowed for purchase of equipment or under project and service contracts and the last installment of payment shall not be less than 30% of the total contract price. Our finance department summarizes all the accounts payable breakdowns on a monthly basis for cross check and cancellation after verification by our procurement department.

LIQUIDITY AND CAPITAL RESOURCES

To date, we have historically financed our operations primarily through cash flow generated from operations and capital contributions by our Shareholders. As of April 30, 2011, we had RMB87.1 million in bank balances and cash. Our bank balances and cash consist primarily of cash on hand and bank balances which are primarily held in Renminbi-denominated accounts with banks in China.

The following table sets forth a summary of our cash flows for the years ended December 31, 2009 and 2010 and the four months ended April 30, 2010 and 2011.

	For the Years Ended December 31,		For the Four Months Ended April 30,	
	2009	2010	2010	2011
			(unaudited)	
	(RMB in thousands)			
Net cash from (used in) operating activities	12,079	44,755	5,452	(2,381)
Net cash (used in) from investing activities	(5,079)	6,965	(2,250)	(1,645)
Net cash (used in) from financing activities	(10,005)	(26,725)	(8,422)	7,644
Net (decrease) increase in cash and cash equivalents	(3,005)	24,995	(5,220)	3,618
Cash and cash equivalents at beginning of the year/period	61,613	58,537	58,537	83,468
Effect of foreign exchange rate changes	(71)	(64)	(4)	(4)
Cash and cash equivalents at end of the year	58,537	83,468	53,313	87,082

Operating activities

During the Track Record Period, we derived net cash inflow from operations primarily through the receipt of payments for the sales of our products. Our cash outflow from operations is used primarily for raw material purchases, staff costs and miscellaneous expenses used in operating

activities. Our net cash generated from operating activities reflects our profit for the year, as adjusted for non-cash items such as depreciation, amortisation, and the effects of changes in working capital such as increase or decrease in trade receivables, other receivables and prepayments, inventories, and other payables and government grants.

Net cash generated from operating activities was RMB12.1 million in 2009, which was primarily attributable to (i) change in fair value of convertible redeemable preferred shares of RMB23.1 million, (ii) depreciation of property, plant and equipment of RMB3.3 million, (iii) allowance for inventories of RMB3.6 million, and (iv) amortisation charge of intangible asset of RMB1.1 million, partially offset by (i) an increase in inventories of RMB7.8 million, (ii) an increase in trade receivables of RMB5.3 million, (iii) an increase in other receivables and prepayments of RMB2.6 million, and (iv) RMB2.8 million income taxes paid.

Net cash generated from operating activities was RMB44.8 million in 2010, which was primarily attributable to (i) change in fair value of convertible redeemable preferred shares of RMB24.1 million, (ii) profit before tax of RMB10.4 million, (iii) an increase in trade and other payables of RMB5.0 million, (iv) depreciation of property, plant and equipment of RMB3.8 million, and (v) decrease in trade receivables of RMB2.6 million, partially offset by RMB7.3 million income taxes paid.

Net cash used in operating activities in the four months ended April 30, 2011 was RMB2.4 million, which was primarily attributable to (i) increase in trade receivables of RMB11.1 million, (ii) increase in other receivables and prepayments of RMB3.3 million, (iii) increase in income taxes paid of RMB0.3 million, and (iv) change in fair value of convertible redeemable preferred shares of RMB3.3 million, partially offset by (i) profit before tax of RMB14.1 million, and (ii) depreciation of property, plant and equipment of RMB1.5 million. Net cash from operating activities was RMB5.5 million in the four months ended April 30, 2010, primarily attributable to (i) change in fair value of convertible redeemable preferred shares of RMB6.6 million, (ii) profit before tax of RMB3.7 million, and (iii) depreciation of property, plant and equipment of RMB1.1 million, partially offset by (i) increase in trade receivables of RMB3.9 million, (ii) income taxes paid of RMB2.9 million, and (iii) increase in other receivables and prepayments of RMB1.3 million.

Investing activities

Our net cash used in investing activities was RMB5.1 million in 2009, primarily attributable to (i) payments for acquisition of property, plant and equipment of RMB5.3 million, (ii) advances to shareholders of RMB5.3 million, and (iii) advance to a related party of RMB2.5 million, partially offset by (i) government grants received for acquisition of plant and equipment of RMB4.5 million, (ii) RMB1.3 million in net proceeds on disposal of a 90% equity interest of Shanghai Guijian, and (iii) repayments of advance from a related party of RMB1.5 million.

Our net cash from investing activities was RMB7.0 million in 2010, primarily attributable to (i) repayments of advances from shareholders of RMB9.6 million, (ii) government grants received for acquisition of plant and equipment of RMB0.7 million, and (iii) repayments of advance from a related party of RMB5.0 million, partially offset by (i) payments for acquisition of property, plant and equipment of RMB6.3 million, and (ii) advance to a related party of RMB1.9 million.

Our net cash used in investing activities in the four months ended April 30, 2011 was RMB1.6 million, primarily attributable to prepayments for acquisition of property, plant and equipment of RMB1.8 million, partially offset by interest received of RMB0.1 million. Our net cash used in investing activities in the four months ended April 30, 2010 was RMB2.3 million, primarily attributable to prepayments for acquisition of property, plant and equipment of RMB1.6 million, advances to shareholders of RMB0.5 million and advance to a related party of RMB0.2 million.

Financing activities

In 2009, our net cash used in financing activities was RMB10.0 million, which is attributable to our repayment of a bank facility of RMB10.0 million extended by China Merchants Bank and our payment of related interest accrued thereto.

In 2010, our net cash used in financing activities was RMB26.7 million, which is primarily attributable to our distribution of RMB19.0 million dividends to our shareholders and our repayment of a RMB8.4 million advance from a shareholder.

Our net cash from financing activities in the four months ended April 30, 2011 was RMB7.6 million, attributable to issuance of shares of RMB8.9 million offset by repayments of advance from a shareholder of RMB1.2 million. Our net cash used in financing activities was RMB8.4 million, attributable to repayments of advance from a shareholder of RMB8.4 million.

Working capital

We believe that our current cash and cash equivalents, cash flow from operations and the proceeds from the Share Offer will be sufficient to meet our working capital requirement for at least the next 12 months from the date of this prospectus. We may, however, require additional cash resources due to changing business conditions or other future developments, including any investments or acquisitions we may decide to pursue. If our existing cash resources are insufficient to meet our requirements, we may seek to sell additional equity securities, debt securities or borrow from banks. We cannot assure you that financing will be available in the amounts we need or on terms acceptable to us, if at all. The sale of additional equity securities, including convertible debt securities, would result in additional dilution to our Shareholders. The incurrence of indebtedness would result in debt service obligations and could result in operating and financial covenants that restrict our operations and our ability to pay dividends to our Shareholders. If we are unable to obtain additional equity or debt financing as required, our business, financial condition, results of operation and future prospects may be materially and adversely affected.

Net current assets

The following table sets forth our current assets and liabilities as of the dates indicated. As of August 31, 2011, the date being the latest practicable date for the purpose of the indebtedness statement in this prospectus, we had net current assets of RMB110.5 million.

	As of December 31,		As of April 30,	As of August 31,
	2009	2010	2011	2011
	(RMB in thousands)			
Current Assets				
Inventories	16,057	15,178	16,131	20,266
Trade receivables	29,542	26,948	38,091	35,594
Other receivables and prepayments	7,417	5,690	8,434	9,815
Amounts due from shareholders	9,433	140	173	126
Amount due from a related party	3,288	61	—	—
Tax recoverable	—	—	73	—
Financial asset at fair value through profit or loss				18,100
Bank balances and cash	58,537	83,468	87,082	58,662
	124,274	131,485	149,984	142,563
Current Liabilities				
Trade and other payables	11,081	21,689	21,468	26,950
Warranty provision	—	635	—	—
Tax payables	3,602	4,767	4,837	4,186
Amount due to shareholders	9,008	1,231	—	954
Convertible redeemable preferred shares	108,411	121,656	—	—
	132,102	149,978	26,305	32,090
Net current (liabilities) assets	(7,828)	(18,493)	123,679	110,473

Our current liabilities exceeded our current assets by approximately RMB7.8 million and RMB18.5 million as of December 31, 2009 and 2010, respectively. Our net current liability position as of December 31, 2009 and 2010 primarily reflected our accrued liabilities with respect to our Series A Preferred Shares of RMB108.4 million and RMB121.7 million, respectively. We have relied on the

sale of our Series A Preferred Shares as a significant source of liquidity. In March 2011, our Series A investors have converted the Series A Preferred Shares to common Shares and as a result the investment was classified as equity. We expect our net current asset position will be improved after this conversion. As of April 30, 2011, we had net current assets of RMB123.7 million. The Directors are satisfied that we will have sufficient financial resources to meet our financial obligations as they fall due for the foreseeable future after taking into account of funds generated from our operations.

CAPITAL EXPENDITURE

We made capital expenditures of RMB4.4 million in 2009, RMB4.9 million in 2010 and RMB2.6 million in the four months ended April 30, 2011, respectively, in connection with our purchase of property, plant and equipment. Our capital expenditure in 2009 was primarily related to our purchase of machinery. Our capital expenditure in 2010 was primarily related to purchase of machinery and furniture, fixtures and equipment. The increase from 2009 to 2010 was primarily because of our increased investment in research and development related facilities. Our capital expenditure in the four months ended April 30, 2011 was primarily related to our purchase of machinery.

Our past capital expenditures were financed primarily through our cash flow from operations. We estimate that our capital expenditures for the year ending December 31, 2011 will be approximately RMB15.5 million. We expect such capital expenditures to consist primarily of plant and machinery, and we expect to finance such capital expenditures primarily through a combination of our current cash and cash equivalents and cash flow from operations.

INDEBTEDNESS

In 2010, we entered into two bank credit facilities. The first such bank credit facility was a RMB10 million bank facility extended by China Merchants Bank, Shenzhen Hi-Tech Zone Branch in January 2010. We provided security for such bank facility by mortgaging to the bank certain real estate property. Mr. Xie, our chairman of the Board, also provided personal guarantee up to RMB10 million. This bank facility was terminated in October 2010 and at that time no amounts had been drawn under this facility and the relevant mortgage and personal guarantee was released accordingly. The second bank credit facility was entered into on November 2010, which was a RMB25 million bank credit facility with China Construction Bank, Shenzhen Branch for a term from November 26, 2010 to November 25, 2011, and is in the process of negotiation with China Construction Bank, Shenzhen Branch for the renewal of the RMB25 million credit facility. The Directors confirmed that China Construction Bank has verbally agreed to renew the credit facility to the Company in due course, but no written documents have been signed for the renewal as at the Latest Practicable Date. The Directors might also consider to borrow from other banks in the future. Such bank facility was secured by our mortgage of certain real estate property of up to RMB20 million and personal guarantee up to RMB25 million by Mr. Xie. The personal guarantee was released on April 29, 2011. In the event that this bank facility cannot be renewed in the future as a result of the recent tightening of credit in the PRC, the discontinuation of this facility in the future will have no material impact on the operations of the Company as the Group has sufficient financial resources to meet its day-to-day operational needs. We have not yet drawn down any fund under this bank facility yet.

In 2009, our bank borrowings consisted of drawdown under a bank credit facility of RMB10 million extended by China Merchants Bank, Shenzhen Hi-tech Zone Branch. We provided security for such bank facility with by mortgaging to the bank certain real estate property. Mr. Xie, our Chairman, also provided personal guarantee up to RMB10 million. This bank facility had expired on September 15, 2009 and we had repaid all the outstanding amounts we drew down under this facility and the relevant mortgage and personal guarantee have been released.

As of December 31, 2009, we had an outstanding interest-free loan of RMB8.4 million with no specified term and an advance of RMB0.6 million from one of our Shareholders Mr. Wu. In 2010, we had an outstanding interest-free loan of US$100,000 from Mr. Xie with unspecified term and repaid RMB8.4 million to Mr. Wu. As of December 31, 2010, we had outstanding amounts owed to Mr. Wu and Mr. Xie of RMB0.6 million and RMB0.7 million, respectively. We have fully repaid the outstanding loans to Mr. Wu and Mr. Xie before April 30, 2011.

As of August 30, 2011, our used and unused credit facilities amounted to nil and RMB25 million, respectively. Also, as of August 31, 2011, we had approximately RMB1.0 million dividend declared but unpaid to a shareholder. We expect to pay up such dividend before Listing Date.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Group did not have outstanding at the close of business on August 31, 2011 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities. The Directors confirm that there has been no material change in the Company's indebtedness and contingent liabilities since August 31, 2011.

MAJOR FINANCIAL RATIOS

The following table sets forth our major financial ratios during the Track Record Period.

	For the Years Ended December 31,		For the Four Months Ended April 30,
	2009	**2010**	**2011**
Current ratio *(Note 1)*	94%	88%	570%
Quick ratio *(Note 2)*	82%	78%	509%
Return on equity *(Note 3)*	-41%	123%	8%
Return on total assets *(Note 4)*	-3%	2%	6%

Notes:

(1) Current ratio is calculated by dividing current assets by current liabilities as at the end of the respective period. We recorded a decrease from approximately 94% in 2009 to approximately 88% in 2010. Such decrease was primarily due to our charge on fair value changes of our Series A Preferred Shares. Our current ratio increased to 570% in the four months ended April 30, 2011 due to the conversion of Series A Preferred Shares effective on March 31, 2011.

(2) Quick ratio is calculated by dividing current assets (excluding inventory) by current liabilities at the end of the respective period. We recorded a decrease from approximately 82% in 2009 to approximately 78% in 2010. Such decrease was due to our charge on fair value changes of our Series A Preferred Shares. Our quick ratio increased to 509% in the four months ended April 30, 2011 due to the conversion of Series A Preferred Shares effective on March 31, 2011.

(3) Return on equity is calculated by dividing profit for the year/period by total equity at the end of the respective period. We recorded an increase from approximately -41% in 2009 to approximately 123% in 2010. Such increase was due to our charge on fair value changes of our Series A Preferred Shares. Our return on equity was 8% in the four months ended April 30, 2011 due to the conversion of Series A Preferred Shares effective on March 31, 2011.

(4) Return on total assets is calculated by dividing the profit for the year/period by total assets at the end of the respective period. We recorded an increase from approximately -3% in 2009 to approximately 2% in 2010. Such increase was due to our stronger sales in 2010. Our return on total assets increased to 6% in the four months ended April 30, 2011 due to the conversion of Series A Preferred Shares effective on March 31, 2011.

CONTRACTUAL OBLIGATIONS AND CONTINGENT LIABILITIES

The following table sets forth our capital commitments that are contracted for but not provided in our financial statements as of December 31, 2009 and 2010 and April 30, 2011.

	As of December 31,		As of April 30,
	2009	2010	2011
	(RMB in thousands)		
Capital expenditure in respect of acquisition of property, plant and equipment			
- Contracted for but not provided in the financial statements	467	1,217	832

Other than the above, we did not have any contractual obligations or contingent liabilities as of December 31, 2009 and 2010 and April 30, 2011.

Except as disclosed above, we did not have any material contingent liabilities or guarantees as at October 24, 2011, being the latest practicable date for the purpose of this confirmation.

OFF-BALANCE SHEET ARRANGEMENTS

We do not have any special purpose entities that provide financing, liquidity, market risk or credit support to us or engage in leasing, hedging or research and development services with us. We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. In addition, we have not entered into any derivative contracts that are indexed to our own Shares and classified as shareholders' equity, or that are not reflected in our financial statements. Moreover, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Currency risk

Most of our assets and liabilities are denominated in RMB, and we conduct our business transactions principally in RMB. However, our certain bank balances, trade receivables, other receivables, amount due from a related party , convertible redeemable preferred shares, trade and other payables are denominated in foreign currencies, which expose us to foreign currency risk. The currencies giving rise to this risk are primarily US Dollars. We currently do not have a foreign currency hedging policy. Our management monitors foreign exchange exposure by closely monitoring the movement of foreign exchange rate. Based on our (loss) profit after tax in 2009, 2010 and the four months ended April 30, 2011, a 5% change in the exchange rates between the Renminbi and the US Dollar would result in an increase or decrease of RMB4.5 million, RMB4.6 million and RMB2.3 million in our (loss) profit after tax, respectively.

Credit risk

Our credit risk is primarily attributable to our financial assets including trade and other receivables, cash at banks and deposits with banks. Our management has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, we reviews the recoverable amount of each individual trade receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. We only place deposits with banks and financial institutions which we believe are of a high credit rating. We have concentration of credit risk to a certain extent as 44.8%, 40.9% and 39.0% of the total trade receivables due from our five largest customers as of December 31, 2009 and 2010 and the four months ended April 30, 2011, respectively.

Liquidity risk

Our management monitors and maintains a level of cash and cash equivalents deemed adequate to finance our operations and mitigate the effects of fluctuations in cash flows. In addition, our management monitors the utilization of borrowings, and reviews the borrowings upon expiry based on our actual operation requirement. As of April 30, 2011, our financial liabilities, consisting of trade and other payables, had a carrying amount of RMB4.8 million, all of which will be due within three months or on demand. All these amounts are based on the contractual undiscounted cash flows. We are exposed to liquidity risk to the extent we have insufficient cash or other sources of funding to satisfy these or other liabilities we may incur from time to time.

PROPERTY INTERESTS

As of May 31, 2011, our properties held under property and equipment were revalued by Jones Lang LaSalle Sallmanns Limited, an independent property valuer, and the relevant property valuation report is set out in Appendix III to this prospectus. The net revaluation surplus, representing the excess of market value of the said properties over their carrying values, has not been included in our consolidated financial information as of April 30, 2011 as our Group's property interests are stated at cost less accumulated depreciation and accumulated impairment losses.

The table below set for the reconciliation of aggregate amounts of property interests from our consolidated financial information as of April 30, 2011 and May 31, 2011 to the valuation amount of our Company's property interests as of May 31, 2011:

	HK$'000
Net book value of our property interests as of April 30, 2011	2,362
Movements for the one month ended May 31, 2011	(7)
— Additions	—
— Depreciation	(7)
Net book value of our property interests as of May 31, 2011	2,355
Valuation surplus as of May 31, 2011	7,229
Valuation as of May 31, 2011 per Appendix III to this prospectus	9,584

Note:

(1) The amount has been translated from RMB into HK dollars at a rate of RMB0.83 to HK$1.00.

RELATED PARTY TRANSACTIONS

With respect to the related party transactions as set out in "Accountants' Report — Note 35" in Appendix I to this prospectus, our Directors confirm that these transactions were conducted on normal commercial terms and/or on terms that are not less favorable than terms available from independent third parties which are considered fair and reasonable and in the interest of the Shareholders.

DISCLOSURE REQUIRED UNDER CHAPTER 17 OF THE GEM LISTING RULES

The Directors have confirmed that there are no circumstances which, had they been required to comply with Rules 17.15 to 17.21 in Chapter 17 of the GEM Listing Rules, would have given rise to a disclosure requirement under Rules 17.15 to 17.21 of the GEM Listing Rules.

NO MATERIAL ADVERSE CHANGE

The Directors confirm that, up to the Latest Practicable Date, there has been no material adverse change in the financial or trading position or prospects of the Group since April 30, 2011, being the date on which the latest financial information of the Group was reported in the accountants' report set out in Appendix I to this prospectus.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative unaudited pro forma statement of adjusted net tangible assets of the Company and its subsidiaries (collectively the "Group"), which has been prepared in accordance with Rule 7.31 of the GEM Listing Rules and on the basis of the notes set out below for the purpose of illustrating the effect of the Placing and Public Offer as if it had taken place on April 30, 2011.

This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group as of April 30, 2011 or at any future dates following the Placing and Public Offer.

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as of April 30, 2011	**Estimated net proceeds from the Placing and Public Offer**	**Unaudited pro forma adjusted net tangible assets of the Group attributable to owners of the Company**	**Unaudited pro forma adjusted net tangible assets value per Share**	
	(Note 1) *RMB'000*	**(Note 2)** *RMB'000*	*RMB'000*	**(Note 3)** *RMB*	**(Note 6)** *HK$*
Based on an Offer Price of HK$1.91 per Offer share	138,316	123,106	261,422	0.52	0.63
Based on an Offer Price of HK$2.26 per Offer share	138,316	149,071	287,387	0.57	0.69

Notes:

(1) The audited consolidated net tangible assets of the Group attributable to owners of the Company as of April 30, 2011 is extracted from the Accountants' Report set out in Appendix I to this prospectus, which is based on the audited consolidated net assets of the Group attributable to owners of the Company as of April 30, 2011 of RMB141.3 million less the intangible assets of the Group attributable to owners of the Company as at April 30, 2011 of approximately RMB3.0 million.

(2) The estimated net proceeds from the Placing and Public Offer are based on an indicative Offer Prices of HK$1.91 (equivalent to approximately RMB1.59) and HK$2.26 (equivalent to approximately RMB1.88) per Share, respectively (after deducting the underwriting fees and other related expenses), and takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option. For the purpose of the estimated net proceeds from the Placing and Public Offer, the amount stated in Hong Kong dollars has been converted into Renminbi at the rate of RMB1 to HK$1.2. No representation is made that the Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

(3) The unaudited pro forma adjusted net tangible assets per Share is arrived at after the adjustments referred to in note 2 in the preceding paragraph and on the basis that 500,000,000 Shares were in issue assuming that the Placing and Public Offer and the Capitalisation Issue had been completed on April 30, 2011. It takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option, the options which may be granted under the Share Option Scheme or issuing general mandate.

(4) By comparing the valuation of our property interests as set out in Appendix III to this prospectus the net valuation surplus is approximately RMB14.3 million as compared to the carrying amounts of the Group's property interests as of August 31, 2011, which has not been included in the above consolidated net tangible assets attributable to owners of the Company. The valuation surplus of our property interests will not be incorporated in our consolidated financial statements in the future. If the valuation surplus were to be included in our consolidated financial statements, an additional depreciation charge of approximately RMB525,000 per annum would be incurred.

(5) No adjustment has been made to the unaudited pro forma adjusted net tangible assets of the Group to reflect any trading result or other transaction of the Group entered into subsequent to April 30, 2011. In particular, the unaudited pro forma adjusted net tangible assets of the Group has not taken into account the payment of dividend or RMB20 million which was approved by the shareholders' meeting on July 1, 2011.

(6) For the purpose of this unaudited pro forma adjusted net tangible assets, the balance stated in Renminbi are converted into Hong Kong dollars at the rate of RMB1 to HK$1.2. No representation is made that the Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

DIVIDEND AND DIVIDEND POLICY

During the Track Record Period, our Board has declared and distributed dividend from time to time. We declared dividend to holders of our Shares in the amount of nil and RMB19.0 million in 2009 and 2010, respectively. We declared an additional dividend of RMB20 million in July 2011 and we expect to pay up such dividend before Listing Date. We have been advised by our Cayman Islands legal adviser Maples and Calder that the Company's payment of share dividend is in compliance with Cayman Islands laws if (i) the dividend is paid out of the Company's profit or share premium; (ii) the payment of share dividend will not result in the Company being unable to pay its debts as they fall due in the ordinary course of business; (iii) the payment of share dividend is authorized in accordance with the Company's articles of association; (iv) the payment of dividend is not in breach of any restriction contained in the Company's memorandum and articles of association or in breach of any contractual restriction to which the Company is subject; and (v) the Directors consider the payment of the dividend to be in the best interests of the Company. Maples and Calder further advised the Company that (i) the "profit" for determining the lawfulness of a dividend payment should be that of the Company alone rather than of the Group on a consolidated basis; (ii) while there is no authority of which it is aware, it is of the view that changes in fair market value of the preferred shares of the Company should not be reflected in the calculation of profit given that such changes do not increase or decrease the legal liabilities of the Company, nor is there any advantage or prejudice to creditors arising therefrom; and (iii) our payment of share dividend in 2010 and 2011 has been authorized under the articles of association of the Company and is not in contravention of any restrictions in the Company's memorandum and articles of association. Based on such advice, our Directors confirm that the Company had sufficient "profit" under Cayman Islands law for payment of share dividend in 2010, despite what was shown in the consolidated financial statements of the Group for the year ended December 31, 2010. The Directors also confirm that (i) our dividend in 2011 was paid out of the Company's share premium account; (ii) the payments of share dividend in 2010 and 2011 will not

result in the Company being unable to pay its debts as they fall due in the ordinary course of business; (iii) the payments of dividend are not in breach of any contractual restriction to which the Company is subject; and (iv) the Directors consider the payments of the dividend to be in the best interests of the Company. Based on the foregoing, our Directors believe that our payments of dividend in 2010 and 2011 is in compliance with the Cayman Islands law and is not inconsistent with the memorandum and articles of association of the Company. Other than disclosed above, we do not have any planned or forecasted dividend distribution.

Our historical dividend distributions are not indicative of our future dividend policy. Our Board may declare dividends in the future after taking into account our operation, earnings, financial condition, cash requirements and availability and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividend will be subject to our constitutional documents and the Cayman Companies Law. Our Shareholders in general meeting may approve any declaration of dividend, which must not exceed the amount recommended by our Board. In addition, our Directors may from time to time pay such interim dividends as appear to our Board to be justified by our profits, or special dividends of such amounts and on such dates as they think fit. No dividend shall be declared or payable except out of our profits and reserves lawfully available for distribution. Our future declaration of dividend may or may not reflect our historical declaration of dividend and will be at the absolute discretion of our Board.

Future dividend payments will also depend upon the availability of dividend received from our PRC subsidiaries. PRC laws require that dividend be paid only out of the net profit calculated according to PRC GAAP, which differ in certain aspects from IFRS. PRC laws also require a wholly owned foreign enterprise, such as our PRC operating subsidiaries, to transfer at least 10% of its net profit (after offsetting the prior year's losses) to a statutory reserve until the reserve balance reaches 50% of the registered capital. The transfer to its reserve must be made before distribution of dividend to its equity holders. Distribution from our PRC operating subsidiaries may also be restricted if they incur losses or in accordance with any restrictive covenants in bank credit facilities or other agreements that we or our PRC operating subsidiaries may enter into in the future. The statutory reserve of Lifetech Shenzhen has not reached 50% of its registered capital as at the Latest Practicable Date.

We believe we have sufficient foreign exchange, primarily generated from our operations, to fund our dividend distribution or repay our foreign exchange liabilities. As at September 30, 2011 we had share premium and reserves of RMB65.1 million for distribution to Shareholders.

Public Offer Underwriters

Piper Jaffray Asia Securities Limited

Orient Securities (Hong Kong) Limited

China Merchants Securities (HK) Co., Limited

Placing Underwriters

Piper Jaffray Asia Securities Limited

Orient Securities (Hong Kong) Limited

China Merchants Securities (HK) Co., Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Public Offer

Public Offer Underwriting Agreement

Pursuant to the Public Offer, our Company is offering the Public Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms. Subject to the Hong Kong Stock Exchange granting listing of, and permission to deal in, our Shares in issue, the Offer Shares and any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option and any options that may be granted under the Share Option Scheme and to certain other conditions set out in the Public Offer Underwriting Agreement and the Placing Underwriting Agreement having been duly executed and delivered and having become unconditional in accordance with their respective terms, the Public Offer Underwriters have agreed severally to subscribe or procure subscribers for, their respective applicable proportions of the Public Offer Shares which are being offered but are not taken up under the Public Offer on the terms and subject to the conditions of this prospectus, the Application Forms and the Public Offer Underwriting Agreement.

Grounds for termination

The respective obligations of the Public Offer Underwriters to subscribe for, or procure subscribers for, the Public Offer Shares are subject to the right of termination of the Public Offer Underwriters. The Lead Manager (for itself and on behalf of the Public Offer Underwriters) may in its absolute discretion, to terminate Public Offer Underwriters' obligations under the Public Offer Underwriting Agreement, if at any time at or before 8:00 a.m. (Hong Kong time) on the Listing Date:

(a) (i) there is any material change or prospective change (whether or not permanent) in the business or in the financial or trading position or prospects of our Company or any other member of our Group; or

(ii) any event or series of events resulting or representing or likely to result in any change or development (whether or not permanent) in local, national, regional or international financial, political, industrial, economic, currency, military, conflict-related, legal, fiscal, exchange control, regulatory conditions or any monetary or trading settlement system (including but not limited to a change in the system under which the value of the Hong Kong currency or Renminibi is linked to that of the currency of the United States), equity or other financial market or other conditions, circumstances or matters shall have occurred, happened or come into effect; or

(iii) any relevant new law or change (whether or not forming part of a series of changes) in existing laws or any change in the interpretation or application thereof by any court or governmental authority in Hong Kong, the Cayman Islands, the PRC, the United States, European Union, India or in any other jurisdiction which our Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) or any other jurisdiction relevant to our Group (each a "**Relevant Jurisdiction**"); or

(iv) a change or development occurs involving a prospective change in taxation or exchange control (or in the implementation of any exchange control) or foreign investment regulations in any Relevant Jurisdiction; or

(v) any event, act or omission which gives rise to or is likely to give rise to any liability of any of Mr. Xue, Mr. Wu, Mr. Gabriel Li and Ms. Cong Ning (collectively, the "**Warrantor Directors**") pursuant to the indemnity contained in the Public Offer Underwriting Agreement; or

(vi) the imposition of economic sanctions or withdrawal of trading privileges, in whatever form, directly or indirectly, by any Relevant Jurisdiction; or

(vii) any event, or series of events, beyond the control of the Public Offer Underwriters (including without limitation, any acts of God, acts of government, large scale labour disputes, acts or threats of war, riots, public disorder, civil commotion, fire, flooding, explosion, outbreak of diseases or epidemic (including but not limited to severe acute

respiratory syndrome and H5N1, avian flu, influenza A (H1Na) (swine flu) and such related or mutated forms), terrorism, strikes or lockouts) or extensive interruption or delay in transportation, economic sanction and any declaration of a national or international emergency or war shall have occurred, happened or come into effect in any Relevant Jurisdiction; or

(viii) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or crisis involving or affecting any Relevant Jurisdiction; or

(ix) the imposition or declaration of (a) any suspension or material limitation on dealings in shares or securities generally on the Hong Kong Stock Exchange or any other major international stock exchange or (b) any moratorium on banking activities or disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services in or affecting Hong Kong, PRC, New York, London or any other Relevant Jurisdiction; or

(x) a demand by any creditor for repayment or payment of any material indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or

(xi) any litigation of claim of material importance of any third party being instigated against any member of our Group; or

(xii) any material loss or damage sustained by any member of our Group (howsoever caused and whether or not the subject of any insurance or claim against any person); or

(xiii) a petition is presented for the winding-up or liquidation of any member of our Group or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group; or

(xiv) approval by the Hong Kong Stock Exchange of the listing of, and permission to deal in, the Offer Shares to be issued or sold (including any additional Shares that may be issued or sold pursuant to the exercise of the Over-allotment Option) under the Share Offer is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld,

which in the sole and absolute opinion of the Lead Manager (for itself and on behalf of the Public Offer Underwriters):

(A) is or will or may individually or in aggregate have a material adverse effect on the business, financial, trading or other condition or prospects of our Company taken alone or our Group taken as a whole and/or, in the case of paragraph (a)(iv) above, to any present or prospective shareholder in its capacity as such; or

(B) has or will or may have a material adverse effect on the success of the Public Offer, the Placing or the level of Offer Shares being applied for or accepted or the distribution of the Offer Shares; or

(C) is or will or may make it impracticable, inadvisable, inexpedient or not commercially viable (a) for any material part of Public Offer Underwriting Agreement, the Placing Underwriting Agreement, the Public Offer, the Placing and/or the Share Offer to be performed or implemented as envisaged or (b) to proceed with the Public Offer, the Placing and/or the Share Offer on the terms and in the manner contemplated in this prospectus; or

(b) any of the Public Offer Underwriters shall become aware of the fact that, or have cause to believe that:

(i) any of the warranties or undertakings given by our Company and the Warrantor Directors pursuant to the Public Underwriting Agreement is untrue, inaccurate, misleading or breached in any respect when given or as repeated as determined by the Lead Manager in its sole and absolute discretion;

(ii) any statement contained in this prospectus, the Application Forms, the formal notice and any announcement in the agreed form issued by our Company in respect of the Public Offer, the Placing and/or the Share Offer was or is untrue, incorrect or misleading in any respect, or any matter arises or is discovered which would, if such documents in respect of the Public Offer, the Placing and/or the Share Offer were to be issued at that time, constitute a material omission therefrom as determined by the Lead Manager in its sole and absolute discretion; or

(iii) there has been a breach in any material respect on the part of any of our Company and the Warrantor Directors of any of the provisions of the Public Offer Underwriting Agreement or the Placing Underwriting Agreement as determined by the Lead Manager in its sole and absolute discretion,

then the Lead Manager may, and upon giving notice in writing to our Company and the Public Offer Underwriters, terminate the Public Offer Underwriting Agreement with immediate effect.

Placing

In connection with the Placing, our Company has entered into the Placing Underwriting Agreement with, among others, the Selling Shareholders, the Placing Underwriters.

Under the Placing Underwriting Agreement, subject to the conditions set forth therein, the Placing Underwriters have severally agree to purchase or procure purchasers for the Placing Shares initially being offered pursuant to the Placing. The Placing Underwriting Agreement may be terminated on similar grounds as the Public Offer Underwriting Agreement. Potential investors shall be reminded that in the event that the Placing Underwriting Agreement is not entered into, the Share Offer will not proceed.

We and the Selling Shareholders have granted to the Lead Manager, for itself and on behalf of the Placing Underwriters, the Over-allotment Option exercisable by the Lead Manager (on behalf of the Placing Underwriters) at any time and from time to time from the date of the Placing Underwriting Agreement until the 30th day after the last day for the lodging of applications under the Public Offer to require our Company to allot and issue up to an aggregate of 9,375,000 additional new Shares and/or the Selling Shareholders to sell up to an aggregate of 9,375,000 additional Sales Shares, representing an aggregate of 15% of the Offer Shares initially offered under the Share Offer, at the same price per Offer Share under the Placing, solely to cover over-allocations, if any, in the Placing.

Commissions and expenses

The Public Offer Underwriters will receive an underwriting commission of 2.75% on the aggregate Offer Price of the Public Offer Shares initially offered under the Public Offer, out of which they will pay any sub-underwriting commission. The Placing Underwriters will receive an underwriting commission of 2.75% on the aggregate Offer Price of the Placing Shares initially offered under the Placing. For unsubscribed Public Offer Shares reallocated to the Placing, we will pay an underwriting commission at the rate applicable to the Placing and such commission will be paid to the Lead Manager and the Placing Underwriters (but not the Public Offer Underwriters).

The aggregate commissions and fees, together with the listing fees, SFC transaction levy and Hong Kong Stock Exchange trading fee in respect to the new Shares offered by us, legal and other professional fees and printing and other expenses relating to the Share Offer are estimated to amount to approximately HK$33 million in total (based on the Offer Price of HK$2.085, being the mid-point of the indicative Offer Price range between HK$1.91 and HK$2.26, and assuming the Over-allotment Option is not exercised) and will be payable by us.

UNDERTAKINGS PURSAUNT TO THE UNDERWRITING AGREEMENTS

Each of the Selling Shareholders and our Controlling Shareholders (namely Mr. Xie, Xianjian Technology, Mr. Wu and GE Asia Pacific) has undertaken to our Company, the Sponsor, the Lead Manager, the Underwriters that:

(i) he/she/it will not, without the prior written consent of the Lead Manager, on behalf of the Underwriters, directly or indirectly, and will procure that none of his/her/its associates (as defined in the GEM Listing Rules) or companies controlled by him/her/it or any nominee or trustee holding in trust for him/her/it shall, offer for sale, sell, transfer, contract to sell, or otherwise dispose of (including without limitation by the creation of any option, right, warrant to purchase or otherwise transfer or dispose of, or any lending, charges, pledges or encumbrances over, or by entering into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise)) any of the Shares (or any interest in any Shares or any voting or other right attaching to any Shares) in respect of which he/her/it is shown in this prospectus to be the beneficial owner (directly or indirectly) or any other securities convertible into or exchangeable for or which carry a right to subscribe, purchase or acquire any such Shares (or any interest in any Shares or any voting or other right attaching to any Shares) or enter into any swap, derivative or other arrangement that transfers to another, in whole or in part, any of the economic consequences of the acquisition or ownership of any such Shares or such securities at any time during the period commencing on the date by reference to which disclosure of his or its shareholding is made in this prospectus and ending on the date which is six months from the date on which dealings in our Shares commence on the Hong Kong Stock Exchange (the "**First Six Month Period**"), save in connection with any stock lending arrangement entered or to be entered into between Orchid Asia and the Lead Manager and subject always to compliance with the provisions of the GEM Listing Rules, in the event of a disposal of any Shares or such securities or any interest therein at any time during the period of six months immediately after the expiry of the First Six Month Period ("**Second Six Month Period**"), (a) in respect of our Controlling Shareholders, such disposal shall not result in any of our Controlling Shareholders ceasing to be the controlling shareholder (as defined in the GEM Listing Rules) of our Company at any time during the Second Six Month Period; and (b) he/she/it shall take all steps to ensure that any such act, if done, will not create a disorderly or false market for any Shares or other securities of our Company or any interest therein.

(ii) within the First Six Month Period and the Second Six Month Period he/she/it shall:

  (a) if and when he/she/it pledges or charges, directly or indirectly, any Shares or other securities of our Company beneficially owned by him/her/it, immediately inform our Company, the Sponsor and the Lead Manager in writing of such pledge or charge together with the number of such Shares or other securities so pledged or charged; and

  (b) if and when he/she/it receives indications, either verbal or written, from any pledgee or chargee that any Shares or other securities in our Company pledged or charged by him/her/it will be disposed of, immediately inform our Company, the Sponsor and the Lead Manager in writing of such indications.

We have undertaken to each of the Sponsor, the Lead Manager and the Underwriters and each of the Warrantor Directors has undertaken to each of the Sponsor, the Lead Manager and the Underwriters to procure that our Company will not:

(i) except pursuant to the Share Offer, the Capitalisation Issue, the exercise of the subscription rights attaching to the Over-allotment Option or to the options that may be granted under the Share Option Scheme, without the prior written consent of the Lead Manager (on behalf of the Underwriters), and subject always to the provisions of the GEM Listing Rules, offer, allot, issue or sell, or agree to allot, issue or sell, grant or agree to grant any option, right or warrant over, or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by our Company or any of our Affiliates (as such term is defined under the Underwriting Agreements)), either directly or indirectly, conditionally or unconditionally, any Shares (or any interest in any Shares or any voting or other right attaching to any Shares) or any securities convertible into or exchangeable for such Shares (or any interest in any Shares or any voting or other right attaching to any Shares) or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership of Shares (or any interest in any Shares or any voting or other right attaching to any Shares) or such securities, whether any of the foregoing transactions is to be settled by delivery of Shares or such securities, in cash or otherwise or announce any intention to effect any such transaction during the First Six Month Period;

(ii) at any time during the First Six Month Period, issue, or create any mortgage, pledge, charge or other security interest or any rights in favour of any other person over, directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company (including but not limited to any securities that are convertible into or exchangeable for, or that represent the right to receive, any Shares (or any interest in any Shares or any voting or other right attaching to any Shares) or securities of our Company) or repurchase any Shares or securities of our Company or grant any options, warrants or other rights to subscribe for any Shares or other securities of our Company or agree to do any of the foregoing, except pursuant to the Share Offer, the Capitalisation Issue or the exercise of the subscription rights attaching to the Over-allotment Option or to the options that may be granted under the Share Option Scheme;

(iii) at any time within the Second Six Month Period do any of the acts set out in paragraphs (i) and (ii) above such that any of our Controlling Shareholders, directly or indirectly, would cease to be a controlling shareholder of our Company (within the meaning defined in the GEM Listing Rules); and

(iv) during a period of two years from the date of this prospectus, in the event that our Company does any of the acts set out in paragraphs (i) or (ii) after the expiry of the First Six Month Period or the Second Six Month Period, as the case may be, take all steps to ensure that any such act, if done, will not create a disorderly or false market for any Shares or other securities of our Company or any interest therein.

UNDERTAKINGS TO THE HONG KONG STOCK EXCHANGE PURSUANT TO THE GEM LISTING RULES

Pursuant to Rule 13.16A(1) of the GEM Listing Rules, each of our Controlling Shareholders has undertaken to the Hong Kong Stock Exchange that he/it shall not and shall procure that the relevant registered holder(s) shall not:

(i) in the period commencing on the date of this prospectus and ending on the date which is six months from the Listing Date dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which he/it is shown by this prospectus to be the beneficial owner; or

(ii) in the period of six months commencing on the date on which the period referred to in (i) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to (i) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances he/it would cease to be a controlling shareholder (as defined in the GEM Listing Rules) of the Company.

Each of our Controlling Shareholders has also undertaken to the Hong Kong Stock Exchange and our Company to comply with the following requirements:

(i) in the event that he/it pledges or charges any direct or indirect interest in relevant Shares in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)), as security for a bona fide commercial loan or pursuant to any right or waiver granted by the Hong Kong Stock Exchange pursuant to Rule 13.18(4) of the GEM Listing Rules, at any time during the period commencing on the date of this prospectus and ending on the date which is six months from the Listing Date, he/it must inform the Company immediately thereafter, disclosing the details specified in Rules 17.43(1) to (4) of the GEM Listing Rules; and

(ii) having pledged or charged any interest in Shares under (i) above, he/it must inform our Company immediately in the event that he/it becomes aware that the pledge or charge has disposed of or intends to dispose of such interest and of the number of Shares affected.

Our Company will inform the Hong Kong Stock Exchange as soon as we have been informed of such matters and must forthwith publish an announcement giving details of the same in accordance with the requirements of Rule 17.43 of the GEM Listing Rules.

SPONSORS' AND UNDERWRITERS' INTEREST IN OUR COMPANY

Piper Jaffray Asia satisfies the independence criteria applicable to sponsors set out in Rule 6A.07 of the GEM Listing Rules.

The Lead Manager and the other Underwriters will receive an underwriting commission of 2.75% of the aggregate Offer Price payable for the Offer Shares. Particulars of these commission and expenses are set forth under the paragraph headed "Commissions and expenses" above.

Save as disclosed above, none of the Lead Manager and the Underwriters is interested legally or beneficially in shares of our Company or any of its subsidiaries or has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any of its members nor any interest in the Share Offer.

THE SHARE OFFER

This prospectus is published in connection with the Public Offer as part of the Share Offer. An aggregate of 125,000,000 Shares (comprising 92,500,000 new Shares to be issued by us and 32,500,000 Sale Shares to be offered for sale by the Selling Shareholders) will be initially available under the Share Offer, of which (i) 80,000,000 new Shares and (ii) 32,500,000 Sale Shares will be conditionally placed pursuant to the Placing to professional, institutional and other investors and the remaining 12,500,000 new Shares will be offered to the public in Hong Kong at the Offer Price under the Public Offer (subject, in each case, to reallocation on the basis described below under "Public Offer").

The 125,000,000 Offer Shares initially being offered in the Share Offer will represent approximately 25% of our enlarged issued share capital immediately after completion of the Share Offer, assuming that the Over-allotment Option is not exercised. The underwriting arrangements, and the respective Underwriting Agreements, are summarised in the section headed "Underwriting".

Investors may apply for the Offer Shares under the Public Offer or apply for or indicate an interest for the Shares under the Placing, but may not apply under both of these methods for the Offer Shares. In other words, you may only receive Offer Shares under either the Public Offer or the Placing, but not under both of these methods.

THE PUBLIC OFFER

The Public Offer is fully underwritten by the Public Offer Underwriters on a several basis under the terms of the Public Offer Underwriting Agreement and is subject to the Company, the Selling Shareholders and the Lead Manager, on behalf of the Underwriters, agreeing on the Offer Price. The Public Offer and the Placing are subject to the conditions set forth in the subsection headed "Conditions of the Share Offer" herein. The Public Offer Underwriting Agreement and the Placing Underwriting Agreement are expected to be conditional upon each other.

Number of Shares initially offered

The Public Offer is a fully underwritten public offer (subject to agreement as to pricing and satisfaction or waiver of the other conditions set forth in the Public Offer Underwriting Agreement and described in the section below headed "Conditions of the Share Offer") for the subscription in Hong Kong of, initially, 12,500,000 Offer Shares at the Offer Price (representing approximately 10% of the total number of the Offer Shares).

The Public Offer is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Allocation

Allocation of Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The basis of allocation may vary, depending on the number of Public Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

Subject to any adjustment in the number of Offer Shares allocated between the Placing and the Public Offer, the total number of Offer Shares available under the Public Offer will represent approximately 2.5% of the Company's enlarged issued share capital immediately after completion of the Share Offer and the Capitalisation Issue assuming that the Over-allotment Option is not exercised. It is to be divided equally into two pools for allocation purposes (subject to any adjustment in the number of Offer Shares allocated between the Placing and the Public Offer): pool A and pool B. The Public Offer Shares in pool A will be allocated on an equitable basis to successful applicants who have applied for the Public Offer Shares with an aggregate subscription price of HK$5 million or less (excluding the brokerage of 1%, SFC transaction levy of 0.003% and the Hong Kong Stock Exchange trading fee of 0.005%). The Public Offer Shares in pool B will be allocated on an equitable basis to successful applicants who have applied for the Public Offer Shares with an aggregate subscription price of more than HK$5 million (excluding the brokerage of 1%, SFC transaction levy of 0.003% and Hong Kong Stock Exchange trading fee of 0.005%) and up to the value of pool B. Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If the Public Offer Shares in one (but not both) of the pools are undersubscribed, the surplus Public Offer Shares will be transferred to the other pool to satisfy demand in this other pool and be allocated accordingly. For the purpose of this paragraph only, the "price" for Public Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Public Offer Shares from either pool A or pool B but not from both pools and may only apply for Public Offer Shares in either pool A or pool B but not in both pools. Multiple or suspected multiple applications within pool A or pool B, and between the two pools, and any application for more than 50% of the 12,500,000 Public Offer Shares initially comprised in the Public Offer (that is 6,250,000 Public Offer Shares) is liable to be rejected.

Reallocation

The allocation of the Offer Shares between the Public Offer and the Placing is subject to adjustment. If the number of Shares validly applied for under the Public Offer represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, or (iii) 100 times or more of the number of Shares initially available under the Public Offer, then the Offer Shares will be reallocated to the Public Offer from the Placing, such that the total number of Shares available under the Public Offer will be increased to 37,500,000 Shares (in the case of (i)), 50,000,000 Shares (in the case of (ii)) and 62,500,000 Shares (in the case of (iii)) representing approximately 30%, 40% and 50% of the Offer Shares initially available under the Share Offer, respectively (before any exercise of the Over-allotment Option). In each case, the additional Offer Shares reallocated to the

Public Offer will be allocated equally between pool A and pool B and the number of the Offer Shares allocated to the Placing will be correspondingly reduced in such manner as the Lead Manager deems appropriate. In addition, the Lead Manager may, in its sole discretion, allocate the Offer Shares from the Placing to the Public Offer to satisfy valid applications under the Public Offer.

If the Public Offer is not fully subscribed for, the Lead Manager has the authority to reallocate all or any unsubscribed Public Offer Shares to the Placing, in such proportions as the Lead Manager deems appropriate.

Applications

Each applicant under the Public Offer will also be required to give an undertaking and confirmation in the Application Form submitted by him/her/it that he/she/it and any person(s) for whose benefit he/she/it is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing, and such applicant's application may be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or he/she/it has been or will be placed or allocated Offer Shares under the Placing.

The listing of our Shares on the Hong Kong Stock Exchange is sponsored by the Sponsor. Applicants under the Public Offer are required to pay, on application, the maximum price of HK$2.26 per Offer Share in addition to any brokerage fee, SFC transaction levy and the Hong Kong Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the section headed "Pricing of the Share Offer" below, is less than the maximum price of HK$2.26 per Offer Share, appropriate refund payments (including the brokerage of 1%, SFC transaction levy of 0.003% and Hong Kong Stock Exchange trading fee of 0.005% attributable to the surplus application monies) will be made to successful applicants, without interest. Please refer to the section headed "How to apply for the Public Offer Shares" for further details.

References in this prospectus to applications, Application Forms, application or subscription monies or the procedure for application relate solely to the Public Offer.

THE PLACING

The Placing is fully underwritten by the Placing Underwriters on a several basis upon and subject to the terms and conditions of the Placing Underwriting Agreement.

Number of Placing Shares offered

Subject to reallocation as described above, the number of Offer Shares to be initially offered under the Placing will be 112,500,000 Shares, which comprise 80,000,000 new Shares being offered by our Company and 32,500,000 Sale Shared being offered by the Selling Shareholders representing in aggregate approximately 90% of the initial Offer Shares under the Share Offer.

Allocation

Pursuant to the Placing, 112,500,000 Placing Shares will be conditionally placed on behalf of our Company and the Selling Shareholders, by the Placing Underwriters or through selling agents appointed by them.

The Placing will involve selective marketing of our Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of the Placing Shares will be determined by the Bookrunner, and will be effected in accordance with the "book-building" process described in the section headed "Pricing of the Share Offer" below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares, and/or hold or sell its Shares, after the listing of our Shares on the Hong Kong Stock Exchange. Such allocation is intended to result in a distribution of our Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to our Company's benefit and that of our Shareholders as a whole.

Our Directors, the Lead Manager (on behalf of the Underwriters) and our Company will take reasonable steps to identify and reject applicants under the Public Offer from investors who have received Offer Shares in the Placing, and to identify and reject indications of interest in the Placing from investors who have received Offer Shares in the Public Offer.

OVER-ALLOTMENT OPTION AND STOCK BORROWING ARRANGEMENT

In connection with the Share Offer, our Company and the Selling Shareholders have granted an Over-allotment Option to the Placing Underwriters exercisable by the Lead Manager on behalf of the Placing Underwriters.

Pursuant to the Over-allotment Option, the Lead Manager (on behalf of the Placing Underwriters) has the right, exercisable at any time from the date of the Placing Underwriting Agreement until the 30th day after the last day for the lodging of applications under the Public Offer and from time to time, to require our Company to allot and issue up to an aggregate of 9,375,000 additional new Shares and/or the Selling Shareholders to sell up to an aggregate of 9,375,000 additional Sales Shares, in aggregate representing 15% of the Offer Shares initially offered under the Share Offer, at the same price per Offer Share at which the Offer Shares were initially offered under the Placing, to cover over-allocations in the Placing, if any, on the same terms and conditions as the Offer Shares that are subject to the Share Offer. The Lead Manager may, at its option, also cover such over-allocations by purchasing the Offer Shares in the secondary market or through stock borrowing arrangements from holders of Shares or exercise of Over-allotment Option, or by a combination of these means or otherwise as may be permitted under applicable laws, rules and regulations. If the Lead

Manager exercises the Over-allotment Option in full, the additional new Shares will represent approximately 1.8% of the Company's enlarged issued share capital immediately following the completion of the Share Offer and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, a press announcement will be made.

In order to facilitate settlement of over-allocations in connection with the Share Offer, the Lead Manager and Orchid Asia will enter into the Stock Borrowing Agreement. Under the Stock Borrowing Agreement, Orchid Asia agrees with the Lead Manager, that if requested by the Lead Manager, it will, subject to the terms of the Stock Borrowing Agreement, make available to the Lead Manager up to 18,750,000 Shares held by it, by way of stock lending, in order to cover over-allocations in connection with the Placing, if any.

The Stock Borrowing Agreement provides that:

- such stock borrowing arrangement will be for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option;

- the maximum number of Shares to be borrowed from Orchid Asia under the Stock Borrowing Agreement will be limited to the maximum number of Shares which may be issued upon full exercise of the Over-allotment Option;

- the same number of Shares so borrowed may be returned to Orchid Asia or its nominees (as the case may be) within three business days following the earlier of the last day on which the Over-allotment Option may be exercised and the date on which the Over-allotment Option is exercised in full;

- borrowing of Shares pursuant to the Stock Borrowing Agreement will be effected in compliance with all applicable listing rules, laws, rules and regulatory requirements; and

- no payment will be made to Orchid Asia by the Lead Manager in relation to such borrowing arrangement.

PRICING OF THE SHARE OFFER

The Placing Underwriters will be soliciting from prospective investors indications of interest in acquiring the Placing Shares. Prospective professional, institutional and other investors will be required to specify the number of Placing Shares they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to the Price Determination Date.

Pricing for the Offer Shares for the purpose of the various offerings under the Share Offer will be fixed on the Price Determination Date, when market demand for the Shares will be determined, which is expected to be on or around November 3, 2011, and in any event on or before November 8, 2011, by agreement between the Lead Manager, on behalf of the Underwriters, and our Company and the number of Shares to be allocated under various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK$2.26 per Offer Share and is expected to be not less than HK$1.91 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Public Offer. Applicants under the Share Offer must pay, on application, the maximum price of HK$2.26 per Offer Share plus 1% brokerage fee, 0.003% SFC transaction levy and 0.005% Hong Kong Stock Exchange trading fee amounting to a total of HK$4,565.57 per board lot of 2,000 Shares. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus. If the Offer Price, as finally determined in the manner described below, is lower than HK$2.26, being the maximum price, we will refund the respective difference (including the brokerage fee, the SFC transaction levy and the Hong Kong Stock Exchange trading fee attributable to the surplus money) to successful applicants, without interest. Please refer to the section headed "How to apply for the Public Offer Shares" for further details.

The Lead Manager, on behalf of the Underwriters, may, where considered appropriate, based on the level of interest expressed by prospective professional, institutional and other investors during the book-building process, and with the consent of our Company and the Selling Shareholders, reduce the number of Public Offer Shares and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Public Offer. In case of such a reduction, our Company will, as soon as practicable following the decision to make the reduction, and in any event not later than the morning of the last day for lodging applications under the Public Offer, cause there to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of our Company (www.lifetechmed.com) notices of the reduction in the number of Public Offer Shares and/or the indicative Offer Price range. Upon issue of these notices, the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Lead Manager, on behalf of the Underwriters, and us, will be fixed within this revised Offer Price range. Applicants should have regard to the possibility that any announcement of a reduction in the number of Public Offer Shares and/or the indicative Offer Price range may not be made until the last day for lodging applications under the Public Offer. The notices will also include confirmation or revision, as appropriate, of the working capital statement and the Share Offer statistics as currently set forth in this prospectus, and any other financial information which may change as a result of such reduction. Applicants under the Public Offer should note that in no circumstances can applications be withdrawn once they are submitted, even if the number of Public Offer Shares and/or the Offer Price range is reduced as described in this section. In the absence of any notice of reduction published as described in this paragraph, the Offer Price, if agreed upon between the Company and the Lead Manager, on behalf of the Underwriters, will be within the Offer Price range as stated in this prospectus.

The final Offer Price, the indications of interest in the Share Offer, the results of applications and the basis of allotment of Shares available under the Public Offer, are expected to be announced on Wednesday, November 9, 2011 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the website of our Company (www.lifetechmed.com).

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the newly issued securities in the

secondary market, during a specified period of time, to minimise and, if possible, prevent a decline in the initial public offer prices of the securities below the offer price. In Hong Kong and certain other jurisdictions, activity aimed at reducing the market price is prohibited, and the price at which stabilisation is effected is not permitted to exceed the offer price.

In connection with the Share Offer, the Lead Manager, as stabilising manager, its affiliates or any person acting for it, on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilising or maintaining the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. the Lead Manager has been appointed as stabilising manager for the purposes of the Share Offer in accordance with the Securities and Futures (Price Stabilising) Rules made under the SFO.

Any such stabilising activity will be made in compliance with all applicable laws, rules and regulations in place in Hong Kong on stabilisation including the Securities and Futures (Price Stabilising) Rules made under the SFO. However, there is no obligation on the Lead Manager, its affiliates or any person acting for it to do this. Such stabilisation, if commenced, will be conducted at the absolute discretion of the Lead Manager, its affiliates or any person acting for it and may be discontinued at any time, and must be brought to an end after a limited period. Any such stabilising activity is required to be brought to an end within 30 days from the last day for lodging application under the Public Offer which is expected to be on or around Thursday, November 3, 2011. The number of Shares that may be over-allocated will not be greater than the number of Shares which may be sold upon exercise of the Over-allotment Option, being 18,750,000 Shares, which is 15% of the Shares initially available under the Share Offer.

Following any over-allotment of Shares in connection with the Share Offer, the Lead Manager, its affiliates or any person acting for it may take all or any of the following stabilising actions in Hong Kong during the stabilisation period to cover such over-allotment by (among other methods) making purchases in the secondary market, selling Shares to liquidate a position held as a result of those purchases, exercising the Over-allotment Option in full or in part, stock borrowing or by any combination of any of the foregoing.

The possible stabilising action which may be taken by the Lead Manager, its affiliates or any person acting for it in connection with the Share Offer may involve (among other things) (i) purchases of Shares, (ii) establishing, hedging and liquidating positions in Shares, (iii) exercising the Over-allotment Option in whole or in part, (iv) stock borrowing and/or (v) offering or attempting to do any of (i), (ii), (iii) or (iv) above.

Specifically, prospective applicants for and investors in Offer Shares should note that:

- the Lead Manager, its affiliates or any person acting for it may, in connection with the stabilising action, maintain a long position in the Shares;

- there is no certainty regarding the extent to which and the time period for which the Lead Manager, its affiliates or any person acting for it will maintain such a position;

- liquidation of any such long position by the Lead Manager, its affiliates or any person acting for it may have an adverse impact on the market price of the Shares;

- no stabilising action can be taken to support the price of the Shares for longer than the stabilising period which will begin on the Listing Date following announcement of the Offer Price, and is expected to expire on the 30th day after the date expected to be the last day for lodging applications under the Public Offer. After this date, when no further action may be taken to support the price of the Shares, demand for the Shares, and therefore the price of the Shares, could fall;

- the price of any security (including the Shares) cannot be assured to stay at or above its Offer Price by the taking of any stabilising action; and

- stabilising bids may be made or transactions may be effected in the course of the stabilising action at any price at or below the Offer Price, which means that stabilising bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the Shares.

DEALING

Assuming that the Share Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, November 10, 2011, it is expected that dealings in the Shares on the GEM Board of the Hong Kong Stock Exchange will commence at 9:00 a.m. on Thursday, November 10, 2011.

CONDITIONS OF THE SHARE OFFER

Acceptance of all applications for the Offer Shares will be conditional on, among other things:

(i) the Hong Kong Stock Exchange granting the listing of, and permission to deal in, our Shares in issue, the Offer Shares and any additional Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option and any options that may be granted under the Share Option Scheme) (subject only to allotment), and such listing and permission not having been revoked prior to the commencement of dealings in Shares on the Hong Kong Stock Exchange;

(ii) the Offer Price having been duly determined and the execution and delivery of the Placing Underwriting Agreement on or about the Price Determination Date;

(iii) the obligations of the Underwriters under each of the respective Underwriting Agreements becoming and remaining unconditional (including, if relevant, as a result of the waiver of any conditions by the Lead Manager, on behalf of the Underwriters) and not having been terminated in accordance with the terms of the respective agreements; and

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date which is 30 days after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between the Company, the Selling Shareholders and the Lead Manager (on behalf of the Underwriters) by Tuesday, November 8, 2011, the Share Offer will lapse.

The consummation of each of the Public Offer and the Placing is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with their respective terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Share Offer will lapse and the Hong Kong Stock Exchange will be notified immediately. We will publish a notice of the lapse of the Share Offer in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) on the next day following such lapse. In such eventuality, all application money will be returned, without interest, on the terms set forth in the section headed "How to apply for Public Offer Shares". In the meantime, all application money will be held in (a) separate bank account(s) with the receiving banker or other licensed bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

We expect to issue share certificates for the Offer Shares on Wednesday, November 9, 2011. Share certificates for the Offer Shares will only become valid certificates of title at 8:00 a.m. on Thursday, November 10, 2011 provided that (i) the Share Offer has become unconditional in all respects and (ii) the right of termination as described in the section headed "Underwriting — Underwriting arrangements and expenses — Public Offer — Grounds for termination" has not been exercised.

There are three ways to make an application for the Public Offer Shares. You may apply for the Public Offer Shares by either using a **WHITE** or **YELLOW** Application Form, by giving **electronic application instructions** to HKSCC to cause HKSCC Nominees to apply for the Public Offer Shares on your behalf or by submitting an electronic application to the **HK eIPO White Form** Service Provider under the **HK eIPO White Form** service through the designated website **www.hkeipo.hk**. Except where you are a nominee and provide the required information in your application, you or you and your joint applicant(s) may not make more than one application (whether individually or jointly) by applying using a **WHITE** or **YELLOW** Application Form, by giving **electronic application instructions** to HKSCC or to the designated **HK eIPO White Form** Service Provider.

1. APPLYING BY USING A WHITE OR YELLOW APPLICATION FORM

Which Application Form to Use

Use a **WHITE** Application Form if you want the Public Offer Shares issued in your own name.

Use a **YELLOW** Application Form if you want the Public Offer Shares issued in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or your designated CCASS Participant's stock account.

Note: Save under the circumstances permitted by the GEM Listing Rules, the Public Offer Shares are not available to existing beneficial owners of the Shares in the Company or any of its subsidiaries or the associates of any of them, the directors or chief executive of the Company or any of its subsidiaries or the associates of any of them or the connected persons (as defined in the GEM Listing Rules) of the Company or any of its subsidiaries or persons who will become connected persons of the Company or any of its subsidiaries immediately upon completion of the Share Offer or not outside the United States or a U.S. person (as defined in Regulation S under the U.S. Securities Act) or persons who do not have a Hong Kong address.

Where to collect the WHITE and YELLOW Application Forms

You can collect a **WHITE** Application Form and a prospectus from:

(a) Any of the following addresses of the Public Offer Underwriters:

Name	Address
Piper Jaffray Asia Securities Limited	Suite 1308 13/F Two Pacific Place 88 Queensway, Admiralty Hong Kong
Orient Securities (Hong Kong) Limited	Unit 2404-2407 24/F Man Yee Building 68 Des Voeux Road Central Hong Kong
China Merchants Securities (HK) Co., Limited	48/F, One Exchange Square Central Hong Kong

(b) or at any of the following branches of Standard Chartered Bank (Hong Kong) Limited:

	Branch Name	Address
Hong Kong Island	**Des Voeux Road Branch**	**Standard Chartered Bank Building, 4-4A, Des Voeux Road Central, Central**
	88 Des Voeux Road Branch	**88 Des Voeux Road Central, Central**
	Quarry Bay Branch	**G/F, Westlands Gardens, 1027 King's Road, Quarry Bay**
Kowloon	**Kwun Tong Hoi Yuen Road**	**G/F, Fook Cheong Building, No. 63 Hoi Yuen Road, Kwun Tong, Kowloon.**
	Mongkok Branch	**Shop B, G/F, 1/F & 2/F, 617-623 Nathan Road, Mongkok**
	Tsimshatsui Branch	**G/F, 10 Granville Road, Tsimshatsui**
New Territories	**Tsuen Wan Branch**	**Shop C, G/F & 1/F, Jade Plaza, 298 Sha Tsui Road, Tsuen Wan**
	Metroplaza Branch	**Shop No. 175 - 176, Level 1, Metroplaza, 223 Hing Fong Road, Kwai Chung**

You can collect a **YELLOW** Application Form and a prospectus from:

(a) The Depository Counter of HKSCC at 2nd Floor, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong during normal business hours from 9:00 a.m. on Monday, October 31, 2011 until 12 noon on Thursday, November 3, 2011; or

(b) Your stockbroker, who may have such Application Forms and this prospectus available.

How to complete the WHITE and YELLOW Application Forms

There are detailed instructions on each Application Form. You should read those instructions carefully. If you do not follow the instructions your application may be rejected and returned by ordinary post together with the accompanying cheque(s) or banker's cashier order(s) to you (or the first-named applicant in the case of joint applicants) at your own risk at the address stated in the Application Form.

You should note that by completing and submitting the **WHITE** or **YELLOW** Application Form, among other things, you (and if you are joint applicants, each of you jointly and severally) for yourself or as agent or nominee and on behalf of each person for whom you act as agent or nominee:

- instruct and authorise our Company and/or the Lead Manager and/or the Underwriters (or their respective agents or nominees) to execute any transfer forms, contract notes or other

documents on your behalf and to do on your behalf all other things necessary to effect the registration of any Public Offer Shares allocated to you in your name(s) or HKSCC Nominees, as the case may be, as required by the Articles of Association and otherwise to give effect to the arrangements described in this prospectus and the relevant Application Form;

- undertake to sign all documents and to do all things necessary to enable you or HKSCC Nominees, as the case may be, to be registered as the holder of the Public Offer Shares allocated to you, and as required by the Articles of Association;

- confirm that you have received a copy of this prospectus and have only relied on the information and representations contained in this prospectus in making the application, and not on any other information or representation concerning our Company and you agree that neither our Company, the Sponsor, the Lead Manager or the Underwriters nor any of their respective directors, officers, employees, partners, agents, advisers or any other parties involved in the Share Offer will have any liability for any such other information or representations;

- agree (without prejudice to any other rights which you may have) that once the application has been accepted, you may not revoke or rescind it because of an innocent misrepresentation;

- if the application is made for your own benefit, warrant that the application is the only application which will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC via CCASS or to the designated **HK eIPO White Form** Service Provider via **HK eIPO White Form** service (**www.hkeipo.hk**);

- if the application is made by an agent on your behalf, warrant that you have validly and irrevocably conferred on the agent all necessary power and authority to make the application;

- if you are an agent for another person, warrant that reasonable enquiries have been made of that other person that the application is the only application which will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC via CCASS or to the designated **HK eIPO White Form** Service Provider via **HK eIPO White Form** service (**www.hkeipo.hk**), and that you are duly authorised to sign the Application Form or to give **electronic application instructions** as that other person's agent;

- undertake and confirm that you (if the application is made for your benefit) or the person(s) for whose benefit you have made the application have not applied for or taken up or indicated an interest in or received or been placed or allocated (including conditionally and/or provisionally) and will not apply for or take up or indicate any interest in any Placing Shares in the Placing, nor otherwise participate in the Placing;

- warrant the truth and accuracy of the information contained in your application;
- agree to disclose to our Company, the Hong Kong Share Registrar, the receiving bankers, the Sponsor, the Lead Manager and their respective advisers and agents any personal data and information about you or the person(s) for whose benefit you have made the application;
- agree that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;
- undertake and agree to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;
- represent and warrant that you understand that the Public Offer Shares have not been and will not be registered under the U.S. Securities Act and you are outside the United States (as defined in Regulation S) when completing this application and you are not, and none of the other person(s) for whose benefit you are applying, is a U.S. person (as defined in Regulation S) described under the U.S. Securities Act;
- agree that once your application is accepted, your application will be evidenced by the results of the Public Offer made available by the Company;
- authorise our Company to place your name(s) or the name of HKSCC Nominees, as the case may be, on our register of members of our Company as the holder(s) of any Public Offer Shares allocated to you, and our Company and/or our agents to send or deposit any share certificate(s) (where applicable) to you or into CCASS (as the case may be) and/or to send any refund cheque(s) (where applicable) to you or (in case of joint applicants) the first-named applicant on the Application Form by ordinary post at your own risk to the address stated on your Application Form (unless you have applied for 1,000,000 Public Offer Shares or more and have indicated on the Application Form that you will collect the share certificate(s) (where applicable and if you use a **WHITE** Application Form) and/or refund cheques (where applicable) in person in accordance with the terms set out in the relevant Application Form and this prospectus);
- understand that these declarations and representations will be relied upon by our Company, and the Sponsor in deciding whether or not to make any allotment of Public Offer Shares in response to your application;
- if the laws of any place outside Hong Kong are applicable to your application, you agree and warrant that you have complied with all such laws and none of the Company, the Sponsor, the Lead Manager or the Underwriters nor any of their respective directors, employees, partners, agents, officers or advisers will infringe any laws outside Hong Kong as a result of the acceptance of your offer to subscribe, or any actions arising from your rights and obligations under the terms and conditions set out in this prospectus;
- agree with us, for ourselves and the benefit of each of our Shareholders, and we agree with each of our Shareholders, to observe and comply with the Cayman Companies Law, our Memorandum of Association and Articles of Association;

- agree with us, for ourselves and the benefit of each of our Shareholders, that the Shares are freely transferable by the holder(s) thereof;

- authorise us to enter into a contract on your behalf with each of our Directors and officers under which such Directors and Officers undertake to observe and comply with their obligations to Shareholders stated in our Memorandum of Association and Articles of Association;

- confirm that you are aware of the restrictions on offering of the Public Offer Shares described in this prospectus; and

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and the Application Forms and agree to be bound by them.

In order for the **YELLOW** Application Forms to be valid:

You, as the applicant(s), must complete the form as indicated below and sign on the first page of the Application Form. Only written signatures will be accepted.

(a) **If the application is made through a designated CCASS Participant (other than a CCASS Investor Participant):**

i. the designated CCASS Participant must endorse the form with its company chop (bearing its company name) and insert its participant I.D. in the appropriate box in the Application Form.

(b) **If the application is made by an individual CCASS Investor Participant:**

i. the Application Form must contain the CCASS Investor Participant's name and Hong Kong Identity Card number; and

ii. the CCASS Investor Participant must insert its participant I.D. in the appropriate box in the Application Form.

(c) **If the application is made by a joint individual CCASS Investor Participant:**

i. the Application Form must contain all joint CCASS Investor Participants' names and the Hong Kong Identity Card numbers of all joint CCASS Investor Participants; and

ii. the participant I.D. must be inserted in the appropriate box in the Application Form.

(d) **If the application is made by a corporate CCASS Investor Participant:**

i. the Application Form must contain the CCASS Investor Participant's company name and Hong Kong Business Registration number; and

ii. the participant I.D. and company chop (bearing its company name) must be inserted in the appropriate box in the Application Form.

Incorrect or incomplete details of the CCASS Participant or the omission or inadequacy of participant I.D. and/or company chop bearing its company name or other similar matters may render the application invalid.

Nominees who wish to submit separate applications in their names on behalf of different beneficial owners are requested to designate on each Application Form in the box marked "For nominees" account numbers or other identification code for each beneficial owner or, in the case of joint beneficial owners, for each such beneficial owner.

If you apply for the Public Offer Shares using a **YELLOW** Application Form, in addition to the confirmations and agreements referred to above, you (and if you are joint applicants, each of you jointly and severally) for yourself or as agent or nominee and on behalf of each person for whom you act as agent or nominee are deemed to do the followings:

(a) agree that any Public Offer Shares allocated to you shall be registered in the name of HKSCC Nominees and deposited directly into CCASS operated by HKSCC for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant, in accordance with your election on the Application Form;

(b) agree that each of HKSCC and HKSCC Nominees reserves the right at its absolute discretion (1) not to accept any or part of such allotted Public Offer Shares issued in the name of HKSCC Nominees or not to accept such allotted Public Offer Shares for deposit into CCASS; (2) to cause such allotted Public Offer Shares to be withdrawn from CCASS and transferred into your name (or, if you are a joint applicant, to the name of the first-named applicant) at your own risk and costs; and (3) to cause such allotted Public Offer Shares to be issued in your name (or, if you are a joint applicant, in the name of the first-named applicant) and in such a case, to post the share certificates for such allotted Public Offer Shares at your own risk to the address stated on the Application Form by ordinary post or to make available the same for your collection;

(c) agree that each of HKSCC and HKSCC Nominees may adjust the number of allotted Public Offer Shares issued in the name of HKSCC Nominees;

(d) agree that neither HKSCC nor HKSCC Nominees shall have any liability for the information and representations not so contained in this prospectus and the Application Form; and

(e) agree that neither HKSCC nor HKSCC Nominees shall be liable to you in any way.

If your application is made through a duly authorised attorney, our Company and the Lead Manager (as our Company's agent and on behalf of the Public Offer Underwriters) may accept it at

their discretion, and subject to any conditions our Company thinks fit, including evidence of the authority of your attorney. Our Company, the Lead Manager (as the agent of our Company) or their respective agents and nominees will have full discretion to reject or accept any application, in full or in part, without assigning any reason.

How to make payment for the application

Each completed **WHITE** or **YELLOW** Application Form must be accompanied by either one cheque or one banker's cashier order, which must be stapled to the top left hand corner of the Application Form.

If you pay by cheque, the cheque must:

- be in Hong Kong dollars;
- be drawn on your Hong Kong dollar bank account in Hong Kong;
- show your account name. This name must either be pre-printed on the cheque or be endorsed on the reverse of the cheque by an authorised signatory of the bank. The account name must be correspond with the name of the applicant on your Application Form (or, in the case of joint applicants, the name of the first-named applicant). If the cheque is drawn on a joint account, one of the joint account names must be the same as the name of the first-named applicant;
- be made payable to "Horsford Nominees Limited — LifeTech Public Offer";
- be crossed "Account Payee Only"; and
- not be post-dated.

Your application may be rejected if your cheque does not meet all these requirements or is dishonoured on its first presentation.

If you pay by banker's cashier order, the cashier order must:

- be in Hong Kong dollars;
- be issued by a licensed bank in Hong Kong and have your name certified on the reverse of the banker's cashier order by an authorised signatory of the bank on which it is drawn. The name on the reverse of the banker's cashier order and the name on the Application Form must be the same. If it is a joint application, the name on the reverse of the banker's cashier order must be the same as the name of the first-named applicant;
- be made payable to "Horsford Nominees Limited — LifeTech Public Offer";
- be crossed "Account Payee Only"; and

- not be post-dated.

Your application may be rejected if your banker's cashier order does not meet all these requirements.

The right is reserved to present all or any remittance for payment. However, your cheque or banker's cashier order will not be presented for payment before 12:00 noon on Thursday, November 3, 2011. Our Company will not give you a receipt for your payment. Our Company will keep any interest accrued on your application monies (up until, in the case of monies to be refunded, the date of despatch of refund cheques/e-Auto Refund payment instructions). The right is also reserved to retain any share certificates and/or any surplus application monies or refunds pending clearance of your cheque or banker's cashier order.

2. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC

General

CCASS Participants may give **electronic application instructions** to HKSCC to apply for the Public Offer Shares and to arrange payment of the monies due on application and payment of refunds. This will be in accordance with their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (https://ip.ccass.com) (using the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
2/F Infinitus Plaza
199 Des Voeux Road Central
Hong Kong

and complete an input request form.

Prospectuses are available for collection from the above address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Public Offer Shares on your behalf.

You are deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application, whether submitted by you or through your broker or custodian, to our Company and the Hong Kong Share Registrar.

Giving Electronic Application Instructions to HKSCC to Apply for Public Offer Shares by HKSCC Nominees On Your Behalf

Where a **WHITE** Application Form is signed by HKSCC Nominees on behalf of persons who have given **electronic application instructions** to apply for the Public Offer Shares:

(a) HKSCC Nominees is only acting as a nominee for those persons and shall not be liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(b) HKSCC Nominees does the following things on behalf of each such person:

i. agrees that the Public Offer Shares to be allotted shall be issued in the name of the HKSCC Nominees and deposited directly into CCASS for the credit of the stock account of the CCASS Participant who has inputted **electronic application instructions** on that person's behalf or that person's CCASS Investor Participant stock account;

ii. undertakes and agrees to accept the Public Offer Shares in respect of which that person has given **electronic application instructions** or any lesser number;

iii. undertakes and confirms that that person has not indicated an interest for, applied for or taken up or indicated an interest for, any shares under the Placing nor otherwise participated in the Placing;

iv. (if the **electronic application instructions** are given for that person's own benefit) declares that only one set of **electronic application instructions** has been given for that person's benefit;

v. (if that person is an agent for another person) declares that that person has only given one set of **electronic application instructions** for the benefit of that other person and that that person is duly authorised to give those instructions as that other person's agent;

vi. understands that the above declaration will be relied upon by our Company, the Sponsor and the Lead Manager in deciding whether or not to make any allotment of Public Offer Shares in respect of the **electronic application instructions** given by that person and that that person may be prosecuted if he makes a false declaration;

vii. authorises our Company to place the name of HKSCC Nominees on the register of members as the holder of the Public Offer Shares allotted in respect of that person's **electronic application instructions** and to send share certificate(s) (where applicable) and/or refund monies (where applicable) in accordance with the arrangements separately agreed between our Company and HKSCC;

viii. confirms that that person has read the terms and conditions and application procedures set out in this prospectus and agrees to be bound by them;

ix. confirms that that person has only relied on the information and representations in this prospectus in giving that person's **electronic application instructions** or instructing that person's broker or custodian to give **electronic application instructions** on that person's behalf save as set out in any supplement to this prospectus;

x. agrees that our Company, the Sponsor, the Lead Manager, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer are liable only for the information and representations contained in this prospectus and any supplemental thereto;

xi. agrees to disclose that person's personal data to our Company, the Hong Kong Share Registrar, receiving banker(s), the Sponsor, the Lead Manager, the Underwriters and/or their respective agents and any information which they may require about that person;

xii. agrees (without prejudice to any other rights which that person may have) that once the application to HKSCC Nominees has been accepted, the application cannot be rescinded for innocent misrepresentation;

xiii. agrees that any application made by HKSCC Nominees on behalf of that person pursuant to **electronic application instructions** given by that person is irrevocable on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday, or public holiday in Hong Kong), such agreement to take effect as a collateral contract with our Company and to become binding when that person gives the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday, or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday, or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Hong Kong Companies Ordinance (as applied by Section 342E of the Hong Kong Companies Ordinance) gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus;

xiv. agrees that once the application of HKSCC Nominees is accepted, neither that application nor that person's **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the announcement of the results of the Public Offer published by the Company;

xv. agrees to the arrangements, undertakings and warranties specified in the participant agreement between that person and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, in respect of the giving of **electronic application instructions** relating to Public Offer Shares;

xvi. agrees with us, for ourselves and for the benefit of each of our Shareholders (and so that we will be deemed by our acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for ourselves and on behalf of each of our Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Cayman Companies Law, the Hong Kong Companies Ordinance and the Articles of Association;

xvii. agrees with us (for ourselves and for the benefit of each of our Shareholder) that the Shares are freely transferable by the holders thereof; and

xviii. agrees that the person's application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Public Offer Shares on your behalf;

- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, plus brokerage of 1%, SFC transaction levy of 0.003% and Hong Kong Stock Exchange trading fee of 0.005% by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the Offer price per Share initially paid on application, refund of the application monies, in each case including brokerage of 1%, SFC transaction levy of 0.003% and Hong Kong Stock Exchange trading fee of 0.005%, by crediting your designated bank account; and

- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things which it is stated to do on your behalf in the **WHITE** Application Form.

Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your behalf, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares in respect of which you have given such instructions and/or in respect of which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for those purposes of considering whether multiple applications have been made.

Minimum Subscription Amount and Permitted Multiples

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** in respect of a minimum of 2,000 Public Offer Shares. Such instructions in respect of more than 2,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

Personal Data

The section of the Application Forms headed "Personal Data" applies to any personal data held by our Company and the Hong Kong Share Registrar about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

Section 40 of the Hong Kong Companies Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Hong Kong Companies Ordinance (as applied by section 342E of the Hong Kong Companies Ordinance).

Warning

The subscription of the Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Our Company, our Directors, the Sponsor, the Lead Manager, the Underwriters and all other parties involved in the Share Offer take no responsibility for the application and provided no assurance that any CCASS Participant will be allotted any Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions** to HKSCC through the CCASS Phone System or the CCASS Internet System, CCASS Investor Participants are advised not to wait until the last minute to input their **electronic application instructions** to the systems. In the event that CCASS Investor Participants have problems connecting to the CCASS Phone System or the CCASS Internet System to submit their **electronic application**

instructions, they should either: (i) submit a **WHITE** or **YELLOW** Application Form; or (ii) go to HKSCC's Customer Service Center to complete an input request form for **electronic application instructions** before 12:00 noon on Thursday, November 3, 2011, or such later date as described in the section headed "Effect of bad weather on the opening of the application lists" below.

3. APPLYING BY USING HK eIPO WHITE FORM

General

You may apply through **HK eIPO White Form** service by submitting an application through the designated website at **www.hkeipo.hk**. If you apply through **HK eIPO White Form** service, the Shares will be issued in your own name.

How to complete the HK eIPO White Form

(a) Detailed instructions for application through the **HK eIPO White Form** service are set out on the designated website at **www.hkeipo.hk**. You should read these instructions carefully. If you do not follow the instructions, your application may be rejected by the designated **HK eIPO White Form** Service Provider and may not be submitted to our Company.

(b) If you give electronic application instructions through the designated website at **www.hkeipo.hk**, you are deemed to have authorised the designated **HK eIPO White Form** Service Provider to apply on the terms and conditions set out in this prospectus, as supplemented and amended by the terms and conditions applicable to the **HK eIPO White Form** service.

(c) In addition to the terms and conditions set out in this prospectus, the designated **HK eIPO White Form** Service Provider may impose additional terms and conditions upon you for the use of the **HK eIPO White Form** service. Such terms and conditions are set out on the designated website at **www.hkeipo.hk**.You will be required to read, understand and agree to such terms and conditions in full prior to making any application.

(d) By submitting an application to the designated **HK eIPO White Form** Service Provider through the **HK eIPO White Form** service, you are deemed to have authorised the designated **HK eIPO White Form** Service Provider to transfer the details of your application to our Company and the Hong Kong Share Registrar.

(e) You may submit an application through the **HK eIPO White Form** service in respect of a minimum of 2,000 Public Offer Shares. Each electronic application instruction in respect of more than 2,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Forms, or as otherwise specified on the designated website at **www.hkeipo.hk**.

(f) You should give **electronic application instructions** through the **HK eIPO White Form** service at the times set out in the subsection headed "Members of the public — Time for Applying for Public Offer Shares" below.

How to Make Payment for the Application

You should make payment for your application made by **HK eIPO White Form** service in accordance with the methods and instructions set out in the designated website at **ww.hkeipo.hk**. If you do not make complete payment of the application monies (including any related fees) on or before 12:00 noon on Thursday, November 3, 2011, or such later time as described under the subsection headed "Effect of bad weather on the opening of the application lists" below, the designated **HK eIPO White Form** Service Provider will reject your application and your application monies will be returned to you in the manner described in the designated website at **www.hkeipo.hk**.

Multiple applications

If you apply by using **HK eIPO White Form**, once you complete payment in respect of any **electronic application instructions** given by you or for your benefit to the designated **HK eIPO White Form** Service Provider to make an application for Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instructions** under **HK eIPO White Form** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form** service by giving **electronic application instructions** through the designated website at **www.hkeipo.hk** and completing payment in respect of such **electronic application instructions**, or of submitting one application through the HK eIPO White Form service and one or more applications by any other means, all of your applications are liable to be rejected.

Warning

The application for Public Offer Shares through the **HK eIPO White Form** service is only a facility provided by the designated **HK eIPO White Form** Service Provider to public investors. Our Company, our Directors, the Sponsor, the Lead Manager, the Underwriters and all other parties involved in the Share Offer take no responsibility for such applications, and provide no assurance that applications through the **HK eIPO White Form** service will be submitted to the Company or that you will be allotted any Public Offer Shares.

Please note that Internet services may have capacity limitations and/or be subject to service interruptions from time to time. To ensure that you can submit your applications through the **HK eIPO White Form** service, you are advised not to wait until the last day for submitting applications in the Public Offer to submit your **electronic application instructions**. In the event that you have problems connecting to the designated website for the **HK eIPO White Form** service, you should submit a **WHITE** Application Form. However, once you have submitted **electronic application instructions** and completed payment in full using the application reference number provided to you on the designated website, you will be deemed to have made an actual application and should not submit a **WHITE** Application Form. Please refer to the subsection headed "How many applications you may make" below.

Additional information

For the purposes of allocating Public Offer Shares, each applicant giving **electronic application instructions** through **HK eIPO White Form** service to the **HK eIPO White Form** Service Provider through the designated website at **www.hkeipo.hk** will be treated as an applicant.

If your payment of application monies is insufficient, or in excess of the required amount, having regard to the number of Offer Shares for which you have applied, or if your application is otherwise rejected by the designated **HK eIPO White Form** Service Provider, the designated **HK eIPO White Form** Service Provider may adopt alternative arrangements for the refund of monies to you. Please refer to the additional information provided by the designated **HK eIPO White Form** Service Provider on the designated website at **www.hkeipo.hk.**

4. HOW MANY APPLICATIONS YOU MAY MAKE

You may make more than one application for the Public Offer Shares if and only if:

You are a nominee, in which case you may (i) give **electronic application instructions** to HKSCC via CCASS (if you are a CCASS Participant) or (ii) use a **WHITE** or **YELLOW** Application Form and lodge more than one application in your own name on behalf of different beneficial owners. In the box on the Application Form marked "For nominees", you must include:

- an account number; or
- some other identification code

for each beneficial owner or, in the case of joint beneficial owners, for each such beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

Otherwise, multiple applications are not allowed.

It will be a term and condition of all applications that by completing and delivering an Application Form or by submitting an application to the **HK eIPO White Form** Service Provider through the designated website at **www.hkeipo.hk** or by giving **electronic application instructions** to HKSCC, you:

- (if the application is made for your own benefit) warrant that this is the only application which has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the designated **HK eIPO White Form** Service Provider through the **HK eIPO White Form** service (**www.hkeipo.hk**);
- (if you are an agent for another person) warrant that reasonable enquiries have been made of that other person that this is the only application which has or will be made for the

benefit of that other person on a **WHITE** or **YELLOW** Application form or by giving **electronic application instructions** to HKSCC or to the designated **HK eIPO White Form** Service Provider through the **HK eIPO White Form** service (**www.hkeipo.hk**) and that you are duly authorised to sign the Application Form as that other person's agent.

Except where you are a nominee and provide the information required to be provided in your application, all of your applications will be rejected as multiple applications if you, or you and your joint applicant(s) together:

- make more than one application (whether individually or jointly with others) on a **WHITE** or **YELLOW** Application Form or by submitting an application to the **HK eIPO White Form** Service Provider through the designated website or by giving **electronic application instructions** to HKSCC via CCASS; or

- apply both (whether individually or jointly with others) on one (or more) **WHITE** Application Form and one (or more) **YELLOW** Application Form or on one (or more) **WHITE** or **YELLOW** Application Form and give **electronic application instructions** to HKSCC via CCASS or to the designated **HK eIPO White Form** Service Provider through the **HK eIPO White Form** service (**www.hkeipo.hk**); or

- apply (whether individually or jointly with others) on one (or more) **WHITE** or **YELLOW** Application Form or by submitting an application to the **HK eIPO White Form** Service Provider through the designated website or by giving **electronic application instructions** to HKSCC via CCASS for more than 6,250,000 Shares, being 50% of the Public Offer Shares initially being available for subscription under the Public Public Offer, as more particularly described in the section entitled "Structure of the Share Offer — the Public Offer"; or

- have applied for or taken up, or indicated an interest in applying for or taking up, or have been or will be placed with (including conditionally and/or provisionally) any Placing Shares under the Placing.

All of your applications will also be rejected as multiple applications if more than one application is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**).

If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and

- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

An unlisted company means a company with no equity securities listed on the Hong Kong Stock Exchange.

Statutory control in relation to a company means you:

- control the composition of the board of directors of that company; or
- control more than half of the voting power of that company; or
- hold more than half of the issued share capital of that company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

5. HOW MUCH ARE THE PUBLIC OFFER SHARES

The maximum Offer Price is HK$2.26 per Public Offer Share. You must also pay brokerage of 1%, SFC transaction levy of 0.003% and the Hong Kong Stock Exchange trading fee of 0.005% in full. This means that for every board lot of 2,000 Public Offer Shares, you will pay approximately HK$4,565.57. The Application Forms have tables showing the exact amount payable for certain multiples of Public Offer Shares up to 6,250,000 Shares.

You must pay the maximum Offer Price, plus brokerage of 1%, SFC transaction levy of 0.003% and the Hong Kong Stock Exchange trading fee of 0.005% in full upon application for Public Offer Shares by a cheque or a banker's cashier order in accordance with the terms set out in the Application Forms (if you apply by an Application Form).

If your application is successful, brokerage of 1% is paid to participants of the Hong Kong Stock Exchange, the SFC transaction levy of 0.003% and Hong Kong Stock Exchange trading fee of 0.005% are paid to the Hong Kong Stock Exchange (in the case of the SFC transaction levy of 0.003%, collected on behalf of the SFC).

6. REFUND OF APPLICATION MONIES

If you do not receive any Public Offer Shares for any reason, our Company will refund your application monies, including brokerage of 1.0%, SFC transaction levy of 0.003% and Hong Kong Stock Exchange trading fee of 0.005%. No interest will be paid thereon. All interest accrued on such monies prior to the date of dispatch of refund cheques/e-Auto Refund payment instructions will be retained for the benefit of our Company.

If your application is accepted only in part, our Company will refund the appropriate portion of your application monies, including brokerage of 1.0%, SFC transaction levy of 0.003% and Hong Kong Stock Exchange trading fee of 0.005%, without interest.

If the Offer Price as finally determined is less than HK$2.26 per Public Offer Share, appropriate refund payments, including brokerage of 1.0%, SFC transaction levy of 0.003% and Hong Kong Stock Exchange trading fee of 0.005% attributable to the surplus application monies will be made to successful applicants, without interest. Details of the procedure for refund are set out below in the paragraph headed "Despatch/collection of share certificates and refund of application monies".

In the contingency situation involving a substantial over-subscription, at the discretion of our Company and the Lead Manager, cheques for applications for certain small denominations of Public Offer Shares on Application Forms (apart from successful applications) may not be cleared.

Refund of your application monies (if any) will be made on Wednesday, November 9, 2011 in accordance with the various arrangements as described in this section.

7. MEMBERS OF THE PUBLIC — TIME FOR APPLYING FOR PUBLIC OFFER SHARES

WHITE and YELLOW Application Forms

Completed **WHITE** or **YELLOW** Application Forms, together with payment attached, must be lodged by 12:00 noon on Thursday, November 3, 2011, or, if the application lists are not open on that day, then by the time and date stated in the paragraph headed "Effect of bad weather on the opening of the application lists" below.

Your completed Application Form, together with payment attached, should be deposited in the special collection boxes provided at any of the branches of Standard Chartered Bank (Hong Kong) Limited listed under the subsection headed "Where to collect the **WHITE** and **YELLOW** Application Forms" above at the following times:

Monday, October 31, 2011 — 9:00 a.m. to 5:00 p.m.
Tuesday, November 1, 2011 — 9:00 a.m. to 5:00 p.m.
Wednesday, November 2, 2011 — 9:00 a.m. to 5:00 p.m.
Thursday, November 3, 2011 — 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Thursday, November 3, 2011.

No proceedings will be taken on applications for the Shares and no allotment of any such Shares will be made until the closing of the application lists.

Electronic application instructions to HKSCC

CCASS Clearing/Custodian Participants can input **electronic application instruction**s at the following times on the following dates:

Monday, October 31, 2011 — 9:00 a.m. to 8:30 p.m.[(1)]
Tuesday, November 1, 2011 — 8:00 a.m. to 8:30 p.m.[(1)]
Wednesday, November 2, 2011 — 8:00 a.m. to 8:30 p.m.[(1)]
Thursday, November 3, 2011 — 8:00 a.m.[(1)] to 12:00 noon

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(1) *These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.*

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Monday, October 31, 2011 until 12:00 noon on Thursday, November 3, 2011 (24 hours daily, except the last application day).

HK eIPO White Form

You may submit your application to the designated **HK eIPO White Form** Service Provider through the designated website at **www.hkeipo.hk** from 9:00 a.m. on Monday, October 31, 2011 until 11:30 a.m. on Thursday, November 3, 2011 or such later time as described under the subsection headed "Effect of bad weather on the opening of the application lists" below (24 hours daily, except on the last application day). The latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, November 3, 2011, the last application day, or, if the application lists are not open on that day, then by the time and date stated in the subsection headed "Effect of bad weather on the opening of the application lists" below.

You will not be permitted to submit your application to the designated **HK eIPO White Form** Service Provider through the designated website at **www.hkeipo.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

8. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists of the Public Offer will not open if there is:

- a tropical cyclone warning signal number 8 or above, or
- a "black" rainstorm warning signal in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, November 3, 2011.

Instead they will be open from 11:45 a.m. to 12:00 noon on the next Business Day which does not have either of those warning signals in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon.

If the application of the Public Offer Shares do not open and close on Thursday, November 3, 2011, or if there is a tropical cyclone warning signal number 8 or above or "black" rainstorm warning signal in force in Hong Kong on the other dates mentioned in the section headed "Expected Timetable", such dates may be affected and an announcement will be made in such event.

9. PUBLICATION OF RESULTS

A notification announcement under Rules 16.13 and 16.16 of the GEM Listing Rules which also includes the Offer Price, an indication of the level of interest in the Placing, the results of applications under the Public Offer and the basis of allocation of the Public Offer Shares will be published by us on Wednesday, November 9, 2011 in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the website of our Company (www.lifetechmed.com) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Public Offer will be available at the times and date and in the manner specified below:

- Results of allocations for the Public Offer can be found in our announcement to be posted on our Company's website at www.lifetechmed.com and the website of the Hong Kong Stock Exchange at www.hkexnews.hk by no later than 8:30 a.m. on Wednesday, November 9, 2011;

- Results of allocations for the Public Offer will be available from our designated results of allocations website at www.tricor.com.hk/ipo/result on a 24-hour basis from 8:00 a.m. on Wednesday, November 9, 2011 to 12:00 midnight on Tuesday, November 15, 2011. The user will be required to key in the Hong Kong identity card/passport/Hong Kong business registration number provided in his/her/its application form to search for his/her/its own allocation result;

- Results of allocations will be available from our Public Offer allocation results telephone enquiry line. Applicants may find out whether or not their applications have been successful and the number of Public Offer Shares allocated to them, if any, by calling 36918488 between 9:00 a.m. and 6:00 p.m. from Wednesday, November 9, 2011 to Monday, November 14, 2011 (excluding Saturday and Sunday);

- Special allocation results booklets setting out the results of allocations will be available for inspection during opening hours of individual branches from Wednesday, November 9, 2011 to Friday, November 11, 2011 at all the receiving bank branches at the addresses set out in the section headed "How to apply for the Public Offer Shares — Where to collect the **WHITE** and **YELLOW** Application Forms".

10. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED THE PUBLIC OFFER SHARES

Full details of the circumstances in which you will not be allotted the Public Offer Shares are set out in the notes attached to the relevant Application Forms (whether you are making your application by an Application Form or electronically instructing HKSCC to cause HKSCC Nominees to apply on your behalf), and you should read them carefully. You should note in particular the following situations in which the Public Offer Shares will not be allotted to you.

- **If your application is revoked:**

By completing and submitting an Application Form or giving an **electronic application instruction** to HKSCC via CCASS or to the designated **HK eIPO White Form** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked until after the expiration of the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company, and will become binding when you lodge your Application Form or give your **electronic application instructions** to HKSCC and an

application has been made by HKSCC Nominees on your behalf accordingly or to the designated **HK eIPO White Form** Service Provider. This collateral contract will be in consideration of our Company agreeing that it will not offer any Public Offer Shares to any person on or before until after the expiration of the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) except by means of one of the procedures referred to in this prospectus.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday, or public holiday in Hong Kong) if a person responsible for this prospectus under section 40 of the Hong Kong Companies Ordinance (as applied by section 342E of the Hong Kong Companies Ordinance) gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus.

If any supplement to this prospectus is issued, applicant(s) who have already submitted an application may or may not (depending on the information contained in the supplement) be notified that they can withdraw their applications. If applicant(s) have not been so notified, or if applicant(s) have been notified but have not withdrawn their applications in accordance with the procedure to be notified, all applications that have been submitted remain valid and may be accepted. Subject to the above, an application once made is irrevocable and applicant(s) shall be deemed to have applied on the basis of the prospectus as supplemented.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification of the results of allotment in the manner as described in the subsection headed "Publication of results" and where such basis of allotment is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot, respectively.

- **Full discretion of our Company or its agents to reject or accept your application:**

Our Company, the Lead Manager (as the agent of our Company) or their respective agents or nominees have full discretion to reject or accept any application, or to accept only part of any application.

Our Company, the Lead Manager (in its capacity as the Company's agent) or their respective agents or nominees do not have to give any reason for any rejection or acceptance.

- **If the allotment of the Public Offer Shares is void:**

The allotment of the Public Offer Shares to you or to HKSCC Nominees (if you give **electronic application instructions** or apply for a **YELLOW** Application Form) will be void if the Hong Kong Stock Exchange does not grant permission to list the Shares in issue and to be issued as mentioned in this prospectus either:

  - within **three** weeks from the closing date of the application lists in respect of the Public Offer, or

  - within a longer period of up to six weeks if the Hong Kong Stock Exchange notifies our Company of that longer period within three weeks of the closing date of the application lists in respect of the Public Offer.

- **You will not receive any allotment if:**

  - you make multiple applications or suspected multiple applications;

  - you or the person(s) for whose benefit you are applying have applied for or taken up, or indicated an interest in, or have been or will be placed with (including conditionally and/or provisionally) the Placing Shares;

  - your Application Form is not completed correctly in accordance with the instructions as stated in the Application Form (if you apply by an Application Form);

  - your payment is not made correctly;

  - you pay by cheque or banker's cashier order and the cheque or banker's cashier order is dishonoured upon its first presentation;

  - any of the Underwriting Agreements does not become unconditional in accordance with its terms or is terminated in accordance with its terms;

  - our Company or the Lead Manager (on behalf of our Company) believe(s) that the acceptance of your application would violate the applicable securities or other laws, rules or regulations of the jurisdiction in which your application is completed and/or signed or your address appeared in the Application Form is located; or

  - your application is for more than 50% of the Public Offer Shares initially available for subscription under the Public Offer.

11. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the Offer Price of HK$2.26 per Public Offer Share (excluding brokerage fee of 1%, SFC transaction levy of 0.003% and Hong Kong Stock Exchange trading fee of 0.005% thereon) initially paid on application, or if the conditions of the Public Offer are not fulfilled in accordance with the section headed "Structure of the Share Offer — Conditions of the Share Offer" or if any application is revoked or any allotment pursuant thereto has become void, the application monies, or the appropriate portion thereof, together with the related brokerage fee of 1%, SFC transaction levy of 0.003% and Hong Kong Stock Exchange trading fee of 0.005%, will be refunded, without interest. It is intended that special efforts will be made to avoid any undue delay in refunding application monies where appropriate.

You will receive one share certificate for all the Public Offer Shares issued to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Public Offer Shares. No receipt will be issued for sums paid on application but, subject to personal collection as mentioned below, in due course there will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- for applications on **WHITE** Application Forms or by giving **electronic application instructions** to the designated **HK eIPO White Form** Service Provider under **HK eIPO White Form** (**www.hkeipo.hk**): (i) share certificate(s) for all Public Offer Shares applied for, if the application is wholly successful; or (ii) share certificate(s) for the number of Public Offer Shares successfully applied for, if the application is partially successful (for wholly successful and partially successful applications on **YELLOW** Application Forms; share certificates for the Public Offer Shares successfully applied for will be deposited into CCASS as described below); and/or

- for applications on **WHITE** or **YELLOW** Application Forms or by giving **electronic application instructions** to the designated **HK eIPO White Form** Service Provider under **HK eIPO White Form** where payment of application monies are made through multiple bank accounts, all refunds will be made by cheques crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) the surplus application monies for the Public Offer Shares unsuccessfully applied for, if the application is partially unsuccessful, or (ii) all the application monies, if the application is wholly unsuccessful; and or (iii) the difference between the Offer Price and the maximum Offer Price per Public Offer Share paid on application in the event that the Offer Price is less than the Offer Price per Public Offer Share initially paid on application, in each case including brokerage of 1%, SFC transaction levy of 0.003% and Hong Kong Stock Exchange trading fee of 0.005%, attributable to such refund/surplus monies but without interest. Part of your Hong Kong identity card number or passport number, or, if you are joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by you may be printed on your refund cheque, where applicable. Such data would also be transferred to a third party for refund purpose. Your banker may require verification of your Hong Kong identity card number or passport number for encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number or passport number may lead to delay in encashment of, or may invalidate, your refund cheque.

  Subject to personal collection as mentioned below, refund cheques for surplus application monies (if any) in respect of wholly and partially unsuccessful applications and the difference between the Offer Price and the Offer Price per Public Offer Share initially paid on application (if any) under **WHITE** or **YELLOW** Application Forms and **HK eIPO**

White Form, and share certificates for wholly and partially successful applicants under **WHITE** Application Forms and **HK eIPO White Form** are expected to be posted on or around Wednesday, November 9, 2011. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s).

Share certificates for the Public Offer Shares will only become valid certificates of title at 8:00 a.m. on Thursday, November 10, 2011 provided that the Share Offer has become unconditional in all respects and the right of termination described in the section headed "Underwriting — Underwriting arrangements and expenses — Public Offer — Grounds for termination" has not been exercised.

(a) **If you apply using a WHITE Application Form:**

If you apply for 1,000,000 Public Offer Shares or more and have indicated your intention in your **WHITE** Application Form to collect your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) in person from Tricor Investor Services Limited and have provided all information required by your Application Form, you may collect your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) from Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Wednesday, November 9, 2011 or such other date as notified by our Company in the newspapers as the date of collection/dispatch of share certificates, refund cheques/e-Auto Refund payment instructions. If you are an individual who opts for personal collection, you must not authorise any other person to make collection on your behalf. If you are a corporate applicant which opts for personal collection, you must attend by your authorised representative bearing a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to Tricor Investor Services Limited. If you do not collect your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) personally within the time specified for collection, they will be sent to the address as specified in your Application Form promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Public Offer Shares or if you apply for 1,000,000 Public Offer Shares or more but have not indicted on your Application Form that you will collect your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) in person, your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) will be sent to the address on your Application Form on Wednesday, November 9, 2011 by ordinary post and at your own risk.

(b) **If you apply using a YELLOW Application Form:**

If you apply for 1,000,000 Public Offer Shares or more and you have elected on your **YELLOW** Application Form to collect your refund cheque (where applicable) in person, please follow the same instructions as those for **WHITE** Application Form applicants as described above.

If you apply for Public Offer Shares using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC

Nominees and deposited into CCASS for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant as instructed by you in your Application Form on Wednesday, November 9, 2011, or under contingent situation, on any other date as shall be determined by HKSCC or HKSCC Nominee.

If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant):

- for Public Offer Shares credited to the stock account of your designated CCASS Participant (Other than a CCASS Investor Participant), you can check the number of Public Offer Shares allocated to you with that CCASS Participant.

If you are applying as a CCASS Investor Participant:

- our Company expects to publish the results of CCASS Investor Participants' applications together with the results of the Public Offer on Wednesday, November 9, 2011. You should check the announcement published by our Company and report any discrepancies to HKSCC or HKSCC Nominees before 5:00 p.m. on Wednesday, November 9, 2011 or such other date as shall be determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your stock account.

(c) **If you apply by giving electronic application instructions to HKSCC**

Allocation of Public Offer Shares

For the purposes of allocating Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead each CCASS Participant who gives **electronic application instructions** or each person for whose benefit each such instructions is given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of application monies

- No temporary document of title will be issued. No receipt will be issued for application monies received.

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of the stock account of the CCASS Participant which you have instructed to give **electronic application instructions** on your behalf or your CCASS Investor Participant Stock Account on Wednesday, November 9, 2011, or, in the event of a contingency, on any other date as shall be determined by HKSCC or HKSCC Nominees.

- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, it will include information relating to the relevant beneficial owner, if supplied), your Hong Kong identity card/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Public Offer in the manner described in the subsection headed "Publication of results" on Wednesday, November 9, 2011. You should check the announcement published by our Company and report any discrepancies to HKSCC or HKSCC Nominees before 5:00 p.m. on Wednesday, November 9, 2011 or such other date as shall be determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). Immediately after the credit of the Public Offer Shares to your CCASS Investor Participant stock account and the credit of refund monies to your designated bank account, HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the Offer Price per Public Offer Share initially paid on application, in each case including brokerage of 1%, SFC transaction levy of 0.003% and Hong Kong Stock Exchange trading fee of 0.005%, will be credited to your designated bank account or the designated bank account of your broker or custodian on Wednesday, November 9, 2011. No interest will be paid thereon.

(d) **If you apply through HK eIPO White Form**

If you apply for 1,000,000 Public Offer Shares or more through the **HK eIPO White Form** service by submitting an **electronic application instructions** to the designated **HK eIPO White Form** Service Provider through the designated website at **www.hkeipo.hk** and your application is wholly or partially successful, you may collect your share certificate(s) and/or refund cheque(s) (where applicable) in person from Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, November 9, 2011, or such other date as notified by our Company in the newspapers as the date of dispatch/collection of share certificates/refund cheques/e-Auto Refund payment instructions.

If you do not collect your share certificate(s) and/or refund cheque(s) (where applicable) personally within the time specified for collection, they will be sent to the address specified in your **electronic application instructions** to the designated **HK eIPO White Form** Service Provider promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your share certificate(s) and/or refund cheque(s) (where applicable) will be sent to the address specified in your **electronic application instructions** to the designated **HK eIPO White Form** Service Provider through the designated website at **www.hkeipo.hk** on Wednesday, November 9, 2011 by ordinary post and at your own risk.

If you apply through the **HK eIPO White Form** service by paying the application monies through a single bank account, e-Auto Refund payment instructions for excessive application monies (if any) in respect of wholly and partially unsuccessful applications and the difference between the Offer Price and the initial price per Offer Share paid on application will be despatched to your application payment bank account on Wednesday, November 9, 2011.

If you apply through the **HK eIPO White Form** service by paying the application monies through multiple bank accounts, refund cheque(s) for excessive application monies (if any) in respect of wholly and partially unsuccessful applications and the difference between the Offer Price and the initial price per Offer Share paid on application will be despatched to you at the address specified in your **electronic application instructions** to the designated **HK eIPO White Form** Service Provider on Wednesday, November 9, 2011 by ordinary post and at your own risk.

Please also note the additional information relating to refund of application monies overpaid, application monies underpaid or applications rejected by the designated **HK eIPO White Form** Service Provider set out above in the subsection headed "Applying by Using **HK eIPO White Form** — Additional information".

12. COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares are expected to commence on Thursday, November 10, 2011.

The Shares will be traded in board lots of 2,000 Shares each. The stock code of the Shares is 8122.

13. SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

If the Hong Kong Stock Exchange grants the listing of, and permission to deal in, the Shares and our Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares of the Hong Kong Stock Exchange or any other date HKSCC chooses.

Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests. All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

14. PERSONAL DATA

The main provisions of the Personal Data (Privacy) Ordinance (the "Ordinance") came into effect in Hong Kong 20 December 1996. The Personal Information Collection Statement below informs the applicant for and holder of the Shares of the policies and practices of our Company and the Hong Kong Share Registrar in relation to personal data and the Ordinance.

(a) **Reasons for the collection of your personal data**

From time to time it is necessary for applicants for securities or registered holders of securities to supply their latest correct personal data to our Company and the Hong Kong Share Registrar when applying for securities or transferring securities into or out of their names or in procuring the services of the Hong Kong Share Registrar.

Failure to supply the requested data may result in your application for securities being rejected or in delay or inability of the Hong Kong Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfer of the Public Offer Shares which you have successfully applied for and/or the despatch of share certificate(s), and/or the despatch of refund cheque(s) to which you are entitled.

It is important that holders of securities inform our Company and the Hong Kong Share Registrar immediately of any inaccuracies in the personal data supplied.

(b) **Purposes**

The personal data of the holders of securities may be used, held and/or stored (by whatever means) for the following purposes:

- processing of your application and refund cheque/e-refund payment instructions, where applicable, and verification of compliance with the terms and application procedures set out in the Application Forms and this prospectus and announcing results of allocations of the Public Offer Shares;

- enabling compliance with all applicable laws and regulations in Hong Kong and elsewhere;

- registering new issues or transfers into or out of the names of holders of securities including, where applicable, in the name of HKSCC Nominees;

- maintaining or updating the registers of holders of securities of our Company;

- conducting or assisting to conduct signature verifications, any other verification or exchange of information;

- establishing benefit entitlements of holders of securities of our Company, such as dividends, rights issues and bonus issues, etc;
- distributing communications from our Company and its subsidiaries;
- compiling statistical information and shareholder profiles;
- making disclosures as required by laws, rules or regulations;
- disclosing identities of successful applicants by way of press announcement(s) or otherwise;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable our Company and the Hong Kong Share Registrar to discharge their obligations to holders of securities and/or regulators and any other purpose to which the holders of securities may from time to time agree.

(c) **Transfer of personal data**

Personal data held by our Company and the Hong Kong Share Registrar relating to the holders of securities will be kept confidential but our Company and the Hong Kong Share Registrar may, to the extent necessary for achieving the above purposes or any of them, make such enquiries as they consider necessary to confirm the accuracy of the personal data and in particular, they may disclose, obtain, transfer (whether within or outside Hong Kong) the personal data of the holders of securities to, from or with any and all of the following persons and entities:

- our Company or its appointed agents such as financial advisers, receiving bankers and our Company's overseas principal share registrar;
- HKSCC and HKSCC Nominees, who will use the personal data for the purposes of operating CCASS (in cases where the applicants have requested for the Public Offer Shares to be deposited into CCASS);
- any agent, contractor or third-party service provider who offer administrative, telecommunications, computer, payment or other services to our Company and/or the Hong Kong Share Registrar in connection with the operation of their respective businesses;
- the Hong Kong Stock Exchange, the SFC and any other statutory, regulatory of governmental bodies in Hong Kong or elsewhere; and
- any other persons or institutions with which the holders of securities have or propose to have dealings, such as their bankers, solicitors, accountants or stockbrokers, etc.

(d) **Access to and correction of personal data**

The Ordinance provides the holders of securities with rights to ascertain whether our Company or the Hong Kong Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. In accordance with the Ordinance, our Company and the Hong Kong Share Registrar have the right to charge a reasonable fee for the processing of any data access request. All requests for access to data or correction of data or for information regarding policies and practices and the kinds of data held should be addressed to our Company for the attention of our Company secretary or (as the case may be) the Hong Kong Share Registrar for the attention of the Privacy Compliance Officer for the purposes of the Ordinance.

The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the auditors and reporting accountants of our Group, Deloitte Touche Tohmatsu.

Deloitte.
德勤

德勤・關黃陳方會計師行
香港金鐘道88號
太古廣場一座35樓

Deloitte Touche Tohmatsu
35/F One Pacific Place
88 Queensway
Hong Kong

October 31, 2011

The Directors
LifeTech Scientific Corporation
Piper Jaffray Asia Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") regarding LifeTech Scientific Corporation (the "Company", formerly known as "Lifetech China Corporation") and its subsidiaries (hereinafter collectively referred to as the "Group") for each of the two years ended December 31, 2009, 2010 and the four months ended April 30, 2011 (the "Relevant Periods") for inclusion in the prospectus of the Company, dated October 31, 2011 (the "Prospectus") in connection with the initial public offering ("IPO") of the shares of the Company on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company was incorporated in the Cayman Islands on August 17, 2006 as an exempted company with limited liability under the Company Law of the Cayman Islands. The Company is an investment holding company and has not carried on any other business since its incorporation. Pursuant to a group reorganisation ("the Reorganisation"), as more fully explained in the paragraph headed "Reorganisation" under the "History, Reorganisation and Group Structure" section of the prospectus, the Company became the holding company of the Group on August 25, 2006. Pursuant to the shareholders' resolution dated March 30, 2011, the name of the Company was changed from "Lifetech China Corporation" to "LifeTech Scientific Corporation".

Throughout the Relevant Periods and at the date of this report, the Company has direct and indirect interests in the following subsidiaries:

Name of subsidiaries	Place of incorporation/ establishment	Date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion of nominal value of issued share capital/ registered capital				Principal activities
				At December 31		At April 30	At the date of this report	
				2009	2010	2011		
New Centre International Limited ("New Centre International") 新城市國際有限公司	Hong Kong	April 21, 2008	HK$1 Ordinary shares	100%	100%	100%	100%	Investment holding

Name of subsidiaries	Place of incorporation/ establishment	Date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion of nominal value of issued share capital/ registered capital				Principal activities
				At December 31		At April 30	At the date of this report	
				2009	2010	2011		
Lifetech Scientific India Private Limited ("Lifetech India")	India	April 9, 2008	RUP$6,573,680	100%*	100%*	100%*	100%*	Trading of medical devices
LifeTech Scientific (Hong Kong) Co., Limited (先健科技(香港)有限公司)	Hong Kong	August 3, 2011	HK$1 Ordinary Shares	N/A	N/A	N/A	100%	Investment holding
Lifetech Scientific (Shenzhen) Co., Ltd. ("Lifetech Shenzhen") 先健科技(深圳)有限公司	The People's Republic of China (the "PRC")	July 7, 1999	RMB50,000,000 Registered capital	100%	100%	100%	100%	Developing, manufacturing and trading of medical devices
Beijing PerMed Biomedical Engineering Co., Ltd. ("Beijing PerMed") 北京市普惠生物醫學工程有限公司	The PRC	December 1, 1993	RMB15,000,000 Registered capital	100%*	100%*	100%*	100%*	Developing, manufacturing and trading of medical devices
Shenzhen Shineyard Medical Device Co., Ltd ("Shenzhen Shineyard") 深圳市擎源醫療器械有限公司	The PRC	September 25, 1995	RMB5,000,000 Registered capital	60%*	60%*	60%*	60%*	Developing, manufacturing and trading of medical devices
Shenzhen Enke Medical Technology Co., Ltd.("Shenzhen En Ke") 深圳市恩科醫療科技有限公司	The PRC	April 26, 2005	RMB1,000,000 Registered capital	90%*	90%*	90%*	100%*	Trading of medical devices
Shenzhen Lifetech Biological Material Technology Co., Ltd. ("Shenzhen Biological") 深圳市先健生物材料技術有限公司	The PRC	August 6, 2007	RMB10,000,000 Registered capital	99%*	99%*	99%*	99%*	Trading of medical devices

* *Indirectly held through subsidiaries*

The financial year-end date of the Company and the subsidiaries is December 31, except that the financial year end date of Lifetech India is March 31. No audited financial statements have been prepared for the Company since its date of incorporation as it was incorporated in a country where there is no statutory audit requirement. For the purpose of this report, we have reviewed all the relevant transactions of the Company since its January 1, 2009 to the date of this report and carried out procedures as we considered necessary for the inclusion in the Financial Information relating to the Company.

The statutory financial statements of other subsidiaries subject to statutory audit requirements were prepared in accordance with the relevant accounting rules and regulations applicable to enterprises either in the PRC, Hong Kong or in India and were audited during the Relevant Periods by the following auditors:

Name of subsidiary	**Financial year**	**Name of auditor**
New Centre International	For each of the years ended December 31, 2009 and 2010	港達會計師事務所 Kwong Tat & Co.
Lifetech India	For the period from April 9, 2008 (date of incorporation) to March 31, 2009	M.K. Jayaraman & Co.
	For the year ended March 31, 2010	Ashrith Ashok & Associates
Lifetech Shenzhen	For each of the years ended December 31, 2009 and 2010	深圳市湘信會計師事務所 Shenzhen Xiangxin Certified Public Accountants
Beijing PerMed	For each of the years ended December 31, 2009 and 2010	深圳市湘信會計師事務所 Shenzhen Xiangxin Certified Public Accountants
Shenzhen Shineyard	For each of the years ended December 31, 2009 and 2010	深圳佳和會計師事務所 Shenzhen Jiahe Certified Public Accountants
Shenzhen Enke	For each of the years ended December 31, 2009 and 2010	深圳市湘信會計師事務所 Shenzhen Xiangxin Certified Public Accountants
Shenzhen Biological	For each of the years ended December 31, 2009 and 2010	深圳市湘信會計師事務所 Shenzhen Xiangxin Certified Public Accountants

The preparation of the statutory financial statements of Lifetech India for the year ended March 31, 2011, is still underway and has not yet been issued as at the date of this report.

For the purpose of this report, the directors of the Company (the "Directors") have prepared the consolidated financial statements of the Group for the Relevant Periods in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") (the "Underlying Financial Statements"). We have undertaken an independent audit of the Underlying Financial Statements in accordance with the Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). We have examined the Underlying Financial Statements and prepared this report in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA.

The Financial Information of the Group for the Relevant Periods set out in this report has been prepared from the Underlying Financial Statements. No adjustments were deemed necessary by us to the Underlying Financial Statements in preparing our report for inclusion in the Prospectus.

The Underlying Financial Statements are the responsibility of the Directors who approved their issue. The Directors are also responsible for the contents of the Prospectus in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, the Financial Information gives, for the purpose of this report, a true and fair view of the state of affairs of the Group and of the Company as at December 31, 2009, 2010 and April 30, 2011 and of the consolidated results and cash flows of the Group for the Relevant Periods.

The comparative consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the four months ended April 30, 2010 together with the notes thereon have been extracted from the Group's unaudited consolidated financial information for the same period (the "April 2010 Financial Information") which was prepared by the Directors solely for the purpose of this report. We conducted our review in accordance with the Hong Kong Standard on Review Engagement 2400 "Engagement to Review Financial Statements" issued by the HKICPA. Our review of the April 2010 Financial Information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the April 2010 Financial Information. Based on our review, nothing has come to our attention that causes us to believe that the April 2010 Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Financial Information which conform with IFRSs.

A. FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	NOTES	Year ended December 31, 2009 RMB'000	2010 RMB'000	Four months ended April 30, 2010 RMB'000 (unaudited)	2011 RMB'000
Revenue	7	79,736	104,704	31,636	44,586
Cost of sales		(21,542)	(21,066)	(6,542)	(7,983)
Gross profit		58,194	83,638	25,094	36,603
Other income and other gains and losses	8	3,135	3,333	262	1,293
Selling and distribution expenses		(15,684)	(20,057)	(5,434)	(7,280)
Administration expenses		(13,161)	(16,771)	(5,244)	(12,244)
Research and development expenses		(9,409)	(15,442)	(4,388)	(4,949)
Offering expenses		—	(182)	—	(2,609)
Finance costs	9	(5)	—	—	—
Profit before tax and change in fair value of convertible redeemable preferred shares		23,070	34,519	10,290	10,814
Change in fair value of convertible redeemable preferred shares		(23,086)	(24,107)	(6,614)	3,288
(Loss) profit before tax	10	(16)	10,412	3,676	14,102
Income tax expense	12	(4,475)	(6,621)	(1,828)	(3,132)
(Loss) profit for the year/period		(4,491)	3,791	1,848	10,970
Other comprehensive expenses:					
Exchange differences arising on translating foreign operation		(61)	(64)	(4)	(4)
Total comprehensive (expenses) income for the year/period		(4,552)	3,727	1,844	10,966
(Loss) profit for the year/period attributable to:					
Owner of the Company		(4,710)	3,936	2,033	10,367
Non-controlling interests		219	(145)	(185)	603
		(4,491)	3,791	1,848	10,970
Total comprehensive (expenses) income attributable to:					
Owner of the Company		(4,771)	3,872	2,029	10,363
Non-controlling interests		219	(145)	(185)	603
		(4,552)	3,727	1,844	10,966
(Loss) earnings per common Share					
- Basic (RMB)	14	(0.020)	0.016	0.008	0.036
- Diluted (RMB)		(0.020)	0.016	0.008	0.015

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	NOTES	At December 31, 2009	2010	At April 30, 2011
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	15	13,576	14,712	15,766
Investment property	16	1,758	1,697	1,675
Intangible assets	17	6,119	5,241	4,967
Deposit for acquisition of property, plant and equipment		948	2,325	1,498
Deferred tax assets	19	1,908	2,995	3,007
		24,309	26,970	26,913
Current assets				
Inventories	20	16,057	15,178	16,131
Trade receivables	21	29,542	26,948	38,091
Other receivables and prepayments	21	7,417	5,690	8,434
Amounts due from shareholders	35(a)	9,433	140	173
Amount due from a related party	35(c)	3,288	61	—
Tax recoverable		—	—	73
Bank balances and cash	23	58,537	83,468	87,082
		124,274	131,485	149,984
Current liabilities				
Trade and other payables	24	11,081	21,689	21,468
Warranty provision	25	—	635	—
Tax payables		3,602	4,767	4,837
Amounts due to shareholders	35(b)	9,008	1,231	—
Convertible redeemable preferred shares	27 & 28	108,411	121,656	—
		132,102	149,978	26,305
Net current (liabilities) assets		(7,828)	(18,493)	123,679
Total assets less current liabilities		16,481	8,477	150,592
Non-current liabilities				
Government grants	26	4,700	5,400	5,400
Deferred tax liabilities	19	764	—	—
		5,464	5,400	5,400
		11,017	3,077	145,192
Capital and reserves				
Share capital - common shares	28	3	3	5
Share premium and reserves (deficit)		7,621	(214)	141,296
Equity attributable to owners of the Company		7,624	(211)	141,301
Non-controlling interests		3,393	3,288	3,891
Total equity		11,017	3,077	145,192

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	NOTES	At December 31, 2009	2010	At April 30, 2011
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Investments in subsidiaries	18	53,784	53,784	53,784
Advance to a subsidiary	22	10,177	—	—
		63,961	53,784	53,784
Current assets				
Other receivable	21	—	—	514
Advance to a subsidiary	22	—	10,475	—
Amounts due from subsidiaries	22	3,643	4,256	4,246
Amounts due from shareholders	35(a)	9,326	78	—
Amount due from a related party	35(c)	3,095	—	—
Bank balances and cash	23	1,615	13,478	29,531
		17,679	28,287	34,291
Current liabilities				
Amounts due to shareholders	35(b)	586	1,231	—
Convertible redeemable preferred shares	27 & 28	108,411	121,656	—
		108,997	122,887	—
Net current (liabilities) assets		(91,318)	(94,600)	34,291
Total assets less current liabilities		(27,357)	(40,816)	88,075
Capital and reserves				
Share capital - common shares	28	3	3	5
Share premium		—	—	131,147
Deficit	29	(27,360)	(40,819)	(43,077)
		(27,357)	(40,816)	88,075

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company									
	Share capital - common shares	Share premium	Translation reserve	Statutory surplus reserve	Capital reserve	Contribution reserve	Accumulated losses	Total	Non-controlling interests	Total Equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Note i)	*RMB'000* (Note ii)	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2009	3	—	87	6,172	—	32,531	(25,977)	12,816	2,143	14,959
(Loss) profit for the year	—	—	—	—	—	—	(4,710)	(4,710)	219	(4,491)
Other comprehensive expenses for the year	—	—	(61)	—	—	—	—	(61)	—	(61)
Total comprehensive (expenses) income for the year	—	—	(61)	—	—	—	(4,710)	(4,771)	219	(4,552)
Disposal of a subsidiary	—	—	—	—	—	—	—	—	(103)	(103)
Capital contribution from a minority shareholder	—	—	—	—	(421)	—	—	(421)	1,134	713
Appropriations	—	—	—	2,786	—	—	(2,786)	—	—	—
At December 31, 2009	3	—	26	8,958	(421)	32,531	(33,473)	7,624	3,393	11,017
Profit (loss) for the year	—	—	—	—	—	—	3,936	3,936	(145)	3,791
Other comprehensive expenses for the year	—	—	(64)	—	—	—	—	(64)	—	(64)
Total comprehensive income (expenses) for the year	—	—	(64)	—	—	—	3,936	3,872	(145)	3,727
Dividends paid to common shareholders (note 13)	—	—	—	—	—	—	(11,707)	(11,707)	—	(11,707)
Capital contribution from a minority shareholder	—	—	—	—	—	—	—	—	40	40
Appropriations	—	—	—	2,976	—	—	(2,976)	—	—	—
At December 31, 2010	3	—	(38)	11,934	(421)	32,531	(44,220)	(211)	3,288	3,077
Profit for the period	—	—	—	—	—	—	10,367	10,367	603	10,970
Other comprehensive expenses for the period	—	—	(4)	—	—	—	—	(4)	—	(4)
Total comprehensive income (expenses) for the period	—	—	(4)	—	—	—	10,367	10,363	603	10,966
Issuance of shares (note 33)	—	13,993	—	—	—	—	—	13,993	—	13,993
Conversion of convertible redeemable preference shares	2	117,154	—	—	—	—	—	117,156	—	117,156

	Attributable to owners of the Company									
	Share capital - common shares	**Share premium**	**Translation reserve**	**Statutory surplus reserve**	**Capital reserve**	**Contribution reserve**	**Accumulated losses**	**Total**	**Non-controlling interests**	**Total Equity**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Note i)	*RMB'000* (Note ii)	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Appropriations	—	—	—	1,474	—	—	(1,474)	—	—	—
At April 30, 2011	5	131,147	(42)	13,408	(421)	32,531	(35,327)	141,301	3,891	145,192
For the four months ended April 30, 2010 (unaudited)										
At January 1, 2010	3	—	26	8,958	(421)	32,531	(33,473)	7,624	3,393	11,017
Profit (loss) for the period	—	—	—	—	—	—	2,033	2,033	(185)	1,848
Other comprehensive expenses for the period	—	—	(4)	—	—	—	—	(4)	—	(4)
Total comprehensive income (expenses) for the period	—	—	(4)	—	—	—	2,033	2,029	(185)	1,844
Appropriations	—	—	—	1,097	—	—	(1,097)	—	—	—
At April 30, 2010 (unaudited)	3	—	22	10,055	(421)	32,531	(32,537)	9,653	3,208	12,861

Note:

(i) Statutory surplus reserve is non-distributable and the transfer to this reserve is determined according to the relevant laws in the PRC and by the board of directors of the PRC subsidiaries in accordance with the Article of Association of the subsidiaries. Statutory surplus reserve can be used to make up for previous year's losses or convert into additional capital of the PRC subsidiaries of the Company.

(ii) Contributions reserve represents the difference in the fair value of the consideration paid for the acquisition of Lifetech Shenzhen from shareholders and the carrying amount of the share of net assets acquired in August 2006. The difference is regarded as a deemed contribution from shareholders under merger accounting.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		Four months ended April 30,	
	2009	2010	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
OPERATING ACTIVITIES				
(Loss) profit before tax	(16)	10,412	3,676	14,102
Adjustments for:				
Gain on disposal of a susidiary	(1,450)	—	—	—
Change in fair value of convertible redeemable preferred shares	23,086	24,107	6,614	(3,288)
Depreciation of property, plant and equipment	3,250	3,759	1,148	1,542
Amortisation charge of intangible assets	1,083	878	286	286
Allowance for inventories	3,632	371	91	24
Finance costs	5	—	—	—
Depreciation of an investment property	61	61	22	22
Government grants	(405)	(360)	—	(216)
Interest income	(362)	(392)	(89)	(108)
Other receivables written off as uncollectible	—	—	—	602
Unrealised foreign exchange gain	(880)	(3,206)	(28)	(1,212)
Share-based compensation expenses	—	—	—	5,118
Operating cashflows before movements in working capital	28,004	35,630	11,720	16,872
(Decrease) increase in trade and other payables	(746)	4,997	1,667	(787)
Increase in government grants received for operating activities	3,286	6,606	—	147
(Increase) decrease in trade receivables	(5,257)	2,594	(3,899)	(11,143)
(Increase) decrease in inventories	(7,823)	508	178	(977)
(Increase) decrease in other receivables and prepayments	(2,603)	1,725	(1,341)	(3,346)
Cash generated from operations	14,861	52,060	8,325	766
Income taxes paid	(2,782)	(7,305)	(2,873)	(3,147)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	12,079	44,755	5,452	(2,381)
INVESTING ACTIVITIES				
Advance to a related party	(2,476)	(1,860)	(162)	—
Repayments of advance from a related party	1,488	4,994	—	61
Advances to shareholders	(5,263)	(636)	(547)	(117)
Repayments of advances from shareholders	358	9,647	—	84
Interest received	362	392	89	108
Payments for acquisition of property, plant and equipment	(5,334)	(6,272)	(1,630)	(1,769)
Disposal of a subsidiary (note 36)	1,286	—	—	—
Purchase of intangible asset	—	—	—	(12)
Government grants received for acquisition of plant and equipment	4,500	700	—	—

	Year ended December 31,		Four months ended April 30,	
	2009	2010	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(5,079)	6,965	(2,250)	(1,645)
FINANCING ACTIVITIES				
Capital contribution from a minority shareholder of a subsidiary	—	40	—	—
Issuance of shares (note 33)	—	—	—	8,875
Repayments of advance from a shareholder	—	(8,422)	(8,422)	(1,231)
Advances from a shareholder	—	662	—	—
Dividends paid (note 13)	—	(19,005)	—	—
Repayments of bank borrowings	(10,000)	—	—	—
Interest paid	(5)	—	—	—
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(10,005)	(26,725)	(8,422)	7,644
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(3,005)	24,995	(5,220)	3,618
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD	61,613	58,537	58,537	83,468
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(71)	(64)	(4)	(4)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD, representing bank balances and cash	58,537	83,468	53,313	87,082

NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company is a private limited company incorporated in the Cayman Islands. The address of the registered office is PO Box 309, Ugland House, Grand Cayman, KVI-1104 Cayman Islands, and the address of the principal place of business is Floor 1-3, Cybio Electronic Building, Langshan 2nd Street, North Area of High-tech Park, Nanshan District, Shenzhen, Guangdong Province, the PRC.

The Company is an investment holding company. The principal activities of the Group are development, manufacture and trading of advance interventional medical devices for cardiovascular and neurological diseases.

The Financial Information is presented in Renminbi ("RMB"), which is the functional currency of the Company and the Group's major operating subsidiaries.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

For the purpose of preparing and presenting the Financial Information for the Relevant Periods, the Group has consistently applied International Accounting Standards ("IASs"), International Financial Reporting Standards ("IFRSs"), amendments and related Interpretations ("IFRICs") (hereinafter collectively referred to as the "new IFRSs"), which are effective for the accounting period beginning on January 1, 2011 throughout the Relevant Periods.

At the date of this report, the IASB has issued the following new and revised standards, amendments and interpretations which are not yet effective.

IFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
IFRS 7 (Amendments)	Disclosures — Transfers of Financial Assets[1]
IFRS 9	Financial Instruments[2]
IFRS 10	Consolidated Financial Statements[2]
IFRS 11	Joint Arrangements[2]
IFRS 12	Disclosure of Interests in Other Entities[2]
IFRS 13	Fair Value Measurement[2]
IAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[4]
IAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[3]
IAS 19 (Revised 2011)	Employee Benefits[2]
IAS 27 (Revised 2011)	Separate Financial Statements[2]
IAS 28 (Revised 2011)	Investments in Associates and Joint Ventures[2]
IFRIC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine[2]

[1] Effective for annual periods beginning on or after 1 July 2011.

[2] Effective for annual periods beginning on or after 1 January 2013.

[3] Effective for annual periods beginning on or after 1 January 2012.

[4] Effective for annual periods beginning on or after 1 July 2012.

IFRS 9 Financial Instruments (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. IFRS 9 Financial Instruments (as revised in October 2010) adds requirements for financial liabilities and for derecognition.

Under IFRS 9, all recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

IFRS 9 is effective for annual periods beginning on or after January 1, 2013, with earlier application permitted.

The Group has not early adopted IFRS 9 and other new and revised standards, amendments and interpretations in the preparation of the Financial Information.

The directors of the Company (the "Directors") anticipate that the application of the new or revised standards, amendments and interpretations will have no material impact on the Financial Information of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared on historical cost basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The Financial Information has been prepared in accordance with the following accounting policies which conform with IFRSs issued by IASB. In addition, the Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

Basis of consolidation

The Financial Information incorporates the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the Relevant Periods are included in the consolidated statements of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions and balances are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Investments in subsidiaries

Investments in subsidiaries are included in the Company's statements of financial position at cost less any identified impairment loss.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of sales related taxes.

Revenue from the sale of goods is recognised when goods are delivered and title has passed and when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Property, plant and equipment

Property, plant and equipment including land and buildings held for use in the production or supply of goods or services, or for administration purposes (other than properties under construction as described below) are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment, other than properties under construction, less their residual values over their estimated useful lives, using the straight-line method, at the following rates per annum:

Land and buildings	Over the shorter of lease terms or 3⅓%
Plant and machinery	5 - 10%
Furniture, fixtures and equipment	20%
Motor vehicles	20%
Leasehold improvement	Over the lease terms

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the assets and is included in the profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating leases payments are recognised as an expense on a straight-line basis over the term of the relevant lease.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Foreign currencies

In preparing financial statements of each individual group entities, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group at the rate of exchange prevailing at the end of each reporting period, and their income and expenses are translated at the average exchange rates for the year/period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the translation reserve).

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the year in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss over the useful lives of the related assets. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments to state-managed retirement benefit schemes are charged as an expense when employees have rendered services entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit or loss for the year/period. Taxable profit differs from profit as reported in the consolidated statements of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Intangible assets

Intangible assets acquired separately and with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets acquired separately.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are loans and receivables.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of each reporting period subsequent to initial recognition, loans and receivables (including trade receivables, other receivables, amounts due from shareholders, amount due from a related party, amounts due from subsidiaries, advance to a subsidiary and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected. Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or

- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past a normally allowed credit period of 30-90 days and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's financial liabilities are generally classified into financial liabilities at fair value through profit or loss ("FVTPL") and other financial liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis other than those financial liabilities classified as at FVTPL, of which the interest expense is included in change in fair value of financial liabilities designated at FVTPL.

Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL comprise convertible redeemable preferred shares.

Financial liabilities at FVTPL are measured at fair value, with changes in fair value arising on remeasurement recognised directly in profit or loss in the period in which they arise.

Other financial liabilities

Other financial liabilities including trade and other payables and amounts due to shareholders are subsequently measured at amortised cost, using the effective interest method.

Convertible redeemable preferred shares

Convertible redeemable preferred shares are redeemable and convertible to common shares at the option of the holder. The conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments are considered as embedded derivatives not closely related to the host debt contract.

The Group has elected to designate its convertible redeemable preferred shares with embedded derivatives as financial liabilities at FVTPL on initial recognition as the convertible redeemable preferred shares contain one or more embedded derivatives. At the end of each reporting period subsequent to initial recognition, the entire convertible redeemable preferred shares are measured at fair value, with changes in fair value recognised directly in profit or loss in the period in which they arise.

Equity instrument

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect is material).

Share-based payment transactions

The fair value of services received determined by reference to the fair value of the equity-settled share incentive scheme granted at the grant date is recognised as an expense in full at the grant date when the share granted vest immediately, with a corresponding increase in equity (share premium).

Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indicator exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods. A reversal of an impairment loss is recognised as income immediately.

4. KEY SOURCE OF ESTIMATION UNCERTAINTY

The key assumption concerning the future, and other key source of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Estimated impairment of trade receivables

Where there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash inflows from the outstanding trade receivables. The amount of impairment loss is measured on the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at December 31, 2009, 2010 and April 30, 2011, the carrying amounts of trade receivables of the Group are approximately RMB29,542,000, RMB26,948,000 and RMB38,091,000, respectively.

Useful lives and impairment assessment of property, plant, and equipment

The Group's management determines the estimated useful lives, the residual value, and the depreciation method in determining the related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. In addition, management assess impairment whenever events or changes in circumstance indicate that the carrying amount of an asset may not be recoverable. Management will increase the depreciation charge where useful lives are expected to be shorter than expected, or will write-off or write-down obsolete or non-strategic assets that have been abandoned or sold. As at December 31, 2009, 2010 and April 30, 2011, the carrying amounts of property, plant and equipment are approximately RMB13,576,000, RMB14,712,000 and RMB15,766,000, respectively.

Estimated impairment of inventories

The management of the Group reviews an ageing analysis at the end of reporting period, and make allowance for obsolete and slow-moving inventory items identified that are no longer suitable for use. The management estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions. The Group carries out the inventories review on a product by product basis at the end of reporting period and make allowance for obsolete items. As at December 31, 2009, 2010 and April 30, 2011, the carrying amounts of inventories of the Group are approximately RMB16,057,000, RMB15,178,000 and RMB16,131,000, respectively (net of allowance for inventories RMB6,170,000, RMB6,541,000 and RMB6,565,000, respectively).

Fair value of convertible redeemable preferred shares

For the convertible redeemable preferred shares, no quoted prices in an active market exist. The fair value of the convertible redeemable preferred shares is established by using the Binomial Option Pricing Model. Valuation techniques are certified by independent and recognised international business valuers before being implemented for valuation and are calibrated to ensure that outputs reflect market conditions. Certain inputs in valuation models require management estimates, such as risk free rate, volatility and discount rate. Management estimates and assumptions are reviewed periodically and are adjusted if necessary. Should any of the estimates and assumptions change, it may lead to a change in the fair value of the convertible redeemable preferred shares. The fair value of the convertible redeemable preferred shares as at December 31, 2009 and 2010 are approximately RMB108,411,000 and RMB121,656,000, respectively.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the Relevant Periods.

The capital structure of the Group consists of net debt, which includes amounts due to shareholders disclosed in note 35(b), convertible redeemable preferred shares disclosed in note 27, cash and cash equivalents, and equity comprising issued capital and reserves.

The Directors review the capital structure regularly. As part of this review, the Directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the Directors, the Group will balance its overall capital structure mainly through new share issues, as well as the issue of new debt or the redemption of existing debt.

6. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	THE GROUP			THE COMPANY		
	At December 31, 2009	At December 31, 2010	At April 30, 2011	At December 31, 2009	At December 31, 2010	At April 30, 2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets						
Loans and receivables (including cash and cash equivalents)	101,608	113,682	130,608	27,856	28,287	33,777
Financial liabilities						
Amortised cost	12,969	5,853	4,753	586	1,231	—
Designated at FVTPL — convertible redeemable preferred shares	108,411	121,656	—	108,411	121,656	—

Financial liabilities designated as FVTPL — convertible redeemable preferred shares

	At December 31, 2009	At December 31, 2010	At April 30, 2011
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount	108,411	121,656	—
Amount payable at reporting date	97,307	96,578	—
Difference	11,104	25,078	—

b. **Financial risk management objectives and policies**

The Group's major financial instruments include trade receivables, other receivables, amounts due from (to) shareholders, amount due from a related party, amounts due from subsidiaries, advance to a subsidiary, bank balances and cash, trade and other payables and convertible redeemable preferred shares. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

Certain bank balances, trade receivables, other receivables, amount due from a related party, convertible redeemable preferred shares, trade and other payables of the Group and the Company are denominated in foreign currencies, which expose the Group and the Company to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure by closely monitoring the movement of foreign currency rate.

The carrying amounts of the Group's and the Company's foreign currency denominated monetary assets and monetary liabilities at the end of respective reporting periods are as follows:

	THE GROUP			THE COMPANY		
	At December 31,		At April 30,	At December 31,		At April 30,
	2009	2010	2011	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Assets						
USD	19,754	30,280	47,437	21,711	28,209	28,882
Euro ("EUR")	1,287	—	48	—	—	—
Hong Kong Dollars ("HKD")	9	—	650	—	—	—

	THE GROUP			THE COMPANY		
	At December 31,		At April 30,	At December 31,		At April 30,
	2009	2010	2011	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Liabilities						
USD	108,881	121,965	1,049	108,411	121,656	—
EUR	—	—	75	—	—	—

Sensitivity analysis

The following table details the Group's and the Company's sensitivity to a 5% increase and decrease in RMB against the relevant foreign currencies. 5% is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year/period end for a 5% change in foreign currency rates.

For the year ended December 31, 2009, a positive number below indicates a decrease in loss after tax where RMB strengthens 5% against the relevant foreign currencies. For the year ended December 31, 2010 and the four months ended April 30, 2011, a positive number below indicates an increase in profit after tax where RMB strengthens 5% against the relevant foreign currencies. For a 5% weakening of RMB against the relevant foreign currencies, there would be an equal and opposite impact on the (loss) profit after tax for the year/period.

	THE GROUP			THE COMPANY		
	At December 31,		At April 30,	At December 31,		At April 30,
	2009	2010	2011	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
USD						
Profit or loss	4,456	4,584	(2,319)	4,335	4,672	(1,444)
EUR						
Profit or loss	(64)	—	1	—	—	—
HKD						
Profit or loss	(1)	—	(32)	—	—	—

In management's opinion, the sensitivity analysis is unrepresentative for the foreign exchange risk as the exposure at the end of each reporting period does not reflect the exposure during each of the respective reporting period.

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to bank balances. As the bank balances interest rates having limited fluctuation over the year/period, the management of the Group is of the opinion that the Group and the Company's exposure to cash flow interest rate risk is minimal. Accordingly, no sensitivity analysis is presented on bank balances.

Credit risk

As at the end of each reporting period, the Group's and the Company's maximum exposure to credit risk which will cause a financial loss to the Group and the Company due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position and the Company's statements of financial position.

In order to minimise the credit risk, the management of the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

Although the bank balances are concentrated on certain counterparties, the credit risk on liquid funds is limited because the counterparties are either state-owned banks in the PRC or banks with high credit ratings and quality.

The Group has concentration of credit risk as 44.8%, 40.9% and 39.0% of the total trade receivables was due from the Group's five largest customers at December 31, 2009, 2010 and April 30, 2011, respectively.

Other than the concentration of the credit risk on trade receivables, amounts due from shareholders, advance to a subsidiary and bank balances, the Group and the Company do not have any other significant concentration of credit risk.

Liquidity risk

In the management of liquidity risk, the Group's and the Company's management monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's and the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, the management monitors the utilisation of borrowings, and renews the borrowings upon expiry based on the actual operation requirement of the Group and the Company.

The following tables detail the Group's and the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows.

Liquidity and interest risk tables

THE GROUP

	Interest rate	Repayable on demand	Less than 3 months	3 months to 1 year	Undiscounted cash flows	Total carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2009						
Non-derivative financial liabilities						
Trade and other payables	—	—	3,961	—	3,961	3,961
Amount due to a shareholder	—	9,008	—	—	9,008	9,008
		9,008	3,961	—	12,969	12,969
FVTPL						
Convertible redeemable preferred shares	10% (Note)	—	—	97,307	97,307	108,411

	Interest rate	Repayable on demand	Less than 3 months	3 months to 1 year	Undiscounted cash flows	Total carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2010						
Non-derivative financial liabilities						
Trade and other payables	—	—	4,622	—	4,622	4,622
Amounts due to shareholders	—	1,231	—	—	1,231	1,231
		1,231	4,622	—	5,853	5,853
FVTPL						
Convertible redeemable preferred shares	10% (Note)	96,578	—	—	96,578	121,656

	Interest rate	Repayable on demand	Less than 3 months	3 months to 1 year	Undiscounted cash flows	Total carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At April 30, 2011						
Non-derivative financial liabilities						
Trade and other payables	—	—	4,753	—	4,753	4,753

THE COMPANY

	Interest rate	Repayable on demand	Less than 3 months	3 months to 1 year	Undiscounted cash flows	Total carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2009						
Non-derivative financial liabilities						
Amount due to a shareholder	—	586	—	—	586	586
FVTPL						
Convertible redeemable preferred shares	10% (Note)	—	—	97,307	97,307	108,411

	Interest rate	Repayable on demand	Less than 3 months	3 months to 1 year	Undiscounted cash flows	Total carrying amount
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2010						
Non-derivative financial liabilities						
Amounts due to shareholders	—	1,231	—	—	1,231	1,231
FVTPL						
Convertible redeemable preferred shares	10% (Note)	96,578	—	—	96,578	121,656

The Company has no financial liability as at April 30, 2011

Note: The interest rate represents 10% compound interest per annum on the Conversion Price (defined in note 27) as stated in the Share Purchase Agreement (defined in note 27).

c. **Fair value**

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Financial Information approximate their fair values.

Fair value measurement recognised in the statement of financial position

The measurement of convertible redeemable preferred shares ("Series A Preferred Shares") is categorised as Level 3 fair value measurements based on the degree to which the fair value is observable. Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Details of reconciliation from the beginning balance to the ending balance of Level 3 fair value measurements of financial liability regarding the Series A Preferred Shares are set out in note 27.

Significant assumptions used in determining fair value of financial liabilities

The consolidated financial statements include Series A Preferred Shares which are measured at fair value (note 27). Fair value is estimated using a Binomial Option Pricing Model, which included some assumptions that are not supportable by observable market prices or rates.

The following table shows the sensitivity of the Series A Preferred Shares, to a shift in the volatility and the equity value to which the Group's and the Company's financial position was exposed as at the end of each reporting period.

The Group and the Company

	At December 31, 2009		**At December 31, 2010**		**At April 30, 2011**	
	Increased by 5%	**Decreased by 5%**	**Increased by 5%**	**Decreased by 5%**	**Increased by 5%**	**Decreased by 5%**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Volatility	2,358	(1,620)	1,886	(1,870)	—	—
Equity value	2,938	(1,828)	4,702	(4,439)	—	—

7. SEGMENT INFORMATION

The segment information reported internally was analysed on the basis of their products supplied by the Group's operating divisions which is consistent with the internal information that are regularly reviewed by an executive director of the Company, the chief operating decision maker, for the purposes of resource allocation and assessment of performance.

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

- Congenital heart diseases business: trade, manufacture, research and development of devices related to congenital and structural heart diseases.

- Peripheral vascular diseases business: trade, manufacture, research and development of devices related to peripheral vascular diseases.

- Surgical vascular repair business: trade, manufacture, research and development of devices related to surgical vascular repair.

Information regarding the above segments relating to continuing operations is reported below.

(a) **Segment revenue and results**

The following is an analysis of the Group's revenue and results by operating segments:

For the year ended 31 December 2009

	Congenital heart diseases business	Peripheral vascular diseases business	Surgical vascular repair business	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
SEGMENT REVENUE				
External sales	59,203	17,912	2,621	79,736
Segment profit (loss)	44,090	14,586	(482)	58,194
Unallocated income				3,135
Unallocated expense				
- Selling and distribution expenses				(15,684)
- Administration expenses				(13,161)
- Research and development expenses				(9,409)
- Change in fair value of convertible redeemable preferred shares				(23,086)
- Finance costs				(5)
Loss before tax				(16)

For the year ended 31 December 2010

	Congenital heart diseases business *RMB'000*	Peripheral vascular diseases business *RMB'000*	Surgical vascular repair business *RMB'000*	Total *RMB'000*
SEGMENT REVENUE				
External sales	75,501	28,169	1,034	104,704
Segment profit	59,520	23,850	268	83,638
Unallocated income				3,333
Unallocated expense				
- Selling and distribution expenses				(20,057)
- Administration expenses				(16,771)
- Research and development expenses				(15,442)
- Offering expenses				(182)
- Change in fair value of convertible redeemable preferred shares				(24,107)
Profit before tax				10,412

For the four months ended 30 April 2010 (unaudited)

	Congenital heart diseases business	Peripheral vascular diseases business	Surgical vascular repair business	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
SEGMENT REVENUE				
External sales	21,364	9,371	901	31,636
Segment profit	16,873	7,784	437	25,094
Unallocated income				262
Unallocated expense				
- Selling and distribution expenses				(5,434)
- Administration expenses				(5,244)
- Research and development expenses				(4,388)
- Change in fair value of convertible redeemable preferred shares				(6,614)
Profit before tax				3,676

For the four months ended 30 April 2011

	Congenital heart diseases business *RMB'000*	Peripheral vascular diseases business *RMB'000*	Surgical vascular repair business *RMB'000*	Total *RMB'000*
SEGMENT REVENUE				
External sales	29,603	14,967	16	44,586
Segment profit	24,181	12,410	12	36,603
Unallocated income				1,293
Unallocated expense				
- Selling and distribution expenses				(7,280)
- Administration expenses				(12,244)
- Research and development expenses				(4,949)
- Offering expenses				(2,609)
- Change in fair value of convertible redeemable preferred shares				3,288
Profit before tax				14,102

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit earned by each segment without allocation of certain income and expense (including rental income, net foreign exchange gain, government grants, gain on disposal of a subsidiary, selling and distribution expenses, administration expenses and other corporate income and expenses), research and development expenses, staff costs, change in fair value of convertible redeemable preferred shares, finance costs and income tax expense. This is the measure reported to the chief operating decision maker, the executive director of the Company, for the purposes of resources allocation and assessment of segment performance.

(b) **Segment assets and liabilities**

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

Segment assets

	At December 31,		At April 30,
	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*
Operating segments:			
Congenital heart diseases business	54,778	50,260	57,110
Peripheral vascular diseases business	13,741	14,818	22,930
Surgical vascular repair business	5,140	5,016	4,847
Total segment assets	73,659	70,094	84,887
Unallocated assets			
Bank balances and cash	58,537	83,468	87,082
Deferred tax assets	1,908	2,995	3,007
Investment property	1,758	1,697	1,675
Tax recoverable	—	—	73
Amounts due from shareholders	9,433	140	173
Amount due from a related party	3,288	61	—
Consolidated assets	148,583	158,455	176,897

Segment liabilities

	At December 31,		At April 30,
	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*
Operating segments:			
Congenital heart diseases business	475	501	1,672
Peripheral vascular diseases business	300	784	811
Surgical vascular repair business	1,446	531	431
Total segment liabilities	2,221	1,816	2,914
Unallocated liabilities			
Convertible redeemable preferred shares	108,411	121,656	—
Government grants	7,581	14,527	14,457
Deferred tax liabilities	764	—	—
Other payables	5,979	10,746	9,497
Warranty provision	—	635	—
Tax payables	3,602	4,767	4,837
Amounts due to shareholders	9,008	1,231	—
Consolidated liabilities	137,566	155,378	31,705

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable segments other than bank balances and cash, deferred tax assets, investment property, tax recoverable, amount due from a related party and amounts due from shareholders; and

- all liabilities are allocated to reportable segments other than convertible redeemable preferred shares, government grants, deferred tax liabilities, tax payables, other payables, warranty provision and amounts due to shareholders.

(c) **Other segment information**

For the year ended December 31, 2009

	Congenital heart diseases business *RMB'000*	**Peripheral vascular diseases business** *RMB'000*	**Surgical vascular repair business** *RMB'000*	**Total** *RMB'000*
Amounts included in the measure of segment profit or segment assets:				
Capital expenditure (note)	2,762	467	1,888	5,117
Depreciation of property, plant and equipment	1,701	1,467	82	3,250
Amortisation charge of intangible assets	1,083	—	—	1,083
Allowance of inventories	1,597	635	1,400	3,632

For the year ended December 31, 2010

	Congenital heart diseases business	Peripheral vascular diseases business	Surgical vascular repair business	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts included in the measure of segment profit or segment assets:				
Capital expenditure (note)	3,018	1,083	794	4,895
Depreciation of property, plant and equipment	1,896	1,635	228	3,759
Amortisation charge of intangible assets	878	—	—	878
Allowance of inventories	371	—	—	371

For the four months ended April 30, 2010 (unaudited)

	Congenital heart diseases business	Peripheral vascular diseases business	Surgical vascular repair business	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts included in the measure of segment profit or segment assets:				
Capital expenditure (note)	709	256	537	1,502
Depreciation of property, plant and equipment	784	337	27	1,148
Amortisation charge of intangible assets	286	—	—	286
Allowance of inventories	91	—	—	91

For the four months ended April 30, 2011

	Congenital heart diseases business *RMB'000*	Peripheral vascular diseases business *RMB'000*	Surgical vascular repair business *RMB'000*	Total *RMB'000*
Amounts included in the measure of segment profit or segment assets:				
Capital expenditure (note)	1,915	595	98	2,608
Depreciation of property, plant and equipment	977	441	124	1,542
Amortisation charge of intangible assets	286	—	—	286
Allowance of inventories	40	—	(16)	24

Note: Capital expenditure includes additions to property, plant and equipment and intangible assets.

(d) **Geographical information**

The Group's operations are located in the PRC and India.

The following table summarises the Group's revenue from external customers based on the location of customers and information about its non-current assets by geographical locations:

	Revenue from external customers				Non-current assets		
	Year ended December 31,		Four months ended April 30,		At December 31,		At April 30
	2009	2010	2010	2011	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)				
PRC (country of domicile)	53,563	68,840	23,960	30,495	22,242	23,815	23,758
India	10,220	14,890	4,120	5,831	159	160	148
Europe	10,004	12,137	1,930	3,082	—	—	—
Asia, excluding PRC and India	3,076	6,729	1,280	3,531	—	—	—
South America	2,151	1,998	346	1,454	—	—	—
Africa	722	46	—	68	—	—	—
Others	—	64	—	125	—	—	—
Total	79,736	104,704	31,636	44,586	22,401	23,975	23,906

Note: Non-current assets excluded deferred tax assets.

(e) **Information about major customers**

Revenue from customers of the corresponding year/period contributing over 10% of the total revenue of the Group are as follows:

	Year ended December 31,		Four months ended April 30,	
	2009	2010*	2010*	2011*
			(unaudited)	
Customer A	12%	N/A	13%	N/A
Customer B	11%	N/A	N/A	N/A

** The corresponding revenue does not contribute over 10% of the total revenue of the Group in the respective year/period.*

8. OTHER INCOME AND OTHER GAINS AND (LOSSES)

	Year ended December 31,		Four months ended April 30,	
	2009	2010	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Government grants (note 26)	405	360	—	216
Interest on bank deposits	362	392	89	108
Rental income	545	647	182	250
Net foreign exchange gain/(loss) (note)	235	2,096	(74)	411
Gain on disposal of a subsidiary	1,450	—	—	—
Others	138	(162)	65	308
	3,135	3,333	262	1,293

Note: Net foreign exchange gain (loss) includes approximately RMB88,000, RMB3,564,000, RMB29,000 (unaudited) and RMB1,212,000 gain arising from the translation of convertible redeemable preferred shares which is denominated in USD for each of the year ended December 31, 2009 and 2010 and for each of the four months ended April 30, 2010 and 2011, respectively.

9. FINANCE COSTS

	Year ended December 31,		Four months ended April 30,	
	2009	2010	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Interest on bank borrowing wholly repayable within 5 years	5	—	—	—

10. (LOSS) PROFIT BEFORE TAX

	Year ended December 31,		Four months ended April 30,	
	2009	2010	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
(Loss) profit before tax has been arrived at after charging (crediting):				
Staff costs, including Directors' remuneration (Note 11)				
Salaries, wages and other benefits	10,422	13,121	3,974	6,592
Share-based compensation expense	—	—	—	5,118
Retirement benefits scheme contributions	660	761	244	252
	11,082	13,882	4,218	11,962
Auditor's remuneration	48	25	12	13
Cost of inventories recognised as expenses (including allowance for inventories of RMB3,632,000, RMB371,000, RMB91,000 (unaudited) and RMB24,000 for the year ended December 31, 2009, 2010 and for the four months ended April 30, 2010 and 2011, respectively)	21,542	21,066	6,542	7,983
Depreciation of property, plant and equipment	3,250	3,759	1,148	1,542
Depreciation of an investment property	61	61	22	22
Amortisation charge of intangible assets	1,083	878	286	286
Other receivables written off as uncollectible	—	—	—	602
Gross rental income from an investment property	(545)	(647)	(182)	(250)
Less: direct operating expenses from investment properties that generated rental income during the year/period	95	95	32	32
	(450)	(552)	(150)	(218)

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Details of the emoluments paid to the Directors for the Relevant Periods are as follow:

For the year ended December 31, 2009

	Directors' fee	Salaries and other benefits	Contributions to retirement benefits scheme	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Executive Director:				
Mr. Xie Yuehui	—	164	4	168
Non-executive Director:				
Ms. Cong Ning	—	—	—	—
Mr. Li Gabriel	—	—	—	—
Mr. Wu Jianhui	—	—	—	—
Mr. Zeng Min Frank	—	—	—	—
	—	164	4	168

For the year ended December 31, 2010

	Directors' fee	Salaries and other benefits	Contributions to retirement benefits scheme	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Executive Director:				
Mr. Xie Yuehui	—	230	5	235
Non-executive Director:				
Ms. Cong Ning	—	—	—	—
Mr. Li Gabriel	—	—	—	—
Mr. Wu Jianhui	—	—	—	—
Mr. Zeng Min Frank	—	—	—	—
	—	230	5	235

For the four months ended April 30, 2010 (unaudited)

	Directors' fee	Salaries and other benefits	Contributions to retirement benefits scheme	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Executive Director:				
Mr. Xie Yuehui	—	54	1	55
Non-executive Director:				
Ms. Cong Ning	—	—	—	—
Mr. Li Gabriel	—	—	—	—
Mr. Wu Jianhui	—	—	—	—
Mr. Zeng Min Frank	—	—	—	—
	—	54	1	55

For the four months ended April 30, 2011

	Directors' fee	Salaries and other benefits	Contributions to retirement benefits scheme	Share-based compensation expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive Director:					
Mr. Xie Yuehui	—	160	5	718	883
Non-executive Director:					
Ms. Cong Ning	—	—	—	—	—
Mr. Li Gabriel	—	—	—	—	—
Mr. Wu Jianhui	—	—	—	—	—
Mr. Zeng Min Frank	—	—	—	—	—
	—	160	5	718	883

The five highest paid individuals of the Group for the Relevant Periods do not include any director for each of the year ended December 31, 2009, 2010 and the four months ended April 30, 2010 while one director was included for the four months ended April 30, 2011. The remunerations of the five highest paid individuals for the year ended December 31, 2009, 2010 and the four months ended April 30, 2010 and the remaining four individuals for the four months ended April 30, 2011 are as follows:

	Year ended December 31,		Four months ended April 30,	
	2009	**2010**	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Employees				
- salaries and other benefits	1,419	2,995	920	1,019
- performance related bonus	137	1,448	—	—
- contributions to retirement benefits scheme	20	4	1	10
- Share-based compensation expenses	—	—	—	4,197
	1,576	4,447	921	5,226

The emoluments of each of the five highest paid individuals in the Group for the year ended December 31, 2009 were below HKD1,000,000. For the year ended December 31, 2010, one of the five highest paid individuals of the Group were above HKD1,500,000 but below HKD2,000,000, one of the five highest paid individuals was above HKD1,000,000 but below HKD1,500,000 and each of the remaining three individuals were below HKD1,000,000. For the four months ended April 30, 2011, one of the remaining four highest paid individuals of the Group were above HKD2,000,000 but below HKD2,500,000, one of the remaining four highest paid individuals of the Group were above HKD1,500,000 but below HKD2,000,000 and each of the remaining two individuals were below HKD1,000,000.

During the Relevant Periods, no emoluments were paid by the Group to any of the Directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, none of the Directors waived any emoluments during the Relevant Periods.

12. INCOME TAX EXPENSE

	Year ended December 31,		Four months ended April 30,	
	2009	2010	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Current tax				
PRC Enterprise Income Tax ("PRC EIT")	6,002	8,472	1,952	3,144
Deferred tax (Note 19):				
Current year/period	(1,527)	(1,851)	(124)	(12)
	4,475	6,621	1,828	3,132

The Company is tax exempted under the laws of the Cayman Islands. New Centre International is subject to Hong Kong profits tax rate of 16.5% on profits earned in Hong Kong. No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% except that a major operating subsidiary in the PRC was qualified as High and New Technology Enterprises since 2009 and is entitled to a preferential income tax rate of 15% for 3 consecutive years from 2009 onwards.

For other PRC subsidiaries which are located in Special Economic Zone of the PRC, their applicable income tax rates are 20%, 22%, 24% and 25% for the year ended/ending 31 December 2009, 2010, 2011 and 2012 respectively.

The New EIT Law and its implementing rules also permit qualified small-scale enterprise with low profit margins to enjoy a reduced enterprise income tax rate of 20%. One of the subsidiaries Shenzhen Biological, was entitled to a reduced enterprise income tax rate of 20% as a small-scale enterprise with low profit margins in 2009 and 2010.

The applicable income tax rate of Lifetech India is 30.9% on its taxable profits.

The income tax expense for the year/period can be reconciled to the (loss) profit before tax as follows:

	Year ended December 31,		Four months ended April 30,	
	2009	**2010**	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
(Loss) profit before tax	(16)	10,412	3,676	14,102
PRC EIT rate	25%	25%	25%	25%
Tax at PRC EIT rate	(4)	2,603	919	3,526
Tax effect of expenses not deductible for tax purpose:				
- fair value change on convertible redeemable preferred shares	5,772	6,026	1,654	(822)
- Share-based compensation expense	—	—	—	1,279
- others	1,442	1,928	275	1,092
Tax effect of tax losses not recognised	263	981	171	288
Tax effect of income not taxable	(384)	(890)	(57)	(440)
Utilisation of tax losses not recognised in previous years/period	(436)	(200)	—	(84)
Effect of income under tax concessions	(2,178)	(3,827)	(1,134)	(1,707)
Income tax expense for the year/period	4,475	6,621	1,828	3,132

13. DIVIDENDS

	Year ended December 31,		Four months ended April 30,	
	2009	**2010**	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Dividends recognised as distribution during the year/period:				
Interim — USD0.039 cents per share (equivalent to RMB0.26 cents per share)				
- common share	—	11,707	—	—
- Series A Preferred Shares (as defined in note 27)	—	7,298	—	—
	—	19,005	—	—

No final dividend was paid or proposed during the year ended December 31, 2009 and 2010 nor has any dividend been proposed since the end of the reporting period.

No interim dividends were declared by the Company during the four months ended April 30, 2010 and 2011.

14. (LOSS) EARNINGS PER COMMON SHARE

The calculation of basic and diluted (loss) earnings per share for the Relevant Periods is based on the following data:

	Year ended December 31,		Four months ended April 30,	
	2009	2010	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
(Loss) earnings:				
(Loss) earnings for the purpose of basic earnings per share	(4,710)	3,936	2,033	10,367
Effect of dilutive potential common shares:				
Change in fair value of convertible redeemable preferred shares	—	—	—	(3,288)
Exchange gain	—	—	—	(1,212)
(Loss) earnings for the purpose of diluted earnings per share	(4,710)	3,936	2,033	5,867
Number of shares:				
Weighted average number of common shares for the purpose of basic earnings per share (in thousands)	240,249	240,249	240,249	288,954
Effect of dilutive potential common shares:				
Convertible redeemable preferred shares (in thousands)	—	—	—	109,652
Weighted average number of common shares for the purpose of diluted earnings per share (in thousands)	240,249	240,249	240,249	398,606

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the Relevant Periods has been retrospectively adjusted and assuming that the capitalisation issue as detailed in "Share Capital" section of the prospectus had been effective on January 1, 2009.

For each of the years ended December 31, 2009, 2010 and the four months ended April 30, 2010, the computation of diluted (loss) earnings per share does not assume the conversion of Series A Preferred Shares (note 27), as such assumed conversion of the Series A Preferred Shares during those periods prior to conversion would result in a decrease in loss per share or an increase in earnings per share, which is considered as anti-dilutive.

15. PROPERTY, PLANT AND EQUIPMENT

	Construction in progress	Land and buildings	Plant and machinery	Leasehold improvement	Furniture, fixtures and equipment	Motor vehicles	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST							
At January 1, 2009	—	423	14,360	4,520	2,888	1,321	23,512
Additions	1,637	—	1,435	257	475	582	4,386
Written off	—	—	—	(17)	—	—	(17)
At December 31, 2009	1,637	423	15,795	4,760	3,363	1,903	27,881
Additions	227	—	3,801	48	652	167	4,895
Transfer	(1,864)	—	1,864		—	—	—
Written off	—	—	(137)	—	(70)	(144)	(351)
At December 31, 2010	—	423	21,323	4,808	3,945	1,926	32,425
Additions	756	—	1,496	13	331	—	2,596
Written off	—	—	—	—	(56)	—	(56)
At April 30, 2011	756	423	22,819	4,821	4,220	1,926	34,965
ACCUMULATED DEPRECIATION							
At January 1, 2009	—	104	8,021	801	1,363	783	11,072
Provided for the year	—	14	1,875	859	381	121	3,250
Written off	—	—	—	(17)	—	—	(17)
At December 31, 2009	—	118	9,896	1,643	1,744	904	14,305
Provided for the year	—	14	2,296	845	452	152	3,759
Written off	—	—	(137)	—	(70)	(144)	(351)
At December 31, 2010	—	132	12,055	2,488	2,126	912	17,713
Provided for the period	—	5	938	332	212	55	1,542
Written off	—	—	—	—	(56)	—	(56)
At April 30, 2011	—	137	12,993	2,820	2,282	967	19,199
CARRYING VALUES							
At December 31, 2009	1,637	305	5,899	3,117	1,619	999	13,576
At December 31, 2010	—	291	9,268	2,320	1,819	1,014	14,712
At April 30, 2011	756	286	9,826	2,001	1,938	959	15,766

The land and buildings shown above are situated on land in the PRC which are held by the Group under medium-term leases.

The land and buildings of the Group with a carrying value of approximately RMB305,000, RMB291,000 and RMB286,000 have been pledged to secure a banking facility provided to the Group at December 31, 2009, 2010 and April 30, 2011, respectively.

16. INVESTMENT PROPERTY

	RMB'000
COST	
At January 1, 2009, December 31, 2009, 2010 and April 30, 2011	2,310
DEPRECIATION AND IMPAIRMENT	
At 1 January 1, 2009	491
Provided for the year	61
At December 31, 2009	552
Provided for the year	61
At December 31, 2010	613
Provided for the period	22
At April 30, 2011	635
CARRYING VALUES	
At December 31, 2009	1,758
At December 31, 2010	1,697
At April 30, 2011	1,675

The estimated fair value of the Group's investment property is approximately RMB6,092,000, RMB7,167,000 and RMB7,955,000 at 31 December 2009, 2010 and 30 April 2011, respectively. The estimated fair value has been arrived at based on management assessment by reference to recent market prices for similar properties in the same locations and conditions.

The above investment property including land and buildings are depreciated on a straight-line basis over 38 years.

The property shown above is situated on land in the PRC which is held by the Group under medium-term lease.

The investment property of the Group with a carrying value of approximately RMB1,758,000, RMB1,697,000 and RMB1,675,000 have been pledged to secure a banking facility provided to the Group at December 31, 2009, 2010 and April 30, 2011, respectively.

17. INTANGIBLE ASSETS

	Patent	Licences	Computer software	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
COST				
At January 1, 2009	4,420	4,900	—	9,320
Additions	—	18	—	18
Capital contribution from a non-controlling shareholder of a subsidiary	—	713	—	713
At December 31, 2009 and 2010	4,420	5,631	—	10,051
Additions	—	—	12	12
At April 30, 2011	4,420	5,631	12	10,063
ACCUMULATED AMORTISATION				
At January 1, 2009	277	2,572	—	2,849
Provided for the year	553	530	—	1,083
At December 31, 2009	830	3,102	—	3,932
Provided for the year	553	325	—	878
At December 31, 2010	1,383	3,427	—	4,810
Provided for the period	184	102	—	286
At April 30, 2011	1,567	3,529	—	5,096
CARRYING VALUES				
At December 31, 2009	3,590	2,529	—	6,119
At December 31, 2010	3,037	2,204	—	5,241
At April 30, 2011	2,853	2,102	12	4,967

The above licences have definite useful lives. Such intangible assets are amortised on a straight-line basis over the estimated useful life:

Patent	8 years
Licences	8 - 10 years
Computer software	5 years

18. INVESTMENTS IN SUBSIDIARIES

	At December 31,		At April 30,
	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*
THE COMPANY			
Unlisted investment, at cost	50,619	50,619	50,619
Deemed capital contribution	3,165	3,165	3,165
	53,784	53,784	53,784

Deemed capital contribution represents the fair value adjustments on interest-free advance to a subsidiary at initial recognition.

19. DEFERRED TAXATION

The following are the major deferred tax assets (liability) recognised and movements thereon during the Relevant Periods:

	Government grant	Impairment loss on inventories	Undistributed earnings of PRC entities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2009	—	381	(764)	(383)
Credit to profit or loss	1,167	360	—	1,527
At December 31, 2009 and January 1, 2010	1,167	741	(764)	1,144
Credit to profit or loss	994	93	764	1,851
At December 31, 2010 and January 1, 2011	2,161	834	—	2,995
(Charge) credit to profit or loss	(10)	22	—	12
At April 30, 2011	2,151	856	—	3,007

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is an analysis of the deferred tax balances for financial reporting purposes:

	At December 31,		At April 30,
	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*
The Group			
Deferred tax assets	1,908	2,995	3,007
Deferred tax liabilities	(764)	—	—
	1,144	2,995	3,007

The Group has unused tax losses of approximately RMB2,770,000, RMB5,900,000 and RMB6,705,000 at 31 December 2009, 2010 and 30 April 2011, respectively, which available for offset against future profits. No deferred tax asset has been recognised for such losses due to the unpredictability of future profit streams. Such losses can be carried forward for 5 years from the year of origination.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised was approximately RMB31,900,000, RMB42,315,000 and RMB56,216,000 at 31 December 2009, 2010 and 30 April 2011, respectively. No liability has been recognised in respect of these differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

20. INVENTORIES

	At December 31,		At April 30,
	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	6,833	6,455	5,909
Work in progress	2,524	1,546	1,550
Finished goods	6,700	7,177	8,672
	16,057	15,178	16,131

21. TRADE RECEIVABLES/OTHER RECEIVABLES AND PREPAYMENTS

	THE GROUP			THE COMPANY
	At December 31,		At April 30,	At April 30,
	2009	2010	2011	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	29,542	26,948	38,091	—
Other receivables and prepayments				
Prepayment	5,217	1,507	1,532	—
Other debtors (note)	164	438	653	514
Advance to employees	1,295	2,627	4,012	—
Deferred offering costs	—	—	907	—
Other deposits	154	492	645	—
Rental deposits	587	626	685	—
	7,417	5,690	8,434	514
	36,959	32,638	46,525	514

Note: Amount is unsecured, interest-free and repayable on demand. In the opinion of the Directors, the Group will demand for repayments within one year from the end of reporting period and the amounts are therefore considered as current.

Trade receivables are mainly arisen from sales of medical devices. No interest is charged on the trade receivables.

The Group normally allows a credit period of 30 to 90 days to its trade customers. The following is an aged analysis of trade receivables presented based on the invoice date at the end of each reporting period.

	THE GROUP		
	At December 31,		At April 30,
	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*
1 to 90 days	14,076	21,794	24,541
91 to 180 days	7,902	4,100	12,619
181 to 365 days	1,573	732	931
Over 365 days	5,991	322	—
	29,542	26,948	38,091

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed twice a year.

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of approximately RMB19,891,000, RMB11,318,000 and RMB17,835,000 at December 31, 2009, 2010 and April 30, 2011, respectively, which are past due as at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. The management of the Group reviews the ageing analysis at the end of reporting period and satisfied with the continuous subsequent settlement on the trade receivable balance, as a result, the impairment of trade receivable is estimated to be insignificant.

Ageing of past due but not impaired trade receivables

	THE GROUP		
	At December 31,		At April 30,
	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*
Age:			
Within 90 days	6,014	7,319	6,286
91 - 180 days	6,749	3,614	10,958
181 - 365 days	1,137	328	591
Over 365 days	5,991	57	—
	19,891	11,318	17,835

22. ADVANCE TO A SUBSIDIARY/AMOUNTS DUE FROM SUBSIDIARIES

THE COMPANY

The advance to a subsidiary is unsecured, non-interest bearing and repayable in 2011. Such interest-free advances are measured at amortised cost using the effective interest method at the rate of 5.94% per annum. The amount was repaid in full in March 2011.

The amounts due from subsidiaries are unsecured, non-traded related, non-interest bearing and repayable on demand. In the opinion of the Directors, the Company will demand for repayment within one year from the end of reporting period and the amounts are therefore considered as current.

23. BANK BALANCES

THE GROUP AND THE COMPANY

The Group's and the Company's bank balances carry interest at market rates which range from 0.01% to 0.36%, 0.01% to 0.36% and 0.01% to 0.5% as at December 31, 2009, 2010 and April 30, 2011, respectively.

24. TRADE AND OTHER PAYABLES

	THE GROUP		
	At December 31,		At April 30,
	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	2,221	1,816	2,914
Others:			
Government grants (note 26)	2,881	9,127	9,057
Accrued payroll	2,913	4,418	2,857
Other payables	2,190	3,606	2,695
Accrued expenses	47	677	1,700
Value-added tax payables	107	1,207	1,503
Receipt in advance from customers	636	756	608
Other tax payables	86	82	134
	11,081	21,689	21,468

The credit period granted by suppliers to the Group ranged from 30 to 90 days. The following is an aged analysis of trade payables presented based on the invoice date, at the end of each reporting period:

	THE GROUP		
	At December 31,		At April 30,
	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*
0 - 30 days	602	845	701
31 - 60 days	357	210	504
61 - 120 days	395	70	346
Over 120 days	867	691	1,363
	2,221	1,816	2,914

25. WARRANTY PROVISION

THE GROUP

	RMB'000
At January 1, 2009	—
Charge to profit or loss	1,167
Utilisation of provision	(1,167)
At December 31, 2009	—
Charge to profit or loss	1,478
Utilisation of provision	(843)
At December 31, 2010	635
Credit to profit or loss	(405)
Utilisation of provision	(230)
At April 30, 2011	—

Before January 1, 2011, the Group generally accepts exchange of certain products from customers that (i) are defective, and exchange of product from customers case by case, (ii) occluders that are wrongfully selected by physicians and found to be unsuitable for patients in terms of size during the operations and that (iii) are three to six months close to the expiry of their valid terms.

For the year ended December 31, 2009 and 2010, there were no explicit terms on number and volume of products each customer can exchange in the distribution agreements, the warranty provisions were based on the Group's historical exchange experience. No additional warranty provision for the exchange product was accrued as at December 31, 2009 as the amount was estimated to be insignificant.

Starting from January 1, 2011, explicit terms on product exchange ceiling ratio was stated on the sales agreements of domestic distributors, the warranty provisions were then made based on both Group's historical exchange experience for defective products and products close to the expiry of their valid terms, and product exchange ceiling ratio for product exchange due to occluders wrongfully selected by physicians and found to be unsuitable for patients in terms of size during the operations. No additional warranty provision for the exchange product was accrued as at April 30, 2011 as the amount was estimated to be insignificant.

26. GOVERNMENT GRANTS

Government grants include subsidies in relation to the acquisition of plant and equipment and the research and development of medical devices. Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. The Group recognised income of approximately RMB405,000, RMB360,000, nil (unaudited) and RMB216,000 during each of the year ended December 31, 2009, 2010 and each

of the four months ended April 30, 2010 and 2011, respectively. Government grants are not recognised until there is a reasonable assurance that all the conditions attaching to the grant have been met. The current portion of government grants, which include subsidies in relation to research and development of medical devices that have not yet been recognised in profit or loss, are included in other payables (note 24). The non-current portion of government grants, which include subsidies in relation to the acquisition of plant and equipment that have not yet been recognised in profit or loss, are included in non-current liability.

27. CONVERTIBLE REDEEMABLE PREFERRED SHARES

	Number of shares
Series A Preferred Shares	
Authorised	
At January 1, 2009, December 31, 2009, 2010 and April 30, 2011 at USD0.00001 each	100,000,000
Issued and fully paid	
At January 1, 2009, December 31, 2009, 2010 at USD0.00001 each	28,070,210
Share conversion	(28,070,210)
At April 30, 2011	—

On September 7, 2006, the Company entered into a share purchase agreement with investors ("Share Purchase Agreement") and issued 14,473.6842 Series A-1 Preferred Shares for a total consideration of USD5.5 million. Also, under the Share Purchase Agreement, the Company redesignated and reclassified 4,386 shares from common shares into Series A-1 Preferred Shares. On February 1, 2007, the Company issued 9,210.5263 Series A-2 Preferred Shares in accordance to terms of the Share Purchase Agreement for a total consideration of USD3.5 million.

All the Series A-1 and Series A-2 (hereinafter collectively referred to "Series A Preferred Shares") Preferred Shares issued carry the same rights in all aspects.

The Company had subdivided its authorised share capital and that each share of a par value of USD0.01 in the issued and unissued but authorised share capital of the Company, for both common shares and Series A Preferred Shares had been subdivided into 1,000 shares of a par value of USD0.00001 each on April 29, 2008.

The conversion price is subject to adjustments based on a qualified initial public offering ("Qualified IPO"), defined as a public offering of the Group with a public offering price which values the Group for not less than USD45 million immediately following such public offering and which results in aggregate proceeds to the Company of not less than USD40 million.

The terms related to the Series A Preferred Shares are as follows:

Dividend:

The holders ("Holders") of the Series A Preferred Shares shall be entitled to receive dividends on each Series A Preferred Share at a rate equal to the greater of (i) 5% per annum of the original transaction price for a Series A Preferred Share or (ii) the dividends which would be declared and paid on each common share into which the Series A Preferred Shares may then be converted as if declared by the board of the Company. Pursuant to the notice of the Series A Preferred Shares Holders dated on December 31, 2010, the Holders confirmed to waive any unpaid dividends of the Series A Preferred Shares for the period up to December 31, 2010. In addition, pursuant to the notice of Series A Preferred Shares Holders dated on February 25, 2011, the Holders confirmed to waive all dividends of the Series A Preferred Shares starting from January 1, 2011.

Redemption:

Series A Preferred Shares Holders shall have the right on any date falling on or after December 31, 2010 to require and demand the Company to redeem all or a portion of the Series A Preferred Shares held by the Series A Preferred Shares Holders. The redemption money payable on each Series A Preferred Shares shall be the preferred shares issue price of USD380 per share before the subdivision of Shares ("Original Issue Price") plus 10% of the initial conversion price compounded annually from the date on which the first Series A Preferred Share was issued until the date of redemption, after taking into account any dividends paid on such shares.

Conversion:

The Series A Preferred Shares are convertible into common shares at any time at the option of the holder. The initial conversion price shall be the Original Issue Price (the "Conversion Price", subject to adjustment, see below for details). The number of common shares to be converted is determined by dividing the Original Issue Price by the Conversion Price at the time in effect for such Series A Preferred Share.

Additionally each Series A Preferred Share shall automatically be converted into common shares upon the closing of the Company's Qualified IPO.

Conversion price adjustments:

If the Company issues shares below the original issue price, the Conversion Price shall automatically and concurrently be adjusted in accordance with the terms of the Share Purchase Agreement with such issuance.

The conversion price is also subject to adjustment, including but not limited to share splits, subdivision, combinations, dividend to common shareholders, other distributions and any other events as specified in the Share Purchase Agreement.

On February 25, 2011, the board of Directors approved to issue 3,684,211 common shares as incentive ("Incentive Shares") for certain employees and to motivate key management personnel and enable the Group to attract and retain individuals with experience and ability and to reward them for their contributions to the Group. Pursuant to the written resolutions of all the Directors of the Company dated on February 25, 2011, the Company has given such Series A Preferred Shares Holders 30 days' prior written notice of the proposed issuance of common shares, describing the amount and type of shares to be issued, and the price and terms upon which such shares are proposed to be issued (the "Company Notice"). The Series A Preferred Shares Holders have waived their right of first offer by giving no subscription notice to the Company within 30 days from the date of Company Notice. As a result, the Conversion Price shall not be adjusted.

Voting rights:

Each Series A Preferred Share shall be entitled to such number of votes as equals to the whole number of common shares into which such Series A Preferred Shares are convertible immediately after the close of business on the record date of the determination of the Company's members entitled to vote or, if no such record date is established, at the date such vote is taken or any written consent of the Company's members is first solicited. Except as otherwise provided in the Memorandum and Articles of Association, or as required by law, the members holding Series A Preferred Shares shall vote together with the members holding common shares, and not as a separate class or series, on all matters put before them.

The Series A Preferred Shares contain conversion option derivative and redemption option derivative. The Company elected to designate the entire hybrid contract as financial liability at FVTPL. The movement of the Series A Preferred Shares is set out below:

	Original currency *USD'000*	**Shown in the Financial Information as** *RMB'000*
At January 1, 2009	12,497	85,413
Change in fair value recognised in profit or loss	3,380	23,086
Exchange gain	—	(88)
At December 31, 2009	15,877	108,411
Change in fair value recognised in profit or loss	3,585	24,107
Dividend paid	(1,093)	(7,298)
Exchange gain	—	(3,564)
At December 31, 2010	18,369	121,656
Change in fair value recognised in profit or loss	(500)	(3,288)
Exchange gain	—	(1,212)
Conversion of Series A Preferred Shares	(17,869)	(117,156)
At April 30, 2011	—	—

During four months ended April 30, 2011, the Series A Preferred Shares Holders signed a share conversion agreement and agree to exercise their right to convert 28,070,210 Series A Preferred Shares into the same number of common shares par value of USD0.00001 each of the Company on the date of conversion (the "Date of Conversion").

The Series A Preferred Shares were valued at fair value by the Directors with reference to valuation reports carried out by an independent qualified professional valuer, Jones Lang LaSalle Sallmanns Limited, on December 31, 2009, 2010 and the Date of Conversion, respectively, at approximately USD15,877,000, USD18,369,000 and USD17,869,000 (approximately RMB108,411,000, RMB121,656,000 and RMB117,156,000 respectively). Jones Lang LaSalle Sallmanns Limited has appropriate qualifications and recent experiences in the valuation of similar instruments. The address of Jones Lang LaSalle Sallmanns Limited is 6th Floor, Three Pacific Place, 1 Queen's Road East, Hong Kong.

The change in fair value of approximately RMB23,086,000, RMB24,107,000 and RMB3,288,000 has been recognised in the consolidated statements of comprehensive income for the year ended December 31, 2009, 2010 and the four months ended April 30, 2011, respectively. The difference between carrying amount and amount payable at each of the respective reporting date is approximately RMB11,104,000, RMB25,078,000 as at December 31, 2009 and 2010, respectively. The maturity amount is approximately RMB97,307,000 and RMB96,578,000 as at December 31, 2009 and 2010, respectively.

The assumptions adopted for the valuation of the Series A Preferred Shares using Binomial Option Pricing Model as of December 31, 2009, 2010 and the Date of Conversion respectively, are as follows:

	At December 31,		At Date of
	2009	2010	Conversion
Risk-free rate (i)	1.47%	1.20%	1.37%
Volatility (ii)	30.98%	25.45%	24.88%
Discount rate (iii)	8.19%	6.11%	5.79%

(i) The risk-free rates used were PRC treasury bond rates denominated in USD with duration close to the time to expiration.

(ii) The volatility used was by reference to average of comparable companies' historical volatility.

(iii) The discount rates used were by reference to risk-free rates plus corresponding credit spread and risk premium.

28. SHARE CAPITAL

The share capital of the Company at December 31, 2009 and 2010, comprises the issued and fully paid capital of common shares and Series A Preferred Shares of the Company. The share capital of the Company at April 30, 2011 represented the issued and fully paid capital of common shares of the Company.

Movement of the common shares during each of the years ended December 31, 2009, 2010 and the four months ended April 30, 2011 is set out below:

	THE COMPANY	
	Number of shares	**Amount** *USD*
Common shares		
Authorised		
At January 1, 2009, December 31, 2009, 2010 and April 30, 2011 at USD0.00001 each	4,900,000,000	49,000

	Number of shares	**Amount** *USD*	**Shown in the Financial Information as** *RMB'000*
Issued and fully paid			
At January 1, 2009, at December 31, 2009, 2010 at USD0.00001 each	45,614,000	456	3
Issuance of shares in February 2011 (note 33)	3,684,211	37	—
Conversion of Series A Preferred Shares	28,070,210	281	2
At April 30, 2011 at USD0.00001 each	77,368,421	774	5

Movement of the Series A Preferred shares during each of the years ended December 31, 2009, 2010 and the four months ended April 30, 2011 is set out below:

	THE COMPANY	
	Number of shares	Amount *USD*
Series A Preferred Shares		
Authorised		
At January 1, 2009, December 31, 2009, 2010 and April 30, 2011 at US$0.00001 each	100,000,000	1,000
Issued and fully paid		
At January 1, 2009, December 31, 2009, 2010 at US$0.00001 each	28,070,210	281
Conversion of Series A Preferred Shares	(28,070,210)	(281)
At April 30, 2011	—	—

29. DEFICIT OF THE COMPANY

	Accumulated losses *RMB'000*
At January 1, 2009	(10,928)
Loss and total comprehensive expenses for the year (note)	(16,432)
At December 31, 2009	(27,360)
Loss and total comprehensive expenses for the year (note)	(1,752)
Dividends paid to common shareholders (note 13)	(11,707)
At December 31, 2010	(40,819)
Loss and total comprehensive expenses for the period (note)	(2,258)
At April 30, 2011	(43,077)

Note: Loss and total comprehensive expenses for the year/period includes approximately RMB23,086,000, RMB24,107,000 and (RMB3,288,000) loss (gain) arising from change in fair value of convertible redeemable preferred shares for each of the year ended December 31, 2009 and 2010 and for the four months ended April 30, 2011, respectively. The movement of the Series A Preferred Shares is set out in note 27.

30. MAJOR NON-CASH TRANSACTIONS

During the year ended December 31, 2009, capital contribution of approximately RMB713,000 from a non-controlling shareholder of a subsidiary was made by injection of an intangible asset (note 17).

There was no major non-cash transactions for the year ended December 31, 2010 and for the four months ended April 30, 2010, respectively.

During the four months ended April 30, 2010, the Series A Preferred Shares Holders converted 28,070,210 Series A Preferred Shares into 28,070,210 common shares of par value of US$0.00001 each of the Company amounting to USD17,869,000 (approximately RMB117,156,000).

31. OPERATING LEASES

The Group as lessee

	Year ended December 31,		Four months ended April 30,	
	2009	**2010**	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Minimum lease payments paid under operating leases in respect of rented premises during the year/period	3,172	3,907	1,365	1,530

At the end of each reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of premises which fall due as follows:

	At December 31,		At April 30,
	2009	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*
Within one year	1,062	2,904	3,059
In the second to fifth years inclusive	1,798	1,608	815
	2,860	4,512	3,874

Operating lease payments represent rentals payable by the Group for certain properties. Leases are negotiated and rentals are fixed for terms ranging from one to five years.

The Group as lessor

	Year ended December 31,		Four months ended April 30,	
	2009	2010	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Property rental income	545	647	182	250

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	At December 31,		At April 30,
	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*
Within one year	272	374	125

32. CAPITAL COMMITMENTS

	At December 31,		At April 30,
	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*
Capital expenditure in respect of acquisition of property, plant and equipment - contracted for but not provided in the Financial Information	467	1,217	832

33. SHARE-BASED PAYMENT TRANSACTIONS

On February 25, 2011, the Company entered into a share purchase agreement with certain employees and issued 3,684,211 common shares for a total consideration of approximately RMB8,875,000. The fair value per share is approximately RMB3.80 and the subscription price per share is approximately RMB2.41. There is no vesting period and the subscription price is paid in April 2011.

The Group is required to recognise the fair value of the Incentive Shares as share based compensation expenses. For this purpose, the Group has engaged Jones Lang LaSalle Sallmanns Limited to perform valuation of the Incentive Shares. The fair value of the common shares was determined as the difference between the enterprise value over the fair value of Series A Preferred Shares issued. Fair value of enterprise value and Series A Preferred Shares was determinated by using valuation techniques which include discounted cash flow analysis and Binominal Option Pricing Model. The key assumptions of the valuation on the enterprise value and Series A Preferred Shares are as follows:

	2011
Risk-free rate (i)	1.08%
Volatility (ii)	26.00%
Discount rate (iii)	5.33%

(i) The risk-free rates used were PRC treasury bond rates denominated in USD with duration close to the time to expiration.

(ii) The volatility used was by reference to average of comparable companies' historical volatility.

(iii) The discount rates used were by reference to risk-free rates plus corresponding credit spread and risk premium.

For the four months period ended April 30, 2011, share-based compensation expenses of RMB5,118,000 was recognised in the consolidated statement of comprehensive income. A corresponding amount was credited in share premium in consolidated statement of changes in equity.

34. RETIREMENT BENEFITS SCHEME

The employees of the Group's subsidiaries are members of a state-managed retirement benefits scheme operated by the PRC government. The subsidiaries are required to contribute 10% of the total monthly basic salaries of the current employees to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions.

The total cost charged to the consolidated statements of comprehensive income of approximately RMB660,000, RMB761,000 and RMB252,000 for each of the years ended December 31, 2009, 2010 and the four months ended April 30, 2011, respectively, represent contributions paid and payable to the scheme by the Group in respect of the Relevant Periods, of which RMB250,000, RMB350,000 and RMB56,000 had not yet been paid at the respective reporting dates.

35. RELATED PARTY DISCLOSURES

(a) Amounts due from shareholders

THE GROUP AND THE COMPANY

The amounts are non-trade related, unsecured, interest-free and repayable on demand. The Directors represented that the amount was fully settled as at the issuance date of this report.

	THE GROUP			THE COMPANY		
	At December 31,		At April 30,	At December 31,		At April 30,
	2009	2010	2011	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Mr. Xie Yuehui	3,053	74	56	2,946	12	—
Mr. Zeng Min	756	66	—	756	66	—
Mr. Wu Jianhui	5,624	—	—	5,624	—	—
Mr. Zhao Yiwei Michael	—	—	117	—	—	—
	9,433	140	173	9,326	78	—

The maximum amount outstanding in respect of amounts due from shareholders, who are also Directors (except Mr. Zhao Yiwei Michael), disclosed pursuant to section 161B of the Hong Kong Companies Ordinance is as follows:

	THE GROUP			THE COMPANY		
	During the year ended December 31,		During the four months ended April 30,	During the year ended December 31,		During the four months ended April 30,
	2009	2010	2011	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Mr. Xie Yuehui	3,053	3,053	74	2,946	2,946	12
Mr. Zeng Min	756	756	66	756	756	66
Mr. Wu Jianhui	5,624	5,911	—	5,624	5,911	—
Mr. Zhao Yiwei Michael	—	—	117	—	—	—
	9,433	9,720	257	9,326	9,613	78

(b) **Amounts due to shareholders**

THE GROUP AND THE COMPANY

The amounts are due to shareholders and they are non-trade related, unsecured, interest-free and fully settled during the period ended April 30, 2011.

	THE GROUP			THE COMPANY		
	At December 31,		At April 30,	At December 31,		At April 30,
	2009	2010	2011	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Mr. Wu Jianhui	9,008	568	—	586	568	—
Mr. Xie Yuehui	—	663	—	—	663	—
	9,008	1,231	—	586	1,231	—

(c) **Amount due from a related party**

THE GROUP AND THE COMPANY

Amount due from a related party are as follows:

	THE GROUP			THE COMPANY		
	At December 31,		At April 30,	At December 31,		At April 30,
	2009	2010	2011	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Lifetech of America Corporation						
- Trade nature	193	61	—	—	—	—
- Non trade nature	3,095	—	—	3,095	—	—
	3,288	61	—	3,095	—	—

All the balances are non-interest bearing and recoverable on demand. Amounts have been fully settled during the period ended April 30, 2011. The Group allows a credit period of 90 days to 180 days and the balances as at December 31, 2009 and 2010 are aged over 180 days based on the invoice date. No impairment loss has been recognised throughout the Relevant Periods.

The maximum amount outstanding in respect of amount due from a related party disclosed pursuant to section 161B of the Hong Kong Companies Ordinance is as follows:

	THE GROUP			THE COMPANY		
	Year ended December 31,		Four months ended April 30,	Year ended December 31,		Four months ended April 30,
	2009	2010	2011	2009	2010	2011
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Lifetech of America Corporation (i)	3,288	3,288	61	3,095	3,095	—

Note:

(i) Mr. Zeng Min, a director of the Company, is a controlling shareholder of Lifetech of America Corporation.

(d) **Transactions with related companies**

Apart from details of the balances and other arrangements with related parties disclosed elsewhere in the Financial Information, the Group had also entered into the following transactions with related parties during the Relevant Periods:

(i) During each of the years ended December 31, 2009, 2010 and the four months ended April 30, 2011, Mr. Xie Yuehui provides a personal financial guarantee to secure banking facilities of the Company.

(ii) During each of the years ended December 31, 2009, 2010 and each of the four months ended April 30, 2010 and 2011, the Group has purchased raw materials from Lifetech of America Corporation amounting to approximately RMB1,489,000, RMB1,003,000, RMB550,000 (unaudited) and RMBnil, respectively.

In the opinion of Directors, all the above transactions are expected to be discontinued before the listing of the Company's shares on the Stock Exchange.

(e) **Compensation of key management personnel**

The remuneration of key management personnel during the Relevant Periods was as follows:

	Year ended December 31,		Four months ended April 30,	
	2009	**2010**	**2010**	**2011**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
			(unaudited)	
Short-term employee benefits	518	2,151	223	764
Post employee benefits	10	12	3	18
Share-based compensation expenses	—	—	—	4,915
	528	2,163	226	5,697

The remuneration of key management personnel is determined by reference to the performance of individuals and market trend.

36. DISPOSAL OF A SUBSIDIARY

During the year ended 31 December, 2009, the Company has disposed its interest in Shanghai Guijian Biological Material Co., Ltd. ("Shanghai Guijian"), a former 90% owned subsidiary, to the non-controlling shareholder of Shanghai Guijian for a cash consideration of RMB 2,385,000. The net assets of Shanghai Guijian at the date of disposal were as follows:

Analysis of assets and liabilities over which control was lost:

	RMB'000
Bank balances and cash	1,099
Other assets	155
Other payables	(216)
Net assets disposed of	1,038

Gain on disposal of a subsidiary:

Consideration received	2,385
Net assets disposal of	(1,038)
Non-controlling interests	103
Gain on disposal	1,450

Net cash inflow arising on disposal:

Cash consideration	2,385
Less: bank balances and cash disposed of	(1,099)
	1,286

In the opinion of the Directors, the disposal has no material financial impact to the Group in 2009.

B. DIRECTORS' REMUNERATION

Save as disclosed herein, no remuneration has been paid or is payable to the Directors by the Company or any of its subsidiaries during the Relevant Periods. Under the arrangements presently in force, the aggregate remuneration excluding bonus payable, if any, of the Directors for the year ending December 31, 2011 is approximately RMB1,625,000.

C. LITIGATION

The Group is currently involved in a litigation in India. In 2008, a company (the "Plaintiff") filed a suit with The High Court of Delhi (the "Court") at New Delhi, India, against (i) Lifetech Shenzhen, (ii) Lifetech Shenzhen's importer in India; and (iii) such importer's local Indian distributor (individually and collectively referred to as "Defendants"), or, the Defendants on a collective basis. The Plaintiff pleaded to the Court to issue a permanent injunction restraining the Defendants from importing and selling HeartR occluders in India which were accused of infringing the Plaintiff's patent. The Plaintiff also pleaded to order the national importer in India and its local Indian distributor to surrender all the rendition of accounts of profits or a decree of damages of INR21,00,000 (equivalent to approximately RMB318,000). As at December 31, 2009, 2010 and April 30, 2011 and up to the date of this report, the issues of the case have been framed and the Plaintiff has concluded filing its evidence on August 9, 2011, the litigation is still at fact finding and cross examination of evidence stage and the Court conclusion cannot be reasonably estimated.

After seeking legal advice, the Directors are of the opinion that it is very unlikely that the Court will grant a permanent injunction to the Plaintiff and it is also very unlikely for the Court to award damages to the Plaintiff or direct delivery of infringing devices. Accordingly, the Directors consider that no provision is necessary for any potential liability in the consolidated financial statements.

D. SUBSEQUENT EVENTS

Other than those disclosed elsewhere in the Financial Information, an interim dividend of approximately RMB0.27 per share amounting to RMB20,000,000 was declared on July 1, 2011 to the shareholders on the register of members of the Company as at April 1, 2011. The Directors represented that the amount was fully settled as at the issuance date of this report.

On May 13, 2011, Ms. Wen Weifang, mother of Mr. Xie Yuehui, transferred her 10% equity interest in Shenzhen Enke to Lifetech Shenzhen for a consideration of RMB150,000. The purpose of this equity transfer is to enable the Group to exercise full control over Shenzhen Enke.

Upon the public offering and placing being unconditional, 330,131,578.98 shares are to be issued and allotted to the Company's existing shareholders, credited as fully paid up at par by capitalisation of certain sum standing to the credit of the share premium account of the Company. Such shares will rank pari passu in all respects with the then existing shares.

Subsequent to April 30, 2011, the Company adopted a share option scheme, pursuant to which the Company may offer share options to certain employees, executives, officers, directors and other eligible participants of the Group. Further details of this share option scheme are set out in the paragraph headed "Share Option Scheme" in the section headed "Statutory and General Information" of the Prospectus.

E. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Company or any of its subsidiaries have been prepared in respect of any period subsequent to April 30, 2011.

Yours faithfully,

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

The information set out in this appendix does not form part of the accountants' report of historical financial information of the Group prepared by the reporting accountants of the Company, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong as set out in Appendix I "Accountants' Report" to this prospectus, and is included herein for information only.

The unaudited pro forma financial information should be read in conjunction with "Financial Information" and Appendix I "Accountants' Report" to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative unaudited pro forma statement of adjusted net tangible assets of the Group which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Placing and Public Offer as if it had taken place on April 30, 2011.

This unaudited pro forma statement of adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group as of April 30, 2011 or at any future dates following the Placing and Public Offer.

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as of April 30, 2011	**Estimated net proceeds from the Placing and Public Offer**	**Unaudited pro forma adjusted net tangible assets of the Group attributable to owners of the Company**	**Unaudited pro forma adjusted net tangible assets value per Share**	
	(Note 1) *RMB'000*	**(Note 2)** *RMB'000*	*RMB'000*	**(Note 3)** *RMB*	**(Note 6)** *HK$*
Based on an Offer Price of HK$1.91 per Offer share	138,316	123,106	261,422	0.52	0.63
Based on an Offer Price of HK$2.26 per Offer share	138,316	149,071	287,387	0.57	0.69

Notes:

(1) The audited consolidated net tangible assets of the Group attributable to owners of the Company as of April 30, 2011 is extracted from the Accountants' Report set out in Appendix I to this prospectus, which is based on the audited consolidated net assets of the Group attributable to owners of the Company as of April 30, 2011 of RMB141.3 million less the intangible assets of the Group attributable to owners of the Company as of April 30, 2011 of approximately RMB3.0 million.

(2) The estimated net proceeds from the Placing and Public Offer are based on an indicative Offer Prices of HK$1.91 (equivalent to approximately RMB1.59) and HK$2.26 (equivalent to approximately RMB1.88) per Share, respectively (after deducting the underwriting fees and other related expenses), and takes no account of any Shares which may be issued pursuant to the Over-allotment Option, the Share Option Scheme or issuing mandate, or any Shares which may be repurchased pursuant to repurchase mandate. For the purpose of the estimated net proceeds from the Placing and Public Offer, the amount stated in Hong Kong dollars has been converted into Renminbi at the rate of RMB1 to HK$1.2. No representation is made that the Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

(3) The unaudited pro forma adjusted net tangible assets per Share is arrived at after the adjustments referred to in note 2 in the preceding paragraph and on the basis that 500,000,000 Shares were in issue assuming that the Placing and Public Offer and the Capitalisation Issue had been completed on April 30, 2011. It takes no account of any Shares which may be issued pursuant to the Over-allotment Option, the Share Option Scheme or issuing mandate, or any Shares which may be repurchased pursuant to repurchase mandate.

(4) By comparing the valuation of our property interests as set out in Appendix III to this prospectus the net valuation surplus is approximately RMB14.3 million as compared to the carrying amounts of the Group's property interests as of August 31, 2011, which has not been included in the above consolidated net tangible assets attributable to owners of the Company. The valuation surplus of our property interests will not be incorporated in our consolidated financial statements in the future. If the valuation surplus were to be included in our consolidated financial statements, an additional depreciation charge of approximately RMB525,000 per annum would be incurred.

(5) No adjustment has been made to the unaudited pro forma adjusted net tangible assets of the Group to reflect any trading result or other transaction of the Group entered into subsequent to April 30, 2011. In particular, the unaudited pro forma adjusted net tangible assets of the Group has not taken into account the payment of dividend of RMB20 million which was approved by the shareholders' meeting on July 1, 2011.

(6) For the purpose of this unaudited pro forma adjusted net tangible assets value per Share, the balance stated in Renminbi are converted into Hong Kong dollars at the rate of RMB1 to HK$1.2. No representation is made that the Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

B. REPORT FROM THE REPORTING ACCOUNTANTS ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong for the purpose of incorporation in this prospectus.

Deloitte.
德勤

ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION TO THE DIRECTORS OF LIFETECH SCIENTIFIC CORPORATION

We report on the unaudited pro forma financial information of LifeTech Scientific Corporation (the "Company", formerly known as "Lifetech China Corporation") and its subsidiaries (hereinafter collectively referred to as the "Group"), which has been prepared by the directors of the Company for illustrative purposes only, to provide information about how the proposed placing and public offer might have affected the financial information presented, for inclusion in Appendix II of the prospectus dated October 31, 2011 (the "Prospectus"). The basis of preparation of the unaudited pro forma financial information is set out in section A of Appendix II to the Prospectus.

Respective responsibilities of directors of the Company and reporting accountants

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 31 of Chapter 7 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by paragraph 31(7) of Chapter 7 of the GEM Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the unaudited pro forma financial information as disclosed pursuant to paragraph 31(1) of Chapter 7 of the GEM Rules.

The unaudited pro forma financial information is for illustrative purpose only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of the financial position of the Group as at April 30, 2011 or any future date.

Opinion

In our opinion:

a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;

b) such basis is consistent with the accounting policies of the Group; and

c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 31(1) of Chapter 7 of the GEM Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
October 31, 2011

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this prospectus received from Jones Lang LaSalle Sallmanns Limited, an independent valuer, in connection with its valuation as at 31 August 2011 of the property interests of the Group.

Jones Lang LaSalle Sallmanns Limited
6/F Three Pacific Place
1 Queen's Road East Hong Kong
tel +852 2169 6000 fax +852 2169 6001
Licence No: C-030171

31 October 2011

The Board of Directors
LifeTech Scientific Corporation

Dear Sirs,

In accordance with your instructions to value the properties in which LifeTech Scientific Corporation (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") have interests in the People's Republic of China (the "PRC") and the Republic of India ("India"), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the capital values of the property interests as at 31 August 2011 (the "date of valuation").

Our valuation of the property interests represents the market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion".

We have valued the property interests of property nos. 1 and 2 in Group I by the income approach by taking into account the rental income of the properties derived from the existing leases and achievable in the existing market with due allowance for the reversionary income potential of the leases, which has been then capitalized to determine the market value at an appropriate capitalization rate. Where appropriate, reference has also been made to the comparable sale transactions as available in the relevant market.

We have attributed no commercial value to the property interests in Group II and III, which are leased by the Group, due either to the short-term nature of the lease or the prohibition against assignment or sub-letting or otherwise due to the lack of substantial profit rent.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In valuing the property interests, we have complied with all requirements contained in Chapter 8 of the Rules Governing the Listing of Securities on the Growth Enterprise Market issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation Standards published by the Royal Institution of Surveyors; the HKIS Valuation Standards on Properties published by the Hong Kong Institute of Surveyors; and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of Real Estate Title Certificates and other title certificates relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal advisers — Zhong Lun Law Firm and the Company's Indian legal advisers — Rajkishore Associates, concerning the validity of the property interests in the PRC and India.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB). The exchange rate adopted in our valuations is approximately RMB1 = INR$7.1743 which was approximately the prevailing exchange rate as at the date of valuation.

Our valuation is summarized below and the valuation certificates are attached.

Yours faithfully,
for and on behalf of
Jones Lang LaSalle Sallmanns Limited

Paul L. Brown
B.Sc. FRICS FHKIS
Chief Valuation Adviser

Eddie T.W. Yiu
MRICS MHKIS RPS (GP)
Associate Director

Note: Paul L. Brown is a Chartered Surveyor who has 28 years' experience in the valuation of properties in the PRC and 31 years of property valuation experience in Hong Kong, the United Kingdom as well as relevant experience in India and the Asia-Pacific region.

Eddie T. W. Yiu is a Chartered Surveyor who has 17 year's experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

SUMMARY OF VALUES

Group I — Property interests held for investment by the Group in the PRC

No.	Property	Capital value in existing state as at 31 August 2011 *RMB*	Interest attributable to the Group	Capital value attributable to the Group as at 31 August 2011 *RMB*
1.	Unit 6D, Block F1.6 of Tianfa Building Tian'an Chegongmiao Industrial Zone Futian District Shenzhen City Guangdong Province The PRC	15,389,000	100%	15,389,000
2.	Units 8A8, 8A9 and 8A10, Block H2.8 of Jiutai Apartment Tian'an Chegongmiao Industrial Zone Futian District Shenzhen City Guangdong Province The PRC	801,000	100%	801,000
	Sub-total:	**16,190,000**		**16,190,000**

Group II — Property interests rented and occupied by the Group in the PRC

No.	Property	Capital value attributable to the Group as at 31 August 2011 *RMB*
3.	Levels 1 to 3 of Cybio Scientific Research Building No. 6 Langshan 2nd Road Hi-tech Industrial Park North Nanshan District Shenzhen City Guangdong Province The PRC	No commercial value
4.	Units 210 to 218 and 310 to 314 of Block 31 located in District B, Songping Street Hi-tech Industrial Park North Nanshan District Shenzhen City Guangdong Province The PRC	No commercial value
5.	Unit 10G, Block B of East Ginza Building No. 48 Dongzhimenwai Street Dongcheng District Beijing The PRC	No commercial value
6.	Portion of Workshop No. 7 No. 9 Tianfu Street Biological & Pharmaceutical Industrial Base Daxing District Beijing The PRC	No commercial value
7.	Unit 5-4-301 of a residential building located at Binhe West Community Huangcun Town Daxing District The PRC	No commercial value

No.	Property	Capital value attributable to the Group as at 31 August 2011 *RMB*
8.	Levels 4 and 5 of Workshop No. 3 Zhonghe Industrial Zone No. 112 Shahe Street Nanshan District Shenzhen City Guangdong Province The PRC	No commercial value
9.	A unit on Level 1 of Workshop No. 8 Zhonghe Industrial Zone No. 112 Shahe Street Nanshan District Shenzhen City Guangdong Province The PRC	No commercial value
10.	Room 110 of Haibo Office Building No. 136 West Fourth Ring North Haidian District Beijing The PRC	No commercial value
	Sub-total:	**Nil**

Group III — Property interest rented and occupied by the Group in India

No.	Property	Capital value attributable to the Group as at 31 August 2011 *RMB*
11.	Level 3 of a commercial building located at #3, 1st Main, BDA Layout, Kodihalli, HAL 2nd Stage Bangalore Karnataka State The Republic of India	No commercial value
	Sub-total:	**Nil**

	Capital value in existing state as at 31 August 2011 *RMB*	Capital value in existing state as at 31 August 2011 *RMB*
Grand total:	**16,190,000**	**16,190,000**

VALUATION CERTIFICATE

Group I — Property interests held for investment by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 August 2011 *RMB*
1.	Unit 6D, Block F1.6 of Tianfa Building Tian'an Chegongmiao Industrial Zone Futian District Shenzhen City Guangdong Province The PRC	The property comprises a unit on Level 6 of a 6-storey industrial building completed in about 1992. The unit has a gross floor area of approximately 1,134.65 sq.m. The land use rights of the property have been granted for a term of 50 years commencing from 16 November 1988 and expiring on 16 November 2038 for industrial use.	The property was vacant as at the date of valuation.	15,389,000 100% interest attributable to the Group: RMB 15,389,000

Notes:

1. *Pursuant to a Real Estate Title Certificate - Shen Fang Di Zi Di No.3000526996, a unit with a gross floor area of approximately 1,134.65 sq.m. is owned by Lifetech Scientific (Shenzhen) Co., Ltd. (先健科技(深圳)有限公司, "Lifetech Shenzhen"), a wholly-owned subsidiary of the Company. The relevant land use rights of the property with an apportioned site area of approximately 601.8 sq.m. have been granted to Lifetech Shenzhen for a term of 50 years commencing from 16 November 1988 and expiring on 16 November 2038 for industrial use.*

2. *Pursuant to a Tenancy Agreement, the property is contracted to be rented to Shenzhen Nuocheng Food Co., Ltd. (深圳諾誠食品有限公司), an independent third party, for a term of 3 years commencing from 15 October 2011 and expiring on 14 October 2014 at a monthly rent of RMB96,445.25, exclusive of management fee, water and electricity charges.*

3. *Pursuant to a Maximum Amount Mortgage Contract of Renminbi Credit Loan (人民幣額度借款最高額抵押合同) dated 26 November 2010 entered into between Lifetech Shenzhen and China Construction Bank Corporation Shenzhen City Branch (中國建設銀行股份有限公司深圳市分行, the "Bank"), the property together with property no. 2 were subject to a mortgage in favour of the Bank as security to guarantee a maximum amount of RMB20,020,000 in relation to the principal obligation under a Renminbi Credit Loan Contract (人民幣額度借款合同) entered into between the Bank and Lifetech Shenzhen for the loan amount of RMB25,000,000.*

4. *We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:*

   a. *Lifetech Shenzhen legally owns the ownership rights and the land use rights of the property, Lifetech Shenzhen has the rights to legally occupy, use, transfer, lease out or mortgage the property during the term of land use rights subject to the consent of the Bank; and*

   b. *Except the mortgage as mentioned in note 3, there are neither other mortgages nor any sequestration, frozen or other legal preceding exist which materially affect the use of the property.*

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 August 2011 *RMB*
2.	Units 8A8, 8A9 and 8A10, Block H2.8 of Jiutai Apartment Tian'an Chegongmiao Industrial Zone Futian District Shenzhen City Guangdong Province The PRC	The property comprises 3 units on Level 8 of an 8-storey residential building completed in about 1992. The property has a total gross floor area of approximately 123.76 sq.m. The land use rights of the property have been granted for a term of 50 years commencing from 16 November 1988 and expiring on 16 November 2038 for residential use.	The property is currently rented to an independent third party (see note 3).	801,000 100% interest attributable to the Group: RMB 801,000

Notes:

1. *Pursuant to 3 Real Estate Title Certificates - Shen Fang Di Zi Di Nos. 3000526998, 3000527000 and 3000527002, 3 units with a total gross floor area of approximately 123.76 sq.m. are owned by Lifetech Scientific (Shenzhen) Co., Ltd. ("Lifetech Shenzhen"), a wholly-owned subsidiary of the Company. The relevant land use rights of the units with a total apportioned site area of approximately 66.6 sq.m. have been granted to Lifetech Shenzhen for a term of 50 years commencing from 16 November 1988 and expiring on 16 November 2038 for residential use.*

2. *Pursuant to a Maximum Amount Mortgage Contract of Renminbi Credit dated 26 November 2010 entered between Lifetech Shenzhen and China Construction Bank Corporation Shenzhen City Branch (the "Bank"), the property together with property no. 1 were subject to a mortgage in favour of the Bank as security to guarantee a maximum amount of RMB20,020,000 in relation to the principal obligation under a Renminbi Credit Loan Contract entered into between the Bank and Lifetech Shenzhen for the loan amount of RMB25,000,000.*

3. *Pursuant to a Tenancy Agreement, the property is rented to Biwei Industrial Co., Ltd., an independent third party for a term expiring on 17 August 2013 at a monthly rent of RMB4,500, exclusive of management fees, water and electricity charges.*

4. *We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:*

   a. *Lifetech Shenzhen legally owns the ownership rights and the land use rights of the property, Lifetech Shenzhen has the rights to legally occupy, use, transfer, lease out or mortgage the property during the term of land use rights subject to the consent of the Bank; and*

   b. *Except the mortgage as mentioned in note 2, there are neither other mortgages nor any sequestration, frozen or other legal preceding exist which materially affect the use of the property.*

VALUATION CERTIFICATE

Group II — Property interests rented and occupied by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 August 2011 *RMB*
3.	Levels 1 to 3 of Cybio Scientific Research Building No. 6 Langshan 2nd Road Hi-tech Industrial Park North Nanshan District Shenzhen City Guangdong Province The PRC	The property comprises Levels 1 to 3 of a 5-storey composite building completed in about 2001. The property has a total lettable area of approximately 4,108 sq.m. The property is leased to Lifetech Scientific (Shenzhen) Co., Ltd. ("Lifetech Shenzhen") from Cybio Electronic (Shenzhen) Co., Ltd. (賽霸電子(深圳)有限公司, the "Lessor"), an independent third party, for a term of 2 years commencing from 23 March 2010 and expiring on 22 March 2012 at a monthly rent of RMB143,780, exclusive of management fees, water and electricity charges.	The property is currently occupied by the Group for office and production purposes.	No commercial value

Notes:

1. *Pursuant to a Tenancy Agreement, the property is leased to Lifetech Shenzhen, a wholly-owned subsidiary of the Company from the Lessor for a term of 2 years commencing from 23 March 2010 and expiring on 22 March 2012 at a monthly rent of RMB143,780, exclusive of management fees, water and electricity charges.*

2. *We have been provided with a legal opinion on the legality of the Tenancy Agreement to the property issued by the Company's PRC legal advisers, which contains, inter alia, the following:*

   a. *The Lessor legally owns the ownership rights of the property and has the rights to lease out the property. The use of the leased property complies with the relevant PRC laws and regulations;*

   b. *The Tenancy Agreement is legal, valid and enforceable and is binding to both sides. During the lease term, Lifetech Shenzhen can legally occupy and use the property in accordance with the Tenancy Agreement; and*

   c. *The Tenancy Agreement has been registered with relevant local authorities.*

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 August 2011 *RMB*
4.	Units 210 to 218 and 310 to 314 of Block 31 located in District B, Songping Street Hi-tech Industrial Park North Nanshan District Shenzhen City Guangdong Province The PRC	The property comprises 14 units on Levels 2 to 3 of a 7-storey dormitory completed in about 1995. The property has a total lettable area of approximately 392 sq.m. The property is leased to Lifetech Scientific (Shenzhen) Co., Ltd. ("Lifetech Shenzhen") from Cybio Electronic (Shenzhen) Co., Ltd. (the "Lessor"), an independent third party, for a term expiring on 24 March 2012 at a monthly rent of RMB17,800, exclusive of management fees, water and electricity charges.	The property is currently occupied by the Group for residential purpose.	No commercial value

Notes:

1. *Pursuant to a Tenancy Agreement and a Supplementary Agreement, the property is leased to Lifetech Shenzhen, a wholly-owned subsidiary of the Company, from the Lessor for a term expiring on 24 March 2012 at a monthly rent of RMB17,800, exclusive of management fees, water and electricity charges.*
2. *We have been provided with a legal opinion on the legality of the Tenancy Agreement and Supplementary Agreement to the property issued by the Company's PRC legal advisers, which contains, inter alia, the following:*
   a. *The Lessor legally owns the ownership rights of the property and has the rights to lease out the property. The use of the leased property complies with the relevant PRC laws and regulations;*
   b. *The Tenancy Agreement and Supplementary Agreement are legal, valid and enforceable and are binding to both sides. During the lease term, Lifetech Shenzhen can legally occupy and use the property in accordance with the Tenancy Agreement and Supplementary Agreement; and*
   c. *The Tenancy Agreement and Supplementary Agreement have been registered with relevant local authorities.*

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 August 2011 *RMB*
5.	Unit 10G, Block B of East Ginza Building No. 48 Dongzhimenwai Street Dongcheng District Beijing The PRC	The property comprises a unit on Level 10 of a 27-storey composite building completed in about 2003. The property has a lettable area of approximately 149.18 sq.m. The property is leased to Lifetech Scientific (Shenzhen) Co., Ltd. Beijing Branch ("Lifetech Beijing") from Hu Meiying (胡美英, the "Lessor"), an independent third party, for a term commencing from 1 April 2011 and expiring on 31 March 2012 at a monthly rent of RMB14,000, exclusive of water and electricity charges.	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. *Pursuant to a Tenancy Agreement, the property is leased to Lifetech Beijing, a branch company of Lifetech Scientifc (Shenzhen) Co., Ltd., from the Lessor for a term commencing from 1 April 2011 and expiring on 31 March 2012 at a monthly rent of RMB14,000, exclusive of water and electricity charges.*
2. *We have been provided with a legal opinion on the legality of the Tenancy Agreement to the property issued by the Company's PRC legal advisers, which contains, inter alia, the following:*
   a. *The Lessor legally owns the ownership rights of the property and has the rights to lease out the property. The use of the leased property complies with the relevant PRC laws and regulations;*
   b. *The Tenancy Agreement is legal, valid and enforceable and is binding to both sides. During the lease term, Lifetech Beijing can legally occupy and use the property in accordance with the Tenancy Agreement;*
   c. *The property has been subject to mortgage before renting to Lifetech Beijing. On condition that the mortgage right is realized, there is a risk that the Tenancy Agreement will be terminated before its expiration and Lifetech Beijing may be forced to move out of the property. However, the business of Lifetech Beijing will not be substantially affected; and*
   d. *The Tenancy Agreement has not been registered with relevant local authorities. However, the legality and validity of the Tenancy Agreement will not be affected.*

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 August 2011 *RMB*
6.	Portion of Workshop No. 7 No. 9 Tianfu Street Biological & Pharmaceutical Industrial Base Daxing District Beijing The PRC	The property comprises the western portion of a 3-storey workshop completed in about 2007. The property has a lettable area of approximately 1,972.69 sq.m. The property is subleased to Beijing PerMed Biomedical Engineering Co., Ltd. (北京市普惠生物醫學工程有限公司, "Beijing PerMed") from Beijing Zhongxing Tianfu Technology Co., Ltd. (北京中興天富科技有限公司, the "Sublessor"), an independent third party, for a term expiring on 14 November 2015 at a total rent of RMB4,104,096, exclusive of management fees, water and electricity charges.	The property is currently occupied by the Group for office, research and production purposes.	No commercial value

Notes:

1. *Pursuant to a Tenancy Agreement (the "1st Agreement") entered into between Beijing Shengda Weiye Investment Management Co., Ltd. (北京盛大偉業投資管理有限公司, the "Lessor") and the Sublessor, a workshop with a gross floor area of approximately 3,945.38 sq.m. is leased to the Sublessor for a term expiring on 14 August 2024 at an annual rent of RMB945,000, exclusive of water and electricity charges.*

2. *Pursuant to a Tenancy Agreement (the "2nd Agreement"), the property is subleased to Beijing PerMed, a wholly-owned subsidiary of the Company, from the Sublessor for a term commencing from 15 September 2009 and expiring on 14 November 2015 at a total rent of RMB4,104,096, exclusive of water and electricity charges.*

3. *We have been provided with a legal opinion on the legality of the Tenancy Agreements to the property issued by the Company's PRC legal advisers, which contains, inter alia, the following:*

   a. *The Sublessor has the rights to lease out the property, the 2nd Agreement is legal, valid and is binding to both sides; and*

   b. *The 2nd Agreement has not been registered with relevant local authorities. However, the legality and validity of the 2nd Agreement will not be affected and Beijing PerMed has the rights to legally occupy and use the property in accordance with the 2nd Agreement.*

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 August 2011 *RMB*
7.	Unit 5-4-301 of a residential building located at Binhe West Community Huangcun Town Daxing District The PRC	The property comprises a unit on Level 3 of a 6-storey residential building completed in about 1998. The property has a lettable area of approximately 81 sq.m. The property is leased to Beijing PerMed Biomedical Engineering Co., Ltd. ("Beijing PerMed") from Sun Zhaoli (the "Lessor"), an independent third party, for a term of 2 years commencing from 1 March 2010 and expiring on 1 March 2012 at a monthly rent of RMB1,900, exclusive of water and electricity charges.	The property is currently occupied by the Group for residential purpose.	No commercial value

Notes:

1. *Pursuant to a Tenancy Agreement, the property is leased to Beijing PerMed, a wholly-owned subsidiary of the Company, from the Lessor for a term of 2 years commencing from 1 March 2010 and expiring on 1 March 2012 at a monthly rent of RM1,900, exclusive of water and electricity charges.*
2. *We have been provided with a legal opinion on the legality of the Tenancy Agreement to the property issued by the Company's PRC legal advisers, which contains, inter alia, the following:*
   a. *The Lessor legally owns the ownership rights of the property and has the rights to lease out the property. The use of the leased property complies with the relevant PRC laws and regulations;*
   b. *The Tenancy Agreement is legal, valid and enforceable and is binding to both sides. During the lease term, Beijing PerMed can legally occupy and use the property in accordance with the Tenancy Agreement; and*
   c. *The Tenancy Agreement has not been registered with relevant local authorities. However, the legality and validity of the Tenancy Agreement will not be affected.*

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 August 2011 *RMB*
8.	Levels 4 and 5 of Workshop No. 3 Zhonghe Industrial Zone No. 112 Shahe Street Nanshan District Shenzhen City Guangdong Province The PRC	The property comprises Levels 4 and 5 of a 6-storey workshop completed in about 1991. The property has a total lettable area of approximately 1,750 sq.m. The property is leased to Shenzhen Shineyard Medical Device Co., Ltd. (深圳市擎源醫療器械有限公司, "Shenzhen Shineyard") from China Nuclear Energy Industry Shenzhen Company (中國原子能工業深圳公司, the "Lessor"), an independent third party, for a term expiring on 31 December 2013 at a total monthly rent of RMB31,937.5, exclusive of management fees, water and electricity charges.	The property is currently occupied by the Group for office and production purposes.	No commercial value

Notes:

1. *Pursuant to 2 Tenancy Agreements, the property is leased to Shenzhen Shineyard, a 60% subsidiary of the Company from the Lessor for a term expiring on 31 December 2013 at a total monthly rent of RMB31,937.5, exclusive of management fees, water and electricity charges.*
2. *We have been provided with a legal opinion on the legality of the Tenancy Agreements to the property issued by the Company's PRC legal advisers, which contains, inter alia, the following:*
   a. *The Lessor legally owns the ownership of the property and has the rights to lease out the property. The use of the leased property complies with the relevant PRC laws and regulations;*
   b. *The Tenancy Agreements are legal, valid and enforceable and are binding to both sides. During the lease term, Shenzhen Shineyard can legally use the property in accordance with the Tenancy Agreements; and*
   c. *The Tenancy Agreements have been registered with relevant local authorities.*

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 August 2011 *RMB*
9.	A unit on Level 1 of Workshop No. 8 Zhonghe Industrial Zone No. 112 Shahe Street Nanshan District Shenzhen City Guangdong Province The PRC	The property comprises a unit on Level 1 of a 7-storey workshop completed in about 1991. The property has a lettable area of approximately 120 sq.m. The property is leased to Shenzhen Shineyard Medical Device Co., Ltd. ("Shenzhen Shineyard") from China Nuclear Energy Industry Shenzhen Company (the "Lessor"), an independent third party, for a term of 3 years commencing from 1 January 2011 and expiring on 31 December 2013 at a monthly rent of RMB2,500, exclusive of management fees, water and electricity charges.	The property is currently occupied by the Group for storage purpose.	No commercial value

Notes:

1. *Pursuant to a Tenancy Agreement, the property is leased to Shenzhen Shineyard, a 60% subsidiary of the Company, from the Lessor for a term of 3 years commencing from 1 January 2011 and expiring on 31 December 2013 at a monthly rent of RMB2,500, exclusive of management fees, water and electricity charges.*

2. *We have been provided with a legal opinion on the legality of the Tenancy Agreement to the property issued by the Company's PRC legal advisers, which contains, inter alia, the following:*

   a. *The Lessor legally owns the ownership rights of the property and has the rights to lease out the property. The use of the leased property complies with the relevant PRC laws and regulations;*

   b. *The Tenancy Agreement is legal, valid and enforceable and is binding to both sides. During the lease term, Shenzhen Shineyard can legally occupy and use the property in accordance with the Tenancy Agreement; and*

   c. *The Tenancy Agreement has not been registered with relevant local authorities. However, the legality and validity of the Tenancy Agreement will not be affected.*

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 August 2011 *RMB*
10.	Room 110 of Haibo Office Building No. 136 West Fourth Ring North Haidian District Beijing The PRC	The property comprises a unit on Level 1 of a 6-storey office building completed in about 1999. The property has a lettable area of approximately 20 sq.m. The property is subleased to Beijing PerMed Biomedical Engineering Co., Ltd. ("Beijing PerMed") from Beijing Yulin Technology Trade Co., Ltd. (北京雨林科貿有限公司, the "Sublessor"), an independent third party, for a term expiring on 31 December 2011 at nil rent.	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. *Pursuant to a Tenancy Agreement entered into between Beijing Xintai Group Co., Ltd. Haibo Branch (北京鑫泰集團有限公司海博分公司, the "Lessor") and the Sublessor, Rooms 108 and 110 with a total gross floor area of approximately 41.48 sq.m. is leased to the Sublessor for a term of 1 year commencing from 12 January 2011 and expiring on 11 January 2012 at an annual rent of RMB34,822, exclusive of water and electricity charges.*

2. *Pursuant to a Letter issued by the Sublessor dated 3 January 2011, the Sublessor agreed to lease the property to Beijing PerMed for a term expiring on 31 December 2011 at nil rent.*

3. *We have been provided with a legal opinion on the legality of the Letter and the Tenancy Agreement to the property issued by the Company's PRC legal advisers, which contains, inter alia, the following:*

   a. *The Lessor/Sublessor cannot provide any title certificate or any other proof of the Lessor/Sublessor's authority to let the property and therefore it cannot be ascertained whether the Lessor/Sublessor has the rights to let the property or Beijing PerMed can legally use the property. In case the Lessor/Sublessor is not the legal owner of the property or has no rights to let the property, Beijing PerMed may be forced to move out of the property. However, as advised by the Group, the business and operation activities of Beijing PerMed will not be materially affected.*

VALUATION CERTIFICATE

Group III — Property interest rented and occupied by the Group in India

No.	Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 August 2011 *RMB*
11.	Level 3 of a commercial building located at #3, 1st Main, BDA Layout, Kodihalli, HAL 2nd Stage Bangalore Karnataka State The Republic of India	The property comprises Level 3 of a 4-storey commercial building completed in about 2005. The property has a lettable area of approximately 459 sq.m. The property is leased to Lifetech Scientific India Private Limited ("Lifetech India") from Smt. L. Gayathri (the "Lessor"), an independent third party, for a term of 2 years expiring on 31 August 2012, at a monthly rent of INR$50,600 with an option to renew for a further term of 3 years.	The property is currently occupied by the Group for office purpose.	No commercial value

Notes:

1. *Pursuant to a Lease Agreement, the property is leased to Lifetech India from the Lessor for a term of 2 years expiring on 31 August 2012 at a monthly rent of INR$50,600. The rent will be increased annually by 8% with the lease term and the Lease Agreement can be renewed for a further term of 3 years.*
2. *We have been provided with a legal opinion on the legality of the Lease Agreement to the property issued by the Company's Indian legal advisers, which contains, inter alia, the following:*
   a. *There are no defects in the title of the property; the Lease Agreement is legal, valid and binding to both sides of the leasehold. The Lessor has the rights to lease out the property and Lifetech India has the rights to use the property in accordance with the terms and conditions stipulated in the Lease Agreement.*

This Appendix contains a summary of our Memorandum of Association and Articles of Association. The principal objective is to provide potential investors with an overview of our Memorandum of Association and Articles of Association. As the information contained below is a summary form, it does not contain all the information that may be important to potential investors. As stated in the paragraph headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix VI, a copy of the Memorandum of Association and Articles of Association is available for inspection.

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 17 August 2006 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the "**Companies Law**"). The Memorandum of Association (the "**Memorandum**") and the Articles of Association (the "**Articles**") comprise its constitution.

1 MEMORANDUM OF ASSOCIATION

The Memorandum was conditionally adopted on October 22, 2011 and states, inter alia, that the liability of members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Law or any other law of the Cayman Islands.

The Memorandum is available for inspection at the address specified in Appendix VI in the section headed "Documents available for inspection".

2 ARTICLES

The Articles were conditionally adopted on October 22, 2011 and include provisions to the following effect:

2.1 Classes of Shares

The share capital of the Company consists of Ordinary Shares. The capital of the Company at the date of adoption of the Articles is US$50,000 divided into 5,000,000,000 shares of par value US$0.00001 each.

2.2 Directors

(a) ***Power to allot and issue Shares***

Subject to the provisions of the Companies Law and the Memorandum and Articles, the unissued shares in the Company (whether forming part of its original or any increased capital) shall be at the disposal of the Directors, who may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration, and upon such terms, as the Directors shall determine.

Subject to the provisions of the Articles and to any direction that may be given by the Company in general meeting and without prejudice to any special rights conferred on the holders of any existing shares or attaching to any class of shares, any share may be issued with or have attached thereto such preferred, deferred, qualified or other special rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise, and to such persons at such time and for such consideration as the Directors may determine. Subject to the Companies Law and to any special rights conferred on any shareholders or attaching to any class of shares, any share may, with the sanction of a special resolution, be issued on terms that it is, or at the option of the Company or the holder thereof, liable to be redeemed.

(b) ***Power to dispose of the assets of the Company or any subsidiary***

The management of the business of the Company shall be vested in the Directors who, in addition to the powers and authorities by the Articles expressly conferred upon them, may exercise all such powers and do all such acts and things as may be exercised or done or approved by the Company and are not by the Articles or the Companies Law expressly directed or required to be exercised or done by the Company in general meeting, but subject nevertheless to the provisions of the Companies Law and of the Articles and to any regulation from time to time made by the Company in general meeting not being inconsistent with such provisions or the Articles, provided that no regulation so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

(c) ***Compensation or payment for loss of office***

Payment to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must first be approved by the Company in general meeting.

(d) ***Loans to Directors***

There are provisions in the Articles prohibiting the making of loans to Directors and associates which are equivalent to the restrictions imposed by the Companies Ordinance.

(e) ***Financial assistance to purchase Shares***

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries or any holding company or any subsidiary of such holding company in order that they may buy shares in the Company or any such subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

(f) ***Disclosure of interest in contracts with the Company or any of its subsidiaries***

No Director or proposed Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with any person, company or partnership of or in which any Director shall be a member or otherwise interested be capable on that account of being avoided, nor shall any Director so contracting or being any member or so interested be liable to account to the Company for any profit so realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established, provided that such Director shall, if his interest in such contract or arrangement is material, declare the nature of his interest at the earliest meeting of the board of Directors at which it is practicable for him to do so, either specifically or by way of a general notice stating that, by reason of the facts specified in the notice, he is to be regarded as interested in any contracts of a specified description which may be made by the Company.

A Director shall not be entitled to vote on (nor shall he be counted in the quorum in relation to) any resolution of the Directors in respect of any contract or arrangement or any other proposal in which the Director or any of his associates has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

(i) the giving to such Director or any of his associates of any security or indemnity in respect of money lent or obligations incurred by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or any of his associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

(iii) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or any of his associates is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(iv) any proposal concerning any other company in which the Director or any of his associates is/are interested only, whether directly or indirectly, as an officer, executive or shareholder or in which the Director or any of his associates is/are beneficially interested in shares of that company, provided that the Director and any of his associates, are not in aggregate beneficially interested in five per cent. or more of the issued shares of any class of such company (or of any third company through which his interest or that of any of his associates is derived) or of the voting rights;

(v) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:

(A) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his associates may benefit;

(B) the adoption, modification or operation of a pension or provident fund or retirement, death or disability benefits scheme which relates both to Directors, their associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or any of his associates as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(vi) any contract or arrangement in which the Director or any of his associates is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

(g) ***Remuneration***

The Directors shall be entitled to receive by way of remuneration for their services such sum as shall from time to time be determined by the Directors, or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

The Directors shall also be entitled to be paid all expenses, including travel expenses, reasonably incurred by them in or in connection with the performance of their duties as Directors including their expenses of travelling to and from board meetings, committee meetings or general meetings or otherwise incurred whilst engaged on the business of the Company or in the discharge of their duties as Directors.

The Directors may grant special remuneration to any Director who shall perform any special or extra services at the request of the Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by way of salary, commission or participation in profits or otherwise as may be agreed.

The remuneration of an executive Director or a Director appointed to any other office in the management of the Company shall from time to time be fixed by the Directors and may be by way of salary, commission, or participation in profits or otherwise or by all or any of those modes and with such other benefits (including share option and/or pension and/or gratuity and/or other benefits on retirement) and allowances as the Directors may from time to time decide. Such remuneration shall be in addition to such remuneration as the recipient may be entitled to receive as a Director.

(h) ***Retirement, appointment and removal***

The Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next annual general meeting of the Company and shall then be eligible for re-election at that meeting.

The Company may by ordinary resolution remove any Director (including a Managing Director or other executive Director) before the expiration of his period of office notwithstanding anything in the Articles or in any agreement between the Company and such Director (but without prejudice to any claim for compensation or damages payable to him in respect of the termination of his appointment as Director or of any other appointment or office as a result of the termination of his appointment as Director). The Company may by ordinary resolution appoint another person in his place. Any Director so appointed shall hold office during such time only as the Director in whose place he is appointed would have held the same if he had not been removed. The Company may also by ordinary resolution elect any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. No person shall, unless recommended by the Directors, be eligible for election to the office of Director at any general meeting unless, during the period, which shall be at least seven days, commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the Secretary of the Company notice in writing by a member of the Company (not being the person to be proposed) entitled to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The office of a Director shall be vacated:

(i) if he resigns his office by notice in writing to the Company at its registered office or its principal office in Hong Kong;

(ii) if an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Directors resolve that his office be vacated;

(iii) if, without leave, he is absent from meetings of the Directors (unless an alternate Director appointed by him attends) for 12 consecutive months, and the Directors resolve that his office be vacated;

(iv) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(v) if he ceases to be or is prohibited from being a Director by law or by virtue of any provision in the Articles;

(vi) if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) for the time being then in office; or

(vii) if he shall be removed from office by an ordinary resolution of the members of the Company under the Articles.

At every annual general meeting of the Company one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

(i) ***Borrowing powers***

The Directors may from time to time at their discretion exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof.

The rights of the Directors to exercise these powers may only be varied by a special resolution.

(j) ***Proceedings of the Board***

The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit in any part of the world. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

2.3 **Alteration to constitutional documents**

No alteration or amendment to the Memorandum or Articles may be made except by special resolution.

2.4 **Variation of rights of existing shares or classes of shares**

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class of shares for the time being issued (unless otherwise provided for in the terms of issue of the shares of that class) may, subject to the provisions of the Companies Law, be varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. To every such separate meeting all the provisions of the Articles relating to general meetings shall *mutatis mutandis* apply, but so that the quorum for the purposes of any such separate meeting and of any adjournment thereof shall be a person or persons together holding (or representing by proxy or duly authorised representative) at the date of the relevant meeting not less than one-third in nominal value of the issued shares of that class.

The special rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

2.5 **Alteration of Capital**

The Company in general meeting may, from time to time, whether or not all the shares for the time being authorised shall have been issued and whether or not all the shares for the time being issued shall have been fully paid up, by ordinary resolution, increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts as the resolution shall prescribe.

The Company may from time to time by ordinary resolution:

(a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be

consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net proceeds of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;

(b) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled subject to the provisions of the Companies Law; and

(c) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the company has power to attach to unissued or new shares.

The Company may by special resolution reduce its share capital or any capital redemption reserve in any manner authorised and subject to any conditions prescribed by the Companies Law.

2.6 **Special resolution - majority required**

A "special resolution" is defined in the Articles to have the meaning ascribed thereto in the Companies Law, for which purpose, the requisite majority shall be not less than three-fourths of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given and includes a special resolution approved in writing by all of the members of the Company entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of such members, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments (if more than one) is executed.

In contrast, an "ordinary resolution" is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles and includes an ordinary resolution approved in writing by all the members of the Company aforesaid.

2.7 **Voting rights**

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a poll every member present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote for each share registered in his name in the register of members of the Company.

Where any member of the Company is, under the GEM Listing Rules, required to abstain from voting on any particular resolution or is restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

In the case of joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.

A member of the Company in respect of whom an order has been made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs may vote by any person authorised in such circumstances to do so and such person may vote by proxy.

Save as expressly provided in the Articles or as otherwise determined by the Directors, no person other than a member of the Company duly registered and who shall have paid all sums for the time being due from him payable to the Company in respect of his shares shall be entitled to be present or to vote (save as proxy for another member of the Company), or to be counted in a quorum, either personally or by proxy at any general meeting.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll.

If a recognised clearing house (or its nominee) is a member of the Company it may authorise such person or persons as it thinks fit to act as its proxy(ies) or representative(s) at any general meeting of the Company or at any general meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognised clearing house (or its nominee) which he represents as that recognised clearing house (or its nominee) could exercise as if it were an individual member of the Company holding the number and class of shares specified in such authorisation.

2.8 **Annual general meetings**

The Company shall in each year hold a general meeting as its annual general meeting in addition to any other general meeting in that year and shall specify the meeting as such in the notice calling it; and not more than 15 months (or such longer period as the Hong Kong Stock Exchange may authorise) shall elapse between the date of one annual general meeting of the Company and that of the next.

2.9 **Accounts and audit**

The Directors shall cause to be kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions and otherwise in accordance with the Companies Law.

The Directors shall from time to time determine whether, and to what extent, and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be available for the inspection of members of the Company (other than officers of the Company) and no such member shall have any right of inspecting any accounts or books or documents of the Company except as conferred by the Companies Law or any other relevant law or regulation or as authorised by the Directors or by the Company in general meeting.

The Directors shall, commencing with the first annual general meeting, cause to be prepared and to be laid before the members of the Company at every annual general meeting a profit and loss account for the period, in the case of the first account, since the incorporation of the Company and, in any other case, since the preceding account, together with a balance sheet as at the date at which the profit and loss account is made up and a Director's report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditor's report on such accounts and such other reports and accounts as may be required by law. Copies of those documents to be laid before the members of the Company at an annual general meeting shall not less than 21 clear days before the date of the meeting, be sent in the manner in which notices may be served by the Company as provided in the Articles to every member of the Company and every holder of debentures of the Company provided that the Company shall not be required to send copies of those documents to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.

The Company shall at any annual general meeting appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The remuneration of the auditors shall be fixed by the Company at the annual general meeting at which they are appointed provided that in respect of any particular year the Company in general meeting may delegate the fixing of such remuneration to the Directors.

2.10 **Notice of meetings and business to be conducted thereat**

An annual general meeting and any extraordinary general meeting called for the passing of a special resolution shall be called by notice of not less than 21 clear days and any other extraordinary general meeting shall be called by not less than 14 clear days in writing. The notice shall be inclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, place and agenda of the meeting, particulars of the resolutions to be considered at the meeting and, in the case of special business, the general nature of that business. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Notice of every general meeting shall be given to the auditors and all members of the Company (other than those who, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company).

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above, it shall be deemed to have been duly called if it is so agreed:

(a) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat or their proxies; and

(b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95 per cent. in nominal value of the shares giving that right.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

(a) the declaration and sanctioning of dividends;

(b) the consideration and adoption of the accounts and balance sheets and the reports of the Directors and the auditors and other documents required to be annexed to the balance sheet;

(c) the election of Directors in place of those retiring;

(d) the appointment of auditors;

(e) the fixing of, or the determining of the method of fixing of, the remuneration of the Directors and of the auditors;

(f) the granting of any mandate or authority to the Directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than 20 per cent. (or such other percentage as may from time to time be specified in the Listing Rules) in nominal value of its then existing issued share capital and the number of any securities repurchased pursuant to sub-paragraph (g) below; and

(g) the granting of any mandate or authority to the Directors to repurchase securities of the Company.

2.11 **Transfer of Shares**

Transfers of shares may be effected by an instrument of transfer in the usual common form or in such other form as the Directors may approve which is consistent with the standard form of transfer as prescribed by the Hong Kong Stock Exchange.

The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company in respect thereof. All instruments of transfer shall be retained by the Company.

The Directors may refuse to register any transfer of any share which is not fully paid up or on which the Company has a lien. The Directors may also decline to register any transfer of any shares unless:

(a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon the registration of the transfer be cancelled) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;

(b) the instrument of transfer is in respect of only one class of shares;

(c) the instrument of transfer is properly stamped (in circumstances where stamping is required);

(d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;

(e) the shares concerned are free of any lien in favour of the Company; and

(f) a fee of such maximum as the Hong Kong Stock Exchange may from time to time determine to be payable (or such lesser sum as the Directors may from time to time require) is paid to the Company in respect thereof.

If the Directors refuse to register a transfer of any share they shall, within two months after the date on which the instrument of transfer was lodged with the Company, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, on 10 business days' notice (or on 6 business days' notice in case of a rights issue) being given by advertisement published on the Exchange's website or by electronic communication in the manner in which notices may be served by the Company by electronic means as herein provided or by advertisement published in the newspapers, be suspended and the register closed at such times for such periods as the Board may from time to time determine, provided always that such registration shall not be suspended or the register closed for more than 30 days in any year (or such longer period as the members may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

2.12 **Power of the Company to purchase its own Shares**

The Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the Directors may only exercise this power on behalf of the Company subject to the authority of its members in general meeting as to the manner in which they do so and to any applicable requirements imposed from time to time by the Hong Kong Stock Exchange and the Securities and Futures Commission of Hong Kong.

2.13 **Power of any subsidiary of the Company to own Shares**

There are no provisions in the Articles relating to the ownership of shares by a subsidiary.

2.14 **Dividends and other methods of distributions**

Subject to the Companies Law and Articles, the Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Directors. No dividend may be declared or paid other than out of profits and reserves of the Company lawfully available for distribution, including share premium.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For these purposes no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Directors may from time to time pay to the members of the Company such interim dividends as appear to the Directors to be justified by the profits of the Company. The Directors may also pay half-yearly or at other intervals to be selected by them at a fixed rate if they are of the opinion that the profits available for distribution justify the payment.

The Directors may retain any dividends or other moneys payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Directors may also deduct from any dividend or other monies payable to any member of the Company all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

No dividend shall carry interest against the Company.

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of the Company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members of the Company entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Directors may think fit on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. The Company may upon the recommendation of the Directors by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of the Company to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to a holder of shares may be paid by cheque or warrant sent through the post addressed to the registered address of the member of the Company entitled, or in the case of joint holders, to the registered address of the person whose name stands first in the register of members of the Company in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every cheque or warrant so sent shall be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register of members of the Company in respect of such shares, and shall be sent at his or their risk and the payment of any such cheque or warrant by the bank on which it is drawn shall operate as a good discharge to the Company in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. The Company may cease sending such cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise its power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Any dividend unclaimed for six years from the date of declaration of such dividend may be forfeited by the Directors and shall revert to the Company.

The Directors may, with the sanction of the members of the Company in general meeting, direct that any dividend be satisfied wholly or in part by the distribution of specific assets of any kind, and in particular of paid up shares, debentures or warrants to subscribe securities of any other company, and where any difficulty arises in regard to such distribution the Directors may settle it as they think expedient, and in particular may disregard fractional entitlements, round the same up or down or

provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets and may determine that cash payments shall be made to any members of the Company upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Directors.

2.15 **Proxies**

Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person who must be an individual as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. A proxy need not be a member of the Company.

Instruments of proxy shall be in common form or in such other form as the Directors may from time to time approve provided that it shall enable a member to instruct his proxy to vote in favour of or against (or in default of instructions or in the event of conflicting instructions, to exercise his discretion in respect of) each resolution to be proposed at the meeting to which the form of proxy relates. The instrument of proxy shall be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates provided that the meeting was originally held within 12 months from such date.

The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney authorised in writing, or if the appointor is a corporation either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.

The instrument appointing a proxy and (if required by the Directors) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered at the registered office of the Company (or at such other place as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case, in any document sent therewith) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than 48 hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution. Delivery of any instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

2.16 **Calls on Shares and forfeiture of Shares**

The Directors may from time to time make calls upon the members of the Company in respect of any moneys unpaid on their shares (whether on account of the nominal amount of the shares or by way of premium or otherwise) and not by the conditions of allotment thereof made payable at fixed times and each member of the Company shall (subject to the Company serving upon him at least 14

days' notice specifying the time and place of payment and to whom such payment shall be made) pay to the person at the time and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine. A person upon whom a call is made shall remain liable on such call notwithstanding the subsequent transfer of the shares in respect of which the call was made.

A call may be made payable either in one sum or by instalments and shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect of such share or other moneys due in respect thereof.

If a sum called in respect of a share shall not be paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate, not exceeding 15 per cent. per annum, as the Directors may determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.

If any call or instalment of a call remains unpaid on any share after the day appointed for payment thereof, the Directors may at any time during such time as any part thereof remains unpaid serve a notice on the holder of such shares requiring payment of so much of the call or instalment as is unpaid together with any interest which may be accrued and which may still accrue up to the date of actual payment.

The notice shall name a further day (not being less than 14 days from the date of service of the notice) on or before which, and the place where, the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call was made or instalment is unpaid will be liable to be forfeited.

If the requirements of such notice are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls or instalments and interest due in respect thereof has been made, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited shares and not actually paid before the forfeiture. A forfeited share shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed of.

A person whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares but shall, notwithstanding the forfeiture, remain liable to pay to the Company all moneys which at the date of forfeiture were payable by him to the Company in respect of the shares, together with (if the Directors shall in their discretion so require) interest thereon at such rate not exceeding 15 per cent. per annum as the Directors may prescribe from the date of forfeiture until payment, and the Directors may enforce payment thereof without being under any obligation to make any allowance for the value of the shares forfeited, at the date of forfeiture.

2.17 **Inspection of register of members**

The register of members of the Company shall be kept in such manner as to show at all times the members of the Company for the time being and the shares respectively held by them. Subject to the Listing Rules, the register may, on 10 business days' notice (or on 6 business days' notice in case of a rights issue) being given by advertisement published on the Hong Kong Stock Exchange's website or by electronic communication in the manner in which notices may be served by the Company by electronic means as herein provided or by advertisement published in the newspapers, be closed at such times and for such periods as the Board may from time to time determine, either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

Any register of members kept in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Directors may impose) be available for inspection by any member of the Company without charge and by any other person on payment of such fee as prescribed in the Hong Kong Companies Ordinance.

2.18 **Quorum for meetings and separate class meetings**

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment, choice or election of a chairman which shall not be treated as part of the business of the meeting.

Two members of the Company present in person or by proxy shall be a quorum provided always that if the Company has only one member of record the quorum shall be that one member present in person or by proxy.

A corporation being a member of the Company shall be deemed for the purpose of the Articles to be present in person if represented by its duly authorised representative being the person appointed by resolution of the directors or other governing body of such corporation or by power of attorney to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

The quorum for a separate general meeting of the holders of a separate class of shares of the Company is described in sub-paragraph 2.4 above.

2.19 **Rights of minorities in relation to fraud or oppression**

There are no provisions in the Articles concerning the rights of minority shareholders in relation to fraud or oppression.

2.20 **Procedure on liquidation**

If the Company shall be wound up, and the assets available for distribution amongst the members of the Company as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members of the Company in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively. And if in a winding up the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members of the Company in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. The foregoing is without prejudice to the rights of the holders of shares issued upon special terms and conditions.

If the Company shall be wound up, the liquidator may with the sanction of a special resolution of the Company and any other sanction required by the Companies Law, divide amongst the members of the Company in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members of the Company. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of the Company as the liquidator, with the like sanction and subject to the Companies Law, shall think fit, but so that no member of the Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

2.21 **Untraceable members**

The Company shall be entitled to sell any shares of a member of the Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if: (i) all cheques or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) the Company has not during that time or before the expiry of the three month period referred to in (iv) below received any indication of the whereabouts or existence of the member; (iii) during the 12 year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (iv) upon expiry of the 12 year period, the Company has caused an advertisement to be published in the newspapers or subject to the Listing Rules, by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles, giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Hong Kong Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds it shall become indebted to the former member for an amount equal to such net proceeds.

2.22 **Definitive Certificates**

Every certificate for shares or debentures or representing any other form of security of the Company shall be issued under the seal of the Company, which shall only be affixed with the authority of the Directors.

Where warrants are issued to bearer, no new warrant shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original has been destroyed and the Company has received an indemnity in such form as the Board shall think fit with regard to the issue of any such new warrant.

2.23 **Service of Notices and Documents**

Any notice or document may be served by the Company on any member either personally or by sending it through the post in a prepaid letter addressed to such member at his registered address as appearing in the register or, to the extent permitted by the GEM Listing Rules and all applicable laws and regulations, by electronic means by transmitting it to any electronic number or address or website supplied by the member to the Company or by placing it on the Company's Website provided that the Company has obtained either (a) the member's prior express positive confirmation in writing or (b) the member's deemed consent, in the manner specified in the GEM Listing Rules to receive or otherwise have made available to him notices and documents to be given or issued to him by the Company by such electronic means, or (in the case of notice) by advertisement published in the manner prescribed under the GEM Listing Rules.

A member shall be entitled to have notice served on him at any address within Hong Kong. Any member who has not given an express positive confirmation in writing to the Company in the manner specified in the GEM Listing Rules to receive or otherwise have made available to him notices and documents to be given or issued to him by the Company by electronic means and whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which for the purpose of service of notice shall be deemed to be his registered address. A member who has no registered address in Hong Kong shall be deemed to have received any notice which shall have been displayed at the transfer office and shall have remained there for a period of 24 hours and such notice shall be deemed to have been received by such member on the day following that on which it shall have been first so displayed.

SUMMARY OF CAYMAN ISLANDS COMPANY LAW AND TAXATION

1 INTRODUCTION

The Companies Law is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Companies Law and the current Companies Act of England. Set out below is a summary of certain provisions of the Companies Law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

2 INCORPORATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 17 August 2006 under the Companies Law. As such, its operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the size of its authorised share capital.

3 SHARE CAPITAL

The Companies Law permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premia on those shares shall be transferred to an account called the "share premium account". At the option of a company, these provisions may not apply to premia on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by a company, subject to the provisions, if any, of its memorandum and Articles, in such manner as the company may from time to time determine including, but without limitation:

(a) paying distributions or dividends to members;

(b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(c) in the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law);

(d) writing-off the preliminary expenses of the company;

(e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and

(f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its Articles, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its Articles, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorised either by the articles of association or by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and to act in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

4 DIVIDENDS AND DISTRIBUTIONS

With the exception of section 34 of the Companies Law, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and Articles, the payment of dividends and distributions out of the share premium account (see 3 above for further details).

5 SHAREHOLDERS' SUITS

The Cayman Islands courts can be expected to follow English case law precedents. The rule in *Foss v. Harbottle* (and the exceptions thereto which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge (a) an act which is *ultra vires* the company or illegal, (b) an act which constitutes a fraud against the minority where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

6 PROTECTION OF MINORITIES

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

Claims against a company by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and Articles.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

7 DISPOSAL OF ASSETS

The Companies Law contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

8 ACCOUNTING AND AUDITING REQUIREMENTS

The Companies Law requires that a company shall cause to be kept proper books of account with respect to:

(a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;

(b) all sales and purchases of goods by the company; and

(c) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

9 REGISTER OF MEMBERS

An exempted company may, subject to the provisions of its Articles, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may, from time to time, think fit. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

10 INSPECTION OF BOOKS AND RECORDS

Members of a company will have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's Articles.

11 SPECIAL RESOLUTIONS

The Companies Law provides that a resolution is a special resolution when it has been passed by a majority of at least than two-thirds of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given, except that a company may in its Articles specify that the required majority shall be a number greater than two-thirds, and may additionally so provide that any such majority (being not less than two thirds) may differ as between matters required to be approved by a special resolution.. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorised by the Articles of the company.

12 SUBSIDIARY OWNING SHARES IN PARENT

The Companies Law does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

13. MERGERS AND CONSOLIDATIONS

The Companies Law permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company and (b) a "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolida—tion, which must then be authorized by either (a) a special resolution of each constituent company or (b) such other authorization, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette. Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

14 RECONSTRUCTIONS

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing 75 per cent. in value of shareholders or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court of the Cayman Islands is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

15 TAKE-OVERS

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90 per cent. of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand

Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

16 INDEMNIFICATION

Cayman Islands law does not limit the extent to which a company's Articles may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

17 LIQUIDATION

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (i) by a special resolution of its members if the company is solvent or (ii) by an ordinary resolution of its members if the company is insolvent. The liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, rateably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

18 STAMP DUTY ON TRANSFERS

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

19 TAXATION

Pursuant to section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Company may apply for an undertaking from the Governor in Cabinet:

(a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the Company or its operations; and

(b) in addition, that no tax to be levied on profits, income gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:

  (i) on or in respect of the shares, debentures or other obligations of the Company; or

  (ii) by way of withholding in whole or in part of any relevant payment as defined in Section 6(3) of the Tax Concession Law (1999 Revision).

The undertaking is for a period of twenty years.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made or to the Company.

20 EXCHANGE CONTROL

There are no exchange control regulations or currency restrictions in the Cayman Islands.

21 GENERAL

Maples and Calder the Company's legal advisers on Cayman Islands law, have sent to the Company a letter of advice summarising aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the section headed "Documents delivered to the Registrar of Companies and available for inspection" in Appendix VI. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he/she is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on August 17, 2006 under the Cayman Islands Companies Law. Our registered address is at PO Box 309, Ugland House, Grand Cayman, KY1-1104 Cayman Islands. We have registered a place of business in Hong Kong at 12th Floor, The Lee Gardens, 33 Hysan Avenue, Causeway Bay, Hong Kong and have been registered as a non-Hong Kong company under Part XI of the Hong Kong Companies Ordinance. Boardroom Corporate Securities (HK) Limited has been appointed as our agent for the acceptance of service of process and notices in Hong Kong. The address for service of process on the Company in Hong Kong is the same as its registered place of business in Hong Kong set out above.

As we are incorporated in the Cayman Islands, our corporate structure, our Memorandum of Association and Articles of Association are subject to the relevant laws of the Cayman Islands. A summary of the relevant provisions of our Memorandum of Association and Articles of Association and certain relevant aspects of Cayman Islands company law are set out in Appendix IV to this prospectus.

2. Changes in share capital of our Group

The Company

As at the date of our incorporation, the authorized share capital of the Company was US$50,000 divided into 5,000,000 Shares of par value of US$0.01 each. The following sets out the changes in the Company's issued share capital since the date of its incorporation:

- On August 21, 2006, the subscriber share of the Company was transferred to Xianjian Technology, and an additional 49,999 common Shares were issued to Xianjian Technology.

- On September 6, 2006, the share capital of the Company was redesignated as US$50,000 divided into (i) 4,900,000 common Shares of US$0.01 each, (ii) 66,000 Series A-1 Preferred Shares of US$0.01 each, and (iii) 34,000 Series A-2 Preferred Shares of US$0.01 each.

- On September 7, 2006, the Company repurchased 4,386 common Shares from Xianjian Technology and issued 18,859.6842 Series A-1 Preferred Shares to the Investors.

- On February 1, 2007, the Company issued 9,210.5263 Series A-2 Preferred Shares to the Investors.

- On April 29, 2008, all the issued and unissued shares in the authorized share capital of the Company were subdivided into 1,000 shares, resulting in the authorized share capital of the Company being US$50,000 divided into 5,000,000,000 shares of par value of US$0.00001 each.

- On June 16, 2008, Xianjian Technology transferred 16,685,631, 4,988,421, 2,181,053, 1,746,316, 1,249,684 and 1,481,220 common Shares to Mr. Wu Jianhui, Mr. Zeng Min Frank, Mr. Zi Zhenjun, Mr. Zang Shixian, Mr. Lu Shiwen and Mr. Lai Jihong, respectively.

- On August 3, 2010, Mr. Zeng Min transferred 1,473,684.21 common Shares to Mr. Michael Zhao.

- Mr. Lai Jihong transferred 1,481,220 common Shares to Xianjian Technology; Mr. Michael Zhao transferred 1,473,684.21 common Shares to St. Christopher and Mr. Wu Jianhui transferred 16,685,631 common Shares to GE Asia Pacific.

- On April 19, 2011, the Company issued 515,789.47, 1,105,263.16, 442,105.26, 147,368.42 and 1,473,684.21 common Shares to Xianjian Technology, St. Christopher, Mr. Zi Zhenjun, Mr. Lu Shiwen and Mr. Zhang Deyuan, respectively.

- On March 31, 2011, the Investors converted 18,859,684.2 Series A-1 Preferred Shares and 9,210,526.3 Series A-2 Preferred Shares into 28,070,210.5 common Shares.

- On October 22, 2011, all common Shares in the capital of the Company were re-designated as Ordinary Shares of US$0.00001 par value each.

Save as aforesaid, there has been no other alteration in the share capital of our Company in the two years preceding the date of this prospectus.

Our subsidiaries

The list of our subsidiaries is set out in the section headed "Appendix I — Accountants' Report" of this prospectus.

The following sets out the changes in the share capital of our subsidiaries during the two years immediately preceding the date of this prospectus:

Name of subsidiary	**Date of change**	**Capital before change**	**Capital after change**
Beijing PerMed	April 27, 2010	RMB1,851,150	RMB15,000,000
Shenzhen Biological	November 12, 2010	RMB30,000,000	RMB10,000,000
Shenzhen Shineyard	November 2, 2009	RMB4,285,700	RMB5,000,000

Save as aforesaid, there has been no other alteration in the share capital of the subsidiaries of our Company in the two years preceding the date of this prospectus.

3. Written Resolutions of our shareholders

Pursuant to the written resolutions passed by our shareholders on October 22, 2011:

(a) all common Shares, Series A-1 Preferred Shares and Series A-2 Preferred Shares in the capital of the Company were re-designated as Ordinary Shares of US$0.00001 par value each;

(b) our Company approved and conditionally adopted its new Memorandum of Association and Articles of Association with effect from the Listing, the terms of which are summarized in Appendix IV to this prospectus;

(c) conditional upon (i) the Hong Kong Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and (ii) the obligations of the Underwriters under the Placing Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms or otherwise, on or before the date falling 30 days after the date of this prospectus:

(i) the Placing and Public Offer were approved and the Directors were authorized to allot and issue, and to approve the transfer of, such number of Shares in connection with the Placing and any exercise of the Over-allotment Option as they think fit, on and subject to the terms and conditions stated in this prospectus;

(ii) the Over-allotment Option was approved and the Directors were authorized to effect the same;

(iii) the Listing and the dealing of the Shares on the GEM Board were approved and the Directors were authorized to approve, perform and execute all such acts, matters, deeds, documents and things as they consider necessary and appropriate in connection with the Listing;

(iv) the rules of our Share Option Scheme were approved and adopted, and the Directors or any committee thereof established by the board were authorized, at their sole discretion, to make such further changes to our Share Option Scheme as requested by the Hong Kong Stock Exchange and which they deem necessary and/or desirable and at their absolute discretion to grant options to subscribe for Shares thereunder up to the limits referred to in our Share Option Scheme and/or allot, issue and deal with Shares pursuant to the exercise of any option which may be granted under our Share Option Scheme and to take all such action as they consider necessary, desirable or expedient to implement or give effect to our Share Option Scheme, subject to the conditions therein;

(v) a general unconditional mandate was given to the Directors to allot, issue and deal with Shares (otherwise than pursuant to, or in consequence of, the Share Offer, a rights issue or pursuant to the exercise of options which may be granted under our Share Option Scheme, any scrip dividend scheme or other similar arrangements,

exercise of any subscription or conversion rights attaching to any warrants or any securities which are convertible into Shares in issue or a special authority granted by our shareholders) with an aggregate nominal value of not more than the sum of:

— 20% of the aggregate nominal value of our share capital in issue immediately following the completion of the Share Offer without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options that may be granted under the Share Option Scheme; and

— the aggregate nominal value of the share capital of our Company repurchased by us (if any);

(vi) a general unconditional mandate was given to the Directors to exercise all the powers of the Company to repurchase Shares to be listed on the Hong Kong Stock Exchange with a total nominal value of not more than 10% of the aggregate nominal value of our share capital in issue immediately following the completion of the Share Offer without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options that may be granted under our Share Option Scheme; and

(vii) the general unconditional mandate as mentioned in paragraph (v) above was extended by the addition to the aggregate nominal value of our share capital which may be allotted and issued or agreed to be allotted and issued by the Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the Shares repurchased by the Company pursuant to the mandate to repurchases Shares referred to in paragraph (4) above provided that such extended amount shall not exceed 10% of the aggregate of the total nominal value of our share capital in issue immediately following the completion of the Share Offer (without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options that may be granted under our Share Option Scheme).

Each of the general mandates referred to in paragraphs (v), (vi) and (vii) above will remain in effect until whichever is the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held by any applicable law or the Articles of Association of the Company; or (iii) the time when such mandate is revoked, varied or renewed by an ordinary resolution of the shareholders of the Company in a general meeting.

4. The Reorganization

The companies comprising the Group underwent a reorganization to rationalize the business and the structure of our Company in anticipation of the Share Offer. For information with regard to our Reorganization, see the section headed "History, Reorganization and Group Structure" in this prospectus.

5. Repurchases of our own Shares

This section includes information relating to the repurchase of our Shares, including information required by the Hong Kong Stock Exchange to be included in this prospectus concerning such repurchase.

(a) ***Relevant Legal and Regulatory Requirements***

The GEM Listing Rules permit our Shareholders to grant to our Directors a general mandate to repurchase our Shares that are listed on the Hong Kong Stock Exchange. Such mandate is required to be given by way of an ordinary resolution passed by our shareholders in a general meeting.

(b) ***Shareholders' Approval***

All proposed repurchases of Shares (which must be fully paid up) must be approved in advance by ordinary resolutions of our shareholders in a general meeting, either by way of general mandate or by specific approval of a particular transaction.

On October 22, 2011, our Directors were granted a general unconditional mandate to repurchase up to 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Share Offer on the Hong Kong Stock Exchange or on any other stock exchange on which our securities may be listed and which is recognized by the SFC and the Hong Kong Stock Exchange for this purpose, without taking into account any Shares which may be issued pursuant to the exercise of the Over-allotment Option or any options that may be granted under our Share Option Scheme. This mandate will expire at the earliest of (i) the conclusion of our next annual general meeting, (ii) the date by which our next annual general meeting is required by applicable laws and our Articles of Association to be held, or (iii) such mandate being revoked, varied or renewed by ordinary resolutions of our shareholders in a general meeting (the "**Relevant Period**").

(c) ***Source of Funds***

Our repurchase of the Shares listed on the Hong Kong Stock Exchange must be funded from the funds legally available for the purpose in accordance with our Memorandum of Association and Articles of Association and the applicable laws of the Cayman Islands. We may not repurchase our Shares on the Hong Kong Stock Exchange for consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Hong Kong Stock Exchange. Subject to the foregoing, we may make repurchases with funds which would otherwise be available for dividend or distribution or out of an issue of new Shares for the purpose of the repurchase.

(d) ***Reasons for Repurchases***

Our Directors believe that it is in the Company and our Shareholders' best interests for our Directors to have general authority to execute repurchases of our Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where our Directors believe that such repurchases will benefit the Company and our Shareholders.

(e) ***Funding of Repurchases***

In repurchasing securities, we may only apply funds legally available for such purpose in accordance with our Memorandum of Association and Articles of Association and the GEM Listing Rules.

On the basis of the current financial position of our Company as disclosed in this prospectus and taking into account the current working capital position of our Company, our Directors believe that, if the repurchase mandate were to be exercised in full, it might have a material adverse effect on our working capital and/or the gearing position as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the repurchase mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of our Directors are from time to time appropriate for us.

(f) ***Share Capital***

The exercise in full of the current repurchase mandate, on the basis of 500,000,000 Shares in issue immediately after completion of the Share Offer before any exercise of the Over-allotment Option or any Shares which may be issued pursuant to the exercise of any options granted under the Share Option Scheme, could accordingly result in up to 50,000,000 Shares being repurchased by us during the Relevant Period.

(g) ***Status of Repurchased Securities***

The listing of all repurchased securities (whether effected on the Hong Kong Stock Exchange or otherwise) will be automatically cancelled and the certificates for those securities must be cancelled and destroyed. Under the laws of the Cayman Islands, the repurchased Shares shall be treated as cancelled and the amount of our Company's issued share capital shall be reduced by the aggregate nominal value of the repurchased Shares accordingly, although the authorized share capital of our Company will not be reduced.

(h) ***Trading restrictions***

The total number of Shares which our Company may repurchase is up to 10% of the total number of our Shares in issue immediately after the completion of the Share Offer (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option or Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme). Our Company may not issue or announce a proposed issue of Shares for a period of 30 days immediately following a repurchase of Shares, without the prior approval of the Hong Kong Stock Exchange. Our Company is also prohibited from repurchasing Shares on the Hong Kong Stock Exchange if the repurchase would result in the number of listed Shares which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Hong Kong Stock Exchange.

Our Company is required to procure that the broker (appointed by our Company to effect a repurchase of Shares) will disclose to the Hong Kong Stock Exchange such information with respect to the repurchase as the Hong Kong Stock Exchange may require. As required by the prevailing requirements of the GEM Listing Rules, an issuer shall not purchase its shares on the Hong Kong Stock Exchange if the purchase price is higher by 5% or more than the average closing market price for the 5 preceding trading days on which its shares were traded on the Hong Kong Stock Exchange.

(i) ***Suspension of repurchase***

Pursuant to the GEM Listing Rules, our Company may not make any repurchase of Shares after a price sensitive development has occurred or has been the subject of a decision until such time when the price sensitive information has been made publicly available. In particular, under the requirements of the GEM Listing Rules in force as at the date hereof, during the period of one month immediately preceding the earlier of:

(i) the date of our board meeting (as such date is first notified to the Hong Kong Stock Exchange in accordance with the GEM Listing Rules) for the approval of our Company's results for any year, half year, quarterly or any other interim period (whether or not required under the GEM Listing Rules); and

(ii) the deadline for our Company to publish an announcement of our Company's results for any year or half-year under the GEM Listing Rules, or quarterly or any other interim period (whether or not required under the GEM Listing Rules), and in each case ending on the date of the results announcement, our Company may not repurchase Shares on the Hong Kong Stock Exchange unless the circumstances are exceptional. In addition, the Hong Kong Stock Exchange may prohibit a repurchase of our shares on the Hong Kong Stock Exchange if our Company has breached the GEM Listing Rules.

(j) ***Procedural and reporting requirements***

As required by the GEM Listing Rules, repurchases of Shares on the Hong Kong Stock Exchange or otherwise must be reported to the Hong Kong Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the Hong Kong Stock Exchange Business Day following any day on which our Company may make a purchase of Shares. The report must state the total number of Shares purchased the previous day, the purchase price per Share or the highest and lowest prices paid for such purchases. In addition, our Company's annual report is required to disclose details regarding repurchases of Shares made during the year, including a monthly analysis of the number of shares repurchased, the purchase price per Share or the highest and lowest price paid for all such purchases, where relevant, and the aggregate prices paid.

(k) ***Share repurchase made by our Company***

Save as disclosed in the paragraph headed "Changes in share capital of our Group", no repurchase of Shares has been made by our Company since its incorporation.

(l) ***General***

As at the Latest Practicable Date, none of our Directors, to the best of their knowledge having made all reasonable enquiries, nor any of their associates (as defined in the GEM Listing Rules) currently intends to sell any of our Shares to us or our subsidiaries.

Our Directors have undertaken to the Hong Kong Stock Exchange that, so far as the same may be applicable, they will exercise the repurchase mandate in accordance with the GEM Listing Rules, our Memorandum of Association and Articles of Association, the Cayman Islands Companies Law and any other applicable laws of the Cayman Islands.

If, as a result of any repurchase of our Shares, a shareholders' proportionate interest in our voting rights is increased, such increase will be treated as an acquisition for the purposes of the Hong Kong Code on Takeovers and Mergers. Accordingly, a shareholder or a group of Shareholders acting in concert could obtain or consolidate control of us and become obliged to make a mandatory offer in accordance with rule 26 of the Hong Kong Code on Takeovers and Mergers. Our Directors are not aware of any consequences of repurchases which would arise under the Hong Kong Code on Takeovers and Mergers.

Our Company is prohibited from knowingly purchasing shares on the Hong Kong Stock Exchange from a connected person (as defined under the GEM Listing Rules), and a connected person shall not knowingly sell his shares to our Company on the Hong Kong Stock Exchange.

As at the Latest Practicable Date, no connected person as defined by the GEM Listing Rules has notified us that he or it has a present intention to sell his or its Shares to us, or has undertaken not to do so, if the repurchase mandate is exercised.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this prospectus that are or may be material:

(a) a subscription agreement entered into by our Company and Mr. Lu Shiwen dated February 25, 2011 relating to issuance of 147,368.42 common shares of the Company at RMB355,000;

(b) a subscription agreement entered into by our Company and Xianjian Technology dated February 25, 2011 relating to issuance of 515,789.47 common shares of the Company at RMB1,242,500;

(c) a subscription agreement entered into by our Company and St. Christopher dated February 25, 2011 relating to issuance of 1,105,263.16 common shares of the Company at RMB2,662,500;

(d) a subscription agreement entered into by our Company and Mr. Zi Zhenjun dated February 25, 2011 relating to issuance of 442,105.26 common shares of the Company at RMB1,065,550;

(e) a subscription agreement entered into by our Company and Mr. Zhang Deyuan dated February 25, 2011 relating to issuance of 1,473,684.21 common shares of the Company at RMB3,550,000;

(f) a share conversion agreement entered into between Orchid Asia, Orchid Asia Co-Investment, the Company, Xianjian Technology, GE Asia Pacific, Mr. Xie and Mr. Wu dated April 12, 2011 relating to the conversion of 28,070,211 Series A Preferred Shares into common shares of the Company;

(g) a share transfer agreement entered into between Ms. Wen Weifang and Lifetech Shenzhen dated May 13, 2011 relating to transferring 10% equity interest in Shenzhen Enke from Ms. Wen Weifang to Lifetech Shenzhen for a consideration of RMB150,000;

(h) a share transfer agreement entered into between Shenzhen Enke and Mr. Ma Zhiguo dated June 28, 2011 relating to transferring 60% equity interest in Shanghai Qunyi from Shenzhen Enke to Mr. Ma Zhiguo for a consideration of RMB300,000;

(i) a deed of termination dated October 22, 2011 for terminating the shareholders agreement in respect of the Company dated September 7, 2006;

(j) a deed of non-competition dated October 22, 2011 entered into between Mr. Xie, Mr. Wu, Xianjian Technology and GE Asia Pacific as covenantors and the Company pursuant to which the covenantors have undertaken to our Company that he/it shall not and shall procure his/its associates not to, whether as principal or agent and whether directly or indirectly (including through any of their associates, subsidiaries, partnerships, joint ventures or other contractual arrangements) and whether for profit or otherwise, carry on, engage, invest, participate in, or hold any right or interest in, or otherwise be involved in any business which directly or indirectly, competes or likely to compete with our business;

(k) a deed of indemnity dated October 22, 2011 entered into between Mr. Xie, Mr. Wu, Xianjian Technology and GE Asia Pacific as indemnifiers and our Company, under which each of the indemnifiers has given certain indemnities in favor of our Group containing, among other things, the indemnities referred to in the section headed "Other information — Estate duty, tax and other indemnities" of this Appendix;

(l) the Public Offer Underwriting Agreement dated October 28, 2011; and

(m) the Placing Underwriting Agreement dated October 28, 2011.

2. Intellectual property rights

As of the Latest Practicable Date, our Group has registered or has applied for the registration of the following intellectual property rights.

A. *Patents*

(i) As at the Latest Practicable Date, we have registered the following patents:

Patent	Registered Owner	Territory of Registration	Patent Number	Effective Period
Heart Septal Defect Occlusion Devices with Adjustable Length Tether Adapting to the Unique Anatomy of the Patient	Lifetech Shenzhen	US	US7828818	January 26, 2006 - January 26, 2026
A drug release control method for implantable medical devices 植入式醫療器械用的藥物釋放控制方法	Lifetech Shenzhen	PRC	02136332.3	August 1, 2002 - August 1, 2022
A bio-ceramic occluder and its production method 生物陶瓷封堵器及其製作方法	Lifetech Shenzhen	PRC	200410051188.9	August 19, 2004 - August 19, 2024
A delivery device for delivering auricula sinistra occluder 輸送左心耳閉塞裝置的輸送器	Lifetech Shenzhen	PRC	200410059976.2	June 25, 2004 - June 25, 2024
A ventricular septal defect occluder with self-regulatory function 具有自我調節功能的心臟間隔缺損封堵器	Lifetech Shenzhen	PRC	200510032924.0	January 28, 2005 - January 28, 2025
A ligatinig auricula sinistra device and its using method 一種結紮左心耳的裝置及其使用方法	Lifetech Shenzhen	PRC	200610060338.1	April 21, 2006 - April 21, 2026
An atrial septal defect occluder 心臟間隔缺損封堵器	Lifetech Shenzhen	PRC	200610089164.1	August 8, 2006 - August 8, 2026
An adjustable artificial aortic arch graft 可調式人造主動脈弓移植物	Lifetech Shenzhen; Second Military Medica University	PRC	200710037870.6	March 7, 2007 - March 7, 2027

Patent	Registered Owner	Territory of Registration	Patent Number	Effective Period
A method for handling magnesium aluminum alloy absorbable by human body and magnesium alloy composite layer 人體可吸收鎂鋁合金材料處理方法及鎂鋁合金複合層	Lifetech Shenzhen	PRC	200910107013.8	April 28, 2009 - April 28, 2029
A new heart chamber and abnormal blood vessel channel occluder 一種新型心腔及血管內異常通道封堵器	Lifetech Shenzhen	PRC	200420083441.4	August 25, 2004 - August 25, 2014
An intraoperative aortic stent and delivery system 主動脈術中支架及其輸送系統	Lifetech Shenzhen	PRC	200420095867.1	November 24, 2004 - November 24, 2014
A retrograde release of the aortic stent graft delivery system 逆行釋放的主動脈覆膜支架輸送系統	Lifetech Shenzhen	PRC	200420103630.3	December 30, 2004 - December 30, 2014
An adjustable patent foramen ovale occluder 具有調節功能的卵圓孔未閉封堵器	Lifetech Shenzhen	PRC	200520054067.X	January 28, 2005 - January 28, 2015
An adjustable ASD occluder 具有調節功能的房間隔缺損封堵器	Lifetech Shenzhen	PRC	200520054068.4	January 28, 2005 - January 28, 2015
A vascular stent graft without sutrure and displacement 避免移位的無縫合線的血管覆膜支架	Lifetech Shenzhen	PRC	200520062230.7	July 27, 2005 - July 27, 2015
A vascular stent graft with protecting function to side branch vessels 對分支血管具有保護功能的血管覆膜支架	Lifetech Shenzhen	PRC	200520064440.X	September 9, 2005 - September 9, 2015
A thrombi reducing occulder 可減少血栓源的封堵器	Lifetech Shenzhen	PRC	200720119488.5	April 12, 2007 - April 12, 2017
An abdominal artery vascular stent with a dissertion 帶有夾層的腹動脈分叉血管支架	Lifetech Shenzhen	PRC	200720120971.5	June 22, 2007 - June 22, 2017
A heart defect occluder 心臟缺損封堵器	Lifetech Shenzhen	PRC	200720172740.9	October 26, 2007 - October 26, 2017

Patent	Registered Owner	Territory of Registration	Patent Number	Effective Period
An occluder 封堵器	Lifetech Shenzhen	PRC	200820105125.0	April 21, 2008 - April 21, 2018
An artificial aortic arch vascular stent 主動脈弓支架型血管	Lifetech Shenzhen; Guo Wei	PRC	200820118668.6	May 30, 2008 - May 30, 2018
A magnesium alloy composite layer 鎂合金複合層	Lifetech Shenzhen	PRC	200920131694.7	May 12, 2009 - May 12, 2019
A vascular stent absorbable by human body 一種人體可吸收的血管支架	Lifetech Shenzhen	PRC	200920131777.6	May 15, 2009 - May 15, 2019
A vascular stent 血管覆膜支架	Lifetech Shenzhen	PRC	200920305637.6	July 3, 2009 - July 3, 2019
A heart defect occluder 一種心臟缺損封堵器	Shenzhen Shineyard	PRC	200620014967.6	September 28, 2006 - September 28, 2016
A connection device of inventional medical device 介入型醫療器械連接裝置	Lifetech Shenzhen	PRC	201020508252.2	August 26, 2010 - August 26, 2020
An artificial aortic arch vascular stent 主動脈弓支架型血管	Lifetech Shenzhen; Guo Wei	PRC	200810110799.4	May 30, 2008 - May 30, 2028
An occluder 封堵器	Lifetech Shenzhen	PRC	201020531577.2	September 17, 2010 - September 17, 2020
A vascular reducer and its release control system 血管縮口器及可控釋放系統	Lifetech Shenzhen	PRC	201020579303.0	October 28, 2010 - October 28, 2020
A preparation method for surface coating of nitinol medical device surface 鎳鈦合金制醫療器械表面塗層的製備方法	Lifetech Shenzhen	PRC	200680054491.1	November 27, 2006 - November 27, 2026
A lumen balloon dilating catheter 管腔內球囊擴張導管	Shenzhen Shineyard	PRC	200620013975.9	May 24, 2006 - May 24, 2016
A contractile occluder 可縮脹的堵閉器	Shenzhen Shineyard	PRC	200610060572.4	May 16, 2006 - May 16, 2026
A medical cooler 一種醫用冷却器	Shenzhen Shineyard	PRC	200610062792.0	September 26, 2006 - September 26, 2026
A vascular stent absorbable by human body 可吸收的血管支架	Lifetech Shenzhen	PRC	201020671938.3	December 21, 2010 - December 21, 2020
Occlusion Devices For Treating Of Congenital Heart Disease With Auto-adjusting Function	Lifetech Shenzhen	Europe	EP1892940	April 7, 2006 - April 7, 2026

(ii) As at the Latest Practicable Date, we have applied for the registration of the following patents in the jurisdictions indicated below:

Patent	Applicant	Territory of Registration	Application Number	Application Date
Heart Septal Defect Occlusion Devices	Lifetech Shenzhen	Europe	10015699.1	December 15, 2010
Method for Preparing a Coating of the Surface of Medical Devices Made of Nickel-Titanium Alloy	Lifetech Shenzhen	US	12/312769	September 25, 2009
Heart Septal Defect Occlusion Devices	Lifetech Shenzhen	US	12/927194	December 6, 2010
An occluder and its production method 封堵器及其製造方法	Lifetech Shenzhen	PCT Member Countries	PCT/CN2010/078075	October 25, 2010
A thrombi reducing occulder 可減少血栓源的封堵器	Lifetech Shenzhen	PRC	200710073869.9	April 12, 2007
A flexible release delivery system 柔性解脱輸送系統	Lifetech Shenzhen	PRC	200810094618.3	April 24, 2008
A stent graft and its production method 血管覆膜支架及製作方法	Lifetech Shenzhen	PRC	200910304010.3	July 3, 2009
A connection device of inventional medical device and its method of use 介入型醫療器械連接裝置及其使用方法	Lifetech Shenzhen	PRC	201010265431.2	August 26, 2010
A recyclable stent graft and its recycling method 一種可回收的血管支架及其回收方法	Lifetech Shenzhen	PRC	201010265610.6	August 26, 2010
An occluder and its production method 封堵器及其製造方法	Lifetech Shenzhen	PRC	201010283652.2	September 16, 2010
A medical occlusion device 醫用封堵裝置	Lifetech Shenzhen	PRC	201010287504.8	September 16, 2010
A vascular reducer and its release control system 血管縮口器及可控釋放系統	Lifetech Shenzhen	PRC	201010521767.0	October 27, 2010
A vascular stent absorbable by human body 可吸收的血管支架	Lifetech Shenzhen	PRC	201010598542.5	December 21, 2010

Patent	Applicant	Territory of Registration	Application Number	Application Date
A vascular stent absorbable by human body and its production method 一種人體可吸收的血管支架及其製作方法	Lifetech Shenzhen	PRC	200910107060.2	May 5, 2009
A heart defect occluder 心臟缺損封堵器	Lifetech Shenzhen	PRC	201110032171.9	January 30, 2011
Surgical stent delivery device and aortic arch operation stent installation and release method 術中支架輸送裝置及主動脈弓術中支架的安裝和釋放方法	Lifetech Shenzhen	PRC	201110133682.x	May 23, 2011
A surgical stent delivery device 一種術中支架輸送裝置	Lifetech Shenzhen	PRC	201120166550	May 23, 2011
Auricula sinistra occluder 左心耳封堵器	Lifetech Shenzhen	PRC	201110146287.5	June 1, 2011
Auricula sinistra occluder 左心耳封堵器	Lifetech Shenzhen	PRC	201120182834	June 1, 2011
Preparation method of static electricity self-assemble loaded medicine layer 靜電自組裝載藥層的製備方法	Lifetech Shenzhen	PRC	201110176942.1	June 28, 2011
A vascular reducer and its release control system 血管縮口器及可控釋放系統	Lifetech Shenzhen	PCT Member Countries	PCT/CN2011/001475	August 30, 2011
A biological heart valve with one integrated valve 具有一體式瓣葉的生物心臟瓣膜	Lifetech Shenzhen	PRC	201120291173.5	August 11, 2011
A new type of artificial biological heart valve 一種新型人工生物心臟瓣膜	Beijing PerMed	PRC	201120291667.3	August 11, 2011
An adjustable artificial heart valve forming ring 可調節的人工心臟瓣膜成形環	Beijing PerMed	PRC	201120291720.x	August 11, 2011
An adjustable artificial heart valve forming ring 可調節的人工心臟瓣膜成形環	Beijing PerMed	PRC	201110230307.7	August 11, 2011
An adjustable curved catheter 可調彎導管	Lifetech Shenzhen	PRC	201120093189.5	March 3, 2011

Patent	Applicant	Territory of Registration	Application Number	Application Date
A lumen stent delivery system 一種管腔支架輸送系統	Lifetech Shenzhen	PRC	201110183029.4	June 28, 2011
A valve forming dilating catheter 瓣膜成型擴張導管	Lifetech Shenzhen	PRC	201010619619.2	December 31, 2010
A preparation method for copper composite coating of metal parts of medical devices and medical devices 一種醫療器械的金屬部件上的含銅複合塗層的製備方法及醫療器械	Lifetech Shenzhen	PRC	201110297967.7	September 30, 2011
A connection device of inventional medical device and its method of use 介入型醫療器械連接裝置及其使用方法	Lifetech Shenzhen	PCT Member Countries	PCT/LN2011/078677	August 20, 2011

Note: To the best of our knowledge, we do not foresee any legal impediment to complete registrations of the patents above and expect to complete the registrations in the PRC in one to five years and those in other jurisdictions in four to seven years of the respective application dates.

B. ***Trademarks***

(i) As at the Latest Practicable Date, we have registered the following trademarks:

Trademark	Registered Owner	Territory of Registration	Class[1]	Registration Number	Expiry Date[2]
支可善 SUPPORTER	Lifetech Shenzhen	PRC	10	1920590	December 6, 2012
心健 XINJIAN	Lifetech Shenzhen	PRC	10	1920592	December 6, 2012
	Lifetech Shenzhen	PRC	10	2016905	October 13, 2012
Ankura	Lifetech Shenzhen	PRC	10	5425550	May 20, 2019
HeartR	Lifetech Shenzhen	PRC	10	5425551	May 20, 2019
Nuvalve	Lifetech Shenzhen	PRC	10	6312755	February 6, 2020
LIFETECH SCIENTISFIC	Lifetech Shenzhen	PRC	10	6543722	March 27, 2020
SteerEase	Lifetech Shenzhen	PRC	10	6598674	March 27, 2020

Trademark	Registered Owner	Territory of Registration	Class[1]	Registration Number	Expiry Date[2]
LifeproTec	Lifetech Shenzhen	PRC	10	6823750	July 27, 2020
Xian Jian	Lifetech Shenzhen	PRC	10	6823751	April 13, 2020
SesrCare	Lifetech Shenzhen	PRC	10	6823752	April 13, 2020
SesrCare 先健 Lifetech Scientific	Lifetech Shenzhen	PRC	10	7015326	July 27, 2020
SesrCare	Lifetech Shenzhen	Australia	10	1329568	June 3, 2019
SesrCare	Lifetech Shenzhen	Korea	10	IR1016372	September 17, 2020
SesrCare	Lifetech Shenzhen	Singapore	10	T091716D	November 18, 2019
先健	Company	Hong Kong	10	301595791	April 23, 2020
	Company	Hong Kong	10	301595827	April 23, 2020
PerMed	Beijing PerMed	PRC	10	1394289	May 6, 2020
PerMed	Beijing PerMed	PRC	10	7070111	July 27, 2020
SYM	Shenzhen Shineyard	PRC	10	4118389	June 13, 2016
SeQure	Lifetech Shenzhen	PRC	10	8073967	March 6, 2021
FuStar	Lifetech Shenzhen	PRC	10	8073968	March 6, 2021
AcuMark	Lifetech Shenzhen	PRC	10	8073969	May 6, 2021

Notes: *(1) Class 10 covers surgical, medical, dental and veterinary apparatus and instruments, artificial limbs, eyes and teeth; orthopedic articles and suture materials.*

(2) We do not plan to renew our registered trademarks with the registrations numbers of 1920592, 6823752, 1329568, IR1016372 (in Korea) and T0912716D upon their expiry. We plan to renew our other registered trademarks upon their expiry and to the best of our knowledge, do not foresee any legal impediment to complete the renewals.

(ii) As at the Latest Practicable Date, we have applied for the registration of the following trademarks:

Trademark	Territory of Registration	Class[1]	Application Date[2]	Application Number
Cera	PRC	10	February 2, 2008	6543723
	PRC	10	May 26, 2011	9482213
Cera	PRC	10	May 26, 2011	9474965
Red Arrow	PRC	10	May 26, 2011	9475021
Blue Arrow	PRC	10	May 26, 2011	9475096
Green Arrow	PRC	10	May 26, 2011	9475150
SeQure	PRC	10	May 26, 2011	9475203
fustar	PRC	10	May 26, 2011	9475260
LawMax	PRC	10	May 26, 2011	9475298
AcuMark	PRC	10	May 26, 2011	9475343
HeartR	PRC	10	May 26, 2011	9475414
Ankura	PRC	10	May 26, 2011	9475451
SteerEase	PRC	10	May 26, 2011	9482161
	EU	5, 10, 35[3]	August 2, 2011	010170082

Notes: (1) Class 10 covers surgical, medical, dental and veterinary apparatus and instruments, artificial limbs, eyes and teeth; orthopedic articles and suture materials.

(2) A third party has submitted challenge against our trademark registration application with the application number of 6543723 on the ground of similarity, and it is uncertain whether and when we can complete such registration. We do not believe such challenges or denial will have a material adverse effect on our business plan and financial position. To the extent these trademark registration applications cannot be approved, we may propose alternative trademarks consisting of Chinese characters for application. To the best of our knowledge, we do not foresee any legal impediment to complete registrations of the other trademarks above in the PRC and expect to complete the registration in 2012.

(3) Under the International (NICE) Classification of Goods and Services, Class 5 covers pharmaceutical preparations; drugs for medical purposes; organotherapy preparations; first-aid boxes, filled; styptic preparations; medicines for dental purposes; chemical preparations for medical purposes; radiological contrast substances for medical purposes; dietetic substances adapted for medical use; depuratives; belts for sanitary napkins (towels); wadding for medical purposes; tissues (surgical —); cotton for medical purposes; dressings, medical; alloys of precious metals for dental purposes; teeth filling material. Class 10 covers medical apparatus and instruments; catheters; dental apparatus; galvanic therapeutic appliances; hearing aids for the deaf; babies' bottles; contraceptives, non-chemical; surgical implants (artificial materials); orthopaedic articles; suture materials. Class 35 means information agencies (commercial —); organization of exhibitions for commercial or advertising purposes; import-export agencies.

C. ***Domain Name***

As at the Latest Practicable Date, we have registered the following domain name:

Domain name	Registered Owner	Expiry Date
lifetechmed.com	Lifetech Shenzhen	April 18, 2014

Note: We plan to renew our registered domain name upon its expiry and to the best of our knowledge, do not foresee any legal impediment to complete the renewal.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Shareholding Interests of Directors

Immediately following completion of the Share Offer (assuming that the Over-allotment Option is not exercised), the interests and short positions of our Directors and chief executive of our Company in the equity or debentures of our Company or any associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they are taken or deemed to have under such provisions of the SFO) once the Shares are listed, or which will be required, pursuant to section 347 of the SFO or Rules 5.46 to 5.67 of the GEM Listing

Rules to be notified to us and the Hong Kong Stock Exchange or which will be required pursuant to 352 of the SFO to be entered in the register referred to therein once the Shares are listed, are as follows:

Name of Director/ Chief Executive	Nature of interest	Number and class of securities[1]	Approximate percentage of interest in our Company (immediately after completion of the Share Offer)
Mr. Xie Yuehui[2]	Interest in a controlled corporation	101,540,962 Shares (L)	20.31%
Mr. Wu Jianhui[3]	Interest in a controlled corporation	87,883,332 Shares (L)	17.58%
Mr. Zeng Min Frank	Beneficial owner	18,512,143 Shares (L)	3.70%
Mr. Zhao Yiwei Michael[4]	Interest in a controlled corporation	13,583,333 Shares (L)	2.72%
Mr. Li Gabriel[5]	Founder of The Li 2007 Family Trust	115,345,989 Shares (L)	23.07%

Notes:

(1) The letter "L" denotes the person's long position in such Shares.

(2) The relevant Shares are held through Xianjian Technology, which is 100% owned by Mr. Xie.

(3) The relevant Shares are held through GE Asia Pacific, which is 100% owned by Mr. Wu.

(4) The relevant Shares are held through St. Christopher, which is 100% owned by Mr. Zhao.

(5) Among these 136,054,591 Shares, 4,083,673 Shares are registered in the name of Orchid Asia Co-Investment Limited, which is controlled by YM Investment Limited. The remaining 131,970,918 Shares are registered in the name of Orchid Asia III, L.P., which is indirectly controlled by Orchid Asia Group Limited, which is in turn controlled by YM Investment Limited. The entire issued share capital of YM Investment Limited is ultimately held by The Li 2007 Family Trust, which is a BVI discretionary trust established by Ms. Lam Lai Ming, spouse of Mr. Li Gabriel as settlor and ManageCorp Limited as trustee on January 22, 2008. The beneficiaries of The Li 2007 Family Trust include family members of Ms. Lam Lai Ming and Mr. Li Gabriel.

2. Particulars of service contracts

Each of our executive Directors has entered into a service contract with our Company for an initial fixed term of three years commencing from the Listing Date with automatic renewal for three times until terminated by no less than three months' notice in writing served by either party on the other, which notice shall not expire until three years after the Listing Date.

Each of our non-executive Directors has entered into a service contract with our Company for an initial fixed term of three years commencing from the Listing Date subject to termination by no less than three months' notice in writing served by either party on the other.

Each of our independent non-executive Directors has entered into a service contract with our Company for an initial fixed term of one years commencing from the Listing Date subject to termination by no less than one month's notice in writing served by either party on the other.

Save as disclosed above, none of our Directors has or is proposed to have a service contract with any member of our Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation other than the statutory compensation).

3. Directors' remuneration

The aggregate amount of remuneration (including fees, salaries, contributions to pension schemes, housing allowances and other allowances and benefits in kind and discretionary bonuses which were paid to our Directors for the years ended December 31, 2009 and 2010 were approximately RMB 168,000 and RMB 235,000, respectively.

It is estimated that remuneration and benefits in kind equivalent to approximately RMB 3,345,680 in aggregate will be paid and granted to our Directors by us in respect of the financial year ending December 31, 2011 under arrangements in force at the date of this prospectus.

As part of the Company's policy concerning the remuneration of directors and senior management, a remuneration committee has been established consisting of no less than three members, with a majority of members being independent non-executive Directors. The committee shall mainly be responsible for reviewing the benefits and remuneration of the Group's directors and senior management, and implementing policies after taking into consideration the suggestions and opinions of the chairman of the Board or the Company's chief executive officer. The remuneration committee's members will also have to regularly report to the Board of any of its pending recommendations or decisions.

4. Substantial Shareholders

So far as our Directors are aware, immediately following completion of the Share Offer (assuming the Over-allotment Option and the options under the Share Option Scheme are not exercised), the following persons (who are neither Directors nor our chief executive) will have an interest or short position in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who will be, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

Name	Nature of interest	Number of Shares	Approximate percentage of shareholding[5]
Orchid Asia[1]	Beneficial owner	111,883,884[L]	22.38%
OAIII Holdings, L.P.[1]	Interest in a controlled corporation	111,883,884[L]	22.38%

Name	Nature of interest	Number of Shares	Approximate percentage of shareholding[5]
Orchid Asia Group Management, Limited[1]	Interest in a controlled corporation	111,883,884[L]	22.38%
Orchid Asia Group Limited[1]	Interest in a controlled corporation	111,883,884[L]	22.38%
YM Investment Limited[2]	Interest in a controlled corporation	115,345,989[L]	23.07%
ManageCorp Limited[2]	Trustee	115,345,989[L]	23.07%
Ms. Lam Lai Ming[2]	Founder of The Li 2007 Family Trust	115,345,989[L]	23.07%
Xianjian Technology[3]	Beneficial owner	101,540,962[L]	20.31%
GE Asia Pacific [4]	Beneficial owner	88,883,332[L]	17.58%

Notes:

(1) Orchid Asia III, L.P. is controlled by OAIII Holdings, L.P., which is in turn controlled by Orchid Asia Group Management, Limited, which is in turn controlled by Orchid Asia Group Limited.

(2) Among these 136,054,591 Shares, 4,083,673 Shares are registered in the name of Orchid Asia Co-Investment Limited, which is controlled by YM Investment Limited. The remaining 131,970,918 Shares are registered in the name of Orchid Asia III, L.P., which is indirectly controlled by Orchid Asia Group Limited, which is in turn controlled by YM Investment Limited. The entire issued share capital of YM Investment Limited is ultimately held by The Li 2007 Family Trust, which is a BVI discretionary trust established by Ms. Lam Lai Ming, spouse of Mr. Li Gabriel as settlor and ManageCorp Limited as trustee on January 22, 2008. The beneficiaries of The Li 2007 Family Trust include family members of Ms. Lam Lai Ming and Mr. Li Gabriel.

(3) Mr. Xie owns the entire issued share capital of Xianjian Technology and is deemed under the SFO to be interested in the 93,442,604 Shares held by Xianjian Technology.

(4) Mr. Wu owns the entire issued share capital of GE Asia Pacific and is deemed under the SFO to be interested in the 80,874,232 Shares held by GE Asia Pacific.

(5) As required by the SFO, the relevant percentages are calculated by reference only to the Shares in issue immediately following the completion of the Share Offer and the Capitalization Issue and on the assumption that no Shares are allotted and issued pursuant to the exercise of the Over-allotment Option and options which have been granted under the Share Option Scheme. Consequently, this is based on 500,000,000 Shares, being the number of Shares in issue on the Listing Date assuming that the Offer Shares have been allotted and issued (but the Over-allotment Option has not been exercised).

** The letter "L" denotes the person's long position in such Shares.*

5. Fees or commissions received

None of the Directors or any of the persons whose names are listed in the paragraph headed "Consents of Experts" in this Appendix had received any commissions, discounts, agency fee, brokerages or other special terms in connection with the issue or sale of any capital of any member of our Group from our Group within the two years preceding the date of this prospectus.

6. Disclaimers

A. None of our Directors or chief executive has for the purpose of section 28 of the SFO, nor is any of them taken to or deemed to have under section 31 of, or Part 1 of the Schedule to, the SFO, any interest in the securities of our company or any of our associated corporations (within the meaning of the SFO) or any interest which will have to be entered in the register to be kept by us pursuant to section 29 of the SFO or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to us and the Hong Kong Stock Exchange once such securities are listed on the Hong Kong Stock Exchange;

B. None of the Director nor any of the persons whose names are listed in the paragraph headed "Consents of Experts" under the section headed "Other Information" in this Appendix is interested in our promotion, or in any assets which have within the two years immediately preceding the issue of this prospectus been 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 our Group;

C. None of the Directors nor any of the persons whose names are listed in the paragraph headed "Consents of Experts" under the section headed "Other Information" in this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is unusual in its nature or conditions or which is significant in relation to the business of our Group;

D. None of the persons whose names are listed in the paragraph headed "Consents of Experts" under the section headed "Other Information" in this Appendix has any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group;

E. None of the Directors are interested in any business apart from any Group's business, which competes or is likely to compete, directly or indirectly, with the business of our Group.

D. PARTICULARS OF SELLING SHAREHOLDERS

The particulars of the Selling Shareholders are set out below:

Name	Address	Number of Sale Shares (assuming the Over-allotment Option is not exercised)	Number of Sale Shares (assuming the Over-allotment Option is exercised in full)
Orchid Asia III, L.P.(1)	P.O. Box 908GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands	31,525,000	40,618,750
Orchid Asia Co-Investment Limited(2)	Offshore Incorporations Limited PO Box 957, Offshore Incorporation Centre Road Town, Tortola, British Virgins Islands	975,000	1,256,250

Notes:

(1) Orchid Asia is 100% controlled by OAIII Holdings, L.P. OAIII Holdings, L.P. is controlled by Orchid Asia Group Management, Ltd., which is ultimately controlled by YM Investment Limited. The entire issued share capital of YM Investment Limited is ultimately held by ManageCorp Limited as the trustee of The Li 2007 Family Trust. The Li 2007 Family trust is a BVI family trust established by Lam Lai Ming as settlor and ManageCorp Limited as trustee on January 22, 2008. The beneficiaries of The Li 2007 Family Trust include family members of Lam Lai Ming. Shares held by Orchid Asia will not be considered as Shares held by the public for the purposes of Rule 11.23 of the GEM Listing Rules as Orchid Asia is ultimately controlled by Ms. Lam Lai Ming and Mr. Li, our non-executive Director.

(2) Orchid Asia Co-Investment is 71.86% controlled by YM Investment Limited. For details of the shareholding structure of YM Investment Limited, please refer to Note (1) above. The remaining interest in Orchid Asia Co-Investment is owned as to (i) 4.95% by Ms. Cong Ning, being a director of the Group, (ii) 4.77% in aggregate by a group of eight individuals being founders and employees of affiliate of Orchid Asia Co-Investment, and (iii) 18.60 % in aggregate by a group of nine independent third parties to the Group. Shares held by Orchid Asia Co-Investment will not be considered as Shares held by the public for the purposes of Rule 11.23 of the GEM Listing Rules as Orchid Asia Co-Investment is ultimately controlled by Ms. Lam Lai Ming and Mr. Li, our non-executive Director.

E. SHARE OPTION SCHEME

Summary of terms of the Share Option Scheme

The purpose of the Share Option Scheme is to enable our Company to grant options to full-time or part-time employees, Directors (including executive, non-executive or independent non-executive) and any consultants or advisers (whether professional or otherwise and whether on an employment or contractual or honorary basis or otherwise and whether paid or unpaid), distributor, contractor, supplier, service provider, agent, customer and business partner of our Company and/or any of our subsidiaries (the "**Eligible Participants**") as incentives or rewards for their contribution to the growth of our Group and to provide our Group with a more flexible means to reward, remunerate, compensate and/or provide benefits to the Eligible Participants. The terms of the Share Option Scheme are in compliance of chapter 23 of the GEM Listing Rules. The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by a written resolution of the Shareholders on October 22, 2011 (the "**Adoption Date**").

No options will be granted under the Share Option Scheme unless the grant of such options is in compliance with all the requirements of the GEM Listing Rules.

1. **Terms of the Share Option Scheme**

(a) *Who may join*

The Board may, at its absolute discretion, offer the Eligible Participants options to subscribe for such number of Shares as the Board may determine at a subscription price determined in accordance with paragraph (b) below, and subject to the other terms of the Share Option Scheme summarised below.

An offer of grant of an option shall remain open for acceptance by the Eligible Participant concerned for such period as determined by the Board, which period shall not be more than fourteen (14) days from the date of the offer, provided that no such offer shall be open for acceptance after the tenth anniversary of the Adoption Date or after the Share Option Scheme has been terminated in accordance with the provisions thereof. Upon acceptance of the offer, the grantee shall pay HK$1.00 to our Company by way of consideration for the grant and the date on which the option is offered shall be deemed to be the date of grant of the relevant option, except in determining the date of grant for the purpose of calculating the subscription price under paragraph (b) where paragraphs (c)(v) and (d)(iii) apply.

(b) *Price of Shares*

The subscription price for Shares in respect of any particular option granted under the Share Option Scheme shall be such price as the Board shall determine, provided that such price shall be at least the highest of (i) the closing price per Share on the GEM Board as stated in the Hong Kong Stock Exchange's daily quotation sheet on the date of offer of the option; and (ii) the average closing price per Share on the GEM Board as stated in the Hong Kong Stock Exchange's daily quotation sheets for the five (5) business days immediately preceding the date of offer of

the option; and (iii) the nominal value of a Share. For the purpose of determining the subscription price for Shares under this paragraph (b), where the Shares have been listed on the GEM Board for less than five (5) business days, the final Offer Price per Share (exclusive of brokerage fee, SFC transaction levy and Hong Kong Stock Exchange trading fee) at which Shares are to be subscribed or purchased pursuant to the Share Offer shall be taken as the "**closing price per Share**" for any business day falling within the period before the Listing Date.

(c) *Maximum number of Shares*

(i) The maximum aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Group must not exceed 10% of the issued share capital of our Company from time to time. No options may be granted under the Share Option Scheme if this will result in such limit being exceeded.

(ii) The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Group must not, in aggregate, exceed 10% of the issued share capital of our Company as at the Listing Date (the "**Scheme Mandate Limit**") (such 10% being equivalent to 50,000,000 Shares based on 500,000,000 Shares expected then to be in issue) unless Shareholders' approval has been obtained pursuant to paragraph (iii) or (iv) below. Any options lapsed in accordance with the terms of the Share Option Scheme or any other share option scheme of our Group shall not be counted for the purpose of calculating the Scheme Mandate Limit.

(iii) The Board may seek approval by Shareholders in general meeting to renew the Scheme Mandate Limit. However, the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Group in these circumstances must not exceed 10% of the issued share capital of our Company at the date of approval of the renewed limit (the "**Renewed Scheme Mandate Limit**").

(iv) Subject to paragraph (i) above, the Board may seek separate Shareholders' approval in general meeting to grant options beyond the Scheme Mandate Limit or the Renewed Scheme Mandate Limit (as the case may be) provided that the options in excess of the Scheme Mandate Limit or the Renewed Scheme Mandate Limit are granted only to the Eligible Participants specifically identified by our Company before such approval is sought and our Company must issue a circular to our Shareholders containing a generic description of the specified Eligible Participants who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to such Eligible Participants with an explanation as to how the terms of the options serve such purpose, the information required under Rule 23.02(2)(d) of the GEM Listing Rules and the disclaimer required under Rule 23.02(4) of the GEM Listing Rules.

(v) Unless approved by our Shareholders in the manner set out in this paragraph (v), the total number of Shares issued and to be issued upon exercise of the options granted to each Eligible Participant (including both exercised and outstanding options under the Share Option Scheme) in any 12-month period must not exceed 1% of the issued share capital of our Company. Where any further grant of options to an Eligible Participant would result in the total number of Shares issued and to be issued upon exercise of all options granted and to be granted to such Eligible Participant (including exercised, cancelled and outstanding options under the Share Option Scheme) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the issued share capital of our Company as at the date of such further grant, such further grant must be subject to the separate approval of Shareholders at general meeting with such Eligible Participant and his/her associates abstaining from voting. A circular must be sent to our Shareholders disclosing the identity of the Eligible Participant, the number and the terms of the options previously granted and to be granted and containing the information required under Rule 23.02(2)(d) of the GEM Listing Rules and the disclaimer required under Rule 23.02(4) of the GEM Listing Rules. The number and terms (including the subscription price for Shares) of the options to be granted to such Eligible Participant must be fixed before Shareholders' approval and the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price under paragraph (b) above.

(d) *Restrictions on grant of options*

(i) No offer for the grant of an option shall be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision of our Directors, until such price sensitive information has been announced in accordance with the relevant requirements of the GEM Listing Rules and, in particular, no Eligible Participant shall be granted an option during the period commencing one month immediately preceding the earlier of:

(1) the date of the Board meeting (as such date is first notified to the Hong Kong Stock Exchange in accordance with the GEM Listing Rules) for the approval of the annual results, the interim results or the quarterly or any other interim period results of our Company (whether or not required under the GEM Listing Rules); and

(2) the deadline for our Company to publish announcement of its annual results, interim results or quarterly results under the GEM Listing Rules or any other interim period results (whether or not required under the GEM Listing Rules),

and ending on the date of announcement for such results. For the avoidance of doubt, the period during which no options shall be granted mentioned above shall include any period of delay in the publications of a results announcement.

(ii) Any grant of options to a Director, chief executive or substantial Shareholder of our Company or any of their respective associates must be approved by all of the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options).

(iii) Where options are proposed to be granted to a substantial Shareholder or an independent non-executive Director or any of their respective associates, and the proposed grant of options would result in the total number of Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the total issued share capital of our Company on the date of offer and having an aggregate value, based on the closing price of the Shares on the date of each grant, in excess of HK$5 million, such further grant of options must be subject to the approval of our Shareholders taken on a poll in general meeting. In addition, the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price under paragraph (b) above. The connected person involved in such proposed grant and all other connected persons of our Company must abstain from voting in such general meeting (except that any connected person may vote against the proposed grant provided that his intention to do so has been stated in the Shareholders' circular). A circular to our Shareholders must be prepared and sent by our Company containing (1) details of the number and terms (including the subscription price) of the options to be granted to each Eligible Participant, which must be fixed before the Shareholders' meeting; (2) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options) to the independent Shareholders as to voting; (3) the information required under Rules 23.02(2)(c) and (d) of the GEM Listing Rules and the disclaimer required under Rule 23.02(4) of the GEM Listing Rules; and (4) the information required under Rule 2.28 of the GEM Listing Rules.

(e) *Time of and restrictions on exercise of options*

An option may be exercised in whole or in part in accordance with the terms of the Share Option Scheme at any time during a period to be notified by the Board to each grantee, the expiry date of such period not to exceed 10 years from the date of grant of the option.

There is no general requirement on the minimum period for which an option must be held or the performance targets which must be achieved before an option can be exercised under the terms of the Share Option Scheme. However, the Board may offer to grant any options subject to such terms and conditions in relation to the minimum period of the options to be held and/or the performance targets to be achieved before such options can be exercised as the Board may determine in its absolute discretion.

(f) *Assignment*

Options granted under the Share Option Scheme shall be personal to the grantee, which shall not sell, transfer, charge, mortgage, encumber or create any interest (legal or equitable) in favour of any third party over or in relation to any option or attempt so to do. Any breach of the foregoing by the grantee shall entitle our Company to cancel any option granted to such grantee (to the extent not already exercised).

(g) *Rights on cessation of employment by death*

If the grantee of an option (being an individual) ceases to be an Eligible Participant by reason of death and none of the events set out in paragraph (i) below which would be a ground for the termination of his employment, directorship, appointment or engagement arises, his/her personal representative(s) may exercise the option up to the entitlement of the grantee as at the date of death (to the extent which has become exercisable but not already exercised) within a period of twelve (12) months after the date of death (or such longer period as the Board may determine or, if any of the events referred to in paragraphs (k), (l) and (m) below occurs during such period, his personal representative(s) may exercise the option pursuant to paragraphs (k), (l) and (m) below within such period), failing which the option will lapse.

(h) *Rights on winding up of, or material changes in, the grantee*

If a grantee (being a corporation):

(i) commences winding up by whatever means, whether voluntarily or not; or

(ii) suffers a change in its constitution, management, directors, shareholding or beneficial ownership which in the opinion of the Board is material,

the option (to the extent not already exercised) shall lapse on the date of the commencement of winding up of the grantee or on the date of notification by our Company that the said change in constitution, management, directors, shareholding or beneficial ownership is material, as the case may be, and not be exercisable unless the Board otherwise determines in which event the option (or such remaining part thereof) shall be exercisable within such period as the Board may in its absolute discretion determine following the date of such occurrence. A resolution of the Board resolving that the grantee's option has lapsed by reason of material change in the constitution, management, directors, shareholding or beneficial ownership as aforesaid shall be final and conclusive.

(i) *Rights on dismissal of grantee*

If the grantee of an option ceases to be an Eligible Participant by reason of the termination of his/her employment, directorship, appointment or engagement on any one or more of the grounds that he/she has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his/her debts or has become insolvent or has made any arrangements or composition with his/her creditors generally, or has breached or

failed to comply with any provisions of the relevant service contract, letter of appointment or other contracts or agreements of the grantee with our Company or the relevant subsidiary for the employment, appointment or engagement, or has been convicted of any criminal offence involving his/her integrity or honesty or on any other ground on which an employer would be entitled to terminate his/ her employment at common law or pursuant to any applicable laws or under the service contract, letter of appointment or other contract or agreement for the employment, appointment or engagement of the grantee with our Company or the relevant subsidiary, his/her option (to the extent not already exercised) will lapse and become not exercisable on the date of termination of his/her employment, directorship, appointment or engagement. A resolution of the Board or the board of directors of the relevant subsidiary to the effect that the employment, directorship, appointment or engagement of a grantee has or has not been terminated on one or more of the grounds specified in this paragraph (i) shall be conclusive.

(j) *Right on cessation of eligibility for other reasons*

If the grantee of an option ceases to be an Eligible Participant for any other reason, the grantee may exercise the option up to his/her entitlement at the date of cessation (to the extent which has become exercisable but not already exercised) within three (3) months following the date of such cessation (or such longer period as the Board may determine or, if any of the events referred to in paragraphs (k), (l) and (m) below occurs during such period, he/she may exercise the option pursuant to paragraphs (k), (l) and (m) below within such period), failing which the option will lapse. The date of cessation as aforesaid shall be the last working day with our Company or the relevant subsidiary whether salary or compensation is paid in lieu of notice or not, or the last date of office or appointment as Director, or the last date of appointment or engagement as consultant or adviser to our Company or the relevant subsidiary, as the case may be, in the event of which, the date of cessation as determined by a resolution of the Board or the board of directors or governing body of the relevant subsidiary shall be conclusive.

(k) *Rights on a general offer*

If a general (or partial) offer (whether by takeover offer or scheme of arrangement or otherwise in like manner) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror), the terms of which have been approved by any relevant regulatory authority and are in accordance with the applicable laws and regulatory requirements and becomes, or is declared unconditional prior to the expiry of the option, our Company shall within seven (7) days of such offer becoming or being declared unconditional give notice thereof to the grantee, whereupon the grantee (or his/her personal representatives) shall be entitled to exercise the option in full or in part (to the extent which has become exercisable but not already exercised) at any time within fourteen (14) days after the date of such notice and, to the extent any of the options have not been so exercised, such option shall upon the expiry of such period lapse.

(l) *Rights on winding up*

In the event that a notice is given by our Company to our Shareholders to convene a general meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind up our Company, our Company shall on the same date as the despatch such notice of the proposed general meeting to each Shareholder give notice thereof to the grantee (or his/her personal representative(s)), who may, by notice in writing to our Company (such notice to be received by our Company not later than five (5) business days prior to the proposed general meeting) accompanied by a remittance/payment for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given, exercise the option (to the extent which has become exercisable but not already exercised) either to its full extent or to the extent specified in such notice and our Company shall, as soon as possible and in any event no later than the business day immediately prior to the date of the proposed general meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise, credited as fully paid up and register the grantee as holder thereof. Any options shall, to the extent they have not been so exercised, lapse and determine.

(m) *Rights on compromise or arrangement*

If, pursuant to the Cayman Companies Law or other applicable law, a compromise or scheme of arrangement between our Company and our members and/or creditors is proposed for the purpose of or in connection with the reconstruction of our Company or our amalgamation with any other company or companies, our Company shall give notice thereof to all grantees (or to their personal representative(s)) on the same day as we give notice to the members or creditors of our Company summoning a meeting to consider such compromise or scheme of arrangement. Upon receipt of the notice, the grantee may, during the period commencing on the date of the notice and ending on the earlier of:

(i) the date two (2) calendar months thereafter; and

(ii) the date on which such compromise or arrangement is sanctioned by the court,

exercise his option (to the extent which has become exercisable but not already exercised), conditional upon the compromise or arrangement being sanctioned by the court and becoming effective. Our Company may require the grantee to transfer or otherwise deal with the Shares issued as a result of the exercise of the options in these circumstances so as to place the grantee in the same position as nearly as would have been the case had such Shares been subject to the compromise or arrangement. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been so exercised, lapse and determine. If for any reason such compromise or arrangement is not approved by the court (whether upon the terms presented to the court or upon any other terms as may be approved by such court) the rights of the grantees to exercise their respective options shall with effect from the date of the making of the order by the court be restored in full but only up to the extent not already exercised and shall thereupon become exercisable (but subject to the other terms of the Share Option Scheme) as if such compromise or arrangement had not been proposed by our Company and no claim shall lie against our Company or any of our officers for any loss or damage sustained by any grantee as a result of the aforesaid suspension.

(n) *Effects of alterations to share capital*

In the event of any capitalisation of profits or reserves, rights issue or other similar offer of securities to holders of Shares, consolidation, subdivision, or reduction of the share capital of our Company in accordance with legal requirements and the requirements of the Hong Kong Stock Exchange (other than an issue of Shares as consideration in respect of a transaction to which our Company and/or any of our subsidiaries is a party), the number or nominal amount of Shares subject to the option granted pursuant to the Share Option Scheme so far as unexercised and/or the subscription price or any combination thereof, shall be adjusted in such manner as the auditors for the time being of our Company or an independent financial adviser to be appointed by our Company for such purpose shall certify in writing to the Board to be in their opinion fair and reasonable provided always that:

(i) no such adjustments shall be made the effect of which would be to enable any Share to be issued at less than its nominal value;

(ii) such adjustments shall be made on the basis that the grantee shall have as nearly as possible the same proportion of the issued share capital of our Company to which the grantee was entitled before such adjustments,

and in each case, any adjustment must be made in compliance with the GEM Listing Rules (including, without limitation, Chapter 23 thereof), the supplemental guidance issued on 5 September 2005 and any future guidance or interpretation of the GEM Listing Rules issued by the Hong Kong Stock Exchange from time to time. In addition, in respect of any such adjustments, other than any adjustment made on a capitalisation issue, the auditors for the time being of our Company or an independent financial adviser to be appointed by our Company must confirm to our Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the GEM Listing Rules or the relevant guidance or interpretation thereof.

(o) *Ranking of Shares*

The Shares to be issued and allotted upon the exercise of options granted under the Share Option Scheme will be subject to all the provisions of the Articles for the time being in force and will rank pari passu in all respects with the fully paid Shares in issue on the date on which Shares are allotted to the grantee (or his personal representative(s)) (the "**Allotment Date**") and accordingly will entitle the holders to participate in all dividends or other distributions declared, paid or made on or after the Allotment Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor is before the Allotment Date, provided always that when the date of exercise of an option falls on a date upon which the register of members of the Company is closed, then the exercise of such option shall become effective on the first business day on which the register of members of the Company is re-opened.

Unless the context otherwise requires, references to "**Shares**" in the Share Option Scheme include references to shares in the share capital of our Company of any such nominal amount as shall result from a sub-division or a consolidation, reclassification or reconstruction of the share capital of our Company from time to time forming part of the ordinary equity share capital.

(p) *Lapse of option*

The right to exercise an option shall lapse automatically and become not exercisable (to the extent not already exercised) immediately upon the earliest of:

(i) the expiry of the period referred to in paragraph (e) above;

(ii) the expiry of the periods referred to paragraphs (g), (h), (j), (k), (l) and (m) above;

(iii) the date of the commencement of the winding-up of our Company;

(iv) the date on which the grantee ceases to be an Eligible Participant by reason of the termination of his/her employment, directorship, appointment or engagement referred to in paragraph (i) above; or

(v) the date on which the grantee sells, transfers, charges, mortgages, encumbers or creates any interest (legal or equitable) in favour of any third party over or in relation to any option or attempts so to do in breach of the Share Option Scheme.

(q) *Period of the Share Option Scheme*

Subject to the fulfilment of the conditions of the Share Option Scheme and the earlier termination by Shareholders' resolution in general meeting or the Board, the Share Option Scheme shall be valid and effective for a period of ten (10) years commencing from the Adoption Date, after which period no further options will be offered or granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects with respect to options granted during the life of the Share Option Scheme.

(r) *Alteration to the Share Option Scheme and the terms of options granted under the Share Option Scheme*

All provisions of the Share Option Scheme may, subject to the GEM Listing Rules, be altered from time to time in any respect by a resolution of the Board save that the following alterations shall require the prior sanction of an ordinary resolution by our Shareholders in general meeting (with all grantees, prospective grantees and their associates abstaining from voting and the votes taken by poll):

(i) any alterations of the provisions relating to the matters set out in Rule 23.03 of the GEM Listing Rules to the advantage of the grantees or the Eligible Participants (as the case may be);

(ii) any alterations of the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted under the Share Option Scheme (except where the alterations take effect automatically under the existing terms of the Share Option Scheme); and

(iii) any change to the authority of the Board in relation to any alteration to the terms of the Share Option Scheme.

No such alteration shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the grantees as would be required of the Shareholders under the Articles for the time being for a variation of the rights attached to the Shares. Any amended terms of the Share Option Scheme or options shall still comply with the relevant requirements of Chapter 23 of the GEM Listing Rules (subject to such waiver as may be granted by the Hong Kong Stock Exchange from time to time).

In respect of any meeting of grantees which may be held for this purpose, all the provisions of the constitutional documents for the time being of our Company as to general meetings of our Company shall mutatis mutandis apply as though the options were a class of shares forming part of the capital of our Company except that:

(i) not less than seven (7) days' notice of such meeting shall be given;

(ii) a quorum at any such meeting shall be two (2) grantees present in person or by proxy and holding options entitling them to the issue of one-tenth in nominal value of all Shares which would fall to be issued upon the exercise of all options then outstanding unless there is only one (1) grantee holding all options then outstanding, in which case the quorum shall be one (1) grantee;

(iii) every grantee present in person or by proxy at any such meeting shall be entitled on a show of hands to one (1) vote, and on a poll, to one (1) vote for each Share to which he/she would be entitled upon exercise in full of his/her options then outstanding;

(iv) any grantee present in person or by proxy may demand a poll; and

(v) if any such meeting is adjourned for want of a quorum, such adjournment shall be to such date and time, not being less than seven (7) or more than fourteen (14) days thereafter, and to such place as may be appointed by the chairman of the meeting. At any adjourned meeting those grantees who are then present in person or by proxy shall form a quorum and at least seven (7) days' notice of any adjourned meeting shall be given in the same manner as for an original meeting and such notice shall state that those grantees who are then present in person or by proxy shall form a quorum.

Where there is any proposed change to the terms of any options granted to a connected person of our Company who is also a substantial Shareholder or an independent non-executive Director or any of their respective associates (except where the change takes effect automatically under the existing terms of the Share Option Scheme), then the proposed change must be subject to the approval of our Shareholders taken on poll at general meeting and to such other requirements of the GEM Listing Rules. The connected person involved in such proposed change and all other connected persons of our Company must abstain from voting in such general meeting (except that any connected person may vote against the proposed change provided that

his intention to do so has been stated in the circular). A Shareholders' circular must be prepared and sent by our Company explaining the proposed change and disclosing the original terms of the options, and containing a recommendation from the independent non-executive Directors (excluding an independent non-executive Director who is the holder of the options which terms are to be changed) on whether or not to vote in favour of the proposed change and containing such other information required under the GEM Listing Rules.

(s) *Administration of the Share Option Scheme*

The Share Option Scheme shall be administered by the Board.

Options may be granted on such terms and conditions in relation to their vesting, exercise or otherwise as the Board may determine in its absolute discretion, provided that such terms and conditions shall not be inconsistent with any other terms and conditions of the Share Option Scheme.

(t) *Termination of the Share Option Scheme*

Our Company by ordinary resolution in general meeting or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further option shall be offered but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects in respect of any options granted prior thereto but not yet exercised at the time of termination. Upon such termination, details of the options granted, including options exercised or outstanding shall be disclosed in the circular to Shareholders seeking approval of the first new scheme to be established after such termination.

(u) *Cancellation of options*

Subject to paragraph (f) above, any cancellation of options granted but not exercised shall be approved by the Board. Cancelled options may be reissued after such cancellation has been approved, provided that re-issued options shall only be granted in compliance with the terms of the Share Option Scheme and the requirements of the GEM Listing Rules and provided further that new options may be issued to a grantee in place of his cancelled options only if there are available unissued options (excluding the cancelled options) within the Scheme Mandate Limit or the Renewed Scheme Mandate Limit.

Any reference to the "**Board**" above shall include a duly authorised committee of the Board.

2. **Present status of the Share Option Scheme**

The Share Option Scheme is conditional on:

(a) the Hong Kong Stock Exchange granting (i) approval of the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus (including the Shares which may fall to be issued pursuant to the exercise of options granted under the Share Option Scheme); and (ii) if so required by the Hong Kong Stock Exchange, approval of the Share Option Scheme and the grant of options thereunder;

(b) the obligations of the Underwriters under the Underwriting Agreement becoming unconditional (including, if relevant, following the waiver of any conditions) and not being terminated in accordance with its terms or otherwise; and

(c) the commencement of dealings in the Shares on the GEM Board.

As at the date of this prospectus, no option has been granted or agreed to be granted under the Share Option Scheme.

Application has been made to the Hong Kong Stock Exchange for the approval of the Share Option Scheme and the subsequent granting of options under the Share Option Scheme and for the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of the options granted under the Share Option Scheme.

F. OTHER INFORMATION

1. Estate Duty and Tax Indemnity

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

Mr. Xie, Mr. Wu, Xianjian Technology and GE Asia Pacific (the "**Indemnifiers**") have entered into a deed of indemnity with and in favor of the Company (being the contract referred to in the section headed "Summary of material contracts" in this Appendix) to provide indemnities on a joint and several basis against, among other things, any estate duty, death duty, inheritance tax, succession duty or any other similar tax or duty which is or becomes payable by the Company or any of its subsidiaries by the operation of any estate duty, death duty, inheritance tax, succession duty or any other similar legislation in Hong Kong, the PRC, India or any other relevant jurisdiction as a result or in consequence of any event or transaction occurring on or before the date which the Share Offer becomes unconditional (the "**Relevant Date**").

The deed of indemnity also contain indemnities given jointly and severally by the Indemnifiers in respect of taxation resulting from income, profits or gains earned, accrued or received or deemed to have been earned, accrued or received on or before the Relevant Date which might be payable by any member of the Group. The Indemnifiers shall be under no liability under the deed of indemnity in respect of taxation:

(a) to the extent that provisions has been made for such taxation in the audited accounts of any of the Group members for each of the two years ended December 31, 2010 and the four months ended April 30, 2011;

(b) for which any of the Group members is liable as a result of any event occurring or income, profits earned, accrued or received or alleged to have been earned, accrued or received or transactions entered into in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets after the Relevant Date;

(c) to the extent that such taxation or liability would not have arisen but for any act or omission by any of the Group members (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) voluntarily affected without the prior written consent or agreement of the Indemnifiers (such consent or agreement not to unnecessary withheld), otherwise than in the ordinary course of business after the Relevant Date or carried out, made or entered into pursuant to a legally binding commitment created after the Relevant Date;

(d) to the extent that such taxation or liability is discharged by another person who is not the Company or any of the Group members and that the Company or such Group member is not required to reimburse such person in respect of the discharge of the taxation or liability; and

(e) to the extent that such taxation claim arises or is incurred as a consequence of any retrospective change in the law or the interpretation or practice thereof by the Hong Kong Inland Revenue Department or the tax authorities or any other authority in any part of the world coming into force after the Relevant Date or to the extent such taxation claim arises or is increased by an increase in the rates of Taxation after the Relevant Date with retrospective effect.

2. Litigation

As at the Latest Practicable Date, save for already disclosed in the sections headed "Risk Factor — Risks related to our Business — We are currently involved in a lawsuit in India. If the case is determined against us, our business, financial conditions, results of operations, prospects and reputation will be materially and adversely affected" and "Business — Legal Proceedings and Compliance" in this prospectus, no member of the Group was involved in any material litigation, arbitration or administrative proceedings of material importance. So far as we are aware, save for already disclosed in this prospectus, no such litigation, arbitration or administrative proceedings are pending or threatened against us, that would have a material adverse effect on our results of operations or financial condition.

3. Sponsor

The Sponsor have made an application on our behalf to the Hong Kong Stock Exchange for listing of, and permission to deal in, the Shares. All necessary arrangements have been made to enable the Shares to be admitted into CCASS.

Piper Jaffray Asia Limited satisfies the independence criteria applicable to sponsor as required under Rule 6A.07 of the GEM Listing Rules.

4. Preliminary expenses

Our estimated preliminary expenses are approximately US$6,000 and are payable by our Company.

5. Promoter

Our Company has no promoter for the purpose of the GEM Listing Rules.

6. Qualifications of experts

The qualifications of the experts (as defined under the GEM Listing Rules and the Hong Kong Companies Ordinance) who have given their opinions or advice in this prospectus are as follows:

Name	Qualifications
Piper Jaffray Asia Limited	Licensed to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Deloitte Touche Tohmatsu	Certified public accountants
Jones Lang LaSalle Sallmann Limited	Property valuers
Zhong Lun Law Firm	PRC legal advisor
Maples and Calder	Cayman Islands legal adviser
Saikrishna & Associates	Indian legal advisor (as to the Group's litigation case with AGA in India)
Rajkishore Associates	Indian legal advisor (as to material law, regulations and rules applicable to the business of the Company's subsidiary established in India)

7. Consents of Experts

Each of the Sponsor, Deloitte Touche Tohmatsu, Jones Lang LaSalle Sallmann Limited, Zhong Lun Law Firm, Maples and Calder, Saikrishna & Associates and Rajkishore Associates has given and has not withdrawn its respective written consents to the issue of this prospectus with the inclusion of their reports and/or letters and/or valuation certificates and/or the references to their names included herein in the form and context in which they are respectively included.

None of the experts named above has any shareholding interests in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

8. Binding effect

This prospectus shall have the effect, if an application is made in pursuant hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Hong Kong Companies Ordinance so far as applicable.

9. Related party transactions

Our Group entered into the related party transactions within the two years immediately preceding the date of this prospectus as mentioned in note 35 of the Accountants' Report set out in Appendix I to this prospectus.

10. Share register

The register of members of our Company will be maintained in Hong Kong by the Hong Kong Share Registrar. Unless our Directors otherwise agree, all transfers and other documents of title to Shares must be lodged for registration with, and registered by, the branch registers in Hong Kong and may not be lodged in the Cayman Islands.

11. Compliance Adviser

We will appoint Piper Jaffray Asia as our compliance adviser pursuant to Rule 6A.19 of the GEM Listing Rules. Pursuant to Rule 6A.23 of the GEM Listing Rules, the compliance adviser will advise us on the following circumstances:

(a) before the publication of any regulatory announcement, circular or financial report;

(b) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;

(c) where we propose to use the proceeds of the Share Offer in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any estimate, or other information in this prospectus; and

(d) where the Hong Kong Stock Exchange makes an inquiry of us regarding unusual movements in the price or trading volume of our Shares.

The term of the appointment shall commence on the Listing Date and end on the date on which we distribute our annual report in respect of our financial results for the second full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

12. Dividend

Our Directors confirm that they are not aware of any arrangements in existence under which future dividends of our Company are to be waived or agreed to be waived.

13. Miscellaneous

(a) Save as disclosed in the section headed "History, Reorganization and Group Structure — Reorganization" in this prospectus, within the two years immediately preceding the date of this prospectus:

(i) no share or loan capital of the Company or any of its subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or for a consideration other than cash;

(ii) no share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of the Company or any of its subsidiaries; and

(iv) no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in the Company or any of its subsidiaries;

(b) There are no founder, management or deferred shares nor any debentures in the Company or any of its subsidiaries and no amount or benefit had been paid or given within the two immediately preceding years or is intended to be paid or given to any promoter;

(c) The Directors confirm that there has been no material adverse change in the financial or trading position or prospects of the Group since April 30, 2011 (being the date to which the latest audited combined financial statements of the Group were made up);

(d) There has not been any interruption in the business of the Group which may have or has had a significant effect on the financial position of the Group in the 24 months preceding the date of this prospectus;

(e) The register of members of the Company will be maintained in Hong Kong by Tricor Investor Services Limited. Unless the Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with any registered by the Company's share register in Hong Kong and may not be lodged in the Cayman Islands. All necessary arrangements have been made to enable the Shares to be admitted to CCASS;

(f) No company within the Group is presently listed on any stock exchange or traded on any trading system;

(g) The Directors have been advised that, under the Cayman Companies Law, the use of a Chinese name pre-approved by the Registrar of Companies in the Cayman Islands by the Company in conjunction with its English name does not contravene the Companies Law; and

(h) The English text of this prospectus shall prevail over the Chinese text.

14. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by Section 4 of the Hong Kong Companies Ordinance (Exemption of Companies and Prospectus from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were (i) copies of the **WHITE**, **YELLOW** and **GREEN** Application Forms, (ii) copies of each of the material contracts referred to the section headed "Further Information About Our Business — Summary of material contracts" in "Appendix V — Statutory and General Information" of this prospectus, and (iii) the written consents referred to in paragraph (h) of this Appendix.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of O'Melveny & Myers at 31st Floor, AIA Central, 1 Connaught Road Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the accountants' report prepared by Deloitte Touche Tohmatsu, the text of which is set out in Appendix I;

(b) the consolidated audited financial statements of LifeTech Scientific Corporation for the two years ended December 31, 2009 and 2010 and four months ended 30 April 2011;

(c) the letter in relation to unaudited pro forma financial information, the text of which is set out in Appendix II;

(d) the PRC legal opinions issued by Zhong Lun Law Firm, our legal advisors on PRC law in respect of our general matters and property interests and taxation matters of the Group;

(e) the opinions prepared by Maples and Calder, our legal counsel on Cayman Islands law, summarizing certain aspects of the Cayman Islands Companies Law referred to in Appendix IV and various other matters;

(f) the Cayman Islands Companies Law;

(g) the material contracts referred to in paragraph B.1 of Appendix V;

(h) the written consents referred to in paragraph F.7 of Appendix V;

(i) the rules of our Share Option Scheme;

(j) the Directors' service contracts referred to in paragraph C.2 of Appendix V;

(k) the minutes of the meetings of the board of Directors approving various matters relating to the Share Offer;

(l) the written resolutions of the shareholders of the Company approving various matters relating to the Share Offer;

(m) the certificate of incorporation, the certificate as to change of name, the Memorandum of Association and the Articles and the memorandum of association of the Company and all amendments thereto;

(n) the current business registration certificate of the Company and the registration certificate under Part XI of the Companies Ordinance;

(o) the property valuation report issued by Jones Lang LaSalle Sallmanns Limited, the text of which is contained in Appendix III to the Prospectus;

(p) the letters referred to in the section headed "Consents of experts" in Appendix V to the Prospectus consenting to the issue of the Prospectus with the inclusion of references to the respective parties' names, and where relevant their reports and letters in the form and context in which they are included;

(q) the legal opinion issued by Rajkishore Associates as Indian counsel to the Company in connection with the material law, regulations and rules applicable to the business of the Company's subsidiary established in India in the form previously approved by the Sponsor (on behalf of the Public Offer Underwriters);

(r) the deed of indemnity given by the Controlling Shareholders in favour of the Company in a form previously approved by the Sponsor; and

(s) the deed of non-compete entered into between Mr. Xie Yuehui, Mr. Wu Jianhui, Xianjian Technology and GE Asia Pacific pursuant to which the they have undertaken to our Company that each of them shall not and shall procure its associates not to, whether as principal or agent and whether directly or indirectly (including through any of their associates, subsidiaries, partnerships, joint ventures or other contractual arrangements) and whether for profit or otherwise, carry on, engage, invest, participate in, or hold any right or interest in, or otherwise be involved in any business which directly or indirectly, competes or likely to compete with our business.

LifeTech Scientific Corporation

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