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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 2024

FINANCIAL HIGHLIGHTS

- The revenue of the Group was approximately RMB1,303.7 million for the year ended 31 December 2024 as compared to approximately RMB1,267.2 million for the corresponding period of 2023, representing an increase of approximately RMB36.5 million or approximately 2.9%. This increase was mainly due to the increase in revenue from the sales of stent grafts and LAA occluders.
- Gross profit was approximately RMB981.4 million for the year ended 31 December 2024 as compared to approximately RMB995.6 million for the corresponding period of 2023, representing a decrease of approximately 1.4%.
- Net profit for the year ended 31 December 2024 was approximately RMB168.5 million, as compared to the net profit amounting to approximately RMB107.5 million in 2023, representing an increase of approximately 56.7%. The increase was mainly due to the reduction in losses from fair value change of financial liabilities at fair value through profit or loss ("FVTPL"), which was related to the redeemable shares of Biotyx Medical (Shenzhen) Co., Ltd. ("Biotyx Medical").
- Net profit attributable to owners of the Company for the year ended 31 December 2024, was approximately RMB222.4 million as compared to the net profit attributable to owners of the Company amounting to approximately RMB263.2 million in 2023, representing a decrease of approximately 15.5%. The decrease was mainly due to (i) the decrease in the net amount of other income, expenses, gains and losses; and (ii) the increase in share-based payment expenses.
- The Board does not recommend payment of final dividend for the year ended 31 December 2024 (2023: 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 2024, together with the comparative figures for the corresponding period of 2023, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
Revenue	4	1,303,699	1,267,175
Cost of sales		(322,264)	(271,538)
Gross profit		981,435	995,637
Other income, expenses, gains and losses	5	15,055	99,305
Impairment losses under expected credit loss model, net of reversal		(3,037)	847
Selling and distribution expenses		(339,619)	(265,339)
Administration expenses		(164,583)	(149,251)
Research and development expenses		(302,915)	(297,921)
Operating profit		186,336	383,278
Finance income, net	6	13,321	8,091
Share of results of associates		(662)	(1,962)
Changes in fair value of financial liabilities at FVTPL	15	—	(213,826)
Profit before tax	7	198,995	175,581
Income tax expense	8	(30,504)	(68,091)
Profit for the year		168,491	107,490
Other comprehensive expense:			
<i>Items that will not be reclassified to profit or loss:</i>			
Fair value loss on investments in equity instruments at fair value through other comprehensive income ("FVTOCI"), net of tax		(96,500)	(221,788)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(548)	(1,407)
Other comprehensive expense		(97,048)	(223,195)
Total comprehensive income (expense) for the year		71,443	(115,705)
Profit (loss) for the year attributable to:			
Owners of the Company		222,388	263,242
Non-controlling interests		(53,897)	(155,752)
		168,491	107,490
Total comprehensive income (expense) attributable to:			
Owners of the Company		125,340	40,047
Non-controlling interests		(53,897)	(155,752)
		71,443	(115,705)
Earnings per share	10		
– Basic		RMB5.1 cents	RMB6.0 cents
– Diluted		RMB5.1 cents	RMB5.9 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment		931,036	833,779
Right-of-use assets		45,468	51,078
Investment properties		292,994	272,346
Intangible assets		730,661	656,669
Interests in associates		72,692	46,738
Financial assets at FVTPL	11	252,149	211,376
Equity instruments at FVTOCI		17,099	113,599
Deposits for acquisition of property, plant and equipment/right-of-use assets		26,964	36,605
Deferred tax assets		117,142	83,031
Fixed bank deposits		80,000	160,000
		<u>2,566,205</u>	<u>2,465,221</u>
Current assets			
Inventories		532,398	483,605
Trade receivables	12	136,690	105,185
Other receivables and prepayments	13	478,222	463,041
Financial assets at FVTPL	11	311,000	120,000
Fixed bank deposits		205,133	80,000
Restricted bank deposits		4,975	—
Cash and cash equivalents		665,755	979,312
		<u>2,334,173</u>	<u>2,231,143</u>
Current liabilities			
Trade and other payables	14	758,212	710,154
Contract liabilities		21,435	7,754
Tax liabilities		32,204	45,935
Lease liabilities		3,787	6,293
		<u>815,638</u>	<u>770,136</u>
Net current assets		<u>1,518,535</u>	<u>1,461,007</u>
Total assets less current liabilities		<u>4,084,740</u>	<u>3,926,228</u>

	NOTES	2024 RMB'000	2023 RMB'000
Non-current liabilities			
Government grants		49,793	40,929
Lease liabilities		1,192	3,003
Financial liabilities at FVTPL	15	558,326	558,326
		<u>609,311</u>	<u>602,258</u>
Net assets		<u>3,475,429</u>	<u>3,323,970</u>
Capital and reserves			
Share capital	16	37	37
Reserves		3,494,470	3,370,205
		<u>3,494,507</u>	<u>3,370,242</u>
Equity attributable to owners of the Company		(19,078)	(46,272)
Non-controlling interests			
Total equity		<u>3,475,429</u>	<u>3,323,970</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

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 NEW AND 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 period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Noncurrent
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

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. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

4. REVENUE AND SEGMENT INFORMATION

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 allocation of segment assets and liabilities 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.

4. 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 2024

	Structural heart diseases business RMB'000	Peripheral vascular diseases business RMB'000	Cardiac pacing and electrophysiology business RMB'000	Total RMB'000
SEGMENT REVENUE				
External sales	527,578	751,112	25,009	1,303,699
Segment profit (loss)	458,083	529,667	(8,019)	979,731
Unallocated income				
- Finance income				15,211
- Other income and other gains				114,679
Unallocated expense				
- Other expenses and losses				(99,624)
- Selling and distribution expenses				(339,619)
- Administration expenses				(164,583)
- Research and development expenses				(302,915)
- Finance costs				(1,890)
- Share of results of associates				(662)
- Impairment losses under expected credit loss model, net of reversal				(1,333)
Profit before tax				198,995

4. REVENUE AND SEGMENT INFORMATION - *continued*

Segment Information - *continued*

(a) *Segment revenue and results - continued*

For the year ended 31 December 2023

	Structural heart diseases business RMB'000	Peripheral vascular diseases business RMB'000	Cardiac pacing and electrophysiology business RMB'000	Total RMB'000
SEGMENT REVENUE				
External sales	495,666	707,108	64,401	1,267,175
Segment profit	<u>434,294</u>	<u>533,990</u>	<u>26,687</u>	<u>994,971</u>
Unallocated income				
- Finance income				8,813
- Other income and other gains				116,438
- Impairment losses under expected credit loss model, net of reversal				1,513
Unallocated expense				
- Other expenses and losses				(17,133)
- Selling and distribution expenses				(265,339)
- Administration expenses				(149,251)
- Research and development expenses				(297,921)
- Finance costs				(722)
- Share of results of associates				(1,962)
- Changes in fair value of financial liabilities at FVTPL				<u>(213,826)</u>
Profit before tax				<u>175,581</u>

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.

4. REVENUE AND SEGMENT INFORMATION - *continued*

Segment Information - *continued*

(b) Segment assets and liabilities

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

Segment assets

	2024	2023
	RMB'000	RMB'000
Operating segments		
Structural heart diseases business	688,026	625,742
Peripheral vascular diseases business	979,544	892,671
Cardiac pacing and electrophysiology business	70,595	91,937
	<hr/>	<hr/>
Total segment assets	1,738,165	1,610,350
Unallocated assets		
Interests in associates	72,692	46,738
Property, plant and equipment	542,596	437,952
Right-of-use assets	45,468	51,078
Investment properties	292,994	272,346
Deferred tax assets	117,142	83,031
Financial assets at FVTPL	563,149	331,376
Equity instruments at FVTOCI	17,099	113,599
Other receivables and prepayments	478,222	463,041
Cash and cash equivalents	665,755	979,312
Restricted bank deposits	4,975	—
Fixed bank deposits	285,133	240,000
Intangible assets	50,024	30,936
Deposits for acquisition of property, plant and equipment/right-of-use assets	26,964	36,605
	<hr/>	<hr/>
Consolidated assets	4,900,378	4,696,364
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4. REVENUE AND SEGMENT INFORMATION - *continued*

Segment Information - *continued*

(b) *Segment assets and liabilities - continued*

Segment liabilities

	2024	2023
	RMB'000	RMB'000
Operating segments		
Structural heart diseases business	127,440	124,157
Peripheral vascular diseases business	181,439	177,122
Cardiac pacing and electrophysiology business	22,733	16,132
	<hr/>	<hr/>
Total segment liabilities	331,612	317,411
Unallocated liabilities		
Other payables	443,377	395,748
Tax liabilities	32,204	45,935
Government grants	54,451	45,678
Lease liabilities	4,979	9,296
Financial liabilities at FVTPL	558,326	558,326
	<hr/>	<hr/>
Consolidated liabilities	1,424,949	1,372,394
	<hr/> <hr/>	<hr/> <hr/>

For the purposes of monitoring segment performance 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, restricted bank deposits, certain intangible assets, and deposits for acquisition of 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 liabilities, government grants (include current portion under other payables and non-current portion), lease liabilities and financial liabilities at FVTPL.

4. REVENUE AND SEGMENT INFORMATION - continued

Segment Information - continued

(c) Other segment information

For the year ended 31 December 2024

	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 (loss) or segment assets:					
Depreciation of property, plant and equipment	18,761	26,710	889	11,083	57,443
Amortisation of intangible assets	5,440	7,745	258	—	13,443
Write-down on inventories	5,052	7,191	239	—	12,482
Impairment losses recognised on trade receivables, net of reversal	690	982	32	—	1,704
Impairment losses of intangible assets	—	—	—	65,971	65,971

For the year ended 31 December 2023

	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	13,653	19,477	1,773	7,886	42,789
Amortisation of intangible assets	5,457	7,784	709	—	13,950
Write-down on inventories	2,451	3,496	318	—	6,265
Impairment losses recognised on trade receivables, net of reversal	260	372	34	—	666

4. 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	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
Mainland China	957,105	992,126	2,099,202	1,896,222
Europe	131,752	111,091	45	33
Asia, excluding mainland				
China and India	98,501	67,421	337	676
India	53,568	46,403	231	284
South America	36,066	33,534	—	—
Africa	18,932	11,274	—	—
Others	7,775	5,326	—	—
Total	<u>1,303,699</u>	<u>1,267,175</u>	<u>2,099,815</u>	<u>1,897,215</u>

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

5. OTHER INCOME, EXPENSES, GAINS AND LOSSES

	2024	2023
	RMB'000	RMB'000
Other income and expenses		
Rental income generated from investment properties	36,637	43,173
Government grants	15,460	19,937
Depreciation of investment properties	(9,101)	(8,605)
Others	(5,900)	(8,470)
	<u>37,096</u>	<u>46,035</u>
Other gains and losses		
Impairment losses of intangible assets	(65,971)	—
Gain from changes in fair value of equity funds	56,568	31,011
Unrealised foreign exchange gains in financial assets at FVTPL	2,243	2,548
(Loss) gain from changes in fair value of hybrid funds	(18,118)	400
Interest from short-term bank structured deposits	3,358	3,970
Other net foreign exchange gain	413	10,835
Gain on deemed partial disposal of an associate	—	4,459
Gain on early termination of leases	—	105
Loss on disposal of property, plant and equipment and intangible assets	(534)	(58)
	<u>(22,041)</u>	<u>53,270</u>
	<u>15,055</u>	<u>99,305</u>

6. FINANCE INCOME, NET

	2024	2023
	RMB'000	RMB'000
Finance income from:		
Interest income on bank deposits	15,211	8,813
Finance cost from:		
Interest on bank borrowing	(1,512)	—
Interest on lease liabilities	(378)	(722)
	<u>13,321</u>	<u>8,091</u>

7. PROFIT BEFORE TAX

	2024	2023
	RMB'000	RMB'000
Profit before tax has been arrived at after charging (crediting):		
Staff costs, including directors' remuneration		
Directors' fees	720	720
Salaries, wages and other benefits	283,502	247,453
Performance related bonus	65,416	62,073
Share-based payment expenses	193,927	249,192
Retirement benefits scheme contributions	38,100	33,115
Less: capitalised in development costs, construction in progress and inventories	(113,802)	(212,742)
	467,863	379,811
Auditor's remuneration (including audit and non-audit services):	2,761	3,406
Audit services	2,671	2,873
Non-audit services	90	533
Cost of inventories recognised as expenses (Note i)	322,264	271,538
Depreciation of property, plant and equipment	57,443	42,789
Depreciation of investment properties	9,101	8,605
Depreciation of right-of-use assets	8,009	11,815
Amortisation of intangible assets (Note ii)	13,443	13,950
Less: capitalised in inventories	(13,091)	(15,516)
Total depreciation and amortisation	74,905	61,643
Gross rental income from investment properties	(36,637)	(43,173)
Less: direct operating expenses incurred for investment properties that generated rental income during the year	9,101	8,605
	(27,536)	(34,568)

Notes:

- (i) For the year ended 31 December 2024, cost of inventories recognised as expenses included write-down on inventories of RMB12,482,000 (2023: RMB6,265,000).
- (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 RMB733,000 (2023: RMB865,000), RMB15,000 (2023: RMB15,000), RMB1,619,000 (2023: RMB1,571,000) and RMB11,076,000 (2023: RMB11,499,000) respectively for the year.

8. INCOME TAX EXPENSE

	2024	2023
	RMB'000	RMB'000
Current tax charge:		
PRC Enterprise Income Tax ("PRC EIT")	46,857	70,019
Hong Kong Profits Tax	19,716	16,031
(Over) under provision in prior year		
PRC EIT	(1,958)	2,474
Deferred tax credit:		
Current year	(34,111)	(20,433)
	<u>30,504</u>	<u>68,091</u>

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"), the major operating subsidiary in the PRC. Lifetech Shenzhen has been qualified as a High and New Technology Enterprise since 2009, which was subsequently renewed in November 2023, and therefore Lifetech Shenzhen is entitled to a preferential corporate income tax rate of 15% for the years ended 31 December 2024 and 2023.

The applicable income tax rate of Lifetech Scientific India Private Ltd. in the jurisdiction of India is 30.9% on its taxable profits. No provision for taxation in India has been made as there is no assessable profits in India for both years.

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

9. DIVIDENDS

No dividend was paid or proposed during the years ended 31 December 2024 and 2023, nor has any dividend been proposed since the end of the reporting period.

10. 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:

	2024	2023
	RMB'000	RMB'000
Earnings:		
Earnings for the purposes of basic and diluted earnings per share	222,388	263,242
	2024	2023
	'000	'000
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share (Note)	4,379,345	4,355,625
Effect of dilutive potential ordinary shares:		
Share options	6,865	31,373
Awarded shares	8,277	59,123
Weighted average number of ordinary shares for the purpose of diluted earnings per share	4,394,487	4,446,121

The computation of diluted earnings per share does not assume the conversion of certain of the Company's share options because the exercise price of those options was higher than the average market prices for shares for 2024 and 2023.

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

11. FINANCIAL ASSETS AT FVTPL

	2024 RMB'000	2023 RMB'000
Financial assets mandatorily measured at FVTPL:		
Non-current assets		
Unlisted funds		
-Equity funds (Note i)	209,430	150,619
-Hybrid funds (Note ii)	42,639	60,757
Others	80	—
	<u>252,149</u>	<u>211,376</u>
Current assets		
Short-term bank structured deposits (Note iii)	<u>311,000</u>	<u>120,000</u>

Notes:

- (i) On 25 May 2018, the Group entered into a subscription agreement with certain independent third parties pursuant to which the Group agreed to subscribe for interest of a private equity fund ("2018 Equity Fund"), as a limited partner, for an aggregate consideration of USD6,000,000 (equivalent to approximately RMB38,202,000) in cash. 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.

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 interest of a private equity fund ("2022 Equity Fund"), as a limited partner, for an aggregate consideration of USD20,000,000 (equivalent to approximately RMB144,378,000) 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 entities involved in the healthcare industry, with a particular focus on leading innovative technologies.

- (ii) On 8 January 2021, the Group entered into a contract to purchase a hybrid fund unit with a financial institution, which was accounted for as financial assets at FVTPL on initial recognition, for a consideration of RMB10,000,000 in cash.

On 28 November 2023, the Group entered into a contract to purchase another hybrid fund unit with a financial institution, which was accounted for as financial assets at FVTPL on initial recognition, for a consideration of RMB50,000,000 in cash.

- (iii) During the years ended 31 December 2024 and 2023, Lifetech Shenzhen entered into structured deposit agreements with certain PRC banks.

11. FINANCIAL ASSETS AT FVTPL - *continued*

The equity funds are managed by fund/investment managers, and the Group does not have rights to engage in the management of the equity funds. The Group, as a limited partner in the equity funds does not have the rights to participate in the financial and operating policy decisions of the equity funds. As such, the Group does not have significant influence over the equity funds, and therefore they are not accounted for as associates.

The equity funds and hybrid funds are accounted for as financial assets at FVTPL in accordance with IFRS 9. In the opinion of the directors of the Company, these funds are held for long-term strategic investment purposes and as such, the investments are classified as non-current.

The Group holds approximately 9.69% (2023: 9.69%) and approximately 4.60% (2023: 12.64%) interest in the 2018 and 2022 Equity Funds at the end of reporting period, respectively.

There was no dividend income during the year ended 31 December 2024 and 2023.

12. TRADE RECEIVABLES

	2024	2023
	RMB'000	RMB'000
Trade receivables from contracts with customers	142,816	109,607
Less: allowance for credit losses	(6,126)	(4,422)
	136,690	105,185

Trade receivables mainly arose from sales of medical devices.

The Group normally allows a credit period of 30 to 180 days (2023: 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.

	2024	2023
	RMB'000	RMB'000
1 to 90 days	124,812	61,245
91 to 180 days	6,616	35,977
181 to 365 days	2,760	7,764
Over 365 days	2,502	199
	136,690	105,185

13. OTHER RECEIVABLES AND PREPAYMENTS

	2024	2023
	RMB'000	RMB'000
Other debtors (Note i)	18,823	16,730
Value added tax recoverable	76,596	61,893
Prepayments	67,928	60,423
Advance to employees – interest free	22,904	36,869
Advance to employees – others (Note ii)	287,519	282,537
Rental deposits	2,874	3,428
Other deposits	1,578	1,161
	<u>478,222</u>	<u>463,041</u>

Notes:

- (i) Amounts are unsecured and interest-free. In the opinion of the directors, the Group will demand for repayments within one year from the end of reporting period and the amounts are therefore considered as current.

Included in the amount as at 31 December 2024 was the balance to an associate amounting to RMB1,775,000 (2023: RMB1,084,000).

- (ii) As at 31 December 2024 and 2023, the advance to employees represents deferred payment from employees of the Group who acquired 230,945,000 shares under the Group's 2019 share award scheme adopted on 28 December 2018 (the "2019 Share Award Scheme") for a purchase price of HKD1.35 per share. The deferred payments are secured by the corresponding shares. None of these employees is a connected person of the Company as defined under the Listing Rules.

Pursuant to the conditions accepted by these employees and with the consent of the Company, the ownership of such shares has been transferred to these employees and they are obliged to pay for such shares and complete the taking up of such shares within the remaining life of the 2019 Share Award Scheme.

14. TRADE AND OTHER PAYABLES

	2024	2023
	RMB'000	RMB'000
Trade payables	59,543	124,086
Other payables:		
Government grants	4,658	4,749
Accrued payroll and bonus	107,447	107,875
Rental deposits	6,661	7,707
Refund liabilities (Note i)	250,635	185,571
Other payables (Note ii)	142,534	78,205
Construction payables	10,512	25,260
Accrued expenses	166,020	162,982
Value-added tax payables	4,520	10,004
Other tax payables	5,682	3,715
	698,669	586,068
	758,212	710,154

Notes:

- (i) The refund liabilities are arisen from outstanding rebates in relation to the goods sold to certain customers.
- (ii) Included in the amount as at 31 December 2024 was the balance to an associate amounting to RMB15,942,000 (2023: RMB11,849,000).

The credit period granted by suppliers to the Group ranged from 30 to 120 days (2023: 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:

	2024	2023
	RMB'000	RMB'000
0 - 30 days	7,520	27,738
31 - 60 days	9,020	29,655
61 - 90 days	5,769	15,805
91 - 120 days	3,238	9,754
Over 120 days	33,996	41,134
	59,543	124,086

15. FINANCIAL LIABILITIES AT FVTPL

	2024	2023
	RMB'000	RMB'000
Capital injection from other investors	558,326	558,326

During the year ended 31 December 2020, Lifetech Shenzhen, a wholly-owned subsidiary of the Company, entered into a shareholders' agreement ("Series A Agreement") with certain independent third parties for issuance of shares of Biotyx Medical, a subsidiary of Lifetech Shenzhen, with a total consideration of RMB135,000,000. Pursuant to the Series A Agreement, during the year ended 31 December 2020, Biotyx Medical received the first capital injection of RMB67,500,000. During the year ended 31 December 2021, Biotyx Medical received the second capital injection of RMB67,500,000. Upon the completion of the above transaction, the Group's equity interest in Biotyx Medical decreased from 66.17% to 57.44%.

During the year ended 31 December 2023, Lifetech Shenzhen entered into another shareholders' agreement ("Series B Agreement") with certain independent third parties for issuance of shares of Biotyx Medical, with a total consideration of RMB202,000,000. Pursuant to the Series B Agreement, during the year ended 31 December 2023, Biotyx Medical received the total capital injection of RMB202,000,000. Upon the completion of the transaction, the Group's equity interest in Biotyx Medical decreased from 57.44% to 49.64%.

Pursuant to the above mentioned Series A and Series B Agreements, if Biotyx Medical is unable to meet certain specified conditions under agreed timeframe, the holders of these shares will have the right to require Biotyx Medical to redeem all of their shares at the predetermined consideration. Accordingly, these shares are classified as a financial liability.

The fair value change in relation to the financial liabilities for the year ended 31 December 2024 is insignificant (fair value change of RMB213,826,000 was recognised in profit or loss for the year ended 31 December 2023).

Through financial risk management measures, the Group expects that it will be able to satisfy its redemption obligations in the case that the above specific conditions happen.

16. SHARE CAPITAL

	Number of shares	Amount USD
Ordinary shares		
Authorised:		
At 1 January 2023, 31 December 2023 and 2024 at USD0.00000125 each	40,000,000,000	50,000
		Shown in the consolidated statement of financial position as RMB'000
	Number of shares	Amount USD
Issued and fully paid:		
At 1 January 2023	4,630,030,400	5,789
Exercise of share options	202,000	— [#]
	<u>4,630,232,400</u>	<u>5,789</u>
At 31 December 2023	4,630,232,400	5,789
Exercise of share options	380,000	— [#]
	<u>4,630,612,400</u>	<u>5,789</u>
At 31 December 2024	<u>4,630,612,400</u>	<u>5,789</u>

[#] Less than USD1.

^{*} 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 operates 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 primarily includes congenital heart diseases occluders and left atrial appendage (“LAA”) occluders. The peripheral vascular diseases business mainly includes vena cava filters and stent grafts. The cardiac pacing and electrophysiology business is mainly related to pacemakers. These product lines offer clinically effective and commercially attractive solutions, addressing critical medical needs in the global healthcare market.

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

Annual performances

During the year ended 31 December 2024, the Group achieved a revenue of approximately RMB1,303.7 million, representing an increase of approximately RMB36.5 million or approximately 2.9% as compared to the revenue of approximately RMB1,267.2 million for the year ended 31 December 2023. China’s mainland remained as the Group’s largest market, contributing to approximately 73.4% of its total revenue for the year ended 31 December 2024 (2023: approximately 78.3%). Meanwhile, Asia (excluding China’s mainland) and Europe were the Group’s two largest overseas markets, accounting for approximately 11.7% and 10.1% of total revenue for the year ended 31 December 2024, respectively (2023: approximately 9.0% and 8.8%, respectively). Domestic sales of the Group decreased by approximately 3.5% as compared with the corresponding period of 2023, while overseas sales of the Group increased by approximately 26.0% as compared with the corresponding period of 2023, which was mainly attributable to the Company’s active expansion of overseas business and effective marketing strategies.

Net profit for the year ended 31 December 2024 was approximately RMB168.5 million, as compared to the net profit amounting to approximately RMB107.5 million in 2023, representing an increase of approximately 56.7%. The increase was mainly due to the reduction in losses from fair value change of financial liabilities at FVTPL, which was related to the redeemable shares of Biotyx Medical.

Net profit attributable to owners of the Company for the year ended 31 December 2024 was approximately RMB222.4 million as compared to the net profit attributable to owners of the Company amounting to approximately RMB263.2 million in 2023, representing a decrease of approximately 15.5%. The decrease was mainly due to (i) the decrease in the net amount of other income, expenses, gains and losses; and (ii) the increase in share-based payment expenses.

Sales and marketing

The Group boasts an experienced sales and marketing team with the professional skills to manage existing distribution networks and explore new markets. To enhance brand and product awareness, the Group organised and participated in domestic and international medical conferences, academic activities, seminars, live broadcast workshops, and training sessions for medical professionals. Additionally, the Group is committed to improving its borderless academic exchange platform. The Lifetech Knowledge Exchange Program, initiated by the Group in 2012, connects cardiovascular experts worldwide for academic exchanges. These experts share valuable medical experiences and clinical skills, fostering the development of medical technology in minimally invasive cardiovascular interventions. Such initiatives not only demonstrate the Group's strength in product innovation but also enhance its international influence, ultimately driving the Company's sales growth.

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 2024, 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 2024, the Group has made the following main progress in the R&D field:

- Futhrough™ Endovascular Needle System, Thrombectomy Aspiration Pump, Balloon Guided Catheter, Distal Access Catheter Kits, Intracranial Aspiration Catheter and HeartTone™ Implantable Cardiac Pacemaker compatible with magnetic resonance imaging ("MRI") obtained the National Medical Products Administration ("NMPA") certification;
- HeartR™ PDA Occluder, Cera™ PDA Occluder, CeraFlex™ PDA Closure System and Fustar™ Steerable Introducer obtained the CE MDR (Medical Device Regulation) certification. Such products have previously obtained the CE MDD (Medical Device Directive) certification;
- Aortic Stent Graft System (consists of the Ankura™ Pro Aortic Stent Graft System and Longuette™ Aortic Branch Stent Graft System), Aortic Arch Stent Graft System (consists of the Ankura™ Plus Aortic Arch Stent Graft System and CSkirt™ Aortic Arch Branch Stent Graft System), Thoracoabdominal Artery Stent Graft System (consists of the G-Branch™ Thoracoabdominal Aortic Stent Graft System, SilverFlow™ PV Peripheral Vascular Stent Graft System and Aortic Extension Stent Graft System), Peripheral Balloon Dilatation Catheter (Large diameter), Iliac Bifurcation Device (consists of the G-iliac™ Pro Iliac Bifurcation Stent Graft System and SilverFlow™ Pro Internal Iliac Stent Graft System), Closure Delivery System, SteerEase™-m Introducer, Yoscop™ Multi-loop Snare System and Microcatheter are pending registration approval in China;
- Aortic Stent Graft System (consists of the Ankura™ Pro Aortic Stent Graft System and Longuette™ Aortic Branch Stent Graft System), Fitaya™ Vena Cava Filter System, Futhrough™ Stent Graft Balloon Catheter, Yuranos™ Abdominal Aortic Stent Graft System, and G-iliac™ Iliac Bifurcation Device are pending registration approval of CE certification;

- Cera™ PFO Occluder, CS™ Concave Supra-arch Branched Stent-Graft System and X-Clip™ Mitral Valve Clip System are currently at the stage of the pre-registration clinical enrollment in China;
- IBS Titan™ Sirolimus-Eluting Iron Bioresorbable Peripheral Scaffold System is currently at the stage of clinical enrollment in China and in Europe and its CE registration application has been submitted; and
- IBST™ Sirolimus-Eluting Iron Bioresorbable Coronary Scaffold System has successfully completed the one-year follow-up and two-year imaging follow-up of the phase II clinical study, and also successfully completed the one-year follow-up of the phase III clinical study, further confirming its safety and efficacy. Additionally, its CE registration application has been submitted.

PATENTS AND BRANDING

Intellectual property is an important intangible asset of the Group, and is also an internal driving force for improving the Group's core competitiveness in the medical device market. During the year ended 31 December 2024, the Group had filed 321 patent applications while 161 patents were registered. As at 31 December 2024, the Group had filed a total of 2,426 valid patent applications, of which 1,089 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 RMB1,303.7 million for the year ended 31 December 2024, representing an increase of approximately RMB36.5 million or approximately 2.9% from approximately RMB1,267.2 million for the year ended 31 December 2023. This increase was mainly due to the increase in revenue from the sales of stent grafts and LAA occluders.

Revenue from the structural heart diseases business

The turnover contributed by the structural heart diseases business for the year ended 31 December 2024 was approximately RMB527.6 million, representing a growth of approximately 6.4% from approximately RMB495.7 million for the year ended 31 December 2023.

With the diversification of product portfolio, the Company's products cover a wide spectrum of 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 2023, the revenue generated from the sales of congenital heart diseases occluders and LAA occluders for the year ended 31 December 2024 increased by approximately 2.9% and 12.4%, respectively.

Revenue from the peripheral vascular diseases business

The turnover contributed by the peripheral vascular diseases business for the year ended 31 December 2024 was approximately RMB751.1 million, representing a growth of approximately 6.2% from approximately RMB707.1 million for the year ended 31 December 2023.

Products offered by the Group in the peripheral vascular diseases business mainly included 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 2023, the revenue generated from the sales of stent grafts for the year ended 31 December 2024 increased by approximately 8.3%, while vena cava filters decreased by approximately 3.4%.

Revenue from the cardiac pacing and electrophysiology business

The turnover contributed by the cardiac pacing and electrophysiology business for the year ended 31 December 2024 was approximately RMB25.0 million, representing a decrease of approximately 61.2% from approximately RMB64.4 million for the year ended 31 December 2023.

Gross profit and gross profit margin

Gross profit of the Group decreased by approximately 1.4% from approximately RMB995.6 million for the year ended 31 December 2023 to approximately RMB981.4 million for the year ended 31 December 2024. Gross profit margin decreased 3.3 percentage points from approximately 78.6% for the year ended 31 December 2023 to approximately 75.3% for the year ended 31 December 2024. The decrease is mainly due to (i) the decrease in the unit selling price of certain products in specific regions due to the impact of the centralised procurement policy; and (ii) the change of sales portfolio and the sales of low gross profit margin products increased.

Other income, expenses, gains and losses

Other income, expenses, gains and losses decreased from gains of approximately RMB99.3 million for the year ended 31 December 2023 to approximately RMB15.1 million for the year ended 31 December 2024, which was mainly due to (i) the increase in the impairment losses of certain suspended development projects; and (ii) the decrease in the net foreign exchange gains.

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 the Cayman Islands. 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 the Group's investment in the 2018 Equity Fund as at 31 December 2024 amounted to approximately RMB8.9 million (2023: approximately RMB9.9 million), representing approximately 0.2% (2023: approximately 0.2%) of the Company's total assets. Based on the cumulative net distributions of approximately RMB57.8 million in 2021 and 2020, coupled with the outlook of the healthcare industry, the Company is optimistic on the prospects for the investments of the 2018 Equity Fund.

On 8 January 2021, the Group invested RMB10.0 million to subscribe for a share of the private securities investment fund. The fair value of this investment as at 31 December 2024 amounted to approximately RMB12.5 million (2023: approximately RMB10.3 million), representing approximately 0.3% (2023: approximately 0.2%) 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 the partnership interest in Ally Bridge Group Global Life Science Capital Partners V, L.P., 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 entities involved in the healthcare industry, with a particular focus on leading innovative technologies. The fair value of the Group's investment in the 2022 Equity Fund as at 31 December 2024 amounted to approximately RMB200.5 million (2023: approximately RMB140.7 million), representing approximately 4.1% (2023: approximately 3.0%) of the Company's total assets.

On 28 November 2023, the Group invested RMB50.0 million to subscribe for a share of the private securities investment fund. The fair value of this investment as at 31 December 2024 amounted to approximately RMB30.2 million (2023: approximately RMB50.5 million), representing approximately 0.6% (2023: approximately 1.1%) of the Company's total assets.

The aggregate unrealised foreign exchange gains in financial assets at FVTPL were approximately RMB2.2 million for the year ended 31 December 2024 (2023: gains of approximately RMB2.5 million), and the aggregate gains from changes in fair value of financial assets at FVTPL were approximately RMB38.5 million for the year ended 31 December 2024 (2023: gains of approximately RMB31.4 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.

Selling and distribution expenses

Selling and distribution expenses increased by approximately 28.0% from approximately RMB265.3 million for the year ended 31 December 2023 to approximately RMB339.6 million for the year ended 31 December 2024. This increase was mainly due to (i) the increase in staff costs, of which the increase in share-based payment expenses amounted to approximately RMB17.5 million; and (ii) the increase in marketing expenses.

Administration expenses

Administration expenses increased by approximately 10.2% from approximately RMB149.3 million for the year ended 31 December 2023 to approximately RMB164.6 million for the year ended 31 December 2024. This increase was mainly due to the increase in staff costs, of which the increase in share-based payment expenses amounted to approximately RMB18.0 million.

Research and development expenses

Research and development expenses increased by approximately 1.7% from approximately RMB297.9 million for the year ended 31 December 2023 to approximately RMB302.9 million for the year ended 31 December 2024. In addition, during the year ended 31 December 2024, approximately RMB144.9 million (2023: approximately RMB223.5 million) was capitalised in development expenditure. Considering such capitalised expenditure, research and development cost decreased by approximately 14.1% from approximately RMB521.4 million for the year ended 31 December 2023 to approximately RMB447.8 million for the year ended 31 December 2024. This decrease was mainly due to a reduction related to Biotyx Medical in share-based payment expenses, which was approximately RMB100.8 million.

Operating profit

Operating profit decreased by approximately 51.4% from approximately RMB383.3 million for the year ended 31 December 2023 to approximately RMB186.3 million for the year ended 31 December 2024. This decrease was mainly due to (i) the decrease in the net amount of other income, expenses, gains and losses; and (ii) the increase in share-based payment expenses.

Share of results of associates

The Group's share of losses in associates were approximately RMB0.7 million for the year ended 31 December 2024 (2023: losses of approximately RMB2.0 million).

Finance income and finance costs

The Company earned an interest income of approximately RMB15.2 million for the year ended 31 December 2024 (2023: approximately RMB8.8 million).

The finance costs were approximately RMB1.9 million for the year ended 31 December 2024 (2023: approximately RMB0.7 million).

Financial liabilities at FVTPL

In 2020, Lifetech Shenzhen, a wholly owned subsidiary of the Company, entered into Series A Agreement with certain independent third parties, and in 2023 entered into Series B Agreement with certain independent third parties, for issuance of shares of Biotyx Medical. Pursuant to the above mentioned Series A and Series B Agreements, if Biotyx Medical is unable to meet certain specified conditions under agreed timeframe, some holders of these shares will have the right to require Biotyx Medical to redeem all of their shares at the predetermined consideration. Accordingly, such shares are classified as a financial liability.

The fair value change in relation to the financial liabilities for the year ended 31 December 2024 is insignificant (fair value change of approximately RMB213.8 million was recognised in profit or loss for the year ended 31 December 2023).

Income tax

Income tax decreased from approximately RMB68.1 million for the year ended 31 December 2023 to approximately RMB30.5 million for the year ended 31 December 2024. This decrease was mainly due to the decrease in assessable income.

Net profit

Net profit for the year ended 31 December 2024 was approximately RMB168.5 million, as compared to the net profit amounting to approximately RMB107.5 million in 2023, representing an increase of approximately 56.7%. The increase was mainly due to a reduction in the losses from fair value change of financial liabilities at FVTPL, which was related to the redeemable shares of Biotyx Medical.

Net profit attributable to owners of the Company for the year ended 31 December 2024, was approximately RMB222.4 million as compared to the net profit attributable to owners of the Company amounting to approximately RMB263.2 million in 2023, representing a decrease of approximately 15.5%. The decrease was mainly due to (i) the decrease in the net amount of other income, expenses, gains and losses; and (ii) the increase in share-based payment expenses.

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 shares of the company upon the initial public offering, as a cornerstone investor, 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 value of the equity securities in listed entity is 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 2024 amounted to approximately RMB17.1 million (2023: approximately RMB113.6 million), representing approximately 0.3% (2023: approximately 2.4%) of the Company's total assets.

The unrealised foreign exchange gain in equity instruments at FVTOCI was approximately RMB0.4 million for the year ended 31 December 2024 (2023: gain of approximately RMB1.5 million), and the loss from changes in fair value of equity instruments at FVTOCI was approximately RMB96.9 million for the year ended 31 December 2024 (2023: loss of approximately RMB223.3 million).

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 1.8% of its total issued share capital as at 31 December 2024.

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

LIQUIDITY AND FINANCIAL RESOURCES

In 2024, the Group mainly financed its operations with its own working capital.

The Group recorded total current assets of approximately RMB2,334.2 million as at 31 December 2024 (31 December 2023: approximately RMB2,231.1 million) and total current liabilities of approximately RMB815.6 million as at 31 December 2024 (31 December 2023: approximately RMB770.1 million). As at 31 December 2024, total current liabilities of the Group primarily included trade payables and other payables amounting to approximately RMB758.2 million (31 December 2023: approximately RMB710.2 million). Trade and other payables primarily included accrued expenses of approximately RMB166.0 million (31 December 2023: approximately RMB163.0 million), of which primarily attributed to clinical expenses and exhibition expenses, as well as accrued payroll and bonus of approximately RMB107.4 million (31 December 2023: approximately RMB107.9 million).

Trade receivables in terms of debtor turnover days decreased to 33 days (2023: 34 days), while trade payables in terms of creditor turnover days decreased to 103 days (2023: 124 days).

The current ratio (calculated by dividing the total current assets by the total current liabilities) of the Group was approximately 2.86 as at 31 December 2024 (31 December 2023: approximately 2.90).

CASH AND CASH EQUIVALENTS

As at 31 December 2024, the Group's cash and cash equivalents were approximately RMB665.8 million, representing a decrease of approximately 32.0% from approximately RMB979.3 million as at 31 December 2023. The decrease was mainly due to (i) part of the cash and cash equivalents deposited as bank structured deposits and fixed bank deposits; and (ii) the increase in purchase of shares under the Group's share award scheme adopted on 3 March 2022. The cash and cash equivalents of the Group were mainly denominated in Renminbi and Hong Kong Dollars.

GEARING RATIO

As at 31 December 2024 and 2023, 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 RMB3,494.5 million as at 31 December 2024 as compared with approximately RMB3,370.2 million as at 31 December 2023.

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 piece of 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 consists of seven buildings, comprising underground car parks, 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 2024, the construction of the industrial park was completed and has been officially put into use.

SIGNIFICANT INVESTMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There were no significant investments held by the Company with a value greater than 5% of its total assets as at 31 December 2024, 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.

The 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. Its investment objective is to form long-term strategic partnerships with companies in the medical industry with the potential of enriching its product lines and expanding its 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 2024.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 December 2024.

FINANCIAL INSTRUMENT

As at 31 December 2024, the Group did not have any outstanding hedge contracts or financial derivative instruments.

CAPITAL EXPENDITURE

For the year ended 31 December 2024, the capital expenditure of the Group for property, plant and equipment, construction in progress, intangible assets, right-of-use assets and deposits for acquisition of property, plant and equipment/right-of-use assets amounted to approximately RMB347.7 million (2023: approximately RMB420.7 million).

FOREIGN EXCHANGE RISK

During the year ended 31 December 2024, the Group primarily conducted its operations in both the PRC and Europe. The revenue generated from Europe accounted for approximately 10.1% (2023: approximately 8.8%) of the Group's total revenue. The operational results and financial condition of the Group may be affected by fluctuations in exchange rates involving the currencies used in its business transactions.

Although the Group did not implement any hedging strategies to mitigate this exposure during the reporting period, the management closely monitored foreign currency exposure to maintain net exposure at an acceptable level. The Group expects that exchange rate fluctuations will not have a material adverse effect on its operations in the foreseeable future. However, the Group will consider hedging significant foreign currency exposure should the need arise.

CHARGES ON GROUP ASSETS

As at 31 December 2024, the Group did not have any charges on its assets.

CAPITAL COMMITMENT

As at 31 December 2024, the Group's capital expenditure contracted for but not provided in the consolidated financial statements amounted to approximately RMB55.1 million (31 December 2023: approximately RMB91.5 million).

SEGMENT INFORMATION

During the year ended 31 December 2024, the revenue of the Group was principally generated from the structural heart diseases business, peripheral vascular diseases business and cardiac pacing and electrophysiology business. Driven by the aging population, urbanization and increased health awareness among the public, the industry is well-positioned for sustained growth. Coupled with the Group's committed research and development efforts, 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 while implementing differentiated marketing strategies. Simultaneously, the Company continues to upgrade the LAA occluders with innovative technology to meet the growing treatment demand. Driven by a large number of patients with atrial fibrillation worldwide, the global market for the LAA occluders is anticipated to sustain growth in the forthcoming years.

Peripheral vascular diseases business

The Company offers patients technology-leading systemic and comprehensive interventional medical devices treatment solutions to peripheral vascular diseases. Among those products, vena cava filters and stent graft systems occupy a leading market share in the domestic market. With the aging population, increased disease detection rates and expanded product applications, market demand for these products is expected to continue 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. China currently has a large amount of unsatisfied demand for pacemaker implantation treatment, and there is good potential for domestically-made pacemakers to substitute imported pacemakers.

Financial information related to these aspects is presented in note 4 to the consolidated financial statements in this annual results announcement.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2024, the Group had 1,392 full-time employees (31 December 2023: 1,446) and three executive Directors (31 December 2023: two). Total staff costs, including Directors' emoluments, amounted to approximately RMB467.9 million for the year ended 31 December 2024 (2023: approximately RMB379.8 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 2024, the total costs paid or payables in relation to contributions to the retirement benefits scheme was approximately RMB38.1 million (2023: approximately RMB33.1 million). Forfeited contributions (by the Group on behalf of the employees who leave the aforesaid schemes prior to vesting fully in such contributions) may not be 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 work 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. The Group has 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 and 17 September 2021, respectively, and also adopted a share award scheme on 28 December 2018 and 3 March 2022, respectively, which provide incentives for employees of the Group and other eligible participants thereunder.

Employees are the cornerstone of enterprise development, and the Group is committed to providing all employees with a secure and comfortable work 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 2024, the medical device industry exhibited a robust development trend, with the industry overall demonstrating accelerated technological innovation and steady growth in market demand. Despite the short-term performance pressure faced by domestic medical device enterprises due to the expanded scope of centralised procurement for high-value medical consumables, this has simultaneously emphasised the urgency of innovation and differentiation, prompting enterprises to continuously seek new growth points.

In response to these changes, the Group has increased its investment in research and development, focusing on the development of new materials and technologies to drive product innovation and expand its product line. The Group firmly believes that through continuous innovation, enterprises can build long-term competitive advantages, effectively address current challenges, and achieve sustainable development.

Looking ahead, the Group will manage existing businesses with a prudent and pragmatic attitude, ensuring stable operations while actively seeking investment opportunities that maximise shareholder returns. By adopting a diversified business strategy, the Group will broaden revenue sources to further reduce business risks. The Group's commitment to technological innovation, production automation, and product quality improvement remains steadfast, as these are not only crucial for enhancing core competitiveness but also the cornerstone of building its innovative capabilities.

Furthermore, the Group will continuously optimise production and sales models, consolidating and further expanding its global market share through refined management and supply chain optimisation. At the same time, the Group will adopt targeted strategies to enhance its international influence, improving its brand image and market recognition. Given the immense potential of the global medical and healthcare industry, the Group will actively seek investment and cooperation opportunities with companies that possess strong market potential, broadening its business scope through resource sharing and complementary advantages to consolidate the Group's leading position in the global medical device industry.

The Group's ambitions in the global medical and healthcare field extend beyond mere market expansion and revenue growth; it is also committed to creating profound social value that benefits patients, doctors, shareholders, and all stakeholders. Facing the continuous changes and challenges in the medical device industry, the Group remains dedicated to driving meaningful innovation, strengthening international cooperation and exchanges, and jointly elevating global healthcare standards, contributing more to the cause of human health.

ENVIRONMENT AND SUSTAINABILITY

The Group is 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. The Group's most significant environmental impact is created within its properties and manufacturing facilities, and through the use of raw materials, electricity, fuel, paper and waste generation. The Group therefore invests in the latest technology to reduce its carbon emissions through energy efficient equipment. Internally, the Group is proactive in addressing its waste and recycling issues.

For further details and related data analysis on the environmental and social performance of the Group, please refer to the Company's 2024 Environmental, Social and Governance Report which will be published as a separate report at the same time as the publication of 2024 annual 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 C1 to 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 2024, save for a deviation from code provision C.2.1 of the CG Code as Mr. XIE Yuehui served as both the Chairman of the Board and the Chief Executive Officer. The Company is committed to making necessary arrangements to comply with all the code provisions.

The Board will continue to review and enhance its corporate governance practice of the Company to ensure compliance with the CG Code, keep abreast of 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 have 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 2024, the usage of the proceeds from the 2020 Placing was as follows:

Intended use of proceeds	Approximate allocation of net proceeds as previously disclosed (HKD in million)	Approximate utilisation of proceeds during the year ended 31 December 2024 (HKD in million)	Approximate utilisation of proceeds as at 31 December 2024 (HKD in million)	Approximate amount of net proceeds unutilised as at 31 December 2024 (HKD in million)	Expected timeline for utilisation of unutilised proceeds
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	19.1	66.1	398.9	To be applied in 2025 (HKD70.0 million) and 2026 (HKD328.9 million) subject to adjustments (if any)
General working capital of the Group	59.0	—	59.0	—	Fully utilised
Total	930.0	19.1	531.1	398.9	

Approximately HKD531.1 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 2024, 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 2024, none of the 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.

EVENTS AFTER THE REPORTING PERIOD

During the period from 28 June 2024 to 27 February 2025, Lifetech Shenzhen entered into certain structured deposit agreements (collectively, the "Structured Deposit Agreements") with China Merchants Bank Co., Ltd. ("China Merchants Bank") pursuant to which Lifetech Shenzhen subscribed for principal-protected and floating income deposits issued by China Merchants Bank in an aggregate principal amount of RMB273,000,000. The relevant subscription amounts under the Structured Deposit Agreements on an aggregate basis constitute a discloseable transaction for the Company. Details of the Structured Deposit Agreements are set out in the Company's announcement dated 27 February 2025.

Save for the aforementioned, there have not been any significant events affecting the Group after 31 December 2024.

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 its employees are its most important and valuable assets. As discussed in the section headed "Employees and Remuneration Policy" under "Management Discussion and Analysis", the Group provides its employees with remuneration packages that take into account their performance, qualifications 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. The Company invests in R&D and places emphasis on customers' feedback in order to deliver quality products to its customers and stay competitive in the market.

During the year ended 31 December 2024, 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 for Securities Transactions by Directors of Listed Issuers in Appendix C3 of the Listing Rules (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/she has complied with the required standard as set out in the Model Code during the year ended 31 December 2024.

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 2024.

AUDITORS

The consolidated financial statements in this annual results announcement have been audited 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 2024 (2023: nil).

ANNUAL GENERAL MEETING

The 2025 annual general meeting of the Company (the "2025 Annual General Meeting") will be held on Wednesday, 28 May 2025.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the identity of the shareholders who are entitled to attend and vote at the 2025 Annual General Meeting, the register of members of the Company will be closed from Friday, 23 May 2025 to Wednesday, 28 May 2025, 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 Thursday, 22 May 2025.

AUDIT COMMITTEE REVIEW

The Group's audited annual results for the year ended 31 December 2024 have been reviewed by the audit committee of the Board, 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 2024 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 28 March 2025. 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, 28 March 2025

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