



Invitation to the  
Ordinary General Meeting of Shareholders of  
LifeWatch AG, Zug  
on April 26, 2017 at 10.00am (doors open at 09.30am)  
at Technopark Zurich, Technoparkstrasse 1, CH-8005 Zurich

## Agenda and Motions of the Board of Directors

### 1. Annual Report, Statutory Annual Financial Statements and Auditors' Report 2016

Motion of the Board of Directors:

Approval of the Annual Report and the Statutory Annual Financial Statements for the business year 2016.

### 2. Consolidated Financial Statements and Auditors' Report 2016

Motion of the Board of Directors:

Approval of the Consolidated Financial Statements for the business year 2016.

### 3. Decision on the allocation of the balance sheet result

Motion of the Board of Directors:

Allocation of the annual loss of CHF 8,135,626.00 and loss brought-forward of CHF 4,605,560.00 as follows:

Balance brought forward from 2015	CHF	(4,605,560.00)
Loss for the year 2016	CHF	(8,135,626.00)
Balance available for the General Meeting of Shareholders	CHF	0.00
Dividend to be distributed	CHF	0.00
Balance to be carried forward	CHF	(12,741,186.00)

### 4. Discharge of the Board of Directors and the Executive Management Team

Comments:

- Dr. Robert Bider, Raymond W. Cohen, Antoine Kohler and Jinsheng Dong were newly-elected to the Board of Directors in 2016.
- Andrew Moore and Christoph Heinzen were appointed to the Executive Management Team as Chief Financial Officer and Chief Operations and Technology Officer, respectively, in 2016.
- Stefan Vogt, the former Chief Commercial Officer, left the company in 2016, and Mike Turchi, the former Chief Financial Officer, assumed a different role within the organization in 2016.

Motions of the Board of Directors:

- 4.1 Dr. Robert Bider should be granted discharge for his activities in the financial year 2016.
- 4.2 Mr. Antoine Kohler should be granted discharge for his activities in the financial year 2016.
- 4.3 Mr. Raymond W. Cohen should be granted discharge for his activities in the financial year 2016.
- 4.4 Mr. Jinsheng Dong should be granted discharge for his activities in the financial year 2016.
- 4.5 Mr. Antoine Hubert should be granted discharge for his activities in the financial year 2016.
- 4.6 Mr. Thomas Rühle should be granted discharge for his activities in the financial year 2016.
- 4.7 Mr. Patrick Schildknecht should be granted discharge for his activities in the financial year 2016.
- 4.8 Dr. Stephan Rietiker should be granted discharge for his activities in the financial year 2016.
- 4.9 Mr. Christoph Heinzen should be granted discharge for his activities in financial year 2016.
- 4.10 Ms. Stephanie Kravetz should be granted discharge for her activities in financial year 2016.
- 4.11 Mr. Andrew Moore should be granted discharge for his activities in financial year 2016.
- 4.12 Mr. Mike Turchi should be granted discharge for his activities in financial year 2016.
- 4.13 Mr. Stefan Vogt should be granted discharge for his activities in financial year 2016.

**5. Election of the members of the Board of Directors**

Comments:

Mr. Antoine Hubert and Mr. Antoine Kohler indicated in March 2017 that they would not be seeking re-election at this meeting. All other members of the current Board of Directors have confirmed their willingness to be re-elected for a further term of office.

Motions of the Board of Directors:

- 5.1 Re-election of Dr. Robert Bider to the Board of Directors for a term of one year until the end of the next Ordinary General Meeting in 2018.
- 5.2 Re-election of Mr. Raymond W. Cohen to the Board of Directors for a term of one year until the end of the next Ordinary General Meeting in 2018.
- 5.3 Re-election of Mr. Jinsheng Dong to the Board of Directors for a term of one year until the end of the next Ordinary General Meeting in 2018.
- 5.4 Re-election of Mr. Thomas Rühle to the Board of Directors for a term of one year until the end of the next Ordinary General Meeting in 2018.
- 5.5 Re-election of Mr. Patrick Schildknecht to the Board of Directors for a term of one year until the end of the next Ordinary General Meeting in 2018.

**6. Election of the Chairman of the Board of Directors**

Motion of the Board of Directors:

Re-election of Dr. Robert Bider as Chairman of the Board of Directors for a term of one year until the end of the next Ordinary General Meeting in 2018.

## 7. Election of the Members of the Compensation Committee

### Motions of the Board of Directors:

- 7.1 Re-election of Mr. Thomas Rühle as a member of the Compensation Committee for a term of one year until the end of the next Ordinary General Meeting in 2018.
- 7.2 Election of Mr. Jinsheng Dong as a member of the Compensation Committee for a term of one year until the end of the next Ordinary General Meeting in 2018.
- 7.3 Re-election of Mr. Raymond W. Cohen as a member of the Compensation Committee for a term of one year until the end of the next Ordinary General Meeting in 2018.

## 8. Amendments to the Articles of Incorporation

### Comments:

Part of the compensation the Company pays to the members of its Board of Directors and Executive Management Team and other groups of employees may take the form of share-based instruments (shares, prospective entitlements and options to purchase shares in the Company). The shares may be issued from conditional capital to the extent defined in the Articles of Incorporation (Article 3ter). If conditional capital is not available then the company needs to purchase shares in the market, which reduces the cash resources of the company. The previous pool of conditional capital for the exercise of employee options was reduced to a very small number by the exercise of previously-issued options, and the remainder was eliminated at the Ordinary General Meeting held in 2016. As the Board of Directors wish to retain the possibility of using a compensation model that involves the use of equity, it proposes that the Shareholders authorize conditional capital for this purpose. A maximum of 920,000 shares is proposed with a maximum total nominal value of CHF 1,196,000.00, which is equivalent to just under 5.0% of the Company's current outstanding share capital.

### Motion of the Board of Directors:

Amendment of Article 3ter para. 1 (Conditional Capital) of the Articles of Incorporation as follows: The share capital may be increased by a maximum of CHF 1,196,000.00 through the issuance of a maximum of 920,000 fully paid-up registered shares with a par value of CHF 1.30 each, through exercising conversion rights, options or other rights related to equity securities (hereinafter referred to jointly as "option rights") which are granted to employees, members of the Board of Directors, management, advisors and the Board of Advisors of the Company or its Group Companies, subject to Article 26b of the Articles of Incorporation.

## 9. Approval of the total compensation to be paid to the Board of Directors for 2018

### Comments:

Following the rejection by the Shareholders Meeting of the compensation for the Board of Directors in 2015, the Board of Directors carried out a review and decided to simplify the compensation approach, removing any possibility of variability by paying cash compensation in the future. The Board therefore fixed the compensation of a Board Member for 2016 and beyond at CHF 65,000 for each term of office (from AGM to AGM) with an additional amount of CHF 65,000 for the Chairman of the Board. Furthermore, a compensation amount of CHF 16,000 was fixed for each committee membership (except for the Executive Committee of the Board which is not remunerated).

**Compensation for 2017 and 2018:** The Ordinary General Meeting 2015 approved total maximum compensation for the 2017 financial year of CHF 700,000, on the basis of seven members of the Board of Directors as elected or re-elected at that meeting. On the same basis and assuming compensation remains payable in cash, the total maximum compensation for the 2018 financial year is also proposed to be CHF 700,000.

Actual compensation paid for 2017 will be disclosed in detail in the 2017 Compensation Report.

Motion of the Board of Directors:

Approval of the total compensation for the Board of Directors for the financial year 2018 in the maximum amount of CHF 700,000.

## **10. Approval of the fixed and variable compensation to be paid to the Executive Management Team**

Comments:

Compensation paid to the members of the Executive Management Team consists of a fixed component and a variable performance-related component.

The 2015 Ordinary General Meeting approved a maximum amount of CHF 2,100,000 as fixed Executive Management Team compensation for the financial year 2016, and the 2016 Ordinary General Meeting approved a maximum amount of CHF 2,100,000 for the financial year 2017. The Executive Management Team numbered between three and four individuals during 2016 and it is the intention that it increases to five persons during 2017.

A maximum amount of CHF 2,100,000 is proposed as fixed Executive Management Team compensation for the financial year 2018 for prospective approval at this Ordinary General Meeting. In addition to the base salaries, this maximum amount also includes other expenses (including social security and pension fund contributions) and unforeseen expenses.

The variable performance-related compensation for the members of the Executive Management Team proposed retrospectively for 2016 is CHF 0, as company performance targets were not met. Going forward, the Board of Directors wishes to use a combination of cash bonus and long-term incentive (LTI) awards consisting of options for variable compensation. The proposed Shareholders resolution to authorize conditional capital is intended to support the allocation and exercise of options under this plan. The variable compensation for the financial year 2017 will be determined retrospectively and submitted to the General Meeting for approval in 2018.

Actual compensation paid for 2017 will be disclosed in the 2017 Compensation Report.

Motion of the Board of Directors:

- 10.1 Approval of the fixed compensation for the Executive Management Team for the financial year 2018 in the maximum amount of CHF 2,100,000.
- 10.2 Approval of the variable compensation for the Executive Management Team for the financial year 2016 in the maximum amount of CHF 0.

## **11. Election of the independent proxy**

Motion of the Board of Directors:

Election of the previous independent proxy office Stiffler & Partner, Rechtsanwälte, Dufourstrasse 101, P.O. Box 1072, CH-8034 Zurich represented by Mr. Yves Endrass lic. iur., attorney at this office as the Company's independent proxy for the financial year 2017 until the end of the Ordinary General Meeting in 2018.

## **12. Election of the statutory auditors**

Motion of the Board of Directors:

Re-election of PricewaterhouseCoopers AG, Zurich, as statutory auditors for the financial year 2017.

## **General Information**

### **Annual Report**

The Annual Report, Statutory Annual Financial Statements and Consolidated Financial Statements, the Report of the Auditors and the minutes of the Ordinary General Meeting of April 15, 2016, will be available from March 22, 2017 onwards, at our Company headquarters in Zug for inspection by shareholders and can also be viewed at <http://www.lifewatch.com>.

### **Eligibility to vote/Admission Cards**

Shareholders entered in the shareholders' register before April 22, 2017, which is the first day on which the share register is closed, will receive an invitation along with a reply and proxy form (registration/power of attorney for the Ordinary General Meeting) and an instruction form for the independent proxy (see below for more information on the independent proxy). These shareholders will receive an admission card provided that they request one by using their reply form. Admission cards will be sent starting April 12, 2017. Shareholders may also obtain their admission cards after the doors open before the General Meeting by presenting their reply form.

No entries will be made in the share register from April 22, 2017, up to and including April 26, 2017.

### **Granting Power of Attorney**

Shareholders who are unable to attend the General Meeting in person may appoint a third party or the independent proxy to represent them. Mr. Yves Endrass lic. iur., attorney at Stiffler & Partner, Rechtsanwälte, Dufourstrasse 101, P.O. Box 1072, CH-8034 Zurich, was elected as the independent proxy as defined in Article 689c CO and Article 8 of the Ordinance Against Excessive Compensation in Listed Stock Companies (VegüV) at the last Ordinary General Meeting.

When granting powers of attorney to third parties, the admission cards must be signed and forwarded to the proxy.

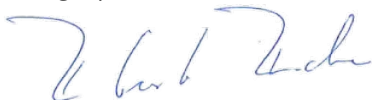
When granting power of attorney to the independent proxy, it is not necessary to order an admission card; instead, shareholders must send the filled-out and signed power of attorney along with their instructions directly to the independent proxy at the above address. Powers of attorney and instructions may also be issued to the independent proxy electronically until the deadline on April 24, 2017, at 12.00pm. The relevant information on setting up a shareholder's account can be found on the reply form. If no instructions are given, the independent proxy will abstain from voting.

### **Organizational information**

The Ordinary General Meeting of LifeWatch Ltd. will be held in the Auditorium at the Technopark Zurich, Technoparkstrasse 1, CH-8005 Zurich. The Technopark Zurich is easy to get to on public transportation (take tram 4 from the main station, HB to the tram stop Technopark. At the tram stop you will see Technopark).

We are pleased to invite participating shareholders to refreshments following the Ordinary General Meeting.

Zug, April 4, 2017

A handwritten signature in blue ink, appearing to read "Robert Bider", is written over a light blue circular stamp.

For the Board of Directors  
Dr. Robert Bider, Chairman