THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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

LIFETECH SCIENTIFIC CORPORATION
先健科技公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1302)

NON-EXEMPT CONTINUING CONNECTED TRANSACTION
SECOND SUPPLEMENTAL SERVICES AGREEMENT WITH MEDTRONIC

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

Optima Capital Limited

A letter from the Board is set out on pages 4 to 11 of this circular. A letter from the Independent Board Committee to the Independent Shareholders is set out on page 12 of this circular. A letter from Optima Capital Limited, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 13 to 23 of this circular.

A notice convening the extraordinary general meeting of the Company will be held at Floor 3, Cybio Electonic Building, Langshan 2nd Street, North Area of High-tech Park, Nanshan District, Shenzhen, PRC on 3 April 2014 at 10:00 a.m. is set out on pages 31 to 32 of this circular. A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the EGM in person, you are advised to complete the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and return it to Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding such EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting if you so wish.

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

18 March 2014

CONTENTS

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

"Affiliates"	means any other entity that directly or indirectly through one or more intermediaries, Controls, or is controlled by, or is under common Control with, the first entity
"Additional Services"	the additional consultative services with respect to certain supplemental medical advice products to be provided by Medtronic to the Company under the Second Supplemental Services Agreement
"Board"	the board of Directors of the Company
"Business Day"	means a day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 5:00 p.m. and is not lowered at or before 5:00 p.m. or on which a "black" rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 8:00 p.m. and is not discontinued at or before 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
"Chairman"	Mr. Xie Yuehui
"Company"	LifeTech Scientific Corporation, a company incorporated in the Cayman Islands with limited liability, the shares of which were listed on the Main Board of the Stock Exchange after being transferred from Growth Enterprise Market of the Stock Exchange on 6 November 2013
"Control"	means possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a person, whether through the ownership of voting securities, by contract or otherwise
"Director(s)"	directors of the Company or any one of them
"Distribution Agreement"	the supply and exclusive distribution agreement entered into among the Company, PerMed and Medtronic dated 14 October 2012
"EGM"	the extraordinary general meeting of the Company to be held for the purpose of approving the Second Supplemental Services Agreement

"First Tranche Completion Date"	means the date falling on the fifth Business Day after fulfillment of the First Tranche Conditions in accordance with the Investment Agreement, i.e. 30 January 2013
"First Tranche Conditions"	the conditions precedent to completion of the First Tranche Convertible Notes under the Investment Agreement, details of which were disclosed in the circular of the Company dated 6 January 2013
"First Tranche Convertible Notes"	the first tranche convertible notes issued by the Company and subscribed by Medtronic under the Investment Agreement, details of which were disclosed in the circular of the Company dated 6 January 2013
"Group"	the Company and its subsidiaries
"Independent Board Committee"	an independent board committee of the Board, comprising Mr. Liang Hsien Tse Joseph, Mr. Zhang Xingdong and Mr. Zhou Gengshen, being all the independent non-executive Directors, which has been formed to make recommendation to the Independent Shareholders in respect of the Second Supplemental Services Agreement
"Independent Financial Adviser" or "Optima" or "IFA"	Optima Capital Limited, a corporation licensed under the SFO to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser in respect of the Second Supplemental Services Agreement
"Independent Shareholders"	the shareholders of the Company who are not required to abstain from voting at the EGM under the Listing Rules
"Investment Agreement"	The investment agreement entered into between Medtronic and the Company dated 14 October 2012
"Latest Practicable Date"	14 March 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Lifetech (Shenzhen)"	Lifetech (Shenzhen) Co. Ltd, a subsidiary of the Company duly organized under the laws of PRC and having its principal place of business in Shenzhen and a subsidiary of the Company
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

"Medtronic"	Medtronic, Inc., a company incorporated under the laws of Minnesota on 23 April 1957, the shares of which are listed on the New York Stock Exchange
"Parties"	means the Company, Lifetech (Shenzhen) and Medtronic
"PerMed"	Beijing PerMed Biomedical Engineering Co., Ltd., a company established under the laws of the PRC and having its principal place of business in Beijing and a wholly-owned subsidiary of the Company
"PRC" or "China"	the People's Republic of China, for the purposes of this circular, excluding Hong Kong, Taiwan and Macau Special Administrative Region
"Products"	means the goods and products PerMed will sell to Medtronic and that Medtronic will purchase from PerMed under the Distribution Agreement, which as of the Latest Practicable Date, includes all current and future heart valve products developed by, manufactured by, licensed to, owned by or otherwise available to PerMed, the Company or either of their affiliates, and may include any additional products that the parties agree for Medtronic to distribute upon exercising the right of first negotiation as defined in the Distribution Agreement
"Second Supplemental Services Agreement"	the services agreement dated 24 January 2014 entered into among the Company, Lifetech (Shenzhen) and Medtronic for the provision of certain services by Medtronic to the Company in relation to supplemental medical device products
"Services Agreement"	the services agreement dated 14 October 2012 entered into between the Company and Medtronic for the provision of certain services by Medtronic to the Company, together with the first supplemental services agreement dated 5 January 2013 signed by the Company and Medtronic
"Shareholder(s)"	holders of ordinary shares in the share capital of the Company with the nominal value of US$0.0001 each
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"USA"	the United States of America
"USD"	US dollars, the lawful currency of the United States of America

LIFETECH SCIENTIFIC CORPORATION
先健科技公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 1302)

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

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

Independent non-executive Directors:
Mr. LIANG Hsien Tse Joseph
Mr. ZHANG Xingdong
Mr. ZHOU Gengshen

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

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

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

18 March 2014

To the Shareholders

Dear Sir or Madam,

NON-EXEMPT CONTINUING CONNECTED TRANSACTION SECOND SUPPLEMENTAL SERVICES AGREEMENT WITH MEDTRONIC

INTRODUCTION

As disclosed in the Company's circular dated 6 January 2013, on 14 October 2012, Medtronic and the Company entered into the Services Agreement under which Medtronic would provide the

Company with services, which comprise, among other things, consultative services with respect to certain internal operations, quality systems and product development processes of the Company. The Services Agreement was subsequently amended on 5 January 2013.

On 24 January 2014, the Company, Medtronic and Lifetech (Shenzhen) further entered into the Second Supplemental Services Agreement pursuant to which Medtronic will provide additional consultative services to the Company that may be required at any time in relation to certain supplemental medical device products. The consultative services will be conducted in the Company's ordinary course of business and there are no material changes to the pre-existing Services Agreement.

The purpose of this circular is to provide the Shareholders with information in relation to the Second Supplemental Services Agreement, the resolutions to be proposed at the EGM in respect of the Second Supplemental Services Agreement and to seek the Independent Shareholders' approval of the resolutions relating to these matters at the EGM.

THE SECOND SUPPLEMENTAL SERVICES AGREEMENT

Date:

24 January 2014

Parties:

(1) Medtronic;

(2) the Company; and

(3) Lifetech (Shenzhen)

Term:

From 24 January 2014 to 2 years from the First Tranche Completion Date (i.e. one-year term as the First Tranche Completion Date is on 30 January 2013)

Consideration:

In consideration of the Additional Services, Lifetech (Shenzhen) shall pay to Medtronic a one-time service fee of USD3,000,000 ("**Additional Fee**") by no later than 15 April 2014.

As the term of the provision of services is from 24 January 2014 to 30 January 2015 (which lasts for around one year), the Parties agreed that the Additional Fee would be paid in a single lump-sum at the outset of the term because the fixed payment mechanism can provide the management teams of both the Company and Medtronic greater certainty as to the costs and resources associated with this project. Thus the Board believes that making a one-off payment under the Second Supplemental Services Agreement is in the Company and the Shareholders' interests as a whole.

The Additional Services:

Pursuant to the Second Supplemental Services Agreement, Medtronic shall provide consultative services including competent personnel to the Company with respect to those matters which the Company is responsible for achieving and any clinical trial program, statistical analysis, and development of any clinical evidence that may be required at any time in relation to certain supplemental medical device products. The Additional Services include the assignment of 11 Medtronic's personnel to support the Company for a period of 3 to 18 months depending on the functions and expertise of the personnel. Among the 11 personnel, 4 of them are additional engineers (3 to be relocated in China and 1 based in USA) who are newly assigned by Medtronic to render the Additional Services. While the remaining personnel have been assigned since the commencement of the pre-existing Services Agreement, their scope of functions have been expanded to cover the Additional Services.

The functions to be performed by Medtronic's personnel under the Second Supplemental Services Agreement include (i) research and development, including supporting the development, training and implementation of product development process and risk management controls to ensure compliance with ISO and other applicable international standards (with an average assignment period of approximately 12 months); (ii) quality engineering, including supporting repeat packaging, shelf-life and sterilization validations to ensure compliance with ISO and other applicable international standards (with an average assignment period of approximately 15 months); (iii) manufacturing engineering, including supporting the development and implementation of enhanced manufacturing work instructions and lean principles to improve productivity and product reliability (with an average assignment period of approximately 7 months); (iv) operations, including supporting the implementation of operating metrics and measures to yield efficiencies and reduce production costs (with an average assignment period of approximately 18 months); (v) packaging and labeling, including supporting the implementation of enhanced packaging, labeling, shelf-life, transportation and sterilization validations to ensure compliance with international standards for products sold outside China (with an average assignment period of approximately 18 months); and (vi) business development and project management, including leading Medtronic's personnel to complete their obligations under the pre-existing Services Agreement and the Second Supplemental Services Agreement and liasing between the executive teams of the Company and Medtronic (with an average assignment period of approximately 18 months).

The anticipated cost of compensation, benefits and budgeted expenses for Medtronic's personnel for the provision of Additional Services have been prepared based on Medtronic's short-term global assignment policy which governs the terms of assignments for Medtronic's employees worldwide and the terms of employment having been agreed between Medtronic and the 4 additional experts during the entry of their employment contracts. Having considered that Medtronic's proposed service fee was determined based on detailed estimation of each material cost including but not limited to the assignment cost of the additional engineers, the engagement fee of third party consultant and product testing cost, and the entry of the Second Supplemental Services Agreement is beneficial to the Company's development of the supplemental medical device products, the Board is of the view that the compensation and benefits payable to Medtronic's personnel are fair and reasonable.

In particular, Medtronic will help the Company to address the action items with respect to internal systems upgrades as described under the Second Supplemental Services Agreement. In doing so, Medtronic will provide significant know-how and related materials to the Company. Such know-how is highly confidential and proprietary Medtronic information developed and acquired over the course of Medtronic's 66-year history. The know-how is permanent once provided and cannot be revoked or discontinued. It will be retained by the Company for use after the Second Supplemental Services Agreement expires.

Medtronic promised to provide the Company or its Affiliates with the Additional Services to the Company's reasonable satisfaction and the Additional Services shall be in compliance with the standards stipulated in the Services Agreement (as amended by the Second Supplemental Services Agreement). Pursuant to the Second Supplemental Services Agreement, the Additional Services shall be in compliance with the industry standards stipulated in the Services Agreement, which comprise, among others, internationally well-recognized industry standards such as International Organisation for Standardisation (ISO) and American Society for Testing and Materials (ASTM) regarding quality system managment, packaging, product testing, safety and etc. which apply specifically to medical device products and procedures. Thus, these industry standards are applicable to both the Products under the pre-existing Services Agreement and the supplemental medical device products under the Second Supplement Services Agreement.

In addition, since Medtronic is not seeking to profit from the Additional Services, which is reasonably assumed to be otherwise for other independent third party service providers who generate profits from providing consulting services and the Company can be benefited from the enhancement and improvement of the internal system and technical know-how provided by Medtronic under the Second Supplemental Services Agreement, the Board believes that the terms of the Second Supplemental Services Agreement are favorable to the Company even though no other comparable transactions with independent third parties are available.

In view of the above, the Board believes that the terms of the Second Supplemental Services Agreement are normal commercial terms, fair and reasonable, and in the best interest of the Company and its shareholders as a whole.

ANNUAL CAP AND BASIS OF CONSIDERATION:

The Additional Fee of USD3,000,000 was determined between the Company and Medtronic on an arm's length basis with reference to both parties' anticipated direct costs of providing the Additional Services, namely the anticipated cost of compensation, benefits and expenses for the 4 additional experts. The Additional Fee reflects only the anticipated actual costs and is not determined on actual cost basis in order to allow both the Company and Medtronic to better plan their budgets and human resources at the outset accordingly. As mentioned, the fixed payment mechanism provides the management teams of the Parties greater certainty as to the costs and resources associated with this project.

The Additional Fee does not provide any profit for Medtronic, as would be customary for other third party consultants, taking into account that (i) consulting business is not the principal business engaged by Medtronic which generates profit from the business of designing, manufacturing and

selling implantable medical devices for chronic diseases; and (ii) Medtronic considers the Company as an important strategic partner and thus the provision of Additional Services aims at rallying both parties for the synergies to be resulting from the entering of the Second Supplemental Services Agreement. Medtronic is willing to provide these services at its costs to maximize the value of the partnership so as to create shareholder value for both itself and the Company.

In the event that the actual costs incurred by Medtronic are less than USD3,000,000, Medtronic may inadvertently generate a small profit from the Second Supplemental Services Agreement as a result of the difference between its actual expenses and the Additional Fee. As part of the business terms of the arrangement among the Parties, Medtronic will not refund the excess consideration paid by the Company. However, the Board believes that the chance that the actual costs incurred under the Second Supplemental Services Agreement are less than USD3,000,000 is very slim as Medtronic has just taken into account the assignment cost and relocation cost of the additional engineers for the provision of the Additional Services without taking into account the additional cost to be incurred from the expanded scope of services to be provided by the existing personnel of Medtronic.

The total consideration will be satisfied by the Company's internal resources. No guarantee or other security was given or required as part of or in connection with the transaction.

The major difference between the Additional Services under the Second Supplemental Services Agreement and the services under the pre-existing Services Agreement is that each of them is attributable to different products, meaning that the technical know-how and nature of the internal system to be enhanced and improved by Medtronic would be different.

As such, given that the Additional Fee of USD3,000,000 only refers to the Additional Services and that the supplemental medical device products related thereto are different from the Products under the pre-existing Services Agreement, the proposed annual cap for the continuing connected transactions under the Second Supplemental Services Agreement is separate from the original annual caps under the Services Agreement.

The proposed annual cap for the year ending 31 December 2014 under the Second Supplemental Services Agreement is USD3,000,000 and there is no proposed annual cap for the year ending 31 December 2015 because the Additional Fee is a one-time payment of USD3,000,000 to be paid by the Company no later than 15 April 2014 and no service fee will be paid in 2015.

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

The Company believes that the transactions contemplated by the Second Supplemental Services Agreement will enable the Company to achieve synergies in collaboration with Medtronic and to become a world-class leading provider of cardiovascular products including the supplemental medical device products specified under the Second Supplemental Services Agreement in China and other locations. Medtronic, being a globally recognized and well-regarded market player in the medical devices industry, will bring in technical, operational and management expertise to the Company. The Company, being an emerging player in the China medical devices industry, will benefit from the

extensive international capabilities and cutting edge industry expertise of Medtronic for product development, clinical trial execution, global regulatory affairs, and brand-building. In view of the potential synergies, the Company considers that the Second Supplemental Services Agreement is in the interests of the Company and its Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Medtronic currently holds approximately 19% of the issued share capital of the Company as at the Latest Practicable Date. By virtue of its shareholding interest, Medtronic is a substantial shareholder of the Company and accordingly is a connected person of the Company. As such, the entering of the Second Supplemental Services Agreement as well as the transactions contemplated thereunder will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules for the annual cap of the continuing connected transactions under the Second Supplemental Services Agreement are higher than 5%, the continuing connected transactions contemplated under the Second Supplemental Services Agreement constitute non-exempt continuing connected transactions of the Company and thus are subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors has material interest in the transactions as contemplated under the Second Supplemental Services Agreement.

INFORMATION ON MEDTRONIC

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

INFORMATION ON THE COMPANY AND LIFETECH (SHENZHEN)

The Company is a developer, manufacturer and marketer of advanced minimally invasive interventional medical devices for cardiovascular and peripheral vascular diseases and disorders. The Group is dedicated to researching, developing, manufacturing and marketing advanced minimally invasive interventional medical devices for cardiovascular and peripheral vascular diseases and disorders, with a global reach and has subsidiaries in China, Netherlands, India, Russia and France. As a leading medical device company in China with 13 years of history, the Company has built up a strong worldwide sales network, offering a broad range of products to over 30 countries across Asia,

Europe, South America, North America and Africa. Lifetech (Shenzhen) is an operating subsidiary of the Company based in Shenzhen, PRC and engages in the manufacturing of medical devices including the supplemental medical device products specified under the Second Supplemental Services Agreement.

EGM

Set out on pages 31 to 32 of this circular is the notice convening the EGM to be held at Floor 3, Cybio Electonic Building, Langshan 2nd Street, North Area of High-tech Park, Nanshan District, Shenzhen, PRCon 3 April 2014, at which ordinary resolutions will be proposed to approve the terms of the Second Supplemental Services Agreemnt and the annual cap thereunder, details of which are set out in the notice of the EGM. The resolutions to be considered and, if thought fit, approved at the EGM will be voted by way of poll by the Independent Shareholders.

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

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

RECOMMENDATIONS

Your attention is drawn to:

(a) the letter from the Independent Board Committee set out on page 12 of this circular which contains its recommendation to the Independent Shareholders;

(b) the letter from the Independent Financial Adviser set out pages 13 to 23 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders; and

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

Based on the relevant information disclosed herein, the Directors are of the view that:

(i) it would be in the interests of the Group and the Shareholders to enter into the Second Supplemental Services Agreement; and

(ii) the annual cap for and the terms of the Second Supplemental Services Agreement are fair and reasonable.

As mentioned above, the Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Second Supplemental Services Agreement.

Having considered the Second Supplemental Services Agreement, and having considered the advice given by the Independent Financial Adviser in relation thereto and the principal factors and reasons taken into consideration by them in arriving at their advice, the Independent Board Committee considers that the annual cap under the Second Supplemental Services Agreement and the terms of the Second Supplemental Services Agreement are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Group and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Second Supplemental Services Agreement.

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

LIFETECH SCIENTIFIC CORPORATION
先健科技公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1302)

18 March 2014

To the Independent Shareholders

Dear Sir or Madam,

NON-EXEMPT CONTINUING CONNECTED TRANSACTION SECOND SUPPLEMENTAL SERVICES AGREEMENT WITH MEDTRONIC

We refer to the circular of the Company dated 18 March 2014 (the "**Circular**") to its Shareholders of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires. We have been appointed by the Board as the Independent Board Committee to provide you with recommendation in relation to the terms of the Second Supplemental Services Agreement and the transactions contemplated thereunder.

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

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions in relation to the Second Supplemental Services Agreement and the respective transactions contemplated thereunder to be presented at the EGM.

Yours faithfully,
Independent Board Committee
Liang Hsien Tse Joseph **Zhang Xingdong** **Zhou Gengshen**
Independent Non-Executive Directors

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

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

18 March 2014

To: The Independent Board Committee and
the Independent Shareholders

Dear Sirs,

CONTINUING CONNECTED TRANSACTION

1. INTRODUCTION

We refer to our appointment to advise the Independent Board Committee and the Independent Shareholders in respect of the Second Supplemental Services Agreement and the transactions contemplated thereunder (the "**Transaction**") including the related annual cap for the year ending 31 December 2014 (the "**Proposed Cap**"). Details of the Transaction are set out in the letter from the Board (the "**Board Letter**") contained in the circular of the Company to the Shareholders dated 18 March 2014 (the "**Circular**"), of which this letter forms part. Capitalised terms used in this letter have the same meanings as those defined in the Circular unless otherwise defined.

The Independent Board Committee, comprising all of the three independent non-executive Directors, namely Mr. Liang Hsien Tse Joseph, Mr. Zhang Xingdong and Mr. Zhou Gengshen, has been formed to consider the fairness and reasonableness of the terms of the Second Supplemental Services Agreement, and to make a recommendation to the Independent Shareholders in respect thereof. We, Optima Capital Limited, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

2. BASIS OF OUR OPINION

In formulating our opinion, we have relied on the information and facts supplied and the opinions expressed by the executive Directors and management of the Group and have obtained confirmation from the executive Directors that the information and facts provided and opinions expressed to us are true, accurate and complete in all material aspects at the time they were made and up to the Latest Practicable Date. We have no reason to believe that any material information has been withheld, nor doubt the truth or accuracy of the information provided. We have relied on such information and consider that the information we have received is sufficient for us to form our advice and recommendation as set out in this letter and to justify our reliance on such information. However,

we have not conducted any independent investigation into the business and affairs of the Group and Medtronic, nor have we carried out any independent verification of the information supplied. We have assumed that all representations contained or referred to in the Circular are true at the date they were made and up to the Latest Practicable Date.

3. PRINCIPAL FACTORS AND REASONS CONSIDERED

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

3.1 Background information of the Group

3.1.1 *General information*

The shares of the Company were listed on the Growth Enterprise Market of the Hong Kong Stock Exchange ("**GEM**") on 10 November 2011. With reference to the announcements issued by the Company dated 31 May 2013 and 29 October 2013, the listing of the shares of the Company was transferred from GEM to the Main Board of the Stock Exchange on 6 November 2013. As at the Latest Practicable Date, there were four substantial Shareholders, namely, Xianjian Advanced Technology Limited which was beneficially interested in 98,739,366 Shares, representing approximately 19.75% of the existing issued share capital of the Company; Medtronic KL Holdings LLC, which was beneficially interested in 95,000,000 Shares, representing approximately 19.00% of the existing issued share capital of the Company; GE Asia Pacific Investment Ltd which was beneficially interested in 72,683,332 Shares, representing approximately 14.54% of the existing issued share capital of the Company; and Prosperity International, which was beneficially interested in 32,600,000 Shares, representing approximately 6.52% of the existing issued share capital of the Company.

3.1.2 *Business operations*

The Group is a developer, manufacturer and marketer of advanced minimally invasive interventional medical devices for cardiovascular and peripheral vascular diseases and disorders. There are three lines of business in the Group, namely congenital and structural heart diseases business, surgical vascular repair business and peripheral vascular diseases business, providing clinically effective and commercially attractive product offerings. Up to the Latest Practicable Date, the Group has developed and brought to market 10 products with approval from the State Food and Drug Administration of the PRC ("**SFDA**"), 28 products with CE marking and 3 products that have passed the review of the U.S. Food and Drug Administration.

The products offered by the group in the peripheral vascular diseases business include vena cava filter, thoracic aortic aneurysms ("**TAA**") and abdominal aortic aneurysms ("**AAA**") stent graft, vascular plug and steerable introducer. The turnover contributed by the peripheral vascular diseases business for the year ended 31 December 2012 was approximately RMB77.2 million (2011: approximately RMB45.2 million), representing approximately a growth of 70.8%. The vena cava filter realized approximately 58.1% growth of sales revenue as compared to that of year 2011, mainly

attributable to increased sales volume and consistency of the unit price during 2012. The stent graft realized approximately a growth of 91.3% during the year ended 31 December 2012, also mainly attributable to the increased sales volume and consistency of unit price. The enhanced market coverage and strengthening of sales force contributed to the substantial rise of its revenue.

China is the Group's largest market due to its enormous demand of medical devices. As set out in the third quarterly report of the Company for the nine months ended 30 September 2013 (the "**2013 Third Quarterly Report**"), sales generated from the Chinese market accounted for approximately 73.2% of the Group's total revenue for the nine months ended at 30 September 2013 (corresponding period in 2012: approximately 72.2%). The domestic sales realized a 22.4% growth for the nine months ended 30 September 2013 as compared to the previous corresponding period. The international market realized a 16.3% growth in sales revenue as compared to the previous corresponding period. The increase in revenue was mainly attributable to the rapid growth of sales volume of the primary products along with the expansion of the Group's sales network. As set out in the 2013 Third Quarterly Report, the Group accomplished the following new achievements in the third quarter of 2013: (i) CeraFlex occluder has been launched in Brazil; (ii) the CeraFlex device was introduced to physicians at the exhibition and they started to use the product; (iii) the Group attended LAmbre Left Atrial Appendage ("LAA") occluder live case demonstration in APCASH of China, aiming to attract more customers and enhance competitiveness; (iv) the Group participated in PFO Salons in China and expected to open up the PFO device market for Lifetech in China; and (iv) European customer service center in Netherlands is engaged to operate for the Company.

As stated in 2013 Third Quarterly Report, the Group will continue to rely on its two core businesses, namely congenital heart disease business and peripheral vascular disease business as growth driver in 2013, actively expand its product offering and strengthen its established market position, and continue focus on broadening its product portfolio as well as designing innovative products to capitalise on its growing sales network and infrastructure. Since a European customer service center in Netherlands is engaged to operate for the Company, it will provide local, premium customer service including quicker product availability within the European Union. This improved service is expected to further expand the Group's European business as a whole. As at the Latest Practicable Date, there were a total of 12 products of the Group under development and it normally takes more than 5 years to turn the products at the Research and Development ("R&D") stage to commercial production to the market. The Group currently has a total of 43 registered patents, including 40 in the PRC, 2 in U.S.A. and 1 in Europe.

3.1.3 ***Financial information***

According to the annual report of the Company for the year ended 31 December 2012 (the "2012 Annual Report"), the revenue of the Group increased by 29.4% to approximately RMB181.5 million for the year end 31 December 2012, from approximately RMB140.3 million for the year ended 31 December 2011. As set out in the 2012 Annual Report, the turnover derived from the congenital heart diseases business for the year ended 31 December 2012 was approximately RMB103.8 million (2011: approximately RMB95.0 million), with an annual growth of approximately 9.3%. The ASD occluder, VSD occluder and PDA occluder experienced growth of approximately 12.0%, 10.0% and 9.2%

respectively, as compared to the sales revenue of year ended 31 December 2011. The first generation of occluders, i.e. HeartR occluders, realized approximately 10.2% growth of sales. The second generation, i.e. Cera occluders realized approximately 102.1% increase as compared to sales in the year 2011.

The increase in revenue was mainly attributable to the rapid growth of sales volume along with the expansion of the sales network of distributors of the Group. It is noted that the Group had a network of 184 distributors in 36 countries as at 31 December 2012. During the year of 2012, the Group expanded into new international markets including Argentina, Belgium, France, Yemen and Taiwan. The additional promotion and marketing efforts and expansion of sales force during the year attributed to the increase in selling and distribution expenses by approximately 19.3% to approximately RMB41.2 million for the year end 31 December 2012, from approximately RMB34.6 million for the year ended 31 December 2011. The profit attributable to owners of the Company increased by approximately 173% to approximately RMB32.3 million for the year ended 31 December 2012, from approximately RMB11.8 million for the year ended 31 December 2011.

As set out in the 2013 Third Quarterly Report, the Group recorded a turnover of approximately RMB160.5 million, representing approximately a 20.7% increase as compared to the corresponding period in 2012. The increase was primarily attributable to an increase of approximately RMB22.1 million in revenue from peripheral vascular disease business. Loss attributable to shareholders of the Company for the nine months ended 30 September 2013 of approximately RMB54.6 million was primarily due to the record of change in fair value of conversion notes of approximately RMB67.3 million for the nine months ended 30 September 2013. For illustrative purposes, with the exclusion of the change in fair value of convertible notes derivatives, the Company would have recorded profit attributable to owners of the Company of approximately RMB12.7 million for the nine months ended 30 September 2013, representing a decrease of approximately 58.9% as compared with the corresponding period in 2012. The research and development expenses for the third quarter of 2013 amount to approximately HK$7,454,000, representing 55.3% increase as compared to the corresponding period in 2012.

3.2 **Demand from on the medical device market in the PRC**

China is one of the world's fastest-growing economies with a strong GDP growth rate over 9% from the previous year according to the latest statistics published by the National Bureau of Statistics of China (the "**Statistics Bureau**"). According to the 12th Five-Year Plan for National Economic and Social Development for 2011 to 2015, the Chinese government set a target for an annual GDP growth of 7%. In view of the over-reliance on its export, the Chinese government started to emphasize consumption and to focus on seven "strategic emerging industries": health care, energy, biotechnology, high-end equipment manufacturing, energy conservation and environmental protection, clean-energy vehicles, novel materials, and advanced IT.

According to the Statistics Bureau, China has a population of over 1.3 billion, with approximately 9.4% of aging population over 65 years old in 2012, which is expected to double by 2020 according to the Statistics Bureau. According to the latest statistics published by the Statistic Bureau, the total healthcare expenditure in the PRC amounted to approximately RMB2,785 billion (equivalent to approximately HK$3,509 billion) and the healthcare expense per capita amounted to

approximately RMB2,060 (equivalent to approximately HK$2,596). There were approximately 23,000 hospitals in the PRC, of which approximately 4,670 are specialised hospitals. The Company believed that this aging population is going to impose pressure on the provision of healthcare resources by the government and create an enormous demand for medical device in the coming years.

3.3 **Information on Medtronic**

3.3.1 ***Background information***

Medtronic is one of the largest medical technology companies based in U.S.A. composed of six main business units which develop and manufacture medical devices and therapies. Founded in 1949 as a medical equipment repair shop, Medtronic began in a garage with the aim to alleviating pain, restoring health and extending life for people. The group initially developed products that revolved around the cardiac rhythm disease area but now additionally operates in cardiac and vascular diabetes, neuromodulation, surgical technologies and spinal segments. As a U.S. Fortune 100 company, Medtronic has a workforce of around 46,000 employees, including 5,800 R&D scientists and engineers around the world, more than 28,000 patents for its products, of which around 2,060 patents were awarded last year, and a global medical device distribution network covering more than 120 countries and 300 locations as at the Latest Practicable Date.

3.3.2 ***Business operations***

According to the annual report of Medtronic for the year ended 26 April 2013 as published on the website of the U.S. Securities and Exchange Commission ("Medtronic 2012 Annual Report"), Medtronic operates under two reportable and operating segments, namely cardiac and vascular products and restorative therapies products. For the year ended 30 June 2013, Medtronic's cardiac and vascular products generated approximately US$8.69 billion in sales, which amounted to approximately 52% of Medtronic's total sales whilst the restorative therapies products generated approximately US$7.89 billion in sales; the four subdivisions produced 48% of Medtronic's revenue. Geographically, 55% of the revenue was generated from the U.S.A., 25% from Western Europe and Canada and 10% from Asia Pacific.

Medtronic has a broad portfolio of cardiac and vascular products mainly divided into two categories namely cardiac rhythm disease management and cardio vascular products. Cardiac rhythm disease management products include defibrillation systems (which generated US$2,822 million for the fiscal year 2012), pacing systems (which generated US$1,978 million for the fiscal year 2012), and atrial fibrillation and other (which generated US207 million for the fiscal year 2012). The Cardio vascular products include coronary products, structural heart products and endovascular and peripheral products, which generated US1,598 million, US1,098 million and US$783 million respectively for the fiscal year 2012.

3.3.3 ***Strength***

As mentioned above, Medtronic, as a global leader in medical devices, employs more than 9,000 scientists and engineers around the world has obtained more than 23,000 patents for its products and has established an extensive global medical device distribution network covering more than 120

countries in U.S.A., Latin America, Western Europe, Canada, Middle East, Africa, India, the PRC, Eastern Europe and Asia with more than 300 sales locations. It is also the world's largest maker of implantable medical devices. According to the research report published by Millennium Research Group in March 2012, Medtronic is the leader of the Chinese heart valve device market and is also the top three players in the Brazilian and Indian heart valve device market in 2011.

Medtronic's sales and distribution is one of its many competitive advantages. In U.S.A. and Europe, most of Medtronic's products are sold through direct sales representatives. Outside these geographies, Medtronic sells through a combination of both direct sales representatives and independent distributors. Medtronic utilizes a rapid, cost-effective and consistent marketing and sales strategy to approach a mixed group of customers worldwide, including physicians, hospitals, group purchasing organizations and other medical institutions. Medtronic executes this marketing and sales strategy by organizing and placing various marketing and sales teams around physician specialties. This has resulted in dedicated and knowledgeable sales representatives, with long and strong relationships with specific physicians and other customers. The implementation of this strategy has also allowed Medtronic to gain detailed understanding of therapeutic and diagnostic developments, healthcare trends and the constant changing needs of physicians and patients, and new opportunities.

Financially, Medtronic's operational performance and balance sheet have both been growing consistently. According to Medtronic 2012 Annual Report, in the last five years, Medtronic's revenue grew at a compound annual rate of 5%. This is primarily driven by Medtronic's expansion in its product lines through acquisitions of subsidiaries. Medtronic's net income for the year was approximately US$3.6 billion, an increase of 16.8%. This was largely due to gain on sale from a divestiture of the Physio-Control business. Disregarding the divestiture, Medtronic still experienced an 11.8% increase in earnings, profiting approximately US$3.4 billion. Medtronic's profit margin (not including the divestiture) also showed an improvement, from 19.7% to 21.1%. For the number of acquisitions that Medtronic engages in, its balance sheet is quite healthy. Medtronic's capital structure is split evenly with approximately half debt (48.3%) and half equity (51.7%), Medtronic has also been aggressive with its research and development efforts in the last three years, investing approximately US$1.5 billion each year, which is approximately 10% of its net sales.

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

3.4 Background to and reasons for the Transaction

On 24 January 2014 (after trading hours), the Company entered into the Second Supplemental Services Agreement with Medtronic and Lifetech (Shenzhen) pursuant to which Medtronic will provide additional consultative services to the Company that may be required at any time in relation to certain supplemental medical device products (i.e. the "**Additional Services**"). The Additional Services comprise provision of competent personnel to the Company with respect to those matters which the Company is responsible for, and any clinical trial program, any statistical analysis and

development of any clinical evidence that may be required at any time in relation to certain supplemental medical device products specified under the Second Supplemental Services Agreement (the "**Supplemental Products**"). It is expected that Medtronic will assign additional engineers specializing in quality function, operations and research and development function from U.S.A. or Singapore to the production facilities of the Company in Shenzhen and Beijing for a period ranging from 3 to 18 months (the "**Assigned Experts**") and expand the scope of work of the existing personnel for the provision of the Additional Services. Medtronic will also help the Company to address more than 20 action items with respect to internal systems upgrades of the Company relating to the Supplemental Products.

As Medtronic is the substantial shareholder of the Company and thus a connected person of the Company under the Listing Rules, the entering into of the Second Supplemental Services Agreement constitutes a continuing connected transaction which, having considered the applicable percentage ratios in respect of the Proposed Cap, is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules. The Company therefore proposes to seek approval by the Independent Shareholders at the EGM.

Based on the financial performance of the Company and our analysis on the strength of Medtronic, the Company believes that they are well positioned to work with Medtronic by entering into the Second Supplemental Services Agreement in terms of the latter's healthy financial position, experience, expertise and emphasis on R&D of innovative medical devices, and its passion and enthusiasm to establish itself in the international medical device market. The Company also believes that the entering into of the Second Supplemental Services Agreement will enable the Company to achieve synergies in collaboration with Medtronic and to become a world-class leading provider of cardiovascular products including the Supplemental Products in the PRC and other locations. Medtronic, being a globally recognised and well-regarded market player in the medical device industry, will bring in technical, operational and management expertise with a view to improving the internal system, business operation, research and development, production and sales operation of the Company. The Company, being an emerging player in the medical devices industry in the PRC, will benefit from the cutting edge industry expertise of Medtronic for product development and brand-building.

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

3.5 Principal terms of the Second Supplemental Services Agreement

The major terms of the Second Supplemental Services Agreement are set out in the Board Letter in the Circular. We wish to draw the attention of the Independent Shareholders to the following:

3.5.1 ***The Additional Services***

The Additional Service comprises provision of competent personnel to the Company with respect to those matters which the Company is responsible for, and any clinical trial program, statistical analysis and development of any clinical evidence that may be required at any time in relation to the Supplemental Products. It is expected that Medtronic will assign its existing engineers and experts specialized in quality function, operations, and research and development function to production facilities of the Company located in Shenzhen and Beijing for 3 to 18 months and expand the scope of work of the existing personnel for the provision of the Additional Services. Medtronic will also (i) provide information technology and logistics support to ensure that its procurement, distribution and invoicing systems are compliant with global requirements; (ii) conduct a variety of testing including fatigue testing, tensile testing, deployment testing, etc for the Supplemental Products; (iii) provide human resources consulting services, compensation planning support, and organizational development training to enhance the Company's management team and employee base; and (iv) assist the Company in developing appropriate protocols and executing post-market clinical studies for the Supplemental Products. As advised by the Company and having reviewed the engagement agreement entered into between Medtronic and North American Science Associates Inc., ("**Third Party Consultant**"), we note that Medtronic has also engaged the Third Party Consultant, which is a global consulting firm specializing in quality, regulatory, testing, and clinical services with offices in U.S.A., China and Europe, to provide consulting services in respect of quality, regulatory and documentation to the Company during the term of the Second Supplemental Services Agreement.

Pursuant to the Second Supplemental Service Agreement, the Additional Services shall be in compliance with the industry standards stipulated in the pre-existing Services Agreement, which comprise, among others, internationally well-recognized industry standards such as International Organisation for Standardisation (ISO) and American Society for Testing and Materials (ASTM) as to the quality system management, packaging, product testing, safety and etc, which applies specifically to medical device products and procedures. Thus, these industry standards are applicable to both products under the pre-existing Services Agreement and the Second Supplemental Services Agreement. In view of the recognition of the industry standards to be applied to the Supplemental Products and its benefit to the Company as to the quality of the products and safety of the procedures, we are of the view that it is fair and reasonable to apply them.

3.5.2 ***Term***

As stated in the Letter from the Board, the term of the Second Supplemental Services Agreement is from 24 January 2014 to two years from the First Tranche Completion Date. As the First Tranche Completion Date is on 30 January 2013, the term of the Supplemental Second Services Agreement would be from 24 January 2014 to 30 January 2015.

3.5.3 ***Additional Fee and the Proposed Cap***

The service fee as to the Additional Services (i.e. the Additional Fee) to be payable by the Company to Medtronic by 15 April 2014 was determined after arm's length negotiation between the Company and Medtronic with reference to the anticipated direct costs for the provision of the Additional Services.

Having further discussed with the Company, we understand that the Additional Fee is in substance a reimbursement by the Company to Medtronic for all expenses estimated to be incurred from the provision of the Additional Services, and it was determined based on the estimation of costs and expenses to be incurred from (i) assignment of the Assigned Experts from USA or Singapore to the production facilities of the Company located in Shenzhen and Beijing for 3 to 18 months; (ii) assignment of an additional engineer based in USA for the provision of the Additional Services; (iii) information technology enhancements and logistic support for ensuring that the procurement, distribution, and invoicing system of the Supplemental Products are compliant with global requirements and Company's global distribution network; (iv) engagement of the Third Party Consultant for the provision of quality, regulatory and documentation consulting services to the Company; (v) a variety product testing for the Supplemental Products; (vi) human resources consulting services, compensation planning, and organization development; (vii) the development of appropriate protocols and post-market clinical studies for the Supplemental Products; (viii) travel and meeting of the Assigned Experts; and (ix) various document translations including but not limited to procedures documentation and work instructions.

As stated in the Board Letter, given that the Additional Fee of USD3,000,000 only refers to the Additional Services, and the Supplemental Products relating thereto are different from the products under the pre-existing Services Agreement, the Proposed Cap for the continuing connected transaction contemplated under the Second Supplemental Services Agreement is separate from the original annual caps for the Services Agreement. The Proposed Cap for the year ending 31 December 2014 is equivalent to the Additional Fee, which is USD3,000,000.

In view of the components of the Additional Fee set out above and the fact that the Proposed Cap is equivalent to the amount of the Additional Fee, in assessing the fairness and reasonableness of the Additional Fee and the Proposed Cap, we have, among other things:

(i) obtained and reviewed general background information of the Company and Medtronic through publicly accessible channels such as the websites of the Company and Medtronic, the Stock Exchange and the U.S. Securities and Exchange Commission, and search engines such as Google and Yahoo and discussed with the parties to get more acquainted to the commercial rationale of the Transaction, from which we understand and agree that the use of the fixed cost approach rather than the actual cost reimbursement mechanism for determining the Additional Fee allows both Medtronic and the Company to better control their budgets for the project at the outset and thus provides the management teams with greater certainty as to the costs and resources allocation associated to the project and thus we are of the view that the fixed cost approach for determining the Additional Fee is fair and reasonable;

(ii) obtained and reviewed the estimated cost breakdown of the Additional Services and the detailed memorandum prepared by Medtronic in this regard;

(iii) discussed the bases and assumptions of each cost item with the Company and Medtronic in detail to understand the bases and assumptions for the cost estimation and assess the reasonableness thereof; and

(iv) obtained and reviewed the relevant supporting documents to assess whether the cost estimation were prepared on a reasonable basis; for example, we have obtained and reviewed:

(a) the employment letter or letter of assignment of each of the Assigned Experts for ascertaining the assignment period and the estimated basic compensation during the term of the assignment;

(b) the income tax cost estimation for the global staff assignment as prepared by Deloitte Tax LLP, which is a recognized professional firm specializing in, among others, a broad range of tax matters in different jurisdictions and was engaged by Medtronic for the cost estimation of global assignment of its staff based on the applicable tax rate and relevant tax rules of the home jurisdictions and assigned jurisdictions of each of the Assigned Experts and the basic salary and compensation under the employment or assignment letters thereof and in view of the expertise and experience of Deloitte Tax LLP in tax cost estimation and its professionalism reasonably expected of them in handling each assignment under the engagement, its competence and independence can be assured;

(c) the engagement letter entered into between Medtronic and the Third Party Consultant from which we ascertained the estimated costs to be incurred from the consulting services provided by the Third Party Consultant; and

(d) the global assignment policy of Medtronic in respect of benefits to be provided to the Assigned Expert.

In view of the above, we are of the view that the Additional Fee and the Proposed Cap are fair and reasonable, and taking into account that (i) Medtronic is an international medical device development giant company in the world with aggressive research and development efforts showcased in the last three years; (ii) the overall benefits and synergies to be resulted in as to the Company's development of different medical device product in compliance with the industry standards and the enhancement of the product quality of the medical device products; and (iii) the Company has never engaged any other third party than Medtronic for such kind of consulting services due to the general reluntance for an industry spigot to share its expertise, technical know-how and R&D capabilities required for manufacturing medical device products with a non-related competitor, the terms of the Transaction are favourable to the Company and the Shareholders as a whole notwithstanding that no third party comparable transactions are available for our assessment.

4. OPINION AND RECOMMENDATION

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

Accordingly, we advise the Independent Shareholders, and also recommend the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the ordinary resolutions to approve the Second Supplemental Services Agreement and the transactions contemplated thereunder at the EGM.

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

* *The amounts denominated in RMB in this letter have been converted into HK$ at a rate of RMB1 = HK$1.26 for illustration purpose only. It does not represent that any amounts in RMB or HK$ can be or could have been converted at the relevant dates at the above rate or at all.*

1. RESPONSIBILITY STATEMENT

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

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

As at the Latest Practicable Date, the interests or short positions of Directors and chief executives of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the 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) or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules, were as follows:

Name of Director	Nature of interest	Number of ordinary shares of the Company	Position	Percentage of the Company's issued share capital
XIE Yuehui	Interest of controlled corporation *(Note 1)*	98,739,366	Long	19.75%
WU Jianhui	Interest of controlled corporation *(Note 2)*	72,683,332	Long	14.54%
ZHAO Yiwei Michael	Interest of controlled corporation *(Note 3)*	13,583,333	Long	2.72%

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

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

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

As at the Latest Practicable Date, none of the Directors was a director or employee of a company which had, or was deemed to have, an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO.

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES AND UNDERLYING SHARES

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

(a) **Long positions in the Company**

Name of Shareholder	Number of shares	Position	Capacity	Percentage of the Company's issued share capital
Xianjian Advanced Technology Limited	98,739,366	Long	Beneficial owner	19.75%
GE Asia Pacific Investments Ltd.	72,683,332	Long	Beneficial owner	14.54%
Prosperity International *(Note 1)*	32,600,000	Long	Beneficial owner	6.52%
Yi Xiqun *(Note 1)*	36,656,000	Long	Interest of controlled corporation	7.33%
Yu Fan *(Note 1)*	36,656,000	Long	Interest of controlled corporation	7.33%
Themes Investment Partners II, GP. L.P. *(Note 1)*	36,656,000	Long	Interest of controlled corporation	7.33%
Themes Investment Partners II, L.P. *(Note 1)*	36,656,000	Long	Interest of controlled corporation	7.33%
TIP II General Partner Limited *(Note 1)*	36,656,000	Long	Interest of controlled corporation	7.33%
Ally Investment Holdings Limited *(Note 1)*	32,600,000	Long	Interest of controlled corporation	6.52%
Wanhui Limited *(Note 1)*	32,600,000	Long	Interest of controlled corporation	6.52%
Medtronic KL Holdings LLC *(Note 2)*	95,000,000	Long	Beneficial owner	19.00%
Medtronic B.V. *(Note 2)*	95,000,000	Long	Interest of controlled corporation	19.00%

Name of Shareholder	Number of shares	Position	Capacity	Percentage of the Company's issued share capital
Medtronic Holding Switzerland G.m.b.H. *(Note 2)*	95,000,000	Long	Interest of controlled corporation	19.00%
Medtronic International Technology, Inc. *(Note 2)*	95,000,000	Long	Interest of controlled corporation	19.00%
Medtronic, Inc. *(Note 2)*	95,000,000	Long	Interest of controlled corporation	19.00%

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

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

(b) **Derivative interests**

Name of Shareholder	Number of underlying shares	Position	Capacity	Percentage of the Company's issued share capital
Prosperity International *(Note 1)*	24,900,000	Long	Beneficial owner	4.98%
Themes Investment Partners II GP. L.P. *(Note 1)*	24,900,000	Long	Interest of controlled corporation	4.98%
Themes Investment Partners II, L.P. *(Note 1)*	24,900,000	Long	Interest of controlled corporation	4.98%
TIP II General Partner Limited *(Note 1)*	24,900,000	Long	Interest of controlled corporation	4.98%
Yi Xiqun *(Note 1)*	24,900,000	Long	Interest of controlled corporation	4.98%
Yu Fan *(Note 1)*	24,900,000	Long	Interest of controlled corporation	4.98%
Ally Investment Holdings Limited *(Note 1)*	24,900,000	Long	Interest of controlled corporation	4.98%

Name of Shareholder	Number of underlying shares	Position	Capacity	Percentage of the Company's issued share capital
Wanhui Limited *(Note 1)*	24,900,000	Long	Interest of controlled corporation	4.98%
Medtronic KL Holdings LLC *(Note 2 and 3)*	378,571,429	Long	Beneficial owner	75.71%
Medtronic B.V. *(Note 2 and 3)*	378,571,429	Long	Interest of controlled corporation	75.71%
Medtronic Holding Switzerland G.m.b.H. *(Note 2 and 3)*	378,571,429	Long	Interest of controlled corporation	75.71%
Medtronic International Technology, Inc. *(Note 2 and 3)*	378,571,429	Long	Interest of controlled corporation	75.71%
Medtronic, Inc. *(Note 2 and 3)*	378,571,429	Long	Interest of controlled corporation	75.71%

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

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

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

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

4. DIRECTORS' SERVICE CONTRACTS

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

5. DIRECTORS' INTEREST IN COMPETING BUSINESS

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

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

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

(i) had any interest in any assets which have been since 31 December 2012 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group; or

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

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, save as disclosed in the Profit Warning Announcement of the Company dated 14 March 2014 which announced that the Company was expecting to record a net loss (after taking into account the fair value losses related to the First Tranche Convertible Notes and the secured convertible notes of Broncus Medical Inc. purchased by the Company) for the year ended 31 December 2013 as compared to a net profit for the year ended 31 December 2012, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2012, being the date to which the latest published audited financial statements of the Company were made up.

8. EXPERT AND CONSENT

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

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

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

9. INTERESTS OF EXPERT

As at the Latest Practicable Date, Optima:

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

(b) was not interested, directly or indirectly, in any assets which have been or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2012, being the date to which the latest published audited accounts of the Company were made up.

10. MISCELLANEOUS

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

(b) The branch share registrar of the Company in Hong Kong is at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai Hong Kong.

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

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

11. DOCUMENTS FOR INSPECTION

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

(a) the Services Agreement;

(b) the Second Supplemental Services Agreement;

(c) the letter of recommendation from the Independent Board Committee, the text of which is set out on page 12 of this circular;

(d) the letter from the Independent Financial Adviser, the text of which is set out on pages 13 to 23 of this circular; and

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

LIFETECH SCIENTIFIC CORPORATION
先健科技公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1302)

NOTICE OF THE EXTRAORDINARY GENERAL MEETING

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

THE SECOND SUPPLEMENTAL SERVICES AGREEMENT

1. "AS AN ORDINARY RESOLUTION, THAT

   (a) the entering into the Second Supplemental Services Agreement dated 24 January 2014 among the Company, Lifetech (Shenzhen) and Medtronic and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

   (b) the proposed annual cap for the year ending 31 December 2014 as set out in the circular of the Company dated 18 March 2014, being the Additional Fee in the amount of USD3,000,000 be and are hereby approved, confirmed and ratified; and

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

Capitalised terms in this notice of EGM shall have the same meanings as defined in the circular of the Company dated 18 March 2014 unless the context otherwise specified.

By Order of the Board
LifeTech Scientific Corporation
XIE Yuehui
Chairman

Hong Kong, 18 March 2014

Notes:

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

(2) In order to be valid, the proxy form and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, must be delivered to the Company's branch share registrar, Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time fixed for holding the meeting (or any adjournment thereof).