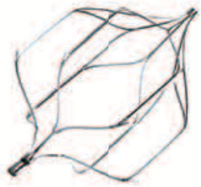
Lifetech SCIENTIFIC

LifeTech Scientific Corporation
先 健 科 技 公 司

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



2012
INTERIM REPORT

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

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

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

This report, for which the director(s) (the "Director(s)") of LifeTech Scientific Corporation (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

HIGHLIGHTS

- Turnover for the six months ended 30 June 2012 was approximately RMB88.9 million, representing an increase of approximately 29.5% as compared with the corresponding period in 2011.
- Profit attributable to shareholders of the Company for the six months ended 30 June 2012 was approximately RMB21.9 million, representing an increase of approximately 83.5% as compared with the corresponding period in 2011.
- The Board does not recommend the payment of any dividend for the six months ended 30 June 2012.

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

The board (the "Board") of directors (the "Directors") of LifeTech Scientific Corporation (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively the "Group") for the three months and six months ended 30 June 2012 together with the comparative figures for the corresponding periods in 2011.

Deloitte.
德勤

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF LIFETECH SCIENTIFIC CORPORATION

(Incorporated in Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of LifeTech Scientific Corporation (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 4 to 28, which comprises the condensed consolidated statement of financial position as of 30 June 2012 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The GEM Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34"). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Without qualifying our review conclusion, we draw attention to the fact that the condensed consolidated statements of comprehensive income, and the relevant explanatory notes, for each of the three-month periods ended 30 June 2012 and 2011 and the comparative condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period ended 30 June 2011, and the relevant explanatory notes, presented in these condensed consolidated financial statements have not been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
10 August 2012

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2012

	NOTES	Three months ended 30 June		Six months ended 30 June	
		2012 RMB'000 (Unaudited)	2011 RMB'000 (Unaudited)	**2012 RMB'000 (Unaudited)**	2011 RMB'000 (Unaudited)
Revenue	4	**46,425**	38,344	**88,885**	68,623
Cost of sales		**(9,429)**	(6,614)	**(17,725)**	(12,678)
Gross profit		**36,996**	31,730	**71,160**	55,945
Other income and other gains and losses		**2,310**	1,008	**3,605**	1,867
Selling and distribution expenses		**(9,420)**	(8,792)	**(17,415)**	(14,027)
Administrative expenses		**(7,421)**	(6,382)	**(15,745)**	(16,652)
Research and development expenses		**(6,403)**	(5,386)	**(12,775)**	(8,804)
Listing expenses		**—**	(3,089)	**—**	(4,974)
Share of loss of an associate	10	**(1,773)**	—	**(1,773)**	—
Profit before tax and change in fair value of convertible redeemable preferred shares		**14,289**	9,089	**27,057**	13,355
Change in fair value of convertible redeemable preferred shares		**—**	—	**—**	3,288
Profit before tax	5	**14,289**	9,089	**27,057**	16,643
Income tax expense	6	**(2,584)**	(2,078)	**(4,847)**	(3,942)
Profit for the period		**11,705**	7,011	**22,210**	12,701
Other comprehensive income:					
Exchange differences arising on translation of foreign operation		**104**	78	**55**	75
Total comprehensive income for the period		**11,809**	7,089	**22,265**	12,776
Profit for the period attributable to:					
Owners of the Company		**11,400**	6,372	**21,866**	11,913
Non-controlling interests		**305**	639	**344**	788
		11,705	7,011	**22,210**	12,701
Total comprehensive income attributable to:					
Owners of the Company		**11,504**	6,450	**21,921**	11,988
Non-controlling interests		**305**	639	**344**	788
		11,809	7,089	**22,265**	12,776
Earnings per share	8				
– Basic (RMB)		**0.023**	0.016	**0.044**	0.036
– Diluted (RMB)		**0.023**	0.016	**0.044**	0.018

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

	NOTES	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	9	**23,973**	18,346
Investment property		**1,875**	1,912
Interest in an associate	10	**19,904**	—
Intangible assets	9	**9,509**	4,540
Deposit paid for acquisition of property, plant and equipment		**2,453**	7,398
Long term deposit	11	**20,731**	—
Deferred tax assets		**4,797**	3,587
		83,242	35,783
Current assets			
Inventories		**20,404**	21,235
Trade receivables	12	**41,729**	36,516
Other receivables and prepayments		**13,455**	9,635
Structured deposits	13	**49,220**	25,000
Bank balances and cash		**136,748**	185,049
		261,556	277,435
Current liabilities			
Trade and other payables	14	**28,215**	35,416
Tax payables		**7,144**	5,070
Amount due to a shareholder		**15**	54
Amounts due to directors		**—**	30
		35,374	40,570
Net current assets		**226,182**	236,865
Total assets less current liabilities		**309,424**	272,648
Non-current liability			
Government grants	15	**19,319**	4,808
		290,105	267,840
Capital and reserves			
Share capital	16	**32**	32
Share premium and reserves		**286,003**	264,082
Equity attributable to owners of the Company		**286,035**	264,144
Non-controlling interests		**4,070**	3,726
Total equity		**290,105**	267,840

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Attributable to owners of the Company									
	Share capital RMB'000	Share premium RMB'000	Translation reserve RMB'000	Statutory surplus reserves RMB'000 (Note i)	Capital reserve RMB'000 (Note ii)	Contribution reserve RMB'000	Accumulated (losses) profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2011	3	—	(38)	11,934	(421)	32,531	(44,220)	(211)	3,288	3,077
Profit for the period	—	—	—	—	—	—	11,913	11,913	788	12,701
Other comprehensive income for the period	—	—	75	—	—	—		75	—	75
Total comprehensive income for the period	—	—	75	—	—	—	11,913	11,988	788	12,776
Award shares to employee (Note 19)	—	13,993	—	—	—	—	—	13,993	—	13,993
Conversion of convertible redeemable preferred shares	2	117,154	—	—	—	—	—	117,156	—	117,156
Acquisition of additional interest in a subsidiary	—	—	—	—	144	—	—	144	(294)	(150)
Appropriations	—	—	—	1,477	—	—	(1,477)	—	—	—
At 30 June 2011 (unaudited)	5	131,147	37	13,411	(277)	32,531	(33,784)	143,070	3,782	146,852
At 1 January 2012	**32**	**251,593**	**691**	**13,411**	**(277)**	**32,531**	**(33,867)**	**264,114**	**3,726**	**267,840**
Profit for the period	—	—	—	—	—	—	**21,866**	**21,866**	**344**	**22,210**
Other comprehensive income for the period	—	—	**55**	—	—	—	—	**55**	—	**55**
Total comprehensive income for the period	—	—	**55**	—	—	—	**21,866**	**21,921**	**344**	**22,265**
At 30 June 2012 (unaudited)	**32**	**251,593**	**746**	**13,411**	**(277)**	**32,531**	**(12,001)**	**286,035**	**4,070**	**290,105**

Notes:

(i) Statutory surplus reserve is non-distributable and the transfer to this reserve is determined according to the relevant laws in the People's Republic of China (the "PRC") and by the board of directors of the PRC subsidiaries in accordance with the Article of Association of the subsidiaries. Statutory surplus reserve can be used to make up for previous year's losses or convert into additional capital of the PRC subsidiaries of the Company.

(ii) Capital reserve represents (i) the difference in the fair value of the consideration paid for the acquisition of Lifetech Scientific (Shenzhen) Co., Ltd. 先健科技(深圳)有限公司 from shareholders and the carrying amount of the share of net assets acquired in August 2006 and it is regarded as a deemed contribution from shareholders under merger accounting, and (ii) the difference between the fair value of consideration paid for the acquisition of additional equity interests in Shenzhen EnKe Medical Technology Co., Ltd., a non-wholly owned subsidiary of the Company, and the carrying amount of non-controlling interests acquired amounting to RMB144,000.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
NET CASH FROM OPERATING ACTIVITIES	**17,106**	7,864
INVESTING ACTIVITIES		
Payments for acquisition of property, plant and equipment	**(3,919)**	(3,091)
Expenditure incurred and capitalised as intangible assets	**(5,482)**	(188)
Acquisition of an associate	**(21,677)**	—
Long term deposit paid	**(20,731)**	—
Structured deposits placed	**(277,400)**	(10,000)
Release of structured deposits	**253,180**	—
Government grants received for acquisition of plant and equipment	**9,700**	—
Other investing cash flows	**936**	284
NET CASH USED IN INVESTING ACTIVITIES	**(65,393)**	(12,995)
FINANCING ACTIVITIES		
Proceeds from issue of shares	**—**	8,875
Acquisition of additional interest in a subsidiary	**—**	(150)
Repayment of advance from a shareholder	**(39)**	(1,231)
Repayments of advance from directors	**(30)**	—
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(69)**	7,494
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(48,356)**	2,363
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**185,049**	83,468
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**55**	75
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, representing bank balances and cash	**136,748**	85,906

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 17 August 2006 as an exempted company with limited liability and its shares are listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 10 November 2011. The address of the registered office is PO Box 309, Ugland House, Grand Cayman, KV1-1104 Cayman Islands, and the address of the principal place of business is Floor 1-5, Cybio Electronic Building, Langshan 2nd Street, North Area of High-tech Park, Nanshan District, Shenzhen, Guangdong Province, the People's Republic of China (the "PRC").

The Company is an investment holding company. The principal activities of its subsidiaries are development, manufacture and trading of advanced interventional medical devices for cardiovascular and peripheral vascular diseases and disorders.

The condensed consolidated financial statements are presented in Renminbi ("RMB"), which is the functional currency of the Company and its major operating subsidiaries.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 ("IAS 34") "Interim Financial Reporting" issued by the International Accounting Standards Board as well as with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Company and its subsidiaries' (collectively referred to as the "Group") annual financial statements for the year ended 31 December 2011. In addition, the following accounting policies are adopted and applied by the Group in the current interim period as they have become applicable to the Group.

Interest in an associate

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

3. PRINCIPAL ACCOUNTING POLICIES *-continued*

Interest in an associate -continued

The results and assets and liabilities of associates are incorporated in these condensed consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are initially recognised in the condensed consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associates. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's condensed consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

In addition, in the current interim period, the Group has applied, for the first time, certain amendments to International Financial Reporting Standards ("IFRSs") that are mandatorily effective for the current interim period.

The application of these amendments in the current interim period has had no material effect on the amounts reported in the condensed consolidated financial statements and/or disclosures set out in the condensed consolidated financial statements.

4. SEGMENT INFORMATION

The segment information reported internally was analysed on the basis of the 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 operating and reportable segments is reported below.

4. SEGMENT INFORMATION *-continued*

(a) *Segment revenue and results*

The following is an analysis of the Group's revenue and results by operating and reportable segments for the periods under review:

Three months ended 30 June 2012

	Congenital heart diseases business RMB'000 (Unaudited)	Peripheral vascular diseases business RMB'000 (Unaudited)	Surgical vascular repair business RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
SEGMENT REVENUE				
External sales	27,387	18,939	99	46,425
Segment profit	21,760	15,210	26	36,996
Unallocated income				2,310
Unallocated expense				
– Selling and distribution expenses				(9,420)
– Administration expenses				(7,421)
– Research and development expenses				(6,403)
– Share of loss of an associate				(1,773)
Profit before tax				14,289

4. SEGMENT INFORMATION *-continued*

(a) *Segment revenue and results -continued*

Three months ended 30 June 2011

	Congenital heart diseases business RMB'000 (Unaudited)	Peripheral vascular diseases business RMB'000 (Unaudited)	Surgical vascular repair business RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
SEGMENT REVENUE				
External sales	26,055	12,271	18	38,344
Segment profit (loss)	21,325	10,413	(8)	31,730
Unallocated income				1,008
Unallocated expense				
– Selling and distribution expenses				(8,792)
– Administration expenses				(6,382)
– Research and development expenses				(5,386)
– Listing expenses				(3,089)
Profit before tax				9,089

Six months ended 30 June 2012

	Congenital heart diseases business RMB'000 (Unaudited)	**Peripheral vascular diseases business RMB'000 (Unaudited)**	**Surgical vascular repair business RMB'000 (Unaudited)**	**Total RMB'000 (Unaudited)**
SEGMENT REVENUE				
External sales	**49,175**	**39,528**	**182**	**88,885**
Segment profit	**38,930**	**32,206**	**24**	**71,160**
Unallocated income				**3,605**
Unallocated expense				
– Selling and distribution expenses				**(17,415)**
– Administration expenses				**(15,745)**
– Research and development expenses				**(12,775)**
– Share of loss of an associate				**(1,773)**
Profit before tax				**27,057**

4. SEGMENT INFORMATION *-continued*

(a) *Segment revenue and results -continued*

Six months ended 30 June 2011

	Congenital heart diseases business RMB'000 (Unaudited)	Peripheral vascular diseases business RMB'000 (Unaudited)	Surgical vascular repair business RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
SEGMENT REVENUE				
External sales	45,968	22,621	34	68,623
Segment profit	37,189	18,751	5	55,945
Unallocated income				1,867
Unallocated expense				
– Selling and distribution expenses				(14,027)
– Administration expenses				(16,652)
– Research and development expenses				(8,804)
– Listing expenses				(4,974)
– Change in fair value of convertible redeemable preferred shares				3,288
Profit before tax				16,643

Segment profit represents the profit earned by each segment without allocation of certain income and expense as set out above. 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.

4. SEGMENT INFORMATION *-continued*

(b) *Segment assets and liabilities*

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

Segment assets

	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Audited)
Operating segments:		
Congenital heart diseases business	**61,873**	65,063
Peripheral vascular diseases business	**44,444**	30,956
Surgical vascular repair business	**4,894**	39
Total segment assets	**111,211**	96,058
Unallocated assets		
Bank balances and cash	**136,748**	185,049
Structured deposits	**49,220**	25,000
Other receivables and prepayments	**312**	1,612
Deferred tax assets	**4,797**	3,587
Long term deposit	**20,731**	—
Interest in an associate	**19,904**	—
Investment property	**1,875**	1,912
Consolidated assets	**344,798**	313,218

4. SEGMENT INFORMATION *-continued*

(b) Segment assets and liabilities -continued

Segment liabilities

	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Audited)
Operating segments:		
Congenital heart diseases business	**1,612**	1,598
Peripheral vascular diseases business	**1,449**	760
Surgical vascular repair business	**93**	1
Total segment liabilities	**3,154**	2,359
Unallocated liabilities		
Government grants	**28,801**	19,530
Other payables	**15,579**	18,335
Tax payables	**7,144**	5,070
Amount due to a shareholder	**15**	54
Amounts due to directors	**—**	30
Consolidated liabilities	**54,693**	45,378

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than bank balances and cash, structured deposits, deferred tax assets, interest in an associate, investment property, other receivable and prepayments; and

- all liabilities are allocated to operating segments other than government grants (include current portion under other payables and non-current portion), tax payables, other payables, amount due to a shareholder and amounts due to directors.

5. PROFIT BEFORE TAX

	Three months ended 30 June		Six months ended 30 June	
	2012	2011	**2012**	2011
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Profit before tax has been arrived at after charging (crediting):				
Staff costs, including Directors' remuneration				
Salaries, wages and other benefits	**9,878**	6,861	**19,730**	12,044
Share-based compensation expense	**—**	—	**—**	5,118
Retirement benefits scheme contributions	**632**	435	**1,188**	778
	10,510	7,296	**20,918**	17,940
Auditor's remuneration	**333**	—	**333**	2
Allowance for trade receivables	**1,013**	1	**1,050**	11
Cost of inventories recognised as expenses	**9,429**	6,614	**17,725**	12,678
Depreciation of property, plant and equipment	**1,722**	1,059	**3,235**	2,165
Depreciation of an investment property	**19**	16	**37**	32
Amortisation charge of intangible assets	**282**	216	**513**	430
Loss on disposal of property, plant and equipment	**1**	41	**1**	41
Government grants	**(1,406)**	—	**(1,601)**	(216)
Interest on bank deposits	**(83)**	(65)	**(151)**	(171)
Interest on structured deposits	**(449)**	(41)	**(784)**	(41)
Gross rental income from an investment property	**(303)**	(247)	**(612)**	(434)
Less: direct operating expenses from investment properties that generated rental income during the period	**—**	—	**—**	—
	(303)	(247)	**(612)**	(434)

6. INCOME TAX EXPENSE

	Three months ended 30 June		Six months ended 30 June	
	2012	2011	**2012**	2011
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Current tax				
PRC Enterprise Income Tax ("PRC EIT")	**3,823**	1,950	**6,057**	3,787
Deferred tax				
Current period	**(1,239)**	128	**(1,210)**	155
	2,584	2,078	**4,847**	3,942

The Company is tax exempted under the laws of the Cayman Islands. New Centre International Limited 新城市國際有限公司 ("New Centre"), a subsidiary of the Company, is subject to Hong Kong Profits Tax rate of 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 the period from 2010 to 2015.

For other PRC subsidiaries which are located in Special Economic Zone of the PRC, their applicable income tax rates are 25% and 24% for the period ended 30 June 2012 and 2011 respectively.

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

7. DIVIDENDS

No dividends were paid, declared or proposed during the interim periods ended 30 June 2012 and 2011. The directors do not recommend the payment of an interim dividend.

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	Three months ended 30 June		Six months ended 30 June	
	2012	2011	**2012**	2011
	RMB'000	RMB'000	**RMB'000**	RMB'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Earnings:				
Earnings for the purpose of basic earnings per share	**11,400**	6,372	**21,866**	11,913
Effect of dilutive potential ordinary shares:				
Change in fair value of convertible redeemable preferred shares	**—**	—	**—**	(3,288)
Exchange gain	**—**	—	**—**	(1,212)
Earnings for the purpose of diluted earnings per share	**11,400**	6,372	**21,866**	7,413
Number of shares:				
Weighted average number of ordinary shares for the purpose of basic earnings per share (in thousands)	**500,000**	407,500	**500,000**	328,906
Effect of dilutive potential ordinary shares:				
Convertible redeemable preferred shares (in thousands)	**—**	—	**—**	72,698
Weighted average number of ordinary shares for the purpose of diluted earnings per share (in thousands)	**500,000**	407,500	**500,000**	401,604

The weighted average number of ordinary shares for the purposes of calculating basic and diluted earnings per shares for the six months ended 30 June 2011 have been adjusted for the capitalisation issue of shares that occurred on 8 November 2011 (details of which are set out in Note 16).

9. PROPERTY, PLANT AND EQUIPMENT AND INTANGBILE ASSETS

During the current period, the Group spent approximately RMB8,864,000 (six months ended 30 June 2011: RMB3,466,000) for the acquisition of property, plant and equipment to update its manufacturing capabilities.

During the current period, the Group incurred approximately RMB4,539,000 (six months ended 30 June 2011: RMB188,000) of research and development expenditure for the development of congenital heart diseases business and peripheral vascular diseases business, which together with expenditure of RMB943,000 for purchase of intangible assets. The self-developed projects are under safety and effectiveness testing and expect to be commercialised in 2 years.

10. INTEREST IN AN ASSOCIATE

	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Audited)
Cost of investments, unlisted	**21,677**	—
Share of post-acquisition losses	**(1,773)**	—
	19,904	—

As at 30 June 2012, the Group had interest in the following associate which was established by the Group and other shareholder on 30 April 2012:

Name of entity	**Proportion of nominal value of issued capital held by the Group**	**Place of establishment/ operation**	**Share capital**	**Principal activity**
Broncus Holding Corporation	40%	Cayman Islands/ United States of America	USD1,000	Investment holding and developing and commercialising solutions for diagnosing and treating lung diseases

11. LONG TERM DEPOSIT

The Group had entered strategic partnership agreements with an independent third party on 12 April 2012 to enter into a long-term strategic alliance partnership to collaborate across incubation projects over the period up to 12 April 2014. Long term deposit represents the consideration paid by the Group for the acquisition of options, on a priority basis, to invest or co-invest in any and/or all incubation projects and to acquire distribution rights, manufacturing rights and intellectual property licenses with respect to the incubation projects. The Group has the rights to request for all or a portion of the deposit to be converted to one or more incubation projects investments. The deposit of approximately RMB1,897,000 is refundable while the remaining is non-refundable.

12. TRADE RECEIVABLES

The Group allows a credit period of 30 to 90 days to its trade customers. The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of reporting period.

	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Audited)
1 - 90 days	**29,136**	27,044
91 - 180 days	**4,885**	3,768
181 - 365 days	**3,450**	2,615
Over 365 days	**4,258**	3,089
	41,729	36,516

13. STRUCTURED DEPOSITS

As at 30 June 2012, the structured deposits consist of financial products of approximately RMB49,220,000 (31 December 2011: RMB25,000,000) issued by banks in the PRC, which carried interest at average expected interest rate of 4.8% per annum (31 December 2011: 5.3% per annum), depending on the market price of financial instruments, including listed shares and debentures, payable daily. The Group has the right to redeem the structured deposits at any time with one day notice. The structured deposits are designated at fair value through profit or loss on initial recognition as they contain non-closely related embedded derivative. The directors consider the fair values of the structured deposits, which are based on the prices provided by the counterparty banks which represented the prices they would pay to redeem the deposits at 30 June 2012, approximate to their carrying values as at 30 June 2012.

The structured deposits are fully redeemed in July 2012. The change in fair values up to the date of redemption is not significant.

14. TRADE AND OTHER PAYABLES

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 the reporting period.

	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Audited)
0 - 30 days	**1,886**	733
31 - 60 days	**403**	284
61 - 120 days	**272**	363
Over 120 days	**593**	979
	3,154	2,359

15. 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. During the six months ended 30 June 2012, approximately RMB1,172,000 and RMB9,700,000 subsidies relating to research and development of medical devices and the acquisition of plant and equipment, respectively, have been received (30 June 2011: RMB9,147,000 and Nil). The Group recognised income of approximately RMB1,601,000 (30 June 2011: RMB216,000) during the period ended 30 June 2012. 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. 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. During the current period, approximately RMB5,000,000, representing subsidy received in prior years, was reclassified from other payables as the Group applied such amount for acquisition of certain equipment in relation to research and development of medical devices.

16. SHARE CAPITAL

	Number of shares	**Amount USD**
Ordinary shares		
Authorised:		
At 1 January 2011 at USD0.00001 each	4,900,000,000	49,000
Re-designation of shares (Note a)	28,070,210	281
At 30 June 2011	4,928,070,210	49,281
Re-designation of shares (Note a)	71,929,790	719
At 31 December 2011 and 30 June 2012 at USD0.00001 each	5,000,000,000	50,000

16. SHARE CAPITAL *-continued*

	Number of shares	Amount USD	Shown in the condensed consolidated financial statements as RMB'000
Issued and fully paid:			
At 1 January 2011 at USD0.00001 each	45,614,000	456	3
Issuance of shares in February 2011(Note 19)	3,684,211	37	—
Conversion of Series A Preferred Shares (Note a)	28,070,210	281	2
At 30 June 2011 at USD0.00001 each	77,368,421	774	5
Capitalisation issue (Note a)	330,131,579	3,301	21
Issued on public floatation (Note b)	92,500,000	925	6
At 31 December 2011 and 30 June 2012	500,000,000	5,000	32

	Number of shares	Amount USD
Series A Preferred Shares		
Authorised:		
At 1 January 2011 at USD0.00001 each	100,000,000	1,000
Re-designation of shares (Note a)	(28,070,210)	(281)
At 30 June 2011	71,929,790	719
Re-designation of shares (Note a)	(71,929,790)	(719)
At 31 December 2011 and 30 June 2012	—	—

	Number of shares	Amount USD
Issued and fully paid:		
At 1 January 2011 at USD0.00001 each	28,070,210	281
Conversion of Series A Preferred Shares (Note a)	(28,070,210)	(281)
At 30 June 2011, 31 December 2011 and 30 June 2012	—	—

16. SHARE CAPITAL *-continued*

Notes:

(a) On 31 March 2011, 28,070,210 Series A Preferred Shares (as defined in the Group's annual financial statements for the year ended 31 December 2011) were converted into 28,070,210 ordinary shares of a normal value of USD0.00001 each.

Pursuant to a shareholder resolution passed on 8 November 2011, the following took place: (i) 71,929,790 unissued Series A Preferred Shares were re-designated as ordinary shares of a normal value of USD0.00001 each and (ii) the directors were authorised to capitalise an aggregate amount of USD3,301 standing to the credit of the share premium of the Company and to appropriate such amount as capital to pay up in full at par 330,131,579 shares for allotment and issue to the persons whose names appear on the register of members of the Company at the close of business on 10 November 2011 in the proportion to their then existing shareholdings in the Company, each ranking pari passu in all respects with the then existing issued shares ("Capitalisation Issue").

(b) On 10 November 2011, 92,500,000 ordinary shares of USD0.00001 each of the Company were issued at HK$2 by way of placing and public offer. On the same date, the Company's shares were listed on the Stock Exchange.

17. OPERATING LEASES

The Group as lessee

At the end of the 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:

	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Audited)
Within one year	**5,358**	2,904
In the second to fifth years inclusive	**3,076**	1,608
	8,434	4,512

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

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Audited)
Within one year	**1,211**	1,261
In the second to fifth years inclusive	**1,557**	2,157
	2,768	3,418

18. CAPITAL COMMITMENTS

	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Audited)
Capital expenditure in respect of acquisition of property, plant and equipment - contracted for but not provided in the condensed consolidated financial statements	995	1,674

19. SHARE-BASED PAYMENT TRANSACTIONS

Equity-settled share-based award scheme

On 25 February 2011, the Company entered into a share purchase agreement with certain employees and issued 3,684,211 ordinary shares as incentive ("Incentive 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 ordinary 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 six months ended 30 June 2011, a share-based compensation expense of RMB5,118,000 was recognised in the condensed consolidated statement of comprehensive income. A corresponding amount was credited in share premium in condensed consolidated statement of changes in equity.

19. SHARE-BASED PAYMENT TRANSACTIONS *-continued*

Equity-settled share option scheme of the Company

The Company's share option scheme (the "Scheme"), was adopted pursuant to a resolution passed on 22 October 2011 for the primary purpose of providing incentives to directors, employees and any consultants or advisers, distributor, contractor, supplier, service provider, agent, customer and business partner of the Company and/or any of the Company's subsidiaries (the "Eligible Participants"), and will expire on 22 October 2021. Under the Scheme, the Directors of the Company may grant options to Eligible Participants to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their respective associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares as stated in the daily quotation sheets issued by the Stock Exchange at the date of the grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

Options granted must be taken up within 14 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. Options may be exercised at any time for a period determined by its directors which shall not be later than the day immediately preceding the tenth anniversary of the date of grant. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant, (ii) the average closing price of the shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's share..

For the period ended 30 June 2012, no share options had been granted since the adoption of the Scheme and the Company had no share options outstanding at 30 June 2012.

20. RELATED PARTY DISCLOSURES

(a) *Amount due to a shareholder*

The amount is due to a shareholder and it is non-trade related, unsecured, interest-free and is repayable on demand.

	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Audited)
Mr. Xie Yuehui	**15**	54

20. RELATED PARTY DISCLOSURES *-continued*

(b) *Amounts due to directors*

The amounts due to directors are unsecured, non-interest bearing and repayable on demand.

	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Audited)
Mr. Liang Xianzhi	**—**	10
Mr. Zhang Xingdong	**—**	10
Mr. Zhou Gengshen	**—**	10
	—	30

(c) *Compensation of key management personnel*

The remuneration of key management personnel during the period was as follows:

	Three months ended 30 June		**Six months ended 30 June**	
	2012 RMB'000 (Unaudited)	2011 RMB'000 (Unaudited)	**2012 RMB'000 (Unaudited)**	2011 RMB'000 (Unaudited)
Short-term employee benefits	**628**	567	**1,255**	1,134
Post employee benefits	**18**	18	**36**	35
Share-based compensation expenses	**—**	—	**—**	4,915
	646	585	**1,291**	6,084

The remuneration of key management personnel is determined by reference to the performance of individuals and market trend.

21. CONTINGENT LIABILITIES

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 Indian Rupee ("INR") 2,100,000 (equivalent to approximately RMB318,000). As at 30 June 2012 and up to the date of approved for issuance of the condensed consolidated financial statements, the issues of the case have been framed and the Plaintiff has concluded filing its evidence on 9 August 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 of the Company are of the opinion that it is unlikely that the Court will grant a permanent injunction to the Plaintiff and it is also 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 condensed consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

Congenital heart diseases business

The turnover contributed by the congenital heart diseases business for the six months ended 30 June 2012 was approximately RMB49.2 million (Corresponding period in 2011: approximately RMB46.0 million), representing approximately a 7.0% increase as compared to the corresponding period in 2011.

Peripheral vascular diseases business

The turnover contributed by the peripheral vascular diseases business for the six months ended 30 June 2012 was approximately RMB39.5 million (Corresponding period in 2011: approximately RMB22.6 million). representing approximately a 74.8% increase as compared to the corresponding period in 2011.

Surgical vascular repair business

The turnover contributed by the surgical vascular repair business for the six months ended 30 June 2012 was approximately RMB182,000 (Corresponding period in 2011: approximately RMB34,000).

We kept rapid growth in China market, and sales generated from the market accounted for approximately 74.8% of our total revenue for the six months ended at 30 June 2012 (Corresponding period in 2011: approximately 68.9%). Our domestic sales realized a 40.7% growth for the six months ended 30 June 2012 as compared to the last corresponding period while our international market realized a 4.9% growth in sales revenue as compared to the last corresponding period. The increase in revenue was mainly attributable to the growth of sales volume of our primary products along with the expansion of our sales network. As at 30 June 2012, we have a well established distribution network for our products consisting of 170 distributors (2011: 161 distributors) in 33 countries (2011: 33 countries). In this period, to expand our manufacturing capacity and retain more talents, we have rented two more floors in our existing building, increasing manufacturing and office area. We expanded our international sales force in Europe and India to accelerate the build-up of sales network in those respective regions. In addition, we established two training centers in India, which are appreciated by participants and directly promote the sales of our products in India. In respect of research and development projects, we completed animal testing of LAA Occluders and its human clinical trial is in preparation. We completed the animal testing for peripheral bare stent in June 2012.

FINANCIAL REVIEW

Summary of the results of the Group for the six months ended 30 June 2012 and the corresponding period in 2011 are as follows:

- Total turnover was approximately RMB88.9 million (Corresponding period in 2011: approximately RMB68.6 million), representing approximately a 29.5% increase as compared to the corresponding period in 2011. The increase was primarily attributable to an increase of RMB16.9 million in revenue from the peripheral vascular diseases business segment.

- Gross profit was approximately RMB71.2 million (Corresponding period in 2011: approximately RMB55.9 million), representing approximately a 27.4% increase as compared to the corresponding period in 2011. The increase was primarily attributable to the increase in revenue.

- The operating profit before tax and before change in fair value of convertible redeemable preferred shares was approximately RMB27.1 million (Corresponding period in 2011: approximately RMB13.4 million), representing approximately an increase of 102.2% as compared to the corresponding period in 2011. The increase was primarily attributable to increase of revenue amounting to RMB20.3 million during the first half year of 2012.

- Net profit attributable to owners of the Company was approximately RMB21.9 million (Corresponding period in 2011: approximately RMB11.9 million), representing approximately a 83.5% increase as compared to the corresponding period in 2011.

LIQUIDITY AND FINANCIAL RESOURCES

During the six months ended 30 June 2012, the Group mainly financed its operations with its own working capital and equity funding.

As at 30 June 2012, the Group had net current assets of approximately RMB226.2 million (31 December 2011: approximately RMB236.9 million), including cash and bank balances of approximately RMB136.7 million (31 December 2011: approximately RMB185.0 million).

ACQUISITION OF BRONCUS

As at 30 June 2012, the Company invested 40% interests of Broncus Holding Corporation ("Broncus"). This investment did not constitute any type of notifiable transactions under the Listing Rules. The result and assets and liabilities of Broncus are incorporated in the condensed consolidated financial statements using the equity method of accounting as shown in Note 3 to financial statement of the Company. Broncus was registered in the Cayman Islands, and mainly operates in the United States of America. Broncus has a long and rich history of product innovation focused on addressing the unmet needs of patients with lung diseases including asthma, emphysema and lung cancer. Today, Broncus designs, manufacturers and markets the LungPoint® navigation system, which enables physicians to plan bronchoscopic procedures, and then navigate to precise locations in the lungs to diagnose and treat lung cancers. In addition, Broncus has developed and is selling the FleXNeedle™, which allows tissue sampling for diagnosis in hard to reach locations within the lungs. The unique flexibility of this biopsy needle enables the acquisition of tissue samples in areas of the lung not accessible with currently available products. The acquisition was funded partly by operational income of the Group and partly by IPO proceeds of the Company.

The alliance of LifeTech and Broncus marked the first milestone for the Company on strengthening our competitiveness in market. By coming together as a team, LifeTech and Broncus have effectively built a bridge between cutting edge technologies from the US and the largest medical market in the world. In doing so, we are able to promulgate Broncus products to lung cancer patients around the world in order to save more lives.

In future, we will continue to evaluate and explore acquisitions, partnerships, alliances and licensing opportunities, to enhance our competitiveness and market position in current key markets as well as selective new markets.

BUSINESS OUTLOOK AND PROSPECTS

The Group will continue to rely on its two core businesses namely congenital heart diseases business and peripheral vascular diseases business, as growth drivers in the year 2012.The Group will also actively expand its product offering and strengthen its established market position.

We expect to obtain SFDA approval for our Cera occluders in the second half of 2012, and launch our Cera in China market upon obtaining approval. We expect to commercially launch stent graft and vena cava filter in Russia this year.

We completed clinical trials for Spider PFO occluder in Europe in January 2012, which is expected to receive CE certification in the next half year 2012 and then to commercial sales in Europe.

We expect to launch Ceraflex occluders in Europe in the third quarter of 2012. In addition, our Cera PFO occluders is planned to be launched in the international market in 2012.

We will continue to expand our international sales force in Europe, India, Russia and Brazil.

Marketing activities:

To facilitate our product launch plans, we will increase investments into physician training programs and varied marketing activities in the next half year.

- In the next half year, we will launch several marketing activities, such as (i) Lifetech Knowledge Exchange Program, which will improve communication between doctors worldwide, and (ii) Lifetech Journal, including the case reports collected and reviewed by Key Opinion Leaders (KOLs), which will be a powerful Evidence Based Medicine Program (EBM) for Lifetech marketing tool.
- International post market surveillance study has been initiated, and we expect to enroll a minimum of 3,000 patients in a year cumulatively from all countries and come out with a comparative study by next year. We hope this authenticated multi centre study spread across continents will help and take us to a different level and enhance our reputation as a reliable and safe manufacturer or solution provider for treating problems of congenital heart diseases product across the world, at an affordable cost.
- We launched our bovine valve in China in February 2012 and for better promotion, a separate sales force and distribution network for our bovine valve in China will be established this year.

Research and development:

We will continue to focus on broadening our product portfolio as well as designing innovative products to help capitalize on our growing sales network and infrastructure.

- We completed animal testing of LAA Occluders and the human clinical trial is in preparation.
- The first phase of animal testing for peripheral covered stent is expected to finish in September 2012.
- We expect to complete the registration of cera occluders in Taiwan in 2013 upon obtaining SFDA registration.
- It is expected to get the registration of stent graft in India in around April 2013.

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

The net proceeds from the Company's issue of new shares at the time of its listing in November 2011, after deduction of related expenses, amounted to approximately HK$156.6 million. During the six months ended 30 June 2012, the net proceeds from issuance of new shares of the Company had been applied as follows:

		Planned use of proceeds as stated in the Prospectus from 1 January 2012 to 30 June 2012 (HK$ million)	Actual use of proceeds from 1 January 2012 to 30 June 2012 (HK$ million)
1	Enhance Market Position of Core Cardiovascular and Peripheral Vascular Devices in Key Emerging Markets	1.8	1.7
2	Continue to Develop and Commercialize Pipeline Products	10.2	10.2
3	Expansion into Key International Markets with Current and Pipeline Products	1.8	1.7
4	Expansion our manufacturing facilities	48.0	—
5	Expansion into Complementary Product Offers & Pursue Opportunistic, Acquisitions, Partnerships, Alliances and Licensing, Opportunities	10.0*	9.5

* This represents the amount allocatable to any of the period from November 2011 to 31 December 2013.

The net proceeds applied during the period for the six months ended 30 June 2012 are less than expected primarily due to the postpone of the acquisition of land in Nanshan District, which is because that the Company has not yet obtained relevant government approval for such acquisition. The Directors estimate that the approval will be obtained in the second half of 2012.

The unused proceeds have been placed in an interest bearing deposit account maintained with a bank in Hong Kong.

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

As at 30 June 2012, the interests of Directors and chief executives of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which they are taken or deemed to have under such provisions of the SFO) and required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

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

Name of Director	Nature of interest	Number of shares	Position	Percentage of the Company's issued share capital
XIE Yuehui	Interest of controlled corporation *(Note 1)*	101,540,962	Long	20.31%
WU Jianhui	Interest of controlled corporation *(Note 2)*	87,883,332	Long	17.58%
ZENG Min Frank	Interest of controlled corporation *(Note 3)*	18,512,143	Long	3.70%
ZHAO Yiwei Michael	Interest of controlled corporation *(Note 4)*	13,583,333	Long	2.72%
CONG Ning	Beneficial owner	0	—	0.00%
LI Gabriel	Founder of The Li 2007 Family Trust *(Note 5)*	98,650,618	Long	19.73%

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

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

Note 3: These shares are held through Real Wealth Management Ltd., a company wholly owned by Mr. ZENG, a non-executive Director of our Company.

Note 4: These shares are held through St.Christopher Investment Ltd., a company wholly owned by Mr. ZHAO, the chief executive officer and executive director of our Company.

Note 5: These Shares are held through 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 22 January 2008. The beneficiaries of The Li 2007 Family Trust include family members of Ms. Lam Lai Ming and Mr. Li Gabriel.

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

As at 30 June 2012, other than the interests of a director or chief executive of the Company as disclosed under the heading "Directors' and chief executives' interests and short position in the shares, underlying shares and debentures" above, the interests and short positions of persons in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of Shareholder	Number of shares	Position	Capacity	Percentage of the Company's issued share capital
YM Investment Limited *(Note 1)*	98,650,618	Long	Interest of controlled corporation	19.73%
Lam Lai Ming *(Note 1)*	98,650,618	Long	Founder of the Li 2007 Family Trust	19.73%
Managecorp Limited *(Note 1)*	98,650,618	Long	Trustee	19.73%
Orchid Asia Group Management, Limited *(Note 2)*	98,650,618	Long	Interest of controlled corporation	19.73%
Orchid Asia Group, Limited *(Note 2)*	98,650,618	Long	Interest of controlled corporation	19.73%
Orchid Asia III, L.P.*(Note 2)*	98,650,618	Long	Beneficial owner	19.73%
Xianjian Advanced Technology Limited	101,540,962	Long	Beneficial owner	20.31%
GE Asia Pacific Investments Ltd.	87,883,332	Long	Beneficial owner	17.58%
Themes Investment Partners II GP. L.P.	86,456,000	Long	Interest of controlled corporation	17.29%
Themes Investment Partners II, L.P.	86,456,000	Long	Interest of controlled corporation	17.29%
TIP II General Partner Limited	86,456,000	Long	Interest of controlled corporation	17.29%
Yi Xiqun	86,456,000	Long	Interest of controlled corporation	17.29%
Yu Fan	86,456,000	Long	Interest of controlled corporation	17.29%
Ally Investment Holdings Limited	82,400,000	Long	Interest of controlled corporation	16.48%
Prosperity International	82,400,000	Long	Beneficial owner and person having a security interest in shares	16.48%
Wanhui Limited	82,400,000	Long	Interest of controlled corporation	16.48%

Note 1: These Shares are held through 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 22 January 2008. The beneficiaries of The Li 2007 Family Trust include family members of Ms. Lam Lai Ming and Mr. Li Gabriel.

Note 2: 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.

Save as disclosed above, as at 30 June 2012, the directors of the Company were not aware of any other person (other than the directors and chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

The Company has not granted or issued any option up to 30 June 2012.

INTERIM DIVIDEND

The Directors do not recommend the payment of any interim dividend for the six months ended 30 June 2012.

DIRECTOR'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

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

During the six months ended 30 June 2012, there were no purchases, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by Piper Jaffray Asia Limited ("PJ"), the Company's compliance adviser, neither PJ nor any of its directors or employees or associates had any interests in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) as at 30 June 2012.

DIRECTOR'S INTERESTS IN COMPETING INTERESTS

During the six months ended 30 June 2012 and save as disclosed in the annual report of 2011, the Directors were not aware of any business or interest of the Directors or the management shareholders of the Company and their respective associates (as defined under the GEM Listing Rules) that had competed or might compete with the business of the Group and any other conflicts of interests which any such person had or might have with the Group.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding directors' securities transactions on terms set out in Rules 5.48 to 5.67 of the GEM Listing Rules regarding the directors' securities transactions in securities of the Company. Specific enquiry has been made of all the Directors and the Directors have confirmed that they had complied with such code of conduct from the date of listing of the Company's shares on the Stock Exchange up to 30 June 2012.

CORPORATE GOVERNANCE CODE

The Company is committed to achieving high standards of corporate governance to safeguard the interest of its shareholders and enhance its corporate value. The Company's corporate governance practices are based on the principles, code provisions and certain recommended best practices as set out in the Corporate Governance Code and Corporate Governance Report as set out in Appendix 15 in the GEM Listing Rules (the "CG Code"). Throughout the six months ended 30 June 2012, the Company has complied with the practices.

ACHIEVEMENT OF BUSINESS OBJECTIVES

As disclosed in prospectus, the achievement of our business objectives as at 30 June 2012.

Business objectives for the period from 1 January 2012 to 30 June 2012		**Actual business progress up to 30 June 2012**
Enhance Market Position of Core Cardiovascular and Peripheral Vascular Devices in Key Emerging Markets	We will continue to expand our international sales force in India, Russia and Brazil;	In the first half year, we have recruited a Russian regional sales manager;
	We will establish a training center in India;	We have established two training centers in India;
	We will start an international post market surveillance study on occluders;	The study is in progress;
	We will proceed on registration of stent graft for sale in India;	The registration is in progress and we expect to complete the registration of stent graft in India in around April 2013;
	We will build a separate sales force and distribution network for our bovine heart valve in China.	We expect to build a separate sales force in China for our bovine heart value in August 2012 and distribution network in October 2012.

Business objectives for the period from 1 January 2012 to 30 June 2012		Actual business progress up to 30 June 2012
Continue to Develop and Commercialize Pipeline Products	We will continue animal testing for LAA occluders;	Additional animal testing is in progress due to slight design change. The clinical trial is in preparation;
	We will conduct clinical trials for PTCA and PTA drug eluting balloons.	We are still in the process of animal testing of PTCA and PTA drug-eluting balloons are in progress. The clinical trials will be postponed due to technical scheme adjustment.
Expansion into Key International Markets with Current and Pipeline Products	We will continue to expand our sales force in Europe;	We are in negotiation with two potential new sales managers for European market;
	We will launch our evidence based medicine program.	The program is postponed according to the practical progress of the launch of Ceraflex.
Expansion into Complementary Product Offerings	We will complete feasibility study on bronchial valve;	The feasibility study on bronchial valve is still in progress according to the practical progress of the project;
	We will continue animal testing of absorbable coronary stent;	Animal testing is in progress and is expected to complete by 2014;
	We will continue animal testing for peripheral stent;	Animal testing for peripheral bare stent is completed, and the first phase of animal testing for peripheral covered stent is expected to finish in September 2012;
	We will start animal testing for absorbable occluders.	The animal testing is postponed to the end of 2013 according to the practical progress of the project.
Pursue Opportunistic Acquisitions, Partnerships, Alliances and Licensing Opportunities	We will evaluate and explore acquisitions, partnerships, alliances and licensing opportunities.	We have finished the investment in Broncus as at 30 June 2012.

AUDIT COMMITTEE

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

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

The Group's unaudited results for the six months ended 30 June 2012 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards, the Exchange and legal requirements and that adequate disclosure has been made.

On behalf of the Board
LifeTech Scientific Corporation

XIE Yuehui
Chairman and Executive Director

Hong Kong, 10 August 2012

As at the date of this report, the Board comprises Mr. XIE Yuehui and Mr. ZHAO Yiwei Michael being executive directors of the Company; Mr. ZENG Min Frank, Mr. LI Gabriel, Mr. WU Jianhui and Ms. CONG Ning being non-executive directors of the Company; and Mr. LIANG Hsien Tse Joseph, Mr. ZHANG Xingdong, Mr. ZHOU Gengshen being independent non-executive directors of the Company.