LEPU SCIENTECH MEDICAL TECHNOLOGY (SHANGHAI) CO., LTD.*

樂普心泰醫療科技(上海)股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2291)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2022

The Board is pleased to announce the audited consolidated annual results of the Group for the year ended December 31, 2022, together with the comparative figures for the year ended December 31, 2021 as follows:

FINANCIAL HIGHLIGHTS

- Revenue increased by 11.3% from RMB222.6 million for the year ended December 31, 2021 to RMB247.7 million for the year ended December 31, 2022.
- Gross profit increased by 11.2% from RMB197.5 million for the year ended December 31, 2021 to RMB219.7 million for the year ended December 31, 2022.
- Research and development expenses increased by 30.2% from RMB41.4 million for the year ended December 31, 2021 to RMB53.9 million for the year ended December 31, 2022.
- Net other income and gains decreased from RMB22.6 million for the year ended December 31, 2021 to net other income and losses of RMB69.5 million for the year ended December 31, 2022.
- Profit attributable to owners of the Company decreased from RMB58.7 million for the year ended December 31, 2021 to a loss attributable to owners of the Company of RMB19.8 million for the year ended December 31, 2022.
- The non-IFRS Adjusted Net Profit[(1)] increased by 1.5% from RMB109.5 million for the year ended December 31, 2021 to RMB111.1 million for the year ended December 31, 2022.

Note:

(1) Adjusted Net Profit which is unaudited, represents profit/loss for the year after adding back (i) listing expenses, net of tax; (ii) net foreign exchange gains/losses from the retranslation of the USD-denominated redemption liabilities; (iii) interest expense on redemption liabilities; and (iv) share-based payment expenses. We eliminate the impacts of these items that our management do not consider to be indicative of our operating performance, as they are either non-cash items or non-recurring expenses.

BUSINESS REVIEW

As a pioneer in the structural heart disease interventional medical devices industry in China and a relatively larger-scale domestic supplier of CHD occluders, we have been focusing on the research and development, manufacture and commercialization of structural heart disease interventional medical devices targeting structural heart diseases, have also expanded into the field of cardiac mechanical circulatory support, and are committed to providing safe, effective and innovative medical solutions.

As of the date of this annoucement, we had a total of 18 marketed occluders and accessory products, 10 products under registration review and preparation for registration, and 27 product candidates in various stages of research and development such as occluder, heart valves and procedural accessories and mechanical circulatory support. The following chart summarizes the development status of our product portfolio as of March 31, 2023:

Product		Pre-clinical	Clinical Trial	Registration	Commercialization
Atrial septal Defect ("ASD") occluder	MemoPart® ASD occluder (Double-rivet)	Commercialized			
	MemoPart® ASD occluder (Single-rivet)	Commercialized			
	MemoCarna® Oxide coating ASD occluder with double-rivet	Commercialized			
		Preparation of CE registration materials			
	MemoSorb® Biodegradable ASD occluder ★	Preparation of NMPA registration materials			
Ventricular septal defect ("VSD") occluder	MemoPart® VSD Occluder (Double-rivet)	Commercialized			
	MemoPart® VSD Occluder (Single-rivet)	Commercialized			
	MemoCarna® Oxide coating VSD occluder with single-rivet	Commercialized			
		Preparation of CE registration materials			
	MemoSorb® full-degradable occluder systems ★	Commercialized			
		Preparation of initial overseas clinical			

Product		Pre-clinical	Clinical Trial	Registration	Commercialization
Patent ductus Arteriosus ("PDA") occluder	MemoPart® PDA occluder (Double-rivet)				Commercialized
	MemoPart® PDA occluder (Single-rivet)				Commercialized
	MemoCarna® Oxide coating PDA occluder				Commercialized
					Preparation of CE registration materials
Patent foramen ovale ("PFO") occluder	MemoPart® PFO Occluder I (Double-rivet/Single-rivet)				Commercialized
	MemoSorb® Biodegradable PFO occluder ★				Supplementary materialssubmission for registration to NMPA going on
	NeoSorb® Bioabsorbable PFO Occluder				Mass clinical
Left atrial appendage	MemoLefort® LAA closure occluder systems				Commercialized
	Bio-Lefort® Biodegradable LAA closure occluder ★				Mass clinical
Aortic valve products	ScienCrown® Transcatheter aortic valve replacement ("TAVR") system ★				Clinical follow-ups going on
					CE animal tests
	ScienMelon® Artificial heart valve with polymer leaflets for transcatheter implantation ★				Animal tests
	ScienChute® Transcatheter aortic valve stenosis therapy system				Design stage
	ScienChute® Pulsed acoustical generator				Design stage
	Transcatheter aortic valve system (balloon dilation)				Animal tests
	Aortic valve perfusion system				Design stage
Mitral valve products	MemoChord® Transapical mitral valve repair system (chordal) ("TMVCRS") ★				FIM
	MemoClip-A® Transapical mitral valve clip repair ("TMVr-A") system				Mass clinical
	Transcatheter annulus repair system				Clinical preparation stage
	MemoClip-F® Transfemoral mitral valve clip repair ("TMVr-F") system				Clinical preparation stage
	Transcatheter mitral valve replacement ("TMVR") system				Animal tests
	Transcatheter papillary muscle repair system				Animal tests

Product		Pre-clinical	Clinical Trial	Registration	Commercialization
Tricuspid valve product	MemoClamp® Transcatheter tricuspid valve repair system	Design stage			
	Transcatheter tricuspid valve replacement system	Design stage			
Pulmonary valve product	Transcatheter pulmonary valve replacement system	Design stage			
Atrial septal puncture and procedural accessories	RF-Lance® radiofrequency puncture devices ★	Registration assessment of NMPA going on			
	RF-Lance® Disposable radiofrequency atrial septal puncture needles ★	Registration assessment of NMPA going on			
	Disposable atrial septal puncture systems	Registration assessment of NMPA going on			
	MemoPart® interventional delivery system	Commercialized			
	GuiBend® Integrated interventional delivery system	Commercialized			
		CE registration assessment going on			
	GuiFinder® occulder delivery system	Commercialized			
	GuiFlex® integrated interventional delivery sheath	Commercialized			
	Gruiser® interventional delivery system	Commercialized			
	G-Cruiser® interventional delivery system	Registration assessment of NMPA going on			
	MemoPart® Snare	Commercialized			
	Multiple-loop Snare	Registration assessment of NMPA going on			
	SimoMelon® Balloon dilatation catheter for aortic valve ★	Preparation of registration materials			
	Disposable introducing sheath	Registration assessment of NMPA going on			
	Thrombus protection device	Animal tests			
	StarCross® Disposable delivery sheath	Preparation of registration materials			
	Vascular closure device system	Animal tests			
	Transvalvular guide wires	Preparation of registration materials			

Product		Pre-clinical	Clinical Trial	Registration	Commercialization
Interatrial shunt device	Interatrial shunt device I	FIM			
	Interatrial shunt device II (Biodegradable)	Animal tests			
	FireyDeva® Interatrial shunt device III (Radiofrequency ablation shunt device)	Animal tests			
	FireyDeva® Radiofrequency ablation device (Device)	Animal tests			
Auxiliary products for mechanical circulation	Transcatheter left ventricular auxiliary device ★	Animal tests			
	Coronary protection auxiliary device ★	Design stage			
	Expandable left ventricular auxiliary device ★	Design stage			

Notes:

★: *Key projects of the Company*

The business segments of the Company maintained a sound development trend overall, achieving stable growth in its revenue. For the year ended December 31, 2022, the Company achieved revenue of RMB247.7 million, representing a year-on-year increase of 11.3% from December 31, 2021; loss attributable to owners of the Company of RMB19.8 million for the year ended December 31, 2022, representing a year-on-year decrease of 133.6% from the year ended December 31, 2021; non-IFRS Adjusted Net Profit of RMB111.1 million for the year ended December 31, 2022, representing a year-on-year increase of 1.5% from the year ended December 31, 2021; net cash flow generated from operating activities of RMB65.5 million for the year ended December 31, 2022, representing a year-on-year decrease of 37.8% from the year ended December 31, 2021. As of December 31, 2022, the total assets of the Group were RMB1,809.6 million, representing an increase of 61.6% from the beginning of the year, the net assets were RMB1,744.5 million, representing an increase of 352.9% from the beginning of the year.

CHD Occluder Products

As at the date of this announcement, the Group owned 16 commercially available CHD occluder products. Among which, MemoCarna® III oxide coating single-rivet occluder series products have fast become the backbone of the CHD occluder products business after its approval for marketing in 2020. The MemoSorb® IV fully-degradable occluder systems have been also rapidly commercialized and become the Group's flagship product in the CHD field upon its approval for marketing in 2022. It is increasingly obvious to form our business growth trend through technology upgrading and innovative products with iterative operation. This is the cornerstone for us to maintain our leading position in the field of CHD interventional therapy and to continue to drive our market growth.

In line with our philosophy of "No Implantation for Intervention", the Group continued to promote the research and development of biodegradable technology. Our fourth generation MemoSorb® biodegradable ASD occluder product candidate has completed its clinical trial stage, registration application of which will be submitted to the NMPA for approval in the second quarter of 2023 and which is expected to receive the approval from the NMPA and be available for sale in the second quarter of 2024.

PFO and LAA Occluder Products

Our first generation cardioembolic stroke prevention products, being LAA and PFO occluder products, were commercially available in 2020 and 2012 respectively.

Our second generation cardioembolic stroke prevention product candidates has applied our biodegradable technology creatively. Of which, the MemoSorb® biodegradable PFO occluder product candidate is in the registration process and is expected to be approved by the NMPA within 2023. Bio-Lefort® biodegradable LAA occluder product candidate has successfully completed its pre-clinical type inspection and animal trials as planned and officially entered the stage of multi-center clinical trial enrollment.

Occluder Related Procedural Accessories

Occluders and accessory products are an important component parts of occlusion surgery. As at the date of this announcement, the Group has owned six commercially available occlude related procedural accessories, and in line with the increasing commercialization level of occlude products, the accessory products have also achieved considerable revenue. Our Snare II product is expected to obtain a registration certificate and list for sale in the second half of 2023.

Heart Valve Product Candidates

The Company has built out 16 heart valve product candidates, covering field such as aortic value, mitral value, tricuspid value and pulmonary value. Our TAVR system has been completed its clinical trial enrollment in September 2022, and as of the date of the announcement, most patients have completed their six-month follow-up with satisfactory clinical trial results. ScienCrown® valve has distinct structural differences from the previously marketed domestic self-expanding valve and foreign balloon dilation valve. As a short stent self-expanding valve, it is featured with smooth pre-bending over the arch, release coaxial, stable expansion, good support and 100% recovery under working condition of artificial valve, etc., which can address the pain points of clinical demand, bringing a new and achievable standard of care to patients, and providing a better experience in valve performance and prognosis. We plan to make a registration application to the NMPA for this product by the end of 2023. After marketing of the product, we will adopt a differentiated competition method, which is expected to provide a favorable position for the Company's valve products to compete in the field of structural heart disease and generate greater economic benefits to the Company. Our transapical mitral valve clip system is currently in the final stage of clinical trial enrollment with satisfactory follow-up results. We will accelerate the progress of subsequent clinical trial enrollment. We drew on the extensive experience from clinicians in respect of transcatheter mitral valve clip system and conducted innovation and optimization in the product design, enabling the design and performance of the product much more acclimated to the disease characteristics of China patients and the usage habits of China physicians. It is currently in the pre-clinical preparation stage and is about to initiate the clinical trials. Our self-developed TMVR has completed the implantation in the animal and the follow-up of 1 month after surgery, with satisfactory results, and it is about to progress into the stage of type inspection simultaneously.

Mechanical Circulatory Support Products

The Company has expanded into the field of mechanical circulatory support (MCS) devices, which are designed to provide temporary or long-term support to patients requiring cardiac assisted power, and are committed to providing safe, effective and innovative medical solutions for patients and contributing to the cause of human health. The portfolio of our MCS device product line covers both short- and long-term products, which are designed to replace or assist the pumping function of the ventricles. The portfolio of our MCS device product line includes transcatheter ventricular support system, high-risk PCI ventricular support system, expandable trochanteric ventricular support system and wholeheart support system. In particular, the transcatheter left ventricular support system suitable for left ventricular support is in the sample preparation stage for preclinical type inspection, and expandable trochanteric ventricular support system and high-risk PCI ventricular support system for patients requiring low-flow support or high-risk PCI patients will progress into the stage of type inspection in the near future.

Heart Valve and Related Accessory Products

The Company owned six types of valve related procedural accessories, including, among others, thrombosis protection device, balloon dilatation catheter for aortic valve and vascular closure device system. In particular, we have completed the product R&D design work for vascular closure device system with innovative design structure, which can reduce vascular complications and provide physicians with excellent ease-to-use experience. It is currently in the stage of preparation for inspection, and is about to submit it for inspection.

OUTLOOK

Looking forward, we will continue to provide safe, effective and innovative medical solutions for patients with structural heart disease and cardiac circulatory disorder by adhering to the corporate mission of "shape better lives with heartfelt care" (由心關懷, 成就新生).

We will continue to develop new technologies and focus on the core technologies and product development targeting structural heart diseases to enrich our product portfolio to cover a full range of treatment options for various field of structural heart disease. Furthermore, we will continue to promote technology in various aspects, including material innovation, structural design innovation, production process optimization, to further enhance the innovation, functionality and reliability of our products. Meanwhile, we believe that biodegradable technology is one of the important technology applications for medical device products in the future, and will greatly drive the overall upgrade and transformation of the medical device industry as widely applied to our occluder product and other product candidates, which positions us well to capitalize on the significant market opportunities.

In the CHD interventional devices field, we will leverage our established market advantages to continue to increase the speed of iteration of our innovative products and drive rapid business growth. Meanwhile, we will also continue to promote the research and development process of our biodegradable occluder product candidates.

In the cardioembolic stroke prevention field, we will continue to promote the research and development process of our biodegradable PFO occluder product candidates and LAA occluder product candidates. We believe we are well-positioned to capitalize on the significant growth potential in these fast-growing and low penetration rate markets, leveraging our early-mover advantages, advanced product features, and well-established sales channels for CHD occluder products.

In the valve stenosis and reflux therapy field, we will rely on our existing technology platform for valve products, consolidate and further strengthen our technological advantages, and continue to develop the full product line of valves, focusing on the development of valve products with great medical demand and broad market prospects. Among them, we will accelerate the progress of R&D of the transfemoral mitral valve clip repair (TMVr-F) and the mitral valve repair (TMVR) for the treatment of mitral valve regurgitation disease, in order to achieve full coverage of mitral valve disease treatment and address the increasing clinical demand from patients and physicians. We will accelerate the advancement of iterative new products based on ScienCrown® transcatheter aortic valve system for CE Certificate (Conformité Européenne) registration clinical trials, which has the advantages of stronger anti-calcification ability, better hemodynamic effect and longer service life by adopting the self-developed special dry valve. In addition, we will continue to accelerate the research and development of the surgically implantable sutureless heart valve, which is already in type inspections and animal tests stage, and we are also developing a transcatheter implantable aortic valve system for patients with simple aortic regurgitation. These two aortic valve products complement the ScienCrown (r) transcatheter aortic valve replacement system to provide optimal treatment for patients with different types of TAVR disease. Our Artificial heart valve with polymer leaflets for transcatheter implantation uses durable and stable polymer materials instead of pericardium material to make leaflets to further improve the durability and biocompatibility of the artificial heart valve. We have completed the follow-ups within three months after implantation and surgery in animals, which presented promising results. In-vitro durability tests have been completed for more than 200 million times. If the valve is in good condition, we will speed up to enter the type inspection stage of such products.

In the mechanical circulatory support field, more than 64 million people worldwide and 13.7 million people in China suffered from cardiac underpower, and about 50% of them died within five years after diagnosis. The global market scale of MCS devices is expected to be 2.2 million in 2020, with a market value expected to reach USD3.4 billion in 2025, and is expected to grow at a compound annual growth rate of 10.4% from 2021 to 2028. There are 4 million cases of PCI in the world, and it is estimated there are 1 million cases in mainland China in 2022 based on growth rate. As the world's leading group company in the field of cardiovascular intervention, the Company has been expanding the blue ocean market of MCS and protective PCI. The Company has developed a series of products that can help patients to improve their quality of life and survival rate. We will continue to strengthen innovation and development in new growth and profit opportunities.

In the structural cardiology interventional procedural accessories field, we have laid out a number of products. There is no vascular closure device system launched on the market in China, and the market size of vascular closure devices in China is expected to increase from RMB500 million in 2019 to RMB4.5 billion in 2023 at a compound annual growth rate of 22.0%, with aortic valve intervention technology being the most mature market development and the largest number of patients being those with mitral regurgitation. The market for mitral valve and tricuspid valve interventions will gradually expand, and the demand for large-caliber vascular closure devices will also increase.

The transseptal procedures is one of the key techniques in cardiac intervention therapy. Compared with traditional puncture techniques, radiofrequency puncture has higher success rate and safety, and the learning curve is short, so it can quickly complete the replacement of mechanical needles. The transseptal procedures has been used for mitral valve repair, LAA occluder, and other procedures to obtain left heart access by transfemoral access. There are more than 300,000 operations in the United States every year, and the potential treatment population in China is more than 10 million, so the demand is considerable. At present, no radiofrequency puncture products are launched in China, and our radiofrequency atrial septal puncture system is in the leading position in the application, which is conducive to winning the market opportunities.

We will strengthen our marketing team building, explore potential marketing channels, continue to expand our sales network in China and continue to build our brand reputation among doctors and patients. We will continue to implement academic promotion activities to solidify and strengthen our network of research institutions, hospitals, doctors and KOLs, obtain valuable feedback from industry experts, and promote brand awareness and influence in the industry and academia.

At the same time, we will continue to expand our overseas sales channels, expand our global footprint and increase our brand recognition in the global market. Based on market demand and conditions, we will initiate plan on overseas clinical trials and registration for our products on a forward-looking basis, expand the market penetration of our existing products, continue to explore new markets, accelerate the overseas registration progress of our new products, and advance the commercialization process of innovative products such as biodegradable occluder series and valve series in overseas markets.

FINANCIAL REVIEW

Revenue

Our revenue is mainly derived from the sales of medical devices through distributors and direct sales.

For the years ended December 31, 2021 and 2022, our revenue was RMB222.6 million and RMB247.7 million, respectively. The following table sets forth a breakdown of our revenues by major product for the years ended December 31, 2021 and 2022.

	Year ended 31 December				
	2022		2021		Percentage of change in 2022 compared with 2021
	RMB'000	***%***	*RMB'000*	*%*	*%*
CHD occluder products	**182,661**	**73.8**	132,473	59.5	37.9
– ASD occluder products	**136,169**	**55.0**	99,809	44.8	36.4
– VSD occluder products	**28,540**	**11.5**	19,771	8.9	44.4
– PDA occluder products	**17,952**	**7.2**	12,893	5.8	39.2
Occluder related procedural accessories	**53,709**	**21.7**	41,568	18.7	29.2
– Interventional delivery systems	**35,808**	**14.5**	25,296	11.4	41.6
– Snares	**17,901**	**7.2**	16,272	7.3	10.0
PFO and LAA occlude products	**11,059**	**4.5**	48,457	21.8	(77.2)
– PFO occlude products	**5,605**	**2.3**	4,307	1.9	30.1
– LAA occlude products	**5,454**	**2.2**	44,150	19.8	(87.6)
Other products	**241**	**0.1**	85	0.04	183.5
Total	**247,670**	**100**	222,583	100.0	11.3

CHD occulder products

For the years ended December 31, 2021 and 2022, a majority of our revenue was generated from sales of CHD occluder products. Revenue generated from sales of CHD occluder products increased from RMB132.5 million for the year ended December 31, 2021 to RMB182.7 million for the year ended December 31, 2022, as we continued to grow our business. As for the percentage of revenue, sales of CHD occluder products increased from 59.5% for the year ended December 31, 2021 to 73.8% for the year ended December 31, 2022, which was primarily attributable to the increased sales volume of our oxide-coated occluder products as they received broad market recognition, such products primarily including MemoCarna® ASD Occluder III, MemoSorb® VSD Occluder IV, MemoCarna® PDA Occluder III and MemoCarna® VSD Occluder III.

Among our CHD occluder products, revenue generated from sales of ASD occluder products increased from RMB99.8 million for the year ended December 31, 2021 to RMB136.2 million for the year ended December 31, 2022. For the years ended December 31, 2021 and 2022, revenue generated from sales of ASD occluder products accounted for 44.8% and 55.0% of our revenue in the corresponding periods, respectively. The percentage of revenue of ASD occluder products increased from 2021 to 2022, which was primarily attributable to revenue generated from sales of MemoCarna® ASD Occluder III, which increased from RMB32.1 million for the year ended December 31, 2021 to RMB66.2 million for the year ended December 31, 2022. Revenue generated from sales of VSD occluder products increased from RMB19.8 million for the year ended December 31, 2021 to RMB28.5 million for the year ended December 31, 2022. For the years ended December 31, 2021 and 2022, revenue generated from sales of VSD occluder products accounted for 8.9% and 11.5% of our revenue in the corresponding periods, respectively. Revenue generated from sales of PDA occluder products increased from RMB12.9 million for the year ended December 31, 2021 to RMB18.0 million for the year ended December 31, 2022, representing 5.8% and 7.2% of our revenue in the corresponding periods, respectively. The percentage of revenue of PDA occluder products increased from 2021 to 2022, which was primarily attributable to the increased sales volume of such product, especially a significant increase in the sales of our MemoCarna® PDA Occluder III.

Occluder related procedural accessories

Revenue generated from sales of occluder related procedural accessories was RMB41.6 million and RMB53.7 million for the years ended December 31, 2021 and 2022, respectively, representing 18.7% and 21.7% of our revenue in the corresponding periods, respectively. Our occluder related procedural accessories primarily include interventional delivery systems and snares mainly related to CHD occluder products. Interventional delivery system is the largest source of our revenue generated from sales of occluder related procedural accessories. We also intend to gradually introduced other occluder related procedural accessories and heart valve related procedural accessories. The increase was primarily attributable to an increase in the sales volume of our occluder related procedural accessories, especially our integrated intervention delivery system II.

PFO and LAA occluder products

Revenue generated from sales of PFO and LAA occluder products was RMB48.5 million and RMB11.1 million for the years ended December 31, 2021 and 2022, respectively, representing 21.8% and 4.5% of our revenue in the corresponding periods, respectively. Revenue generated from sales of LAA occluder products decreased from RMB44.2 million for the year ended December 31, 2021 to RMB5.5 million for the year ended December 31, 2022, representing 19.8% and 2.2% of our revenue in the corresponding periods, respectively. The decrease was primarily attributable to the limited technical training and surgical assistance capabilities amid the regional resurgence of COVID-19 in 2022, which were critical for the implantation of LAA occluder products and the related sales.

Other products

For the years ended December 31, 2021 and 2022, we generated a small portion of our revenue from sales of other products, primarily including vascular plug and products with relatively low applicability or importance. Revenue generated from sales of other products was RMB85,000 and RMB241,000 for the years ended December 31, 2021 and 2022, respectively, accounting for 0.04% and 0.1% of our revenue in the corresponding periods, respectively.

Cost of sales

Our cost of sales increased by 11.8% from RMB25.0 million for the year ended December 31, 2021 to RMB28.0 million for the year ended December 31, 2022. Our cost of sales primarily consisted of (i) raw materials and consumables; (ii) employee benefit expense; (iii) amortization of intangible assets; (iv) depreciation of property, plant and equipment; (v) transportation costs; (vi) utilities and office expenses; and (vii) others.

The following table sets forth our cost of sales by nature in absolute amounts and as percentages of our total cost of sales for the years ended December 31, 2022 and 2021.

	For the year ended December 31,				
	2022		2021		Percentage of change in 2022 compared with 2021
	RMB'000	***%***	*RMB'000*	*%*	*%*
Raw materials and consumables	**8,086**	**28.9**	10,300	41.1	(21.5)
Employee benefit expense	**9,217**	**32.9**	7,224	28.9	27.6
Amortization of intangible assets	**6,852**	**24.5**	4,168	16.6	64.4
Depreciation of property, plant and equipment	**1,461**	**5.2**	839	4.4	74.1
Transportation costs	**1,336**	**4.8**	1,112	3.4	20.1
Utilities and office expenses	**672**	**2.4**	659	2.6	2.0
Others	**360**	**1.3**	736	3.0	(51.1)
Total	**27,984**	**100.0**	25,038	100.0	11.8

Our raw materials and consumables costs represent nitinol products and sheathes and other metal and plastic components used during the manufacturing process, which decreased by 21.4% from RMB10.3 million for the year ended December 31, 2021 to RMB8.1 million for the year ended December 31, 2022, which was primarily attributable to the decrease in the manufacturing and sales volume of LAA occluder products in 2022 as compared to 2021 which reduced the demand for high cost of related raw materials of LAA occluder products and thus lowering the materials costs.

Our employee benefit expense increased by 27.6% from RMB7.2 million for the year ended December 31, 2021 to RMB9.2 million for the year ended December 31, 2022, which was primarily attributable to the increased manpower input in our manufacturing process due to the increasingly complicated manufacturing procedures required for our new products launched in mid-2021, resulting in an increase in our employee benefit expense.

Our amortization of intangible assets increased by 64.4% from RMB4.2 million for the year ended December 31, 2021 to RMB6.9 million for the year ended December 31, 2022, which was primarily attributable to the commencement of amortization on the patents and medical device registration certificates of certain products as they obtained their respective NMPA approvals in mid-2021 and 2022, resulting in an increase in our amortization of intangible assets.

Our depreciation of property, plant and equipment increased by 74.1% from RMB0.8 million for the year ended December 31, 2021 to RMB1.5 million for the year ended December 31, 2022, which was primarily attributable to the fact that certain plants that were originally used for leasing but turned to self-occupied in 2022 for production, and meanwhile the Group acquired new equipment in line with the expansion of production and sale scale, resulting in an increase in our depreciation costs.

Our transportation costs increased by 20.1% from RMB1.1 million for the year ended December 31, 2021 to RMB1.3 million for the year ended December 31, 2022, which was primarily attributable to the general increase in sales volume of various products in 2022, resulting in an increase in our transportation costs.

Our utilities and office expenses were RMB0.7 million for the years ended December 31, 2021 and 2022.

Our other cost of sales primarily includes testing fees for production environment and fees for sterilization, which decreased by 51.1% from RMB0.7 million for the year ended December 31, 2021 to RMB0.4 million for the year ended December 31, 2022, which was within the range of normal cost fluctuation.

Gross profit and gross profit margin

Our gross profit increased by 11.2% from RMB197.5 million for the year ended December 31, 2021 to RMB219.7 million for the year ended December 31, 2022. The increase in our gross profit was in line with the growth in our overall revenue. Our gross profit margin remained relatively stable at 88.8% for the year ended December 31, 2021 and 88.7% for the year ended December 31, 2022.

Distribution expenses

Our distribution expenses primarily consisted of (i) employee benefits expense for our sales and marketing staff; (ii) marketing and consulting fees; and (iii) travel expenses. Our distribution expenses decreased by 10.2% from RMB43.1 million for the year ended December 31, 2021 to RMB38.7 million for the year ended December 31, 2022, which was primarily attributable to (i) a decrease of RMB3.0 million in travel expenses as a result of reduced travel activities amid the regional resurgence of COVID-19 in 2022, and (ii) a decrease of RMB2.4 million in consulting service fees as a result of the fewer offline market research during the epidemic period.

General and administrative expenses

Our general and administrative expenses primarily consisted of (i) employee benefit expense for our administrative staff; (ii) depreciation and amortization; (iii) office and miscellaneous expenses; and (iv) the listing expenses. Our general and administrative expenses decreased by 10.3% from RMB59.9 million for the year ended December 31, 2021 to RMB53.7 million for the year ended December 31, 2022, which was primarily attributable to a decrease in Listing expenses of RMB12.3 million, partially offset by an increase in employee benefit expenses of RMB4.7 million. Such expenses was primarily in relation to the general increase in the salary level of our employees and increase in management head counts.

Research and development expenses

Our research and development expenses consisted of (i) employee benefit expense for our research and development staff; (ii) products testing, pre-clinical trial and animals studies fees; (iii) raw materials and consumables expenses; (iv) depreciation; and (v) utilities and office expenses. Our research and development expenses increased by 30.2% from RMB41.4 million for the year ended December 31, 2021 to RMB53.9 million for the year ended December 31, 2022, which was primarily attributable to an increase in employee benefit expenses of RMB4.4 million primarily in relation to share-based compensation to motivate our research and development personnel, an increase in raw materials and consumables costs of RMB5.9 million and an increase in depreciation costs of RMB3.0 million primarily in relation to the establishment and continued development of our Beijing branch since March 2021 along with the injection of the interventional heart valve business, partially offset by a decrease in products testing, pre-clinical trials and animal studies fees of RMB1.0 million as there were relatively less research and development projects in type inspection or animal studies in 2022 as compared to 2021.

Net (provision)/reversal of impairment losses on financial assets

Our net provision for impairment losses on financial assets primarily represented impairment loss provision for the period on trade receivable and other receivables. We had net provision for impairment losses on financial assets of RMB5.7 million for the year ended December 31, 2022, and the net reversal of impairment losses on financial assets of RMB0.5 million for the year ended December 31, 2021, primarily due to an increase in provision for impairment losses on trade receivables as a result of the increase in credit risk for certain customers with delayed collection caused by the regional resurgence of COVID-19 in 2022.

Net other income and gains/(losses)

Our other income and gains/(losses) primarily consisted of: (i) investment income on wealth management products; (ii) government grants; (iii) testing and processing services income; (iv) commission income from related party; (v) rental income from investment properties; (vi) exchange gains or losses; and (vii) gains or losses from fair value changes of financial assets. We had other income and losses of RMB69.5 million for the year ended December 31, 2022, and the net other income and gains of RMB22.6 million for the year ended December 31, 2021, which was primarily attributable to recognition of net foreign exchange losses of RMB82.3 million primarily in relation to the retranslation of redemption liabilities denominated in US$, and an increase in fair value losses on financial assets at fair value through profit or loss of RMB4.9 million.

Net finance costs

Our net finance cost primarily consisted of (i) bank interest income; (ii) interest expense on lease liabilities; and (iii) interest expense on redemption liabilities. Our net finance costs increased by 27.9% from net finance costs of RMB10.4 million for the year ended December 31, 2021 to net finance costs of RMB13.3 million for the year ended December 31, 2022, which was primarily attributable to an increase in interest expense on redemption liabilities of RMB7.4 million primarily due to the fact that redemption liabilities were initially recognized in May 2021, and partially offset by an increase in bank interest income of RMB4.5 million primarily due to the increase in the Group's cash and cash equivalents.

Income tax expenses

Our income tax expenses decreased by 34.8% from RMB7.3 million for the year ended December 31, 2021 to RMB4.8 million for the year ended December 31, 2022, which was primarily attributable to decrease in taxable profit and the increase in deferred income tax assets.

(Loss)/profit for the year

As a result of the foregoing, our (loss)/profit for the year decreased from a net profit of RMB58.7 million for the year ended December 31, 2021 to a net loss of RMB19.8 million for the year ended December 31, 2022.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The primary uses of cash are to fund the daily operations of the business of the Group. For the years ended December 31, 2021 and 2022, the Company financed its capital expenditures and working capital requirements principally with cash generated from its operations, financing activities and net proceeds from the Global Offering. Going forward, the Company believes that its liquidity requirements will be satisfied with a combination of cash flows generated from our operating activities, bank loans and other borrowings, and other funds raised from the capital markets from time to time. As of December 31, 2022, the Group had not used any financial instruments for hedging purposes.

Cash flows

As of December 31, 2022, our cash and cash equivalents were denominated in RMB, HK dollar, USD and Euro dollars Our total cash and cash equivalents increased by 32.4% from RMB713.5 million as of December 31, 2021 to RMB944.5 million as of December 31, 2022. The increase was primarily attributable to the successful listing on the Stock Exchange that we obtained the proceeds arising from the Global Offering, and at the same time, the Company conducted a series of operating, investing and financing activities, a combination of which caused a net increase in cash and cash equivalents at the end of the period. See analysis for each item below for the specific reasons of the movements.

The following table provides the information regarding the Group's cash flow for the years ended December 31, 2021 and 2022:

	2022	*2021*
	RMB'000	*RMB'000*
Net cash generated from operating activities	**65,531**	105,278
Net cash used in investing activities	**(406,002)**	(85,171)
Net cash generated from financing activities	**577,804**	672,226
Net increase in cash and cash equivalents	**237,333**	692,333
Cash and cash equivalents at beginning of the year	**713,480**	18,792
Exchange gains/(losses) on cash and cash equivalents	**(6,298)**	2,355
Cash and cash equivalents at end of the year	**944,515**	713,480

For the year of 2022, our net cash inflow generated from operating activities was RMB65.5 million, representing a decrease of RMB39.7 million from the net cash inflow generated from operating activities of RMB105.3 million in 2021, which was primarily attributable to (1) an extended payment collection periods for certain of our trusted customers considering the impact of COVID-19 on their business; and (2) an increase in inventories and prepayments, primarily due to (i) delayed consumption of raw materials as our manufacturing and sales activities were temporarily interrupted amid the regional resurgence of COVID-19, and (ii) our purchase of raw materials to support our resumed manufacturing activities following the containment of COVID-19.

For the year of 2022, our net cash used in investing activities was RMB406.0 million, representing an increase of RMB320.8 million from the net cash used in investing activities of RMB85.2 million in 2021, which was primarily attributable to our investment in wealth management products and the placement of long-term bank deposit.

For the year of 2022, our net cash generated from financing activities was RMB577.8 million, representing a decrease of RMB94.4 million from the net cash generated from financing activities of RMB672.2 million in 2021. The net cash from financing activities in 2022 primarily attributable to capital contribution from the Pre-IPO Investors of RMB609.7 million, cash received for the disposal of Ningbo Bingkun of RMB439.2 million and capital contribution by Ningbo Jiacheng and Ningbo Jiadu of RMB51.3 million in 2021, partially offset by dividend paid to Lepu Medical of RMB320.0 million, deemed distribution of RMB72.2 million in connection with the injection of interventional heart valve business, and settlements of payable to related parties of RMB45.9 million. The Global Offering proceeds received by the Company in November 2022 of RMB601.6 million from the Global Offering, partially offset by the payments of shares issuance costs (representing capitalization of the listing expanses) of RMB21.9 million.

Borrowings

As of December 31, 2022 and 2021, we had no outstanding balance of borrowings or unutilized banking facilities.

Net current assets

As of December 31, 2021 and 2022, our net current assets amounted to RMB62.5 million and RMB1,265.9 million, respectively. Our net current assets position as of the above dates was mainly attributable to our inventories, prepayments and other receivables, trade receivables, financial assets held-for-trading measured at fair value and cash and cash equivalents, partially offset by our trade and other payables, contract liabilities, current income tax liabilities, lease liabilities due within one year and redemption liabilities. The increase in our net current assets was primarily attributable to an increase in cash and cash equivalents balance as a result of the receipt of the Global Offering proceeds of RMB601.6 million, and a decrease in redemption liabilities of RMB680.0 million due to the redemption liabilities was reclassified as equity by the Company upon completion of the Global Offering.

Material Acquisitions and Disposals and Significant Investments

We did not have any material acquisitions and disposals and significant investments during the year ended December 31, 2022.

Pledge of Assets

As of December 31, 2022, we did not pledge any of our assets.

Future Plans for Material Investments or Capital Asset

Save as disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus, we did not have detailed future plans for material investments or capital assets.

Capital Expenditure

For the year ended December 31, 2022, our total capital expenditure was approximately RMB83.4 million, compared to approximately RMB91.8 million for the year ended December 31, 2021. Our capital expenditure primarily included our purchase of property, plant and equipment, purchase of intangible assets and payment for research and development expenses of capitalization. We funded these expenditures with cash generated from our operations and financing activities.

Capital Commitments

As of December 31, 2021 and 2022, we had capital commitments of RMB10.8 million and RMB1.3 million, respectively, primarily in connection with purchase of property, plant and equipment.

Contingent Liabilities

As of December 31, 2022, we did not have any material contingent liabilities.

Foreign Exchange Risk Management

Our functional currency is RMB. Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not our functional currency. We expose ourselves to foreign exchange risk because certain of our trade payables, financial assets measured at fair value through profit or loss and cash and cash equivalents are denominated in foreign currencies. We will mitigate such a risk by constantly reviewing the economic situation and foreign exchange risk, and applying hedging measures when necessary.

Employee and Remuneration Policy

As of December 31, 2022, we had 236 full-time employees (2021: 246), all of whom were based in China. The total staff costs for the year ended December 31, 2022 (including staff remuneration, bonuses, welfare cost and social insurance fees etc.) amounted to approximately RMB86.0 million.

We primarily recruit our employees through recruitment agencies, internal referrals and online recruiting channels, including our corporate website, job search websites and social networking platforms. We have adopted training protocols, pursuant to which we provide on-board and regular continuing trainings for our employees. As part of our human resources strategy, we offer employees competitive salaries, performance-based cash bonuses and other incentives.

Redemption Liabilities

Our redemption liabilities relate to financial instruments with preferred rights issued to Pre-IPO Investors. Pursuant to the Pre-IPO Shareholders Agreement dated May 28, 2021, the Pre-IPO Investors might be granted certain preferred rights, including, among others, liquidation preference, only if and when we failed to consummate the Listing prior to December 31, 2022 or other triggering events. The redemption liabilities were arisen from the share capital of the Company with preferred rights as held by the Pre-IPO Investors. The Group recognised the redemption liabilities as financial liabilities due to that all triggering events of key preferred rights to the Pre-IPO Investors, were out of control of the Company and they did not meet the definition of equity for the Company. The financial liabilities were initially measured at fair value (representing the present value of the estimated redemption liabilities) and subsequently measured at amortised cost. Interests on the redemption liabilities were charged in finance cost.

With the completion of the Global Offering on the Listing Date, the abovementioned preferred rights granted to the Pre-IPO Investors were lapsed. Accordingly, the redemption liabilities of approximately RMB775.0 million (after considering the impact of the exchange losses as arisen from the retranslation of the redemption liabilities up to the Listing Date) and the treasury stock of approximately RMB671.5 million were derecognized and the difference of approximately RMB103.5 million was credited to the other reserves.

Indebtedness

The following table sets forth the breakdown of our lease liabilities and redemption liabilities as of the dates indicated.

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Lease liabilities	**3,335**	6,187

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Redemption liabilities, at amortised cost	**–**	679,986

The decrease in redemption liabilities is due to the derecognition of the redemption liabilities as mentioned in preceding section headed "Redemption Liabilities".

Key Financial Ratios

The following table sets forth our key financial ratios for the years indicated.

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Profitability ratios		
Gross profit margin	**88.7%**	88.8%
Net profit margin	**-8.0%**	26.4%
Liquidity ratios		
Current ratio	**20.9**	1.1
Gearing ratio	**N/A**	N/A

(1) The calculation of gross profit margin is based on gross profit for the year divided by revenue for the respective year and multiplied by 100.0%.

(2) The calculation of net profit margin is based on profit/loss for the year divided by revenue for the respective year and multiplied by 100.0%.

(3) The calculation of current ratio is based on current assets divided by current liabilities as of year end.

(4) As of December 31, 2021 and December 31, 2022, the Group did not have any borrowings and hence no gearing ratio is presented.

Gross profit margin and net profit margin

See "Gross profit and gross profit margin" for a discussion of the factors affecting our gross profit margin during 2021 and 2022. The significant decrease in the net profit margin is mainly due to the decrease in the Group's net profit in 2022.

Current ratio

Our current ratio was at 1.1 and 20.9 as of December 31, 2021 and 2022, respectively.

The increase in current ratio was primarily due to the increase in net current assets resulted from the increase in current assets and decrease in current liabilities as discussed in the section headed "Net current assets".

Non-IFRS Measure – Adjusted net profit

To supplement our consolidated financial information which is presented in accordance with IFRS, we set forth below our adjusted net profit as an additional financial measure which is not presented in accordance with IFRS. We believe this is meaningful because potential impacts of certain items which our management do not consider closely relevant to our operating performance have been excluded, and this would be useful for investors to compare our financial results directly with those of our peer companies.

Adjusted net profit eliminates the effect of certain non-cash or non-recurring items, namely (i) listing expenses, net of tax; (ii) net foreign exchange losses/(gains) from the retranslation of the USD-denominated redemption liabilities; (iii) interest expense on redemption liabilities; and (iv) share-based payment expenses. The term "adjusted net profit" is not defined under IFRS. The use of adjusted net profit has material limitations as an analytical tool, as adjusted net profit does not include all items that impact our net profit for the year.

The following table reconciles our adjusted net profit for the periods indicated to the most directly comparable financial measure calculated and presented in accordance with IFRS:

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
(Loss) /profit for the year	**(19,813)**	58,697
Add: Listing expenses, net of tax	**15,329**	24,518
Add: Net foreign exchange losses/(gains) from the retranslation of the USD-denominated redemption liabilities	**76,377**	(2,837)
Add: Interest expense on redemption liabilities	**18,683**	11,316
Add: Share-based payment expenses	**20,513**	17,800
Non-IFRS Adjusted net profit	**111,089**	109,494

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December	
		2022	2021
	Note	***RMB'000***	*RMB'000*
Revenue	*4*	**247,670**	222,583
Cost of sales	*5*	**(27,984)**	(25,038)
Gross profit		**219,686**	197,545
Distribution expenses	*5*	**(38,663)**	(43,072)
General and administrative expenses	*5*	**(53,685)**	(59,874)
Research and development expenses	*5*	**(53,873)**	(41,387)
Net (provision)/reversal of impairment losses on financial assets		**(5,727)**	533
Other income and (losses)/gains – net	*6*	**(69,464)**	22,642
Operating (losses)/profit		**(1,726)**	76,387
Finance income		**5,665**	1,185
Finance costs		**(18,971)**	(11,545)
Finance costs – net		**(13,306)**	(10,360)
(Loss)/profit before income tax		**(15,032)**	66,027
Income tax expense	*7*	**(4,781)**	(7,330)
(Loss)/profit for the year		**(19,813)**	58,697
Other comprehensive income for the year, net of tax		**–**	–
Total comprehensive (loss)/income for the year		**(19,813)**	58,697
(Loss)/profit and total comprehensive (loss)/income attributable to:			
– Owners of the Company		**(19,813)**	58,697
(Losses)/earnings per share attributable to the owners of the Company (expressed in RMB per share)			
Basic and diluted earnings per share	*8*	**(0.06)**	0.19

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December 2022 RMB'000	2021 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**92,978**	76,261
Right-of-use assets		**4,563**	6,763
Investment properties		**38,483**	39,553
Goodwill		**48,282**	48,282
Intangible assets		**204,608**	136,557
Deferred income tax assets		**15,581**	8,571
Prepayments		**3,238**	11,187
Long-term bank deposit		**72,396**	–
Total non-current assets		**480,129**	327,174
Current assets			
Inventories		**57,398**	33,402
Trade receivables	*10*	**30,615**	23,869
Prepayments and other receivables		**38,065**	21,765
Financial assets at fair value through profit or loss		**258,109**	–
Restricted cash		**790**	–
Cash and cash equivalents		**944,515**	713,480
Total current assets		**1,329,492**	792,516
Total assets		**1,809,621**	1,119,690
EQUITY			
Equity attributable to owners of the Company			
Share capital		**346,750**	324,295
Treasury stock		**–**	(671,507)
Other reserves		**1,278,528**	593,341
Retained earnings		**119,249**	139,062
Total equity		**1,744,527**	385,191

	Note	As at 31 December 2022 RMB'000	2021 RMB'000
LIABILITIES			
Non-current liabilities			
Lease liabilities		**1,544**	4,044
Deferred income		**–**	482
Total non-current liabilities		**1,544**	4,526
Current liabilities			
Redemption liabilities	*11*	**–**	679,986
Trade and other payables	*12*	**34,809**	26,300
Contract liabilities		**13,119**	14,783
Current income tax liabilities		**13,831**	6,761
Lease liabilities		**1,791**	2,143
Total current liabilities		**63,550**	729,973
Total liabilities		**65,094**	734,499
Total equity and liabilities		**1,809,621**	1,119,690

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

LEPU ScienTech Medical Technology (Shanghai) Co., Ltd. (the "Company", 樂普心泰醫療科技(上海)股份有限公司) was incorporated as a joint stock limited liability company in the People's Republic of China (the "PRC" or "China") on 29 January 2021. The address of its registered office is Room 201, Building 41, No. 258, Xinzhuan Road, Songjiang District, Shanghai, the PRC.

The Company has completed its IPO and listing on the Main Board of The Stock Exchange of Hong Kong Limited ("HKEx") on 8 November 2022.

The Company is an investment holding company. The Company and its subsidiary (together referred as to the "Group") are principally engaged in manufacturing and sales of interventional treatment series occluders for defective congenital heart disease (缺損性先天性心臟病介入治療系列封堵器) and the research and development of biological valve (生物瓣膜) for heart disease.

As of the date of this result announcement, Lepu Medical, together with its wholly-owned subsidiary, Beijing Target Medical Technologies Co., Ltd. ("Target Medical"), held 80.75% equity interest in the Company (with Lepu Medical and Target Medical directly hold 79.94% and 0.81% equity interests in the Company respectively). Dr. Pu Zhongjie is the actual controller of Lepu Medical. Lepu Medical, Dr. Pu Zhongjie and Target Medical are considered as a group of controlling shareholders of the Company.

2 BASIS OF PRESENTATION AND PREPARATION

Compliance with International Financial Reporting Standards ("IFRSs")

The consolidated financial statements have been prepared in accordance with IFRSs issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622).

The IASB has issued a number of new or amended standards and annual improvements, which are mandatory for financial year beginning on or after 1 Janurary 2022. For the purpose of preparing these consolidated financial statements, the Group has applied all these new or amended standards and annual improvements consistently throughout the reporting periods presented.

The preparation of the financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, which are carried at fair value.

New or amended standards issued but not yet adopted by the Group

The following new or amended standards and annual improvements have been published (which may be applicable to the Group) but not mandatory for the year ended on 31 December 2022 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
IFRS 17	Insurance Contracts	1 January 2024
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to IFRS 1 and IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendment to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IFRS16	Lease liability in a Sale and Leaseback	1 January 2024
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group has already commenced an assessment of the impact of these new or amended standards, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the directors of the Company, no significant impact on the financial performance and position of the Group is expected when they become effective.

3 SEGMENT INFORMATION

Description of segments and principal activities

The Group's business activities, for which discrete financial information is available, are regularly reviewed and evaluated by the chief operating decision maker ("CODM"). The CODM, who is responsible for allocating resource and assessing performance of the operating segments, has been identified as the executive directors of the Company that make strategic decisions.

The CODM assessed the performance of the reportable operating segments mainly based on segment revenue, cost of sales, research and development expenses of each reportable operating segment. Thus, segment result would present revenue, cost of sales, research and development expenses and gross profit for each reportable operating segment, which is in line with CODM's performance review.

The Group's reportable operating segments are as follows:

Occluder Business

Occluder Business is primarily operated by Shanghai Shape Memory Alloy Co., Ltd ("Shanghai Shape Memory Alloy"), which is the subsidiary engaged in the business of research, development and sales of interventional treatment series occluders for defective congenital heart disease.

Heart Valve Business

Heart Valve Business is primarily operated by the Beijing Branch of Shanghai Shape Memory Alloy, which is currently engaged in the business of research and development of heart valve medical devices.

There were no separate segment assets and segment liabilities information provided to the CODM, as CODM does not use this information to allocate resources to or evaluate the performance of the operating segments.

The segment information provided to the Group's CODM for reportable segments for the respective years is as follows:

	Year ended 31 December 2022		
	Occluder Business	**Heart Valve Business**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
Revenue	**247,670**	**–**	**247,670**
Cost of sales	**(27,984)**	**–**	**(27,984)**
Gross profit	**219,686**	**–**	**219,686**
Research and development expenses	**(20,059)**	**(33,814)**	**(53,873)**
Segment profit/(loss)	**199,627**	**(33,814)**	**165,813**
Unallocated items			
– Distribution expenses			**(38,663)**
– General and administrative expenses			**(53,685)**
– Net provision for impairment losses on financial assets			**(5,727)**
– Other income and losses – net			**(69,464)**
– Finance costs – net			**(13,306)**
Loss before income tax			**(15,032)**

	Year ended 31 December 2021		
	Occluder Business *RMB'000*	Heart Valve Business *RMB'000*	Total *RMB'000*
Revenue	222,583	–	222,583
Cost of sales	(25,038)	–	(25,038)
Gross profit	197,545	–	197,545
Research and development expenses	(18,561)	(22,826)	(41,387)
Segment profit/(loss)	178,984	(22,826)	156,158
Unallocated items			
– Distribution expenses			(43,072)
– General and administrative expenses			(59,874)
– Net reversal of impairment losses on financial assets			533
– Other income and gains – net			22,642
– Finance costs – net			(10,360)
Profit before income tax			66,027

Note:

During the years ended 31 December 2022 and 2021, the research and development expenses capitalised as intangible assets and not included in the segment information above amounted to approximately RMB69,107,000 and RMB74,996,000, respectively.

4 REVENUE

An analysis of the Group's revenue by category for the years ended 31 December 2022 and 2021 was as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Revenue from contracts with customers recognised at a point in time		
– Revenue from sales of medical occluders	**247,670**	**222,583**

Revenues from external customers are derived from the sales of medical occluders both directly to hospitals and network of distributors.

5 EXPENSES BY NATURE

The details of cost of sales, distribution expenses, general and administrative expenses and research and development expense are as follows:

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Employee benefit expense	**70,451**	58,546
Products testing, pre-clinical trial and animals studies fees	**10,250**	11,254
Changes in inventories of finished goods and work in progress	**(8,149)**	(12,505)
Raw materials and consumables used for		
– products production	**16,236**	22,804
– research and development	**15,453**	9,536
	31,689	32,340
Depreciation of		
– property, plant and equipment	**3,416**	2,882
– right-of-use assets	**2,853**	1,673
– investment properties	**1,070**	1,070
	7,339	5,625
Amortisation of intangible assets	**7,530**	4,182
Marketing expenses	**8,981**	7,134
Consulting services fees	**5,451**	7,845
Utilities and office expenses	**4,957**	3,349
Travelling expenses	**3,952**	7,020
Taxes and surcharges	**3,297**	5,836
Transportation costs	**1,541**	1,374
Listing expenses	**20,438**	32,690
Auditor's remuneration		
– audit services	**2,400**	–
Others	**4,078**	4,681
Total	**174,205**	169,371

6 OTHER INCOME AND (LOSSES)/GAINS – NET

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Investment income on wealth management products	**10,395**	6,669
Government grants	**4,767**	7,743
Testing and processing service income	**1,019**	–
Commission income from related party	**746**	–
Rental income from investment properties	**530**	2,564
Others	**42**	414
Other income	**17,499**	17,390
Fair value losses on financial assets at fair value through profit or loss	**(4,928)**	–
Net loss on write-off of property, plant and equipment	**(1)**	(1)
Net foreign exchange (losses)/gains *(note)*	**(82,279)**	5,192
Others	**245**	61
Other (losses)/gains – net	**(86,963)**	5,252
Other income and (losses)/gains – net	**(69,464)**	22,642

Note:

During the year ended 31 December 2022, the net foreign exchange losses from the retranslation of the USD-denominated redemption liabilities on 8 November 2022 (i.e. listing date and the date of derecognition of redemption liabilities) amounted to approximately RMB76,377,000. The remaining exchange (losses)/gains for the years ended 31 December 2022 and 2021 are arised from certain trade payables, trade receivables and cash and cash equivalents which are denominated in foreign currencies.

7 INCOME TAX EXPENSE

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Current income tax charge	**11,791**	12,429
Deferred income tax credit	**(7,010)**	(5,099)
Income tax expense	**4,781**	7,330

Shanghai Shape Memory Alloy is qualified as a "High and New Technology Enterprise ("HNTE")" under the relevant PRC laws and regulations on 23 October 2017 (status renewed on 18 November 2020). Accordingly, it is entitled to a preferential income tax rate of 15% on its estimated assessable profits for the years ended 31 December 2022 and 2021. Shanghai Shape Memory Alloy is subject to the requirement for re-applying for the renewal of this HNTEs status every three years.

According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that has been effective from 2021 onwards, enterprise engaging in research and development activities are entitled to claim 200% of their research and development expenses incurred as tax deductible expenses when determining their assessable profits for that year.

8 (LOSSES)/EARNINGS PER SHARE

(a) Basic (losses)/earnings per share

Basic (losses)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during each year.

	Year ended 31 December	
	2022	2021
(Losses)/profit attributable to owners of the Company for the years *(RMB'000)*	**(19,813)**	58,697
Weighted average number of ordinary shares in issue (in thousands) *(note)*	**327,556**	303,883
Basic (losses)/earnings per share (in RMB per share)	**(0.06)**	0.19

Note:

The basic earnings per share for the year ended 31 December 2021 is calculated on the profit attributable to owners of the Company and on the assumption that 277.2 million shares issued upon the incorporation of the Company in connection with the Reorganisation were deemed to have been in issue since 1 January 2021. In addition, the 29,558,155 shares subscribed by the Pre-IPO Investors are treated as ordinary shares for the purpose to calculate earnings per share as they are recognised in equity and have no preferred right as to dividends compared with ordinary shares.

(b) Diluted earnings per share

Diluted (losses)/earnings per share is the same as basic (losses)/earnings per share as there were no potential dilutive ordinary shares outstanding during the years ended 31 December 2022 and 2021.

9 DIVIDEND

Pursuant to the resolution of the shareholders' meeting of Shanghai Shape Memory Alloy held on 20 January 2021, it is resolved that Shanghai Shape Memory Alloy distributed dividend of RMB320,000,000 to Lepu Medical. No other dividend has been declared by the Company or the companies now comprising the Group during each of the years ended 31 December 2022 and 2021.

10 TRADE RECEIVABLES

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Trade receivables from contracts with customers		
– third parties	**43,540**	31,887
– related parties	**1,039**	270
	44,579	32,157
Less: allowance for impairment	**(13,964)**	(8,288)
	30,615	23,869

The Group generally does not offer any official contractual credit terms to its customers and will closely monitor the settlement pattern of respective customers. For certain individual customers with long-term relationship with the Group and have good credit history in the past, the Group may allow them to settle the related receivable balances within a discretionary period ranging from 30 days to 360 days.

Due to the impact of the COVID-19 in 2022, the Group has temporarily extended the credit period of certain customers from 180 days to 360 days considering their good credit history in the past. The aging analysis of the gross trade receivable as at 31 December 2022 and 2021, based on invoice date, are as follows:

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Within 1 year	**25,944**	25,332
Between 1 year and 2 years	**12,845**	1,992
Over 2 years	**5,790**	4,833
	44,579	32,157

11 REDEMPTION LIABILITIES

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Redemption liabilities, at amortised cost	**–**	679,986

On 28 May 2021, the Company and the Pre-IPO Investors entered into Pre-IPO Shareholders Agreement, pursuant to which each of the Pre-IPO Investors agreed to invest in the Company by subscription of the increased registered capital of the Company. The cash as injected by the Pre-IPO Investors for the subscription of the Company's shares as allotted pursuant to the Pre-IPO Shareholder Agreement amounted to approximately RMB609,740,000. Pursuant to the Pre-IPO Shareholders Agreement, the preferred rights were expected to be granted to the Pre-IPO Investors or become effective when certain circumstance occurs or the date comes, whichever is the earliest (details of which have been set out in the Prospectus).

With the completion of the IPO on 8 November 2022 (the "IPO date"), the abovementioned preferred rights granted to the Pre-IPO Investors were lapsed. Accordingly, the redemption liabilities of approximately RMB775,046,000 (after considering the impact of the exchange losses as arisen from the retranslation of the redemption liabilities up to the IPO date) and the treasury stock of approximately RMB671,507,000 were derecognised and the difference of approximately RMB103,539,000 was credited to the other reserves.

12 TRADE AND OTHER PAYABLES

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Trade payables		
– related parties	**800**	–
– third parties	**11,461**	6,680
	12,261	6,680
Other payables to related parties	**163**	–
Employee benefits payable	**6,681**	7,139
Other taxes payable	**6,461**	5,167
Accrued listing expenses	**5,559**	5,535
Deposits received from customers	**271**	326
Payables for equipment acquisition	**–**	430
Others	**3,413**	1,023
	34,809	26,300

The credit period granted by suppliers to the Group ranged from 30 days to 120 days. The aging analysis of the trade payables based on their respective invoice and issue dates are as follows:

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Within 1 year	**11,992**	6,533
Between 1 year and 2 years	**122**	–
Over 2 years	**147**	147
	12,261	6,680

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor its subsidiary had purchased, sold or redeemed any of the Company's listed securities during the period from the Listing Date to the date of this announcement.

EVENTS AFTER THE REPORTING PERIOD

There are no material subsequent events undertaken by the Group after December 31, 2022 and up to the date of this announcement.

USE OF NET PROCEEDS FROM LISTING

The Shares were listed on the Stock Exchange on the Listing Date. The net proceeds received from the Global Offering (after deducting the estimated underwriting commissions and other fees and expenses payable by the Company in connection with the Global Offering) was approximately HK$567.3 million.

For the period from the Listing Date up to the date of this announcement, save as disclosed in the announcement of the Company dated March 31, 2023 in relation to subscription of wealth management product for treasury management purpose, which has been redeemed in full as of the date of this announcement, the Company has not utilized any of the net proceeds raised from the Global Offering. The Company intends to use the net proceeds in the same manner and proportion as set out in the Prospectus under the section headed "Future Plans and Use of Proceeds".

As disclosed on pages 485 to 492 of the Prospectus, based on the current business plan, the Company intended to implement the use of proceeds from the Global Offering in the five financial years from 2023 to 2027. The Board currently expects full utilization of the net proceeds raised from the Global Offering by December 31, 2027, subject to changes in light of the Company's evolving business needs and changing market conditions.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company's corporate governance practices are based on the principles and code provisions as set out in the CG Code contained in Appendix 14 to the Listing Rules and the Company has adopted the CG Code as its own code of corporate governance.

Throughout the Reporting Period, the Company has complied with the code provisions as set out in the CG Code, except for the deviation from the below code provisions.

Pursuant to code provision C.2.1 in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Ms. Chen Juan (陳娟) is currently serving as the chairman of the Board as well as the chief executive officer of the Company. She has been primarily involved in developing overall corporate and business strategies of our Group and making significant business and operational decisions of our Group. Our Directors consider that vesting the roles of both the chairman of the Board and the chief executive officer of the Company in Ms. Chen is beneficial to the business prospects of the Group by ensuring consistent leadership

to the Group as well as prompt and effective decision making and implementation. In addition, our Directors believe that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that: (1) decision to be made by our Board requires approval by at least a majority of our Directors; (2) Ms. Chen and the other Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require, among other things, that she acts for the benefit and in the best interests of our Company and will make decisions for our Company accordingly; (3) the balance of power and authority is ensured by the operations of the Board, which consists of two executive Directors, two non-executive Directors and three independent non-executive Directors, and has a fairly strong independence element; and (4) the overall strategic and other key business, financial, and operational policies of our Company are made collectively after thorough discussion at both Board, and senior management levels.

Code provision C.2.7 of the CG Code stipulates that the Chairman of the Board should at least annually hold meetings with the independent non-executive Directors without the presence of other Directors, and code provision C.5.1 of the CG Code stipulates that the Board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. Due to the fact that the Company was listed on the Listing Date, neither Board meetings nor Board Committee meetings were held throughout the period from the Listing Date to December 31, 2022.

The Board shall nevertheless review the structure and composition of the Board from time to time in light of prevailing circumstances, to maintain a high standard of corporate governance practices of the Company.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding the transactions of securities of the Company by its directors, supervisors and the relevant employees who would likely possess inside information of the Company. Specific enquiry has been made to all directors and supervisors of the Company and all of them have confirmed that they have complied with the Model Code during the period from the Listing Date to December 31, 2022.

SUFFICIENCY OF PUBLIC FLOAT

The Company has applied for and the Stock Exchange has approved waiver from strict compliance with Rule 8.08(1) of the Listing Rules. Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Company has maintained the required public float under the Listing Rules and the public float waiver at any time during the period from the Listing Date to the date of this announcement.

AUDIT COMMITTEE

The Audit Committee comprises two independent non-executive Directors, namely Ms. Chan Ka Lai Vanessa and Mr. Zheng Yufeng, and one non-executive Director, namely Mr. Zheng Guorui.

The Audit Committee has reviewed the consolidated financial statements and this annual results announcement of the Group for the year ended 31 December 2022, reviewed the accounting principles and practices adopted by the Group and discussed auditing, internal controls and financial reporting matters.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated balance sheet and consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2022 as set out in this annual results announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance has been expressed by PricewaterhouseCoopers on this annual results announcement.

ANNUAL GENERAL MEETING

It is proposed that the 2022 AGM will be held on Thursday, June 15, 2023. The notice of the 2022 AGM will be published on the websites of the Company (http://www.scientechmed.com) and the HKEXnews website of the Stock Exchange (www.hkexnews.hk) and will be despatched to the Shareholders in due course.

FINAL DIVIDEND

The Board resolved that no final dividend will be declared in respect of the year ended December 31, 2022.

CLOSURE OF REGISTER OF MEMBERS

In relation to the 2022 AGM

For ascertaining Shareholders' right to attend and vote at the 2022 AGM, the register of members of the Company will be closed from Monday, June 12, 2023 to Thursday, June 15, 2023, both days inclusive, during which period no transfer of Shares will be effected.

In order to be eligible to attend and vote at the forthcoming 2022 AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the H share registrar of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, no later than 4:30 p.m. on Friday, June 9, 2023 for registration.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND THE ANNUAL REPORT

This announcement was published on the HKEXnews website of the Stock Exchange (www.hkexnews.hk) and on the website of the Company (www.scientechmed.com). The 2022 annual report containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

"2022 AGM"	the forthcoming annual general meeting of the Company to be held on Thursday, June 15, 2023
"Actual Controller"	the individual or entity that can control a company by way of investment relationship, contracts or other arrangements according to the Listing Rules of the ChiNext Board of the Shenzhen Stock Exchange (《深圳證券交易所創業板股票上市規則》) where Lepu Medical, our controlling shareholder, is listed
"ASD"	atrial septal defect, a remnant opening, or a defect, between the left and right atria resulting from the abnormal development, absorption and fusion of the atrial septum during embryonic development
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors of the Company
"CDH Supermatrix"	CDH Supermatrix D Limited, a limited liability company incorporated under the laws of Hong Kong on April 27, 2021 and a Pre-IPO Investor
"CG Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"CHD"	congenital heart disease, the formation of the heart and blood vessels during embryonic development or abnormal development or failure to close the channels that should be automatically closed after birth, resulting in abnormalities in the solid structure or function of the blood vessels in the heart or thoracic cavity
"Company" or "ScienTech Medical"	LEPU ScienTech Medical Technology (Shanghai) Co., Ltd.* (樂普心泰醫療科技(上海)股份有限公司), a joint stock limited liability company established in the PRC on January 29, 2021 and whose Shares are listed on the Main Board of the Stock Exchange
"controlling shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of our Company
"Dr. Pu"	Dr. Pu Zhongjie (蒲忠杰), one of the controlling shareholders of the Company and the Actual Controller of Lepu Medical
"Global Offering"	has the meaning ascribed to it under the Prospectus
"Group", "we", "us", or "our"	the Company and its subsidiary from time to time

"HK dollar" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Huaihua Haozhi"	Huaihua Haozhi Enterprise Management Partnership (Limited Partnership)# (懷化皓智企業管理合夥企業(有限合夥)), a limited liability partnership established under the laws of the PRC on February 19, 2020 and a Pre-IPO Investor
"IFRS"	refers to International Financial Reporting Standards, amendments and interpretations issued by the International Accounting Standards Board
"Independent Third Party(ies)"	an individual(s) or a company(ies) who or which is/are not connected (within the meaning of the Listing Rules) with any Directors, chief executives or substantial shareholders (within the meaning of the Listing Rules) of our Company, its subsidiary or any of their respective associates
"KOLs"	key opinion leaders, who are professionals that influence their peers' medical practice, including but not limited to prescribing behavior
"LAA"	left atrial appendage, a long, narrow and curved blind-end structure extending forward and downward along the anterior wall of the left atrium, which has active diastolic and secretory functions
"Lepu Medical"	Lepu Medical Technology (Beijing) Co., Ltd.# (樂普(北京)醫療器械股份有限公司), a company listed on the ChiNext Board of the Shenzhen Stock Exchange, stock code: 300003, one of our controlling shareholders
"Lepu Medical Group"	Lepu Medical and its subsidiaries
"Listing"	the listing of Shares on the Main Board of the Stock Exchange on November 8, 2022
"Listing Date"	November 8, 2022, being the date on which the Shares of LEPU ScienTech Medical Technology (Shanghai) Co., Ltd.* (樂普心泰醫療科技(上海)股份有限公司) were listed on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Main Board"	the Main Board of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"Ningbo Bingkun"	Ningbo Bingkun Medical Devices Co., Ltd.# (寧波秉琨醫療科技有限公司), a limited liability company established in the PRC on November 24, 2014 and a non-wholly owned subsidiary of Lepu Medical

"Ningbo Jiacheng"	Ningbo Jiacheng Enterprise Management Partnership (Limited Partnership) (寧波嘉呈企業管理合夥企業(有限合夥)), a limited liability partnership established on February 22, 2021 in the PRC and the shareholding platform for the employees of the Lepu Medical Group
Ningbo Jiadu"	Ningbo Jiadu Enterprise Management Partnership (Limited Partnership) (寧波嘉度企業管理合夥企業(有限合夥)), a limited liability partnership established on February 22, 2021 in the PRC and the shareholding platform for our employees
"NMPA"	the National Medical Products Administration of the PRC (國家藥品監督管理局), formerly known as the China Food and Drug Administration
"PDA"	patent ductus arteriosus, a remnant opening of the ductus arteriosus, which fails to close normally in one year after birth
"PFO"	patent foramen ovale, a remnant opening of the fetal foramen ovale, which fails to close normally in one year after birth
"PRC" or "China"	the People's Republic of China, excluding, for the purposes of this announcement, Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
"Pre-IPO Investors"	the pre-IPO investors, namely Vivo Capital Fund IX, Sequoia Capital China Growth, SHC, Huaihua Haozhi and CDH Supermatrix, details of which are set out in the Prospectus
"Pre-IPO Shareholders Agreement"	the shareholders' agreement of our Company entered into among Lepu Medical, Dr. Pu, Target Medical, Ningbo Jiadu, Ningbo Jiacheng, Shanghai Shape Memory Alloy, the Pre-IPO Investors and the Company dated May 28, 2021
"Prospectus"	the prospectus issued by the Company on October 27, 2022 in connection with the Hong Kong public offering of the Shares
"Reporting Period"	twelve months from January 1, 2022 to December 31, 2022
"RMB"	Renminbi, the lawful currency of the PRC
"Sequoia Capital China Growth"	SCC Growth VI Holdco AF, Ltd., an exempted company with limited liability incorporated under the laws of the Cayman Islands on April 12, 2021 and a Pre-IPO Investor
"Shanghai Shape Memory Alloy"	Shanghai Shape Memory Alloy Co., Ltd.* (上海形狀記憶合金材料有限公司), a limited liability company established under the laws of the PRC on May 5, 1994 and a wholly-owned subsidiary of the Company
"Shareholder(s)"	holder(s) of Share(s)

"Shares"	ordinary share(s) in the share capital of our Company with a par value of RMB1.00 each
"SHC"	Shanghai Healthcare Capital Partnership (Limited Partnership) (上海生物醫藥產業股權投資基金合夥企業(有限合夥)), a limited liability partnership established under the laws of the PRC on October 28, 2020 and a Pre-IPO Investor
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Medical"	Beijing Target Medical Technologies Co., Ltd.# (北京天地和協科技有限公司), a limited liability company established in the PRC on November 18, 1999 and a wholly-owned subsidiary of Lepu Medical, one of the controlling shareholders of the Company
"US$" or "USD"	United States dollars, the lawful currency of the United States of America
"Vivo Capital Fund IX"	Vivo Capital Fund IX, L.P., a limited partnership established under the laws of Delaware of the United States on March 12, 2018 and a Pre-IPO Investor
"VSD"	ventricular septal defect, a defect, or a hole, in the septum between the left and right ventricles of the heart, which may lead to abnormal blood circulation and pulmonary hypertension and other complications in severe cases
"%"	per cent

By Order of the Board
LEPU ScienTech Medical Technology (Shanghai) Co., Ltd.*
樂普心泰醫療科技(上海)股份有限公司
Ms. Chen Juan
Chairman of the Board and Executive Director

Shanghai, the People's Republic of China
March 31, 2023

As at the date of this announcement, the Board comprises Ms. Chen Juan and Ms. Zhang Yuxin as executive Directors; Mr. Fu Shan and Mr. Zheng Guorui as non-executive Directors; and Ms. Chan Ka Lai Vanessa, Mr. Zheng Yufeng, and Mr. Liu Daozhi as independent non-executive Directors.

* *The Company is a registered non-Hong Kong company as defined under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and it is registered under its Chinese name and under the English name "LEPU ScienTech Medical Technology (Shanghai) Co., Ltd.".*

\# *For identification purposes only*