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**LifeTech Scientific Corporation**  
**先健科技公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1302)**

**ANNUAL RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**FINANCIAL HIGHLIGHTS**

- The revenue of the Group was approximately RMB1,097.3 million for the year ended 31 December 2022 as compared to approximately RMB925.3 million for the corresponding period of 2021, representing an increase of approximately 18.6%. This increase was mainly due to the increase in revenue from the sales of stent grafts and congenital heart diseases occluders. In particular, the overseas sales of the Group increased by approximately 33.7% as compared with the corresponding period of 2021.
- Gross profit was approximately RMB873.9 million for the year ended 31 December 2022 as compared to approximately RMB747.5 million for the corresponding period of 2021, representing an increase of approximately 16.9%.
- Net profit attributable to owners of the Company for the year ended 31 December 2022, excluding certain non-recurring items, was approximately RMB429.3 million as compared to the net profit amounting to approximately RMB324.0 million in 2021, representing an increase of approximately 32.5%. Such non-recurring items included (i) the other gains and losses resulting from financial assets at fair value through profit and loss, which was losses of approximately RMB41.3 million for 2022 in comparison with losses of approximately RMB11.8 million in 2021, increased by approximately RMB29.5 million; and (ii) the share-based payment expenses which were approximately RMB62.7 million for 2022 in comparison with approximately RMB19.7 million in 2021, increased by approximately RMB43.0 million.
- The Board does not recommend payment of any final dividend for the year ended 31 December 2022 (2021: nil).

**ANNUAL RESULTS**

The board (the "Board") of directors (the "Directors") of LifeTech Scientific Corporation (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2022, together with the comparative figures for the corresponding period of 2021, as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	NOTES	2022 RMB'000	2021 RMB'000
Revenue	3	1,097,310	925,334
Cost of sales		(223,382)	(177,800)
Gross profit		873,928	747,534
Other income, expenses, gains and losses	4	52,594	9,756
Impairment losses under expected credit loss model, net of reversal		(1,907)	8,510
Selling and distribution expenses		(245,222)	(194,153)
Administration expenses		(102,478)	(97,022)
Research and development expenses		(208,481)	(145,886)
Operating profit		368,434	328,739
Finance income, net	5	11,379	5,059
Share of results of associates		(1,767)	(870)
Profit before tax	6	378,046	332,928
Income tax expense	7	(59,307)	(49,571)
Profit for the year		318,739	283,357
Other comprehensive income (expense):			
<i>Items that will not be reclassified to profit or loss:</i>			
Fair value gain on investments in equity instruments at fair value through other comprehensive income ("FVTOCI"), net of tax		191,440	—
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(113)	2,066
Total comprehensive income for the year		510,066	285,423
Profit (loss) for the year attributable to:			
Owners of the Company		325,337	292,472
Non-controlling interests		(6,598)	(9,115)
		318,739	283,357
Total comprehensive income (expense) attributable to:			
Owners of the Company		516,664	294,538
Non-controlling interests		(6,598)	(9,115)
		510,066	285,423
Earnings per share	9		
– Basic		RMB7.7 cents	RMB6.8 cents
– Diluted		RMB7.4 cents	RMB6.4 cents

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022

	NOTES	2022 RMB'000	2021 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment		727,863	651,962
Right-of-use assets		55,528	72,103
Investment properties		246,913	142,481
Intangible assets		442,406	364,829
Interests in associates		42,691	21,520
Financial assets at fair value through profit and loss ("FVTPL")		127,417	27,110
Equity instruments at FVTOCI		335,387	—
Deposits for acquisition of property, plant and equipment/right-of-use assets		32,642	19,640
Deferred tax assets		62,598	46,998
Fixed bank deposits		220,000	—
		<u>2,293,445</u>	<u>1,346,643</u>
<b>Current assets</b>			
Inventories		241,406	129,286
Trade receivables	10	137,090	110,036
Other receivables and prepayments		184,370	121,374
Financial assets at FVTPL		—	199,000
Fixed bank deposits		—	158,112
Cash and cash equivalents		833,792	1,119,264
		<u>1,396,658</u>	<u>1,837,072</u>
<b>Current liabilities</b>			
Trade and other payables	11	531,846	429,610
Contract liabilities		10,028	7,223
Tax payables		37,824	34,029
Lease liabilities		5,037	11,045
		<u>584,735</u>	<u>481,907</u>
<b>Net current assets</b>		<u>811,923</u>	<u>1,355,165</u>
<b>Total assets less current liabilities</b>		<u>3,105,368</u>	<u>2,701,808</u>

	NOTE	2022 RMB'000	2021 RMB'000
<b>Non-current liabilities</b>			
Government grants		37,174	32,080
Lease liabilities		4,637	4,626
Financial liabilities at FVTPL		142,500	135,000
		<u>184,311</u>	<u>171,706</u>
<b>Net assets</b>		<u>2,921,057</u>	<u>2,530,102</u>
<b>Capital and reserves</b>			
Share capital	12	37	37
Reserves		2,900,408	2,503,545
		<u>2,900,445</u>	<u>2,503,582</u>
Equity attributable to owners of the Company		2,900,445	2,503,582
Non-controlling interests		20,612	26,520
		<u>2,921,057</u>	<u>2,530,102</u>
<b>Total equity</b>		<u>2,921,057</u>	<u>2,530,102</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

### 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 17 August 2006 as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Mr. Xie Yuehui, is the Chairman and Chief Executive Officer of the Company. The address of the registered office is PO Box 309, Uglund House, Grand Cayman, KY1-1104 Cayman Islands and the address of the principal place of business is LifeTech Scientific Building, No.22, Keji 12th Road South, High-tech Industrial Park, Nanshan District, Shenzhen, Guangdong Province, the People's Republic of China (the "PRC").

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

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

### 2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

#### Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the International Accounting Standards Board ("IASB") for the first time, which are mandatorily effective for the Group's annual periods beginning on 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to IAS 16	Property, Plant and Equipment - Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020

The application of the amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### 3. REVENUE AND SEGMENT INFORMATION

#### Disaggregation of sales of medical devices through wholesale and recognised at a point in time

	For the year ended 31 December 2022				For the year ended 31 December 2021			
	Structural heart diseases business RMB'000	Peripheral vascular diseases business RMB'000	Cardiac pacing and electrophysiology business RMB'000	Total RMB'000	Structural heart diseases business RMB'000	Peripheral vascular diseases business RMB'000	Cardiac pacing and electrophysiology business RMB'000	Total RMB'000
<b>Types of goods</b>								
Sales of medical devices	<b>394,574</b>	<b>644,343</b>	<b>58,393</b>	<b>1,097,310</b>	331,058	548,533	45,743	925,334
<b>Geographical markets</b>								
China's mainland	261,865	574,795	58,393	895,053	225,184	503,108	45,743	774,035
Europe	42,182	30,482	—	72,664	44,247	24,012	—	68,259
Asia, excluding China's mainland and India	31,471	19,317	—	50,788	24,216	7,613	—	31,829
India	27,312	7,378	—	34,690	15,721	4,510	—	20,231
South America	20,684	9,268	—	29,952	13,776	7,365	—	21,141
Africa	6,287	2,259	—	8,546	5,927	1,223	—	7,150
Others	4,773	844	—	5,617	1,987	702	—	2,689
<b>Total</b>	<b>394,574</b>	<b>644,343</b>	<b>58,393</b>	<b>1,097,310</b>	331,058	548,533	45,743	925,334

The Group manufactures and sells the advanced interventional medical devices for cardiovascular and peripheral vascular diseases and disorders to the corporation directly.

Revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the customers' specific location (delivery). Following delivery, the customers have full discretion over the manner of distribution and price to sell the goods, also have the primary responsibility on selling the goods and bear the risks of obsolescence and loss in relation to the goods. The normal credit term is 30 to 180 days (2021: 30 to 180 days) upon delivery.

The contracts of selling medical devices have an original expected duration of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

### 3. REVENUE AND SEGMENT INFORMATION - *continued*

#### **Segment Information**

The segment information reported internally was analysed on the basis of their products supplied by the Group's operating divisions which is consistent with the internal information that is regularly reviewed by executive directors of the Company, the chief operating decision maker ("CODM") for the purposes of resource allocation and assessment of performance.

In the current year, the Group reorganised its internal reporting structure which resulted in changes to the composition of its reportable segments. Prior year segment disclosures have been represented to conform with the current year's presentation.

The Group's operating segments under IFRS 8 *Operating Segments* are as follows:

- Structural heart diseases business: trade, manufacture, research and development of devices related to structural heart diseases.
- Peripheral vascular diseases business: trade, manufacture, research and development of devices related to peripheral vascular diseases.
- Cardiac pacing and electrophysiology business: trade, manufacture, research and development of devices related to cardiac pacing and electrophysiology.

No operating segments have been aggregated in arriving at the reportable segments of the Group.

Information regarding the above segments is reported below.

### 3. REVENUE AND SEGMENT INFORMATION - *continued*

#### Segment Information - *continued*

##### (a) Segment revenue and results

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

For the year ended 31 December 2022

	Structural heart diseases business RMB'000	Peripheral vascular diseases business RMB'000	Cardiac pacing and electrophysiology business RMB'000	Total RMB'000
<b>SEGMENT REVENUE</b>				
External sales	394,574	644,343	58,393	1,097,310
Segment profit	352,250	507,978	13,787	874,015
Unallocated income				
- Finance income				12,011
- Other income and other gains				136,437
Unallocated expense				
- Other expenses and losses				(83,843)
- Selling and distribution expenses				(245,222)
- Administration expenses				(102,478)
- Research and development expenses				(208,481)
- Impairment losses under expected credit loss model, net of reversal				(1,994)
- Finance costs				(632)
- Share of results of associates				(1,767)
Profit before tax				378,046



### 3. REVENUE AND SEGMENT INFORMATION - *continued*

#### Segment Information - *continued*

(a) *Segment revenue and results - continued*

For the year ended 31 December 2021

	Structural heart diseases business RMB'000	Peripheral vascular diseases business RMB'000	Cardiac pacing and electrophysiology business RMB'000	Total RMB'000
<b>SEGMENT REVENUE</b>				
External sales	331,058	548,533	45,743	925,334
Segment profit	<u>296,481</u>	<u>451,542</u>	<u>7,778</u>	755,801
Unallocated income				
- Finance income				7,668
- Other income and other gains				136,574
Unallocated expense				
- Selling and distribution expenses				(194,153)
- Administration expenses				(97,022)
- Research and development expenses				(145,886)
- Impairment losses under expected credit loss model, net of reversal				243
- Other expenses and losses				(126,818)
- Finance costs				(2,609)
- Share of results of associates				<u>(870)</u>
Profit before tax				<u><u>332,928</u></u>

### 3. REVENUE AND SEGMENT INFORMATION - *continued*

#### Segment Information - *continued*

##### (a) *Segment revenue and results - continued*

Segment profit represents the gross profit earned by each segment without allocation of all other items of income and expenses, as set out above. This is the measure reported to the CODM for the purposes of resources allocation and assessment of segment performance.

##### (b) *Segment assets and liabilities*

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

#### Segment assets

	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
Operating segments		
Structural heart diseases business	<b>330,622</b>	243,679
Peripheral vascular diseases business	<b>539,908</b>	403,753
Cardiac pacing and electrophysiology business	<b>86,180</b>	77,914
	<b>956,710</b>	725,346
Unallocated assets		
Interests in associates	<b>42,691</b>	21,520
Property, plant and equipment	<b>589,810</b>	528,522
Right-of-use assets	<b>55,528</b>	72,103
Investment properties	<b>246,913</b>	142,481
Deferred tax assets	<b>62,598</b>	46,998
Financial assets at FVTPL	<b>127,417</b>	226,110
Equity instruments at FVTOCI	<b>335,387</b>	—
Other receivables and prepayments	<b>184,370</b>	121,374
Cash and cash equivalents	<b>833,792</b>	1,119,264
Fixed bank deposits	<b>220,000</b>	158,112
Intangible assets	<b>2,245</b>	2,245
Deposits paid for property, plant and equipment/right-of-use assets	<b>32,642</b>	19,640
	<b>3,690,103</b>	3,183,715
Consolidated assets	<b>3,690,103</b>	3,183,715

### 3. REVENUE AND SEGMENT INFORMATION - *continued*

#### Segment Information - *continued*

##### (b) *Segment assets and liabilities - continued*

###### Segment liabilities

	2022 RMB'000	2021 RMB'000
Operating segments		
Structural heart diseases business	68,506	52,660
Peripheral vascular diseases business	111,871	87,253
Cardiac pacing and electrophysiology business	10,138	7,277
	<hr/>	<hr/>
Total segment liabilities	190,515	147,190
Unallocated liabilities		
Other payables	348,218	285,438
Tax payables	37,824	34,029
Government grants	40,315	36,285
Lease liabilities	9,674	15,671
Financial liabilities at FVTPL	142,500	135,000
	<hr/>	<hr/>
Consolidated liabilities	<u>769,046</u>	<u>653,613</u>

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

- All assets are allocated to operating segments other than interests in associates, certain property, plant and equipment, right-of-use assets, investment properties, deferred tax assets, financial assets at FVTPL, equity instruments at FVTOCI, other receivables and prepayments, cash and cash equivalents, fixed bank deposits, certain intangible assets and deposits paid for property, plant and equipment/right-of-use assets; and
- All liabilities are allocated to operating segments in arriving at segment liabilities, which exclude certain other payables, tax payables, government grants (include current portion under other payables and non-current portion), lease liabilities and financial liabilities at FVTPL.

### 3. REVENUE AND SEGMENT INFORMATION - *continued*

#### Segment Information - *continued*

##### (c) *Other segment information*

For the year ended 31 December 2022

	Structural heart diseases business RMB'000	Peripheral vascular diseases business RMB'000	Cardiac pacing and electrophysiology business RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or segment assets:					
Depreciation of property, plant and equipment	11,919	19,464	1,764	839	33,986
Amortisation of intangible assets	4,632	7,565	686	—	12,883
Write-down on inventories	212	345	31	—	588
Impairment losses recognised on trade receivables, net of reversal	(31)	(51)	(5)	—	(87)

For the year ended 31 December 2021

	Structural heart diseases business RMB'000	Peripheral vascular diseases business RMB'000	Cardiac pacing and electrophysiology business RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or segment assets:					
Depreciation of property, plant and equipment	11,923	19,754	1,647	782	34,106
Amortisation of intangible assets	3,350	5,550	463	—	9,363
Write-down on inventories	607	1,005	84	—	1,696
Impairment losses recognised on trade receivables, net of reversal	(2,957)	(4,901)	(409)	—	(8,267)

### 3. REVENUE AND SEGMENT INFORMATION - *continued*

#### Segment Information - *continued*

##### (d) Geographical information

Information about the Group's revenue from external customers is presented based on the location of customers. Information about the Group's non-current assets is presented based on geographical locations of the assets.

	Revenue from external customers		Non-current assets	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
China's mainland	895,053	774,035	1,546,523	1,270,932
Europe	72,664	68,259	31	141
Asia, excluding China's mainland and India	50,788	31,829	1,155	1,086
India	34,690	20,231	334	376
South America	29,952	21,141	—	—
Africa	8,546	7,150	—	—
Others	5,617	2,689	—	—
Total	<u>1,097,310</u>	<u>925,334</u>	<u>1,548,043</u>	<u>1,272,535</u>

Note: Non-current assets excluded financial assets at FVTPL, equity instruments at FVTOCI, fixed bank deposits and deferred tax assets.

#### 4. OTHER INCOME, EXPENSES, GAINS AND LOSSES

	2022 RMB'000	2021 RMB'000
Other income and expenses		
Rental income generated from investment properties	29,258	37,110
Government grants	32,195	21,913
Depreciation of investment properties	(6,962)	(5,716)
Dividend income from unlisted fund	—	47,759
Others	(3,252)	(6,280)
	<u>51,239</u>	<u>94,786</u>
Other gains and losses		
Loss from changes in fair value of equity funds	(40,974)	(74,055)
Loss from changes in fair value of financial liabilities at FVTPL	(7,500)	—
Gain on disposal of unlisted participating shares	—	17,081
Unrealised foreign exchange loss in financial assets at FVTPL	(3,501)	(1,292)
Gain (loss) from changes in fair value of hybrid fund	404	(47)
Interest income from short-term bank structured deposits	4,638	6,713
Other net foreign exchange gain (loss)	57,098	(39,317)
Gain on deemed partial disposal of an associate	—	5,941
Gain on partial disposal of an associate	12,844	—
Loss on an early termination of leases	—	(111)
(Loss) gain on disposal of property, plant and equipment and intangible assets	(341)	57
Impairment loss of intangible assets	(21,313)	—
	<u>1,355</u>	<u>(85,030)</u>
	<u>52,594</u>	<u>9,756</u>

#### 5. FINANCE INCOME, NET

	2022 RMB'000	2021 RMB'000
<b>Finance income from:</b>		
Interest income on bank deposits	<u>12,011</u>	<u>7,668</u>
<b>Finance cost from:</b>		
Interest expense on bank borrowings	—	(1,954)
Interest expense on lease liabilities	<u>(632)</u>	<u>(655)</u>
	<u>(632)</u>	<u>(2,609)</u>
Finance income, net	<u>11,379</u>	<u>5,059</u>

## 6. PROFIT BEFORE TAX

	2022 RMB'000	2021 RMB'000
Profit before tax has been arrived at after charging (crediting):		
Staff costs, including directors' remuneration		
Directors' fees	720	480
Salaries, wages and other benefits	219,966	167,068
Performance related bonus	67,237	56,241
Share-based payment expenses	65,406	21,560
Retirement benefits scheme contributions	26,839	18,275
Less: capitalised in development costs, construction in progress and inventories	<u>(43,643)</u>	<u>(37,860)</u>
	<u>336,525</u>	<u>225,764</u>
Auditor's remuneration (including audit and non-audit services)	3,009	2,157
Cost of inventories recognised as expenses (Note i)	<u>223,382</u>	<u>177,800</u>
Depreciation of property, plant and equipment	33,986	34,106
Depreciation of investment properties	6,962	5,716
Depreciation of right-of-use assets	13,275	12,866
Amortisation of intangible assets (Note ii)	12,883	9,363
Less: capitalised in inventories	<u>(11,591)</u>	<u>(13,198)</u>
Total depreciation and amortisation	<u>55,515</u>	<u>48,853</u>

Notes:

- (i) For the year ended 31 December 2022, cost of inventories recognised as expenses included write-down on inventories of RMB588,000 (2021: RMB1,696,000).
- (ii) Amortisation of intangible assets is included in cost of sales, selling and distribution expenses, administration expenses and research and development expenses amounting to approximately RMB480,000 (2021: RMB878,000), RMB30,000 (2021: RMB181,000), RMB878,000 (2021: RMB477,000) and RMB11,495,000 (2021: RMB7,827,000) respectively for the year.

## 7. INCOME TAX EXPENSE

	2022 RMB'000	2021 RMB'000
Current tax charge:		
PRC Enterprise Income Tax ("PRC EIT")	60,499	52,729
Hong Kong Profits Tax	16,575	8,625
Over provision in prior year:		
PRC EIT	(2,167)	(681)
Deferred tax credit:		
Current year	(15,600)	(11,102)
	<b>59,307</b>	<b>49,571</b>

The Company is tax exempted under the laws of the Cayman Islands.

Lifetech Scientific International Holding Limited, a subsidiary of the Company, is subject to Hong Kong Profits Tax. On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2018 (the "Bill") which introduced the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HKD2.0 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HKD2.0 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5% on assessable profits earned in Hong Kong.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% except for Lifetech Scientific (Shenzhen) Co., Ltd. (先健科技(深圳)有限公司) ("Lifetech Shenzhen") and Biotyx Medical (Shenzhen) Co., Ltd. (元心科技(深圳)有限公司) ("Biotyx Medical"), two major operating subsidiaries in the PRC. Lifetech Shenzhen was qualified as High and New Technology Enterprise since 2009, which was subsequently renewed in August 2020, and therefore Lifetech Shenzhen is entitled to a preferential income tax rate of 15% for the years ended 31 December 2022 and 2021. Biotyx Medical was qualified as High and New Technology enterprise in December 2021, and therefore Biotyx Medical is entitled to a preferential income tax rate of 15% for the years ended 31 December 2022 and 2021.

The applicable income tax rate of Lifetech Scientific India Private Ltd. in the jurisdiction of India is 30.9% on its taxable profits.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.



## 8. DIVIDENDS

No dividend was paid or proposed during the years ended 31 December 2022 and 2021, nor has any dividend been proposed since the end of the reporting period.

## 9. EARNINGS PER SHARE

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

	2022 RMB'000	2021 RMB'000
<b>Earnings:</b>		
Earnings for the purposes of basic and diluted earnings per share	<u>325,337</u>	<u>292,472</u>
	2022 '000	2021 '000
<b>Number of shares:</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share (Note)	4,233,222	4,309,271
Effect of dilutive potential ordinary shares:		
Share Options	30,499	48,031
Awarded Shares	<u>141,699</u>	<u>205,590</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>4,405,420</u>	<u>4,562,892</u>

The computation of diluted earnings per share does not assume the conversion of the Company's share options because the exercise price of those options was higher than the average market prices for shares for 2022 and 2021.

Note: Treasury shares are deducted from total number of shares in issue for the purpose of calculating earnings per share.

## 10. TRADE RECEIVABLES

	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
Trade receivables from contracts with customers	<b>140,846</b>	113,879
Less: allowance for credit losses	<b>(3,756)</b>	(3,843)
	<b><u>137,090</u></b>	<u>110,036</u>

Trade receivables mainly arose from sales of medical devices.

The Group normally allows a credit period of 30 to 180 days (2021: 30 to 180 days) to its trade customers. The following is an aged analysis of trade receivables, net of allowance for credit losses, presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates.

	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
1 to 90 days	<b>107,046</b>	78,327
91 to 180 days	<b>16,388</b>	25,726
181 to 365 days	<b>13,224</b>	5,745
Over 365 days	<b>432</b>	238
	<b><u>137,090</u></b>	<u>110,036</u>

## 11. TRADE PAYABLES

	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
Trade payables	<b>62,648</b>	30,756

The credit period granted by suppliers to the Group ranged from 30 to 120 days (2021: 30 to 120 days). The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
0 - 30 days	<b>23,633</b>	16,234
31 - 60 days	<b>16,176</b>	9,159
61 - 90 days	<b>14,317</b>	2,502
91 - 120 days	<b>4,227</b>	1,617
Over 120 days	<b>4,295</b>	1,244
	<b>62,648</b>	30,756

## 12. SHARE CAPITAL

	Number of shares	Amount USD
Ordinary shares		
<b>Authorised:</b>		
At 1 January 2021, 31 December 2021 and 2022 at USD0.00000125 each	40,000,000,000	50,000
		<b>Shown in the consolidated statement of financial position as RMB'000</b>
	<b>Number of shares</b>	<b>Amount USD</b>
<b>Issued and fully paid:</b>		
At 1 January 2021	4,626,998,400	5,785
Exercise of share options	3,032,000	4
<b>At 31 December 2021 and 2022</b>	<b>4,630,030,400</b>	<b>5,789</b>

\* Less than RMB1,000.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS OVERVIEW**

The Group is a developer, manufacturer and marketer of advanced minimally invasive interventional medical devices for cardiovascular and peripheral vascular diseases and disorders. Currently the Group has three main product lines, including the structural heart diseases business, peripheral vascular diseases business and cardiac pacing and electrophysiology business. The structural heart diseases business mainly consists of congenital heart diseases occluders and left atrial appendage ("LAA") occluders. The peripheral vascular diseases business mainly includes vena cava filters and stent grafts. The product line for the cardiac pacing and electrophysiology business is mainly related to pacemakers. These product lines provide clinically effective and commercially attractive product offerings.

We currently have distributors in numerous countries across Asia, Africa, North America, South America and Europe, with sales network spreading all over the world.

### **Annual performances**

In 2022, the market demand arising from aging population, urbanization and the increase of health awareness by the public is the driving force for steady industry growth. During the year, the Group leveraged on its advantages in brand image, strengthened academic promotion such as hosting live demonstrations, online seminars and experience sharing sessions by medical professionals, and optimised resources allocation to promote the Group's research and development projects, so as to seize opportunities to further develop its business amidst a changing and challenging environment.

During the year ended 31 December 2022, the Group achieved a revenue of approximately RMB1,097.3 million, representing an increase of approximately RMB172.0 million or approximately 18.6% as compared to the revenue of approximately RMB925.3 million for the year ended 31 December 2021. China's mainland remained our largest market, where sales generated from the Chinese market accounted for approximately 81.6% of our total revenue for the year ended 31 December 2022 (2021: approximately 83.6%). Meanwhile, Asia (excluding China's mainland) and Europe were our two largest overseas markets, which accounted for approximately 7.8% and 6.6% of our total revenue for the year ended 31 December 2022, respectively (2021: approximately 5.6% and 7.4%, respectively). Despite the multiple challenges of the COVID-19 pandemic, the domestic sales and overseas sales of the Group still increased by approximately 15.6% and 33.7%, respectively, as compared with the corresponding period of 2021, which was mainly attributable to (i) the effective marketing strategies; and (ii) the increased penetration of our products in the market.

## **Sales and marketing**

The Group has an experienced sales and marketing team with professional skills to support and manage existing distribution networks as well as explore new markets. We improved our brand's and products' awareness by organizing and participating in domestic and international medical conferences, academic activities, seminars, live broadcast workshops and trainings for medical professionals. Meanwhile, the Group is committed to the establishment and improvement of an academic exchange platform without borders. Lifetech Knowledge Exchange Program, which was established by the Group in 2012, connected cardiovascular experts around the world for academic exchanges. These experts shared and exchanged valuable medical experiences and clinical skills to promote the development of medical technology in the field of minimally invasive cardiovascular interventions. Such activities demonstrated our strength in product innovation and enhanced our international influence, thereby promoted the Company's sales.

## **Research and development ("R&D")**

Independently developed innovative domestic medical device products maintain the competitive strengths of the Company, and also provide more effective treatments to patients around the world. In 2022, the Company continuously strengthened its innovation capabilities and accelerated the development of products, to maintain its leading position in the industry.

During the year ended 31 December 2022, we have made the following main progress in the R&D field:

- Fitaya™ Vena Cava Filter System, FemCross™ 35 Peripheral Balloon Dilatation Catheter and Ankura™ IIc Stent Graft System obtained official registration approval from the National Medical Products Administration ("NMPA");
- Absnow™ Absorbable Atrial Septal Defect Closure System and AcuMark™ Sizing Balloon are under the registration approval in China;
- Aortic Arch Stent Graft System (consists of the Ankura™ Plus Aortic Arch Stent Graft System and CSkirt™ Aortic Arch Branch Stent Graft System) was approved as innovative medical device in China. At present, 15 products of the Company have been approved as innovative medical devices by the NMPA;
- LAmbre™ Plus Left Atrial Appendage Closure System obtained medical insurance coverage in the US of an investigator-initiated clinical trial which was initiated by the investigator, and all patients enrolled will receive full medical coverage;
- Ankura™ Chimney Aortic Stent Graft System (consists of the Ankura™ Pro Aortic Stent Graft System and Longuette™ Aortic Branch Stent Graft System) has completed its one-year clinical follow-up in China and are working on the clinical summary report;
- Aortic Arch Stent Graft System (consists of the Ankura™ Plus Aortic Arch Stent Graft System and CSkirt™ Aortic Arch Branch Stent Graft System) and Futhrough™ Endovascular Needle System have completed pre-marketing clinical enrollments in China;
- G-Branch™ Thoracoabdominal Artery Stent Graft System is currently at the stage of the pre-marketing clinical enrollments in China;

- IBS Angel™ Iron Bioresorbable Scaffold System (the only absorbable stent product suitable for children in the world) was approved in the United States by the Food and Drug Administration for “Compassionate Use” and successfully implanted, and its pre-marketing clinical trials in China are in progress;
- IBS™ Sirolimus-Eluting Iron Bioresorbable Coronary Scaffold System was completed the enrollment in the China Prospective Multicenter Randomized Controlled Clinical Study (the “Phase II”), and clinical enrollment in the China Prospective Multicenter Single-arm Target Study (the “Phase III”) will be initiated. The Phase II took nine months from the first enrollment in March 2022 to the completion of all enrollments. Up to now, the device and surgery success rates are both 100% and no device-related serious adverse events (SAE) have occurred;
- The study on the first in man of Concave Supra-arch branched stent-graft system was approved and it was successfully implanted for the first time in China;
- KONAR-MF™ Ventricular Septal Defect Occluder was successfully implanted at the Pediatric Heart Disease & Adult Congenital Heart Disease Center of Showa University Hospital, which was the first implantation and first clinical application of our products in Japan; and
- LAmbre™ Left Atrial Appendage Closure System was successfully completed a dozen of implantations in Korea after receiving registration approval from the Ministry of Food and Drug Safety.

## **PATENTS AND BRANDING**

Intellectual property is an important intangible asset of the Group, and is also an internal driving force for improving our core competitiveness in the medical device market. During the year ended 31 December 2022, the Group had filed 306 patent applications while 168 patents were registered. As at 31 December 2022, the Group had filed a total of 1,828 valid patent applications, of which 749 patents were registered and valid.

## **FINANCIAL REVIEW**

### **Overview**

The following discussion is based on, and should be read in conjunction with, the financial information and the notes appended thereto included in this annual results announcement.

### **Revenue**

The revenue of the Group was approximately RMB1,097.3 million for the year ended 31 December 2022, representing an increase of approximately RMB172.0 million or approximately 18.6% from approximately RMB925.3 million for the year ended 31 December 2021. This increase was mainly due to the increase in revenue from the sales of stent grafts and congenital heart diseases occluders.

### **Revenue from structural heart diseases business**

The turnover contributed by the structural heart diseases business for the year ended 31 December 2022 was approximately RMB394.6 million, representing a growth of approximately 19.2% from approximately RMB331.1 million for the year ended 31 December 2021.

With the diversification of product portfolio, our products cover a wide spectrum of the structural heart diseases business, which mainly include LAA occluders and three generations of congenital heart diseases occluders namely HeartR, Cera and CeraFlex. As compared to the year ended 31 December 2021, the revenue generated from the sales of congenital heart diseases occluders and LAA occluders for the year ended 31 December 2022 increased by approximately 26.2% and 8.4%, respectively.

### **Revenue from peripheral vascular diseases business**

The turnover contributed by the peripheral vascular diseases business for the year ended 31 December 2022 was approximately RMB644.3 million, representing a growth of approximately 17.5% from approximately RMB548.5 million for the year ended 31 December 2021.

The products we offered in the peripheral vascular diseases business mainly include vena cava filters, Thoracic Aortic Aneurysm stent grafts, Abdominal Aortic Aneurysm stent grafts and Iliac Artery Bifurcation stent grafts. As compared to the year ended 31 December 2021, the revenue generated from the sales of stent grafts for the year ended 31 December 2022 increased by approximately 23.3%, while vena cava filters decreased by approximately 4.6%.

### **Revenue from cardiac pacing and electrophysiology business**

The turnover contributed by the cardiac pacing and electrophysiology business for the year ended 31 December 2022 was approximately RMB58.4 million, representing a growth of approximately 27.8% from approximately RMB45.7 million for the year ended 31 December 2021.

### **Gross profit and gross profit margin**

Gross profit of the Group increased by approximately 16.9% from approximately RMB747.5 million for the year ended 31 December 2021 to approximately RMB873.9 million for the year ended 31 December 2022. Gross profit margin decreased 1.2 percentage points from approximately 80.8% for the year ended 31 December 2021 to approximately 79.6% for the year ended 31 December 2022. This decrease was mainly due to (i) the change of sales portfolio and the sales of high gross profit margin products decreased; and (ii) the increase in the unit cost of products, especially for the increase in material and transportation costs.

### **Other income, expenses, gains and losses**

Other income, expenses, gains and losses increased from approximately RMB9.8 million for the year ended 31 December 2021 to approximately RMB52.6 million for the year ended 31 December 2022, which was mainly due to the increase in net foreign exchange gains.



### **Selling and distribution expenses**

Selling and distribution expenses increased by 26.3% from approximately RMB194.2 million for the year ended 31 December 2021 to approximately RMB245.2 million for the year ended 31 December 2022. This increase was mainly due to (i) an increase in staff costs resulting from the increase in the share-based payment expenses; and (ii) an increase in royalty fee paid and payable to Medtronic, Inc. and its affiliates.

### **Administration expenses**

Administration expenses increased by 5.7% from approximately RMB97.0 million for the year ended 31 December 2021 to approximately RMB102.5 million for the year ended 31 December 2022. This increase was mainly due to the increase in staff costs resulting from the increase in the share-based payment expenses.

### **Research and development expenses**

Research and development expenses increased by 42.9% from approximately RMB145.9 million for the year ended 31 December 2021 to approximately RMB208.5 million for the year ended 31 December 2022. In addition, during the year ended 31 December 2022, approximately RMB109.0 million (2021: approximately RMB66.6 million) was capitalised in development expenditure. Considering such capitalised expenditure, research and development cost increased by approximately 49.4% from approximately RMB212.5 million for the year ended 31 December 2021 to approximately RMB317.5 million for the year ended 31 December 2022. This increase was mainly due to (i) an increase in developing projects expenditure driven by the accelerated progress in the R&D projects, especially for the significant increase in clinical trials; and (ii) an increase in staff costs.

### **Operating profit**

Operating profit increased by approximately 12.1% from approximately RMB328.7 million for the year ended 31 December 2021 to approximately RMB368.4 million for the year ended 31 December 2022. This increase was primarily due to (i) a growth of gross profit; and (ii) an increase in net foreign exchange gains.

### **Share of results of associates**

The Group's share of losses in associates was approximately RMB1.8 million for the year ended 31 December 2022 (2021: losses of approximately RMB0.9 million).

### **Financial assets at FVTPL**

On 25 May 2018, the Group invested USD6.0 million (equivalent to approximately RMB38.2 million) to subscribe for the partnership interest of approximately 9.69% in Ally Bridge Group Innovation Capital Partners III, L.P., a private equity fund established in Cayman Islands (the "2018 Equity Fund"). The 2018 Equity Fund principally invests in securities or assets of companies that are involved in the healthcare industry, with a particular focus on cross-border innovative late-stage venture opportunities and cross-over investments. The fair value of our investment in the 2018 Equity Fund as at 31 December 2022 amounted to approximately RMB11.2 million (2021: approximately RMB17.2 million), representing approximately 0.3% (2021: approximately 0.5%) of the Company's total assets. Based on the cumulative amount of net distributions in 2021 and 2020, as well as the outlook of the healthcare industry, the Company is optimistic on the prospects for the investments of the 2018 Equity Fund.

On 19 January 2021, the Group invested RMB10.0 million to subscribe for a share of the private securities investment fund managed by First Think Capital. The fair value of this investment as at 31 December 2022 amounted to approximately RMB10.4 million (2021: approximately RMB10.0 million), representing approximately 0.3% (2021: approximately 0.3%) of the Company's total assets.

On 24 October 2022, the Group entered into a subscription agreement with certain independent third parties pursuant to which the Group agreed to subscribe for in Ally Bridge Group Global Life Science Capital Partners V, L.P. (the "2022 Equity Fund"), as a limited partner, for an aggregate consideration of USD20.0 million (equivalent to approximately RMB144.4 million) in cash. The purposes of the 2022 Equity Fund are to seek capital appreciation primarily by acquiring, holding and disposing of securities, independently or with others, primarily in non-listed or, sometimes, listed persons involved in the healthcare industry, with a particular focus on leading innovative technologies. The fair value of our investment in the 2022 Equity Fund as at 31 December 2022 amounted to RMB105.9 million, representing approximately 2.9% of the Company's total assets.

The aggregate unrealised foreign exchange losses in financial assets at FVTPL was approximately RMB3.5 million for the year ended 31 December 2022 (2021: losses of approximately RMB1.3 million), and the aggregate loss from changes in fair value of financial assets at FVTPL was approximately RMB40.6 million for the year ended 31 December 2022 (2021: losses of approximately RMB74.1 million).

The investments are classified as financial assets at FVTPL in accordance with IFRS 9. In the opinion of the Directors, the above investments are held for long-term strategic investment purposes and, as such, the above investments are classified as non-current assets.

### **Equity instruments at FVTOCI**

On 21 September 2022, the Group entered into a subscription agreement with Jenscare Scientific Co., Ltd. (寧波健世科技股份有限公司) ("Jenscare Scientific") pursuant to which the Group agreed to subscribe for participating shares of the company upon the initial public offering, as a participating shareholder, for an aggregate consideration of USD20.0 million (equivalent to approximately RMB143.9 million) in cash with the price of HKD27.8 per share. The fair values of the equity securities in listed entity are determined based on the closing prices quoted in active markets. They are accounted for using their fair values based on quoted market prices. The fair value of this investment as at 31 December 2022 amounted to RMB335.4 million, representing approximately 9.1% of the Company's total assets.

Jenscare Scientific is a medical device company dedicated to the development of interventional products for the treatment of structural heart diseases. Established in 2011, it has developed a series of treatment solutions targeting different types of structural heart diseases, including tricuspid valve diseases, aortic valve diseases, mitral valve diseases and heart failure. The shares of Jenscare Scientific are listed on The Stock Exchange of Hong Kong Limited (stock code: 9877). The Group held 5,646,600 H shares in Jenscare Scientific, representing approximately 4.3% of its total issued H shares as at 31 December 2022.

The investment is classified as equity instruments at FVTOCI in accordance with IFRS 9. In the opinion of the Directors, the above investments are held for long-term strategic investment purposes and, as such, the above investments are classified as non-current assets.

### **Finance income and finance costs**

The Company earned an interest income of approximately RMB12.0 million for the year ended 31 December 2022 (2021: approximately RMB7.7 million).

The finance costs were approximately RMB0.6 million for the year ended 31 December 2022 (2021: approximately RMB2.6 million).

### **Income tax**

Income tax increased from approximately RMB49.6 million for the year ended 31 December 2021 to approximately RMB59.3 million for the year ended 31 December 2022. This increase was mainly due to the increase in assessable income.

### **Net profit**

Net profit attributable to owners of the Company for the year ended 31 December 2022, excluding certain non-recurring items, was approximately RMB429.3 million as compared to the net profit amounting to approximately RMB324.0 million in 2021, representing an increase of approximately 32.5%. Such non-recurring items included (i) the other gains and losses resulting from financial assets at fair value through profit and loss, which was losses of approximately RMB41.3 million for 2022 in comparison with losses of approximately RMB11.8 million in 2021, increased by approximately RMB29.5 million; and (ii) the share-based payment expenses which were approximately RMB62.7 million for 2022 in comparison with approximately RMB19.7 million in 2021, increased by approximately RMB43.0 million. Considering the influence arose therefrom, the Company recorded a net profit attributable to owners of the Company for the year ended 31 December 2022 of approximately RMB325.3 million, as compared to the net profit attributable to owners of the Company of approximately RMB292.5 million in 2021, representing an increase of approximately 11.2%.

## **LIQUIDITY AND FINANCIAL RESOURCES**

In 2022, the Group mainly financed its operations with its own working capital.

The Group recorded total current assets of approximately RMB1,396.7 million as at 31 December 2022 (31 December 2021: approximately RMB1,837.1 million) and total current liabilities of approximately RMB584.7 million as at 31 December 2022 (31 December 2021: approximately RMB481.9 million). As at 31 December 2022, total current liabilities of the Group primarily included trade payables and other payables amounting to approximately RMB531.8 million (31 December 2021: approximately RMB429.6 million). Trade and other payables primarily included accrued expenses of approximately RMB188.5 million (31 December 2021: approximately RMB158.8 million), of which primarily in relation to clinical expenses and exhibition expenses, as well as accrued payroll and bonus of approximately RMB94.7 million (31 December 2021: approximately RMB69.3 million).

Trade receivables in terms of debtor turnover days was decreased to 41 days (2021: 42 days), while trade payables in terms of creditor turnover days was increased to 75 days (2021: 50 days).

The current ratio (calculated by dividing the total current assets by the total current liabilities) of the Group was approximately 2.39 as at 31 December 2022 (31 December 2021: approximately 3.81).

## **CASH AND CASH EQUIVALENTS**

As at 31 December 2022, the Group's cash and cash equivalents were approximately RMB833.8 million, representing a decrease of approximately 25.5% from approximately RMB1,119.3 million as at 31 December 2021. This decrease was mainly due to the increased investments in financial assets at FVTPL and equity instruments at FVTOCI. Our cash and cash equivalents were mainly denominated in Renminbi and Hong Kong Dollars.

## **GEARING RATIO**

As at 31 December 2022 and 2021, the Group did not have any bank borrowings and the gearing ratio of the Group (calculated based on the ratio of total bank borrowings to total equity) was zero.

## **CAPITAL STRUCTURE**

Total equity attributable to equity holders of the Company amounted to approximately RMB2,900.4 million as at 31 December 2022 as compared with approximately RMB2,503.6 million as at 31 December 2021.

## **TREASURY POLICY**

The Directors will continue to follow a prudent policy in managing the Group's financial resources such as cash with the objective of maintaining a strong and healthy liquidity position to ensure that the Group is placed to seize future growth opportunities as and when such opportunities appear.

## **PROPERTY HELD**

On 26 June 2019, Dongguan LifeTech Medical Co., Ltd (東莞市先健醫療有限公司) ("Dongguan LifeTech"), a wholly-owned subsidiary of the Company entered into a land use right transfer contract with the Dongguan Natural Resources Bureau (東莞市自然資源局) for the acquisition of land use right of a land which has a site area of 43,604 square meters located at the Southeast of the intersection of South 1 Road and South 8 Road in eastern Songshan Lake, Dongguan, Guangdong, the PRC (the "Land"). The land use right of the Land is wholly-owned by the Group which was acquired at a total consideration of approximately RMB43.6 million.

On 24 April 2020, Dongguan LifeTech entered into a construction contract with China Construction Second Engineering Bureau Limited for the construction of an industrial park above the Land. The industrial park is expected to consist of seven buildings comprising underground car parks, comprising plant, offices, canteen and dormitories with a total site area of approximately 43,604 square meters to cater for the Group's day-to-day business and operational needs in Dongguan and nearby regions. The contract price for the construction works is up to a maximum aggregate amount of RMB620.0 million. The construction contract was approved by independent shareholders by way of poll at the extraordinary general meeting of the Company held on 30 June 2020. For further details, please refer to the Company's announcements dated 26 June 2019, 24 April 2020 and 30 June 2020 and the circular dated 9 June 2020 for further information.

As at 31 December 2022, the construction of the industrial park was completed and the Company has obtained certain property ownership certificates. As at the date of this annual results announcement, one of the buildings has been leased, while a part of the self-use areas is under decoration, which is expected to be completed and put into use in the second half of 2023.

## **SIGNIFICANT INVESTMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

Save as disclosed under the section headed "Financial Review - Equity Instruments at FVTOCI", there were no significant investments held by the Company with a value greater than 5% of its total assets as at 31 December 2022, nor was there any plan authorised by the Board for other material investments or additions of capital assets as at the date of this annual results announcement.

Our Group's investment strategy for significant investments is to identify investment opportunities with growth potential within the healthcare industry and seek opportunities for strategic cooperation. We hold our investments in equity instruments. Our investment objective is to form long-term strategic partnerships with companies in the medical industry with the potential of enriching our product lines and expanding our business scale thereby maximising shareholders' interest and to create more value.

## **MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

There were no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2022.

## **CONTINGENT LIABILITIES**

The Group did not have any significant contingent liabilities as at 31 December 2022.

## **FINANCIAL INSTRUMENT**

As at 31 December 2022, the Group did not have any outstanding hedge contracts or financial derivative instruments.

## **CAPITAL EXPENDITURE**

For the year ended 31 December 2022, the capital expenditure of the Group for property, plant and equipment, construction in progress, intangible assets, right-of-use assets and deposits for property, plant and equipment/right-of-use assets amounted to approximately RMB332.0 million (2021: approximately RMB301.3 million).

## **FOREIGN EXCHANGE RISK**

During the year ended 31 December 2022, the Group's operations were primarily based in the PRC and Europe. The revenue derived from Europe accounted for approximately 6.6% (2021: approximately 7.4%) of the total revenue of the Group. The Group's operational results and financial condition may be affected by fluctuations in the exchange rates of the foreign currencies which the Group conducts its businesses with, such as Euros, US Dollars, Indian Rupees and HK Dollars. The Group had not implemented any hedging policies to deal with such exposure during the Reporting Period. However, the management of the Group monitors foreign currency exposure closely in order to keep the net exposure to an acceptable level. The Group expects that the exchange rate fluctuations will have no material adverse effect on the operation of the Group in the foreseeable future. The Group will consider hedging significant foreign currency exposure should the need arises.

## **CHARGES ON GROUP ASSETS**

As at 31 December 2022, the Group did not have any charges on its assets.

## **CAPITAL COMMITMENT**

As at 31 December 2022, the Group's capital expenditure contracted for but not provided in the consolidated financial statements amounted to approximately RMB89.8 million (31 December 2021: approximately RMB128.4 million).

## **SEGMENT INFORMATION**

During the year ended 31 December 2022, the revenue of the Group was principally generated from structural heart diseases business, peripheral vascular diseases business and cardiac pacing and electrophysiology business. With aging population, urbanization and the increase of health awareness by the public driving steady growth in the industry, together with our effort in R&D, it is expected that the market demand for the Company's products will show an upward trend in the future, which will lead to business growth.

### **Structural heart diseases business**

The Company has developed four generations of congenital heart diseases occluders to satisfy various patients' needs, and to achieve differentiated marketing strategies. At the same time, we continue to upgrade the LAA occluder to meet the growing treatment demand with innovative technology. Driven by a large number of patients with atrial fibrillation around the world, the global market for the LAA occluder is expected to keep growing in the future.

### **Peripheral vascular diseases business**

The Company provides patients with technology-leading systemic and comprehensive interventional medical devices treatment solutions of peripheral vascular diseases. Among those products, the market shares of vena cava filters and stent graft systems occupy a leading position in the domestic market. With the aging of the population, the increase of diseases detection rate and the expansion of product applications, the market demand for these products is expected to keep growing.

### **Cardiac pacing and electrophysiology business**

The Company is the first manufacturer in China that has a complete product portfolio of implantable cardiac pacemakers with international-level technology and functions. As China currently has a large number of unsatisfied demand for pacemaker implantation treatment, and there is good potential for domestically-made pacemakers to substitute imported pacemakers, the market performance of the Company's domestically-made pacemakers is optimistic expected in the future.

Financial information related to these aspects is presented in note 3 to the consolidated financial statements in this annual results announcement.

## **EMPLOYEES AND REMUNERATION POLICY**

As at 31 December 2022, the Group had 1,299 (31 December 2021: 943) full-time employees and two executive Directors (31 December 2021: two). Total staff costs, including Directors' emoluments, amounted to approximately RMB336.5 million for the year ended 31 December 2022 (2021: approximately RMB225.8 million).

The employees of the Group who operate in the PRC are members of a state-managed retirement benefits scheme operated by the PRC government under which the employees are entitled to a monthly pension after retirement. The Group is required to contribute a certain percentage of employee's salaries to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the aforementioned specified contributions. The Group operates the Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. Contributions to these schemes are expensed as incurred. During the year ended 31 December 2022, the total costs paid or payables in relation to contributions to retirement benefits scheme was approximately RMB26.8 million (2021: approximately RMB18.3 million). Forfeited contributions (by the Group on behalf of the employees who leave the aforesaid schemes prior to vesting fully in such contributions) may be not used by the Group to reduce the existing level of contributions.

The Group's remuneration policies were determined with reference to the performance, qualification and working experience of individual employees, as well as the results of the Group and the market conditions. The benefits provided by the Group to its employees include discretionary bonus, transportation and meal subsidies, basic and group medical insurance, work injury insurance, unemployment insurance, annual physical examination, share options, etc. We have a fair and effective performance appraisal system and schemes designed to motivate and reward employees at all levels for their performance and achievements. The Company adopted a share option scheme on 22 October 2011 which was subsequently amended by unanimous written resolutions of the Board on 5 May 2015. On 17 September 2021, as the number of share options which may be granted under such share option scheme had reached its limit and it would soon expire, the Company terminated such share option scheme and adopted a new share option scheme to provide incentives for employees of the Group and other eligible participants thereunder. The Company has adopted a share award scheme on 28 December 2018, which was subsequently amended by unanimous written resolutions of the Board on 29 April 2019. The Company also adopted another share award scheme on 3 March 2022.

Employees are the cornerstone of enterprise development, and the Group is committed to providing all employees with a safe and comfortable working environment, opportunities of equal employment, trainings and career development, such as orientation programmes for new employees, regulation-related trainings and position skills trainings. The Group has also established a labour union to safeguard the legitimate rights of its employees and to further promote the Group's sustainable, stable and healthy development.

## **FUTURE PROSPECTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

In 2022, due to the sudden outbreaks of COVID-19 in major cities across China, the virus spread in society leading to an overload of medical resources in emergency and respiratory departments, which had a certain impact on our sales. In 2023, the medical demand suppressed by the COVID-19 continues to rebound, and the non-emergency procedures had been postponed due to the COVID-19 is also gradually resuming, we will seize the opportunity to further consolidate and improve the market share.

In 2023, the Company entered into a strategic cooperation agreement with Jenscare Scientific in respect of potential cooperation including but not limited to business development, project investments and financing in China's mainland and overseas. The Company believes that the cooperation will create synergy with the Group's businesses and international strategy and provide the Group with the chance to generate further revenue with an aim to enhance the profitability of the Group as a whole.

Looking further ahead, the Group will operate our existing businesses with prudent and pragmatic guidelines, actively seek out investment opportunities that maximizes the interests of our shareholders, and spread the business risk by expanding the source of income. We will continue to focus on the improvement of technology, automation production, and product quality, further improve the Group's innovation capabilities, continue to optimise the production and sales model, as well as consolidate and expand the Group's global market share, and strengthen the Group's international influence. In addition, we will continue to actively explore opportunities for investment and cooperation with companies with sound market potential in the global medical and health industry, integrate internal and external advantageous resources, expand our scope of business, and further deepen the Group's global presence. By achieving our ambitious goals in the global medical and health field, we will create greater value for patients, doctors, shareholders and other stakeholders.

### **ENVIRONMENT AND SUSTAINABILITY**

We are committed to creating a successful business that is not achieved at the expense of the environment. The Company is dedicated to creating an environmentally friendly and sustainable operation. Our most significant environmental impact is created within our properties and manufacturing facilities, and through the use of raw materials, electricity, gas, paper and waste generation. We therefore invest in the latest technology to reduce our carbon emissions through energy efficient equipment. Internally, we are proactive in addressing our waste and recycling issues.

For further details and related data analysis on the environmental, social performance of the Group, please refer to our 2022 Environmental, Social and Governance Report which will be published as a separate report.

### **COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS**

To the best of the Directors' knowledge, information and belief on the date of this annual results announcement, the Company has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Company.

### **CORPORATE GOVERNANCE PRACTICES**

The Company has adopted the principles of corporate governance and applied the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its own code of corporate governance and confirms that it has complied with the code provisions set out in the CG Code throughout the year ended 31 December 2022, save for a deviation from code provision A.2.1 of the CG Code as Mr. XIE Yuehui served as both the Chairman of the Board and the Chief Executive Officer. Despite such deviation from the CG Code, the Board believes that vesting the roles of both Chairman and Chief Executive Officer in an experienced and qualified person such as Mr. XIE Yuehui provides the Company with strong and consistent leadership while allowing effective and efficient planning and implementation of business decisions and strategies. Please refer to the corporate governance report in the annual report for the preceding year for further details, and there has not been any material change in this respect since the issuance of such corporate governance report. The Company is committed to making necessary arrangements to comply with all the code provisions.

On 1 January 2022, the amendments to the Corporate Governance Code (the "New CG Code") came into effect and the requirements under the New CG Code will apply to corporate governance reports for the financial year commencing on or after 1 January 2022. The Board will continue to review and enhance its corporate governance practice of the Company to ensure compliance with the New CG Code, align with the latest developments, and meet the rising expectations of shareholders and investors.



## THE 2020 PLACING

On 11 December 2020, the Company completed a placing of an aggregate of 287,320,000 new ordinary shares of the Company, with an aggregate nominal value of USD359.15, at a placing price of HKD3.2368 per share pursuant to a placing agreement dated 4 December 2020 (the “2020 Placing”).

Pursuant to the 2020 Placing, an aggregate of 287,320,000 new ordinary shares, representing approximately 6.21% of the issued share capital of the Company as enlarged by the allotment and issue of the new shares immediately after the completion of the 2020 Placing, have been successfully placed to not less than six placees who and whose ultimate beneficial owner(s), to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, are independent of the Company. None of the placees and their respective ultimate beneficial owners has become a substantial shareholder (as defined under the Listing Rules) of the Company as a result of the placing.

The placing price of HKD3.2368 per placing share represents:

- (i) a discount of approximately 11.6% to the closing price of HKD3.660 per share of the Company as quoted on the Stock Exchange on 3 December 2020, being the trading day prior to the date of the placing agreement;
- (ii) a discount of approximately 9.3% to the average closing price of approximately HKD3.570 per share of the Company as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the placing agreement; and
- (iii) a discount of approximately 2.3% to the average closing price of approximately HKD3.313 per share of the Company as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to the date of the placing agreement.

The net placing price (after deducting the costs and expenses incurred for the 2020 Placing) was approximately HKD3.2366 per placing share. The net proceeds raised from the 2020 Placing were approximately HKD930.0 million. As at 31 December 2022, the usage of the proceeds from the 2020 Placing was as follows:

<b>Intended use of proceeds</b>	<b>Approximate allocation of net proceeds as previously disclosed (HKD in million)</b>	<b>Approximate utilisation of proceeds as at 31 December 2022 (HKD in million)</b>	<b>Approximate amount of net proceeds unutilised as at 31 December 2022 (HKD in million)</b>	<b>Expected timeline for utilisation of unutilised proceeds</b>
Repayment of certain bank borrowings of the Group	406.0	406.0	—	Fully utilised
Funding potential business development involving a new overseas clinical project	465.0	26.4	438.6	To be applied in 2023 (HKD70.0 million) and 2024 (HKD368.6 million) subject to adjustments (if any)
General working capital of the Group	59.0	59.0	—	Fully utilised
<b>Total</b>	<b>930.0</b>	<b>491.4</b>	<b>438.6</b>	

Approximately HKD491.4 million of the net proceeds of the 2020 Placing had been utilised in accordance with the intended use of proceeds. There has been no change in the intended use of net proceeds. The unutilised net proceeds would be brought forward to the next financial year and will be gradually utilised in accordance with the above intended purposes.

The Directors consider that the 2020 Placing represented an opportunity to raise capital while broadening its capital and shareholder base. The Directors were of the view that the 2020 Placing would strengthen the financial position of the Company and provide working capital to the Company.

For further details, please refer to the Company's announcements dated 4 December 2020 and 11 December 2020.

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

During the year ended 31 December 2022, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities.

### **DIRECTORS' INTEREST IN COMPETING BUSINESS**

During the year ended 31 December 2022, none of our Directors or any substantial shareholder (as defined under the Listing Rules) of the Company and their respective close associates had any interest in a business, apart from the business of the Group, which competes or is likely to compete, directly or indirectly, with the business of the Group which would require disclosure under Rule 8.10 of the Listing Rules.

### **KEY RELATIONSHIPS WITH STAKEHOLDERS**

The Company strives to maintain a good relationship with its employees, customers and suppliers in order to operate a sustainable business and to meet its short-term and long-term objectives.

The Company believes that our employees are our most important and valuable assets. As discussed in the section headed "Employees and Remuneration Policy" under "Management Discussion and Analysis", we provide our employees with remuneration packages that take into account their performance, qualification and working experience, results of the Group and market conditions with additional benefits including bonuses, various kinds of subsidies and insurance coverage.

The Company strives to maintain and reinforce sound relationships with its customers and suppliers. The Directors and senior management of the Company endeavour to communicate with its customers and suppliers from time to time. We invest in R&D and place emphasis on customers' feedback in order to deliver quality products to our customers and stay competitive in the market.

During the year, there was no material and significant dispute between the Group and its employees, customers or suppliers.

## **MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code as its own code of conducts for dealings by Directors in the listed securities of the Company. Having made specific enquiry with all Directors, each of the Directors has confirmed that he has complied with the required standard as set out in the Model Code during the year ended 31 December 2022.

Senior management, executives and staff who, because of their offices in the Company are likely to possess inside information, have also been requested to comply with the Model Code for securities transactions. No incident of non-compliance with the Model Code by such employees was noted by the Company during the year ended 31 December 2022.

## **AUDITORS**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by Deloitte Touche Tohmatsu. There has been no change in the auditors of the Company during the past three years. A resolution will be proposed at the forthcoming annual general meeting to re-appoint Deloitte Touche Tohmatsu as auditors of the Company.

## **FINAL DIVIDEND**

The Board does not recommend the payment of any final dividend for the year ended 31 December 2022 (2021: nil).

## **ANNUAL GENERAL MEETING**

The 2023 annual general meeting of the Company (the "2023 Annual General Meeting") will be held on Thursday, 25 May 2023.

## **CLOSURE OF REGISTER OF MEMBERS**

For the purpose of determining the identity of the shareholders who are entitled to attend and vote at the 2023 Annual General Meeting, the register of members of the Company will be closed from Monday, 22 May 2023 to Thursday, 25 May 2023, both days inclusive, during which period no transfer of shares of the Company will be effected. All transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, by no later than 4:30 p.m. on Friday, 19 May 2023.

## **AUDIT COMMITTEE REVIEW**

The Group's audited annual results for the year ended 31 December 2022 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosure has been made.

## **SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements for the year as approved by the Board of Directors on 29 March 2023. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This preliminary results announcement will be posted on the website of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the website of the Company (<http://www.lifetechmed.com>). The annual report for the financial year will be despatched to the shareholders of the Company and be available on the same websites in due course.

By Order of the Board  
**LifeTech Scientific Corporation**  
**XIE Yuehui**  
*Executive Director, Chairman  
and Chief Executive Officer*

Hong Kong, 29 March 2023

*As at the date of this announcement, the Board comprises Mr. XIE Yuehui and Mr. LIU Jianxiong being executive Directors; Mr. JIANG Feng being the non-executive Director; and Mr. LIANG Hsien Tse Joseph, Mr. WANG Wansong and Mr. ZHOU Luming being independent non-executive Directors.*