



Press Release

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LifeWatch announces strategic partnership with China Telecom for the sale of medical smartphones and relating services with a potential of more than USD 400 million sales over the next five years in China

Neuhausen am Rheinfall, 22 January 2014 - LifeWatch AG (SIX Swiss Exchange: LIFE), the leading wireless cardiac monitoring service provider in the U.S., makes a huge step forward in its strategy to complement its offering with products and services that are independent from third party payees. Today, Yacov Geva, CEO, signed a binding memorandum of understanding with China Telecom with a potential of more than USD 400 million sales of medical smartphones LifeWatch V and subsequent generation and related services in China over five years.

At the end of October 2013, LifeWatch informed that the Company is in the course of setting up its partnering model for its medical smartphone. The first partner has now been found in China Telecom, the largest telecommunication provider in China. Today, China Telecom and the Israeli subsidiary of LifeWatch, LifeWatch Technologies Ltd., entered into a binding memorandum of understanding for a strategic partnership with respect to the health smartphone LifeWatch V and subsequent generations thereof. The memorandum provides for a minimum purchase volume over the next five years. In return China Telecom is granted exclusivity for the territory of China.

This cooperation is fully in line with the strategy of China Telecom for its development in the Chinese market. Mr. Johnny Lee, AppStore Operation Director of China Telecom, commented: "*We are very glad to start this promising long-term strategic relationship with the highly professional team of LifeWatch around their chairman and CEO. It fits perfectly into our strategy to provide value added services to our premium clients. This is really a win-win opportunity for both partners.*"

Together with accompanying services to be provided by LifeWatch, the Company expects that the minimum sale alone may lead to an increase of overall turnover of the group by one third and a multiplication of EBIT in 2014. In the following years, the agreed minimum sale volume will increase to reach a peak in the third year and then to reduce slightly for the fourth and the fifth year.

Ken Melani, chairman, commented: "*This cooperation is a great achievement and the confirmation of the right product and marketing strategy developed by our CEO, Yacov Geva, and his team. Already the minimum figures may lead to doubling of our overall turnover and may multiply our EBIT midterm. We are very proud of our research and development team in Israel; their quality made sure that LifeWatch is one of the few companies that were selected by China Telecom to provide value added technics and services to the Chinese market.*"

The memorandum of understanding contains the key terms and the partners will now finally negotiate and yet have to agree on the detailed final terms. Signing of the final cooperation agreement is scheduled for March after setting up of the required Chinese entity by LifeWatch. The Company expects the required regulatory approval to be obtained in April and sales of smartphones to begin in the second quarter of 2014. LiveWatch is looking forward to further roll out its partnering model for its health smartphone and to co-operations to be entered into in the coming months.

For further questions

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About LifeWatch AG:

LifeWatch AG, headquartered in Neuhausen am Rheinfall and listed on SIX Swiss Exchange (LIFE), Switzerland, is the leading healthcare technology and solution company, specializing in advanced telehealth systems and wireless remote patient monitoring services. LifeWatch services cater to individuals, ranging from high-risk and chronically ill patients, to consumers of health and wellness products. LifeWatch AG has operative subsidiaries in the United States, in Switzerland and in Israel and is the parent company of LifeWatch Services Inc., and LifeWatch Technologies, Ltd. LifeWatch Services, Inc. is a leading US-based provider of cardiac monitoring services and home sleep testing of Obstructive Sleep Apnea (OSA). LifeWatch Technologies Ltd., based in Israel, is a leading developer and manufacturer of telemedicine products. The Company is planning to introduce the LifeWatch V, an Android-based smartphone with medical sensors and apps that uses a cloud-based service platform. For additional information, please visit www.lifewatch.com.

Sign-up for customized E-mail alerts and documentation requests is available at <http://www.irlifewatch.com/alert-service.aspx>

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