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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2024

The Board is pleased to announce the unaudited consolidated financial results of the Group for the six months ended June 30, 2024, together with the comparative figures for the six months ended June 30, 2023 as below.

The interim results of the Group for the six months ended June 30, 2024 have been reviewed by the Audit Committee and by BDO China Shu Lun Pan Certified Public Accountants LLP, the independent auditor of the Company, in accordance with China Certified Public Accountant Review Standard No. 2101 "Review of interim financial information performed by the independent auditor of the entity" issued by the Chinese Institute of Certified Public Accountants.

FINANCIAL HIGHLIGHTS

– Revenue increased by 49.7% from RMB166.4 million for the six months ended June 30, 2023 to RMB249.1 million for the six months ended June 30, 2024.

– Gross profit increased by 53.4% from RMB147.7 million for the six months ended June 30, 2023 to RMB226.7 million for the six months ended June 30, 2024.

– Research and development expenses decreased by 21.3% from RMB27.6 million for the six months ended June 30, 2023 to RMB21.7 million for the six months ended June 30, 2024.

– Net profit attributable to shareholders of the parent company increased by 85.6% from RMB75.6 million for the six months ended June 30, 2023 to RMB140.2 million for the six months ended June 30, 2024.

Notes:

(1) According to the "Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong" (《有關接受在香港上市的內地註冊成立公司採用內地的會計及審計準則以及聘用內地會計師事務所的諮詢總結》) published by the Stock Exchange in December 2010, PRC incorporated issuers listed in Hong Kong are allowed to prepare their financial statements in accordance with the China Accounting Standards for Business Enterprises (the "**CASBE**") and PRC audit firms approved by the Ministry of Finance of the PRC and the China Securities Regulatory Commission are allowed to adopt the China Standards on Auditing in providing services to such issuers. In order to improve working efficiency, lower disclosure costs and audit costs, on April 8, 2024, the Board has approved to change the overseas financial report disclosure standards of the Group from the International Financial Reporting Standards to the CASBE. The annual general meeting was held and approved the corresponding changes to the Articles of Association on May 23, 2024. For details, please refer to the Company's announcements dated April 8, 2024 and July 17, 2023 and the circular of the Company dated April 19, 2024. The Group will disclose its financial reports according to the CASBE and relevant regulations since 2024. The Group's financial statements and interim results for the six months ended June 30, 2024 have been prepared under the CASBE, and the relevant comparative figures for 2023 have been appropriately adjusted pursuant to the CASBE. Figures for the corresponding period of 2023 used in the section headed "Management Discussion and Analysis" in this announcement were restated.

(2) Certain amounts and percentage figures included in this announcement have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

BUSINESS REVIEW

As a pioneer and domestic leading supplier in the structural heart disease interventional medical devices industry in China, we have been focusing on the research and development, manufacture and commercialization of structural heart disease interventional medical devices. We are successfully practicing degradability based on the proven operations of traditional metal medical devices, exploring the frontier fields of the atrial septal puncture, cardiac mechanical circulatory support and other medical devices, and committed to providing safe, effective, innovative and comprehensive medical solutions.

As of the date of this announcement, we had a total of 22 marketed occluders and accessory products, four products with NMPA registration certificates, four products under registration review and preparation for registration, and 25 product candidates in various stages of research and development such as occluders, heart valves and procedural accessories and mechanical circulatory support. The following chart summarizes the development status of our product portfolio up to the date of this announcement:

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 single-rivet				Commercialized
				Preparation of CE registration materials	
	MemoSorb® Biodegradable ASD occluder ★			Obtained NMPA registration certificate	
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 for initiating of overseas clinical trials			

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
					CE registration review in progress
Patent foramen ovale ("**PFO**") occluder	MemoPart® PFO occluder (Double-rivet/Single-rivet)				Commercialized
	MemoSorb® Biodegradable PFO occluder ★				Commercialized
	NeoSorb® Bioabsorbable PFO occluder			Mass clinical	
Left atrial appendage ("**LAA**") occluder	MemoLefort® LAA occluder system				Commercialized
	Bio-Lefort® Biodegradable LAA occluder ★			Mass clinical	
Aortic and peripheral occluders	Biodegradable aortic occluder ★	Animal test			
	Embolization occluder	Animal test			
	Peripheral hydrogel spring coil	Design stage			
Aortic valve products	ScienCrown® Transcatheter aortic valve replacement ("**TAVR**") system ★				NMPA registration review in progress
			CE animal tests		
	ScienMelon® Artificial heart valve with polymer leaflets for transcatheter implantation ★	Animal test			
	ScienChute® Transcatheter aortic valve stenosis therapy system	Design stage			
	ScienChute® Pulsed acoustical generator	Design stage			
	Transcatheter aortic valve system (regurgitation indication TAVR)		Animal test		
Mitral valve products	MemoChord® Transapical mitral valve repair system (chordal) ("**TMVCRS**")		FIM		
	MemoClip-A® Transapical mitral valve clip repair ("**TMVr-A**") system ★		Mass clinical		
	MemoClip-F® Transfemoral mitral valve clip repair ("**TMVr-F**") system		Clinical preparation stage		
	Transcatheter mitral valve replacement ("**TMVR**") system		Animal test		

Product		Pre-clinical	Clinical Trial	Registration	Commercialization
Atrial septal puncture and procedural accessories	RF-Lance® Radiofrequency puncture devices ★	Obtained NMPA registration certificate			
	RF-Lance® Disposable radiofrequency atrial septal puncture needles ★	Obtained NMPA registration certificate			
	Disposable atrial septal puncture system	Obtained NMPA registration certificate			
	MemoPart® Interventional delivery system	Commercialized			
	GuiBend® Integrated interventional delivery system	Commercialized			
		CE registration review in progress			
	GuiFinder® Occluder delivery system	Commercialized			
	GuiFlex® Integrated interventional delivery sheath	Commercialized			
	Gruiser® Interventional delivery system	Commercialized			
	G-Cruiser® Interventional delivery system	Commercialized			
	MemoPart® Snare	Commercialized			
	Multiple-loop Snare	Commercialized			
	SimoMelon® Balloon dilatation catheter for aortic valve ★	NMPA registration review in progress			
	Disposable introducing sheath	Commercialized			
	Thrombus protection device	Clinical preparation stage			
	StarCross® Disposable delivery sheath	Preparation for registration materials			
	Vascular closure device system	Animal test			
	Transvalvular guide wires	Mass clinical			
	Super stiff guidewire	Preparation for registration materials			

Product		Pre-clinical	Clinical Trial	Registration	Commercialization
Interatrial shunt device	Interatrial shunt device I	FIM			
	Interatrial shunt device II (Biodegradable)	Animal test			
	FireyDeva® Interatrial shunt device III (Radiofrequency ablation shunt device)	Animal test			
	FireyDeva® Radiofrequency ablation device (Device)	Animal test			
Mechanical circulatory support products	Transcatheter left ventricular support device ★	Animal test			
	Coronary protection left ventricular support system ★	Design stage			
	Small diameter transcatheter left ventricular support system ★	Design stage			
Hypertensive device treatment products	Pulmonary artery radiofrequency ablation catheter ★	Design stage			
	Ultrasonic greater splanchnic nerve ablation catheter ★	Animal test			

Note:

★: *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 six months ended June 30, 2024, the Company achieved revenue of RMB249.1 million, representing a period-on-period increase of 49.7% from the six months ended June 30, 2023; net profit attributable to shareholders of the parent company of RMB140.2 million for the six months ended June 30, 2024, representing a period-on-period increase of 85.6% from the six months ended June 30, 2023; net cash flow generated from operating activities of RMB103.5 million for the six months ended June 30, 2024, representing a period-on-period increase of 67.8% from the six months ended June 30, 2023. As of June 30, 2024, the total assets of the Group were RMB2,149.5 million, representing an increase of 8.2% from the beginning of the Reporting Period, and the net assets were RMB1,880.9 million, representing a decrease of 2.4% from the beginning of the Reporting Period.

CHD Occluder Products

As at the date of this announcement, the Group owned 10 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. Leveraging on the long-term technology accumulation, the rapid growth trend of the Group's business has been established through technology upgrading, products iteration and original technology. This is the cornerstone for us to maintain our leading position in the field of CHD interventional therapy and to continue to drive.

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 has obtained a medical device registration certificate granted by the NMPA on August 14, 2024.

PFO and LAA Occluder Products

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

Our second generation cardioembolic stroke prevention product candidates have applied our biodegradable technology creatively, of which, the second generation MemoSorb® biodegradable PFO occluder product was approved for marketing in September 2023. The PFO surgeries have a larger market and better market prospects coupled with the Company's innovative biodegradable material technology, the products have gained widespread attention and popularity in the market upon their launch, and have achieved excellent sales results in the early stage of product commercialization. During the Reporting Period, the biodegradable PFO occluder achieved an outstanding sales performance and its revenue accounted for nearly one-third of the total revenue of the Company, thus becoming another blockbuster product of the Group in the implementation of the philosophy of "No Implantation for Intervention". It was also a typical example of the Company's innovative products with significant commercialization results. The Company's another important application of the biodegradation technology, Bio-Lefort® biodegradable LAA occluder product candidate has successfully completed its pre-clinical type inspection stage and animal test stage as planned and officially entered the stage of multi-center clinical trial enrollment.

Heart Valve Product Candidates

The Company's products in heart valve field mainly covered aortic valve and mitral valve products. Our ScienCrown® is in the process of registering with the NMPA in order. ScienCrown® valve has distinct structural differences from the previously marketed self-expanding valve and 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 could address the pain points of clinical demand in an optimal manner and greatly shorten the surgeon's learning curve, thus bringing a new standard of care to patients and providing a better clinical experience in valve performance and prognosis. The product is expected to be approved for marketing in the fourth quarter of 2024. After the product is approved for marketing, through differentiated competition method, the Company expects that it will bring safer and better products to clinical-end and also generate greater revenue to the Company, which will greatly change the competitive layout of the Company in the field of domestic structural heart disease. In addition, we are developing a transcatheter aortic valve system for patients with simple aortic regurgitation. The product adds a clamped positioning design to the valve based on the prototype of ScienCrown® TAVR system which is suitable for dual indications of valvular insufficiency and stenosis, and adds a bending function based on the pre-bending feature of the original delivery system to improve operational performance of clamped positioning design. The product has completed animal tests and type inspection currently and it planned to carry out clinical trials in 2025. 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 enrolment and we plan to submit a registration application to the NMPA in the second half of 2024. We conducted independent innovation and optimization in the product design and also drew on the extensive experience from clinicians in respect of transcatheter mitral valve clip system, enabling the design and performance of the product much more acclimated to 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 system has completed the implantation in the animal and the follow-up of six months 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. The portfolio of our MCS device product line covers both short- and long-term products, which are designed to assist or replace the pumping function of the ventricles. The portfolio of our MCS device product line includes transcatheter ventricular support system, high-risk percutaneous coronary interventions ("**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 pre-clinical type inspection stage, and mass animal tests have been carried out. The supporting peelable sheaths and other interventional accessories with self-developed materials have been designed and entered type inspection stage and bioassay stage. Small diameter transcatheter left ventricular support system and high-risk PCI coronary protection left 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. The Company is an early pioneer in the field of MCS in the PRC, which is still emerging in the PRC with a bright market prospect. With the Company's profound research and development capability and technology accumulation in active medical device field, the Company will provide patients in the field with the most optimal medical solutions, and is confident that it will become one of the most core and valuable participants in the field.

Pathway Products

Pathway products mainly include CHD occluder products and procedural accessories for heart valve, and also include atrial septal radiofrequency puncture product candidates and others.

RF-Lance® Radiofrequency puncture devices and RF-Lance® Disposable radiofrequency atrial septal puncture needles have been approved for marketing in the PRC in April and July 2024, respectively. The approval of these two products further enriches the Company's product lines, and the Company has become one of the high-quality suppliers with the most comprehensive product lines in the field of structural heart disease in China.

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

The Company owned six types of valve related procedural accessories, including, among others, balloon dilatation catheter for aortic valve, super stiff guidewire, thrombus protection device and vascular closure device system. In particular, the balloon dilatation catheter for aortic valve has been filed for registration to the NMPA at the end of 2023, and is expected to be approved for marketing in the second half of 2024; the super stiff guidewire has obtained the type inspection and biological reports, is in the process of preparation of registration information, will be submitted for registration in the second quarter of 2024 and is expected to be approved for marketing at the end of 2024; we have completed the product's R&D design and inspection 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 animal tests, and plans to be filed for registration in the second half of 2024.

Hypertensive Device Treatment Products

So far, pulmonary hypertension ("**PH**") is a progressive and incurable disease caused by pulmonary vascular structural or functional changes as a result of a variety of heterogeneous diseases (etiology) and different pathogenesis which will cause the clinical and pathophysiological syndromes of pulmonary vascular resistance and higher pulmonary arterial pressure and patients who have severe consequences will develop into right heart failure and even death. PH is a common disease that seriously jeopardizes the lives and health of patients, the survival time of patients with PH can be significantly improved through standardized etiological treatments and aggressive targeted drug therapy. The Company has completed the development and design of pulmonary artery radiofrequency ablation catheter, and it is expected to carry out animal tests and type inspection in the second half of 2024. In addition, in terms of device for the treatment of refractory hypertension, we also have developed an ultrasonic greater splanchnic nerve ablation catheter product. Currently, the Company has completed research and development and design of the product and animal tests are going on. It is expected to carry out type inspection in the third quarter of 2024.

OUTLOOK

Looking forward, we will be committed to provide safe, effective, innovative and comprehensive medical solutions for patients with structural heart disease and heart disease related fields by continuously 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 a number of aspects, including design and concept innovation, material innovation, structural design innovation, production process optimization, to further enhance the innovation, functionality and reliability of our products. Meanwhile, we firmly 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, to further explore existing market and expand into incremental market.

In the CHD interventional devices field, we will leverage our significant market advantages established with more than 20 years of in-depth development 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 explore the research and development of new PFO occlude products and LAA occlude products, while we will continue to promote the commercialization of our marketed products. In particular, the biodegradable PFO product has achieved excellent sales results during the Reporting Period after approved for marketing in 2023. The Company will further enhance interaction and communication with surgeons, strengthen marketing promotion, and endeavor to broaden its sales channels in terms of depth and breadth, with a view to further opening up the market for the product in the second half of 2024 and over the next few years, so as to enable more patients to enjoy the quality experience and convenience brought by innovative medical device products through surgical treatments. We believe, upon application of the biodegradable technology to such field, we are well positioned to capitalize on and share the significant potential in the fast-growing and low-penetration domestic market and enable more doctors and patients to enjoy our innovative products and quality services by leveraging our early-mover advantages, excellent product features, and well-established sales channels, which will put us in a superior market competitive position in such field.

In the valve stenosis and reflux therapy field, we will rely on our existing technology platform for valve products, further consolidate and strengthen our technological advantages, continue to promote concept of "Tool Box", and focus on the development of valve products with great medical demand and promising market while covering the full product line of valves. Among them, we will accelerate the progress of research and development of the TMVr-F system and the TMVR system 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 Conformité Européenne ("**CE**") Certificate registration clinical trials, the special dry valve of such iterative products, upon processing by adopting the self-developed technology, has the advantages of stronger anti-calcification ability, better hemodynamic effect and longer service life. We are also developing a transcatheter aortic valve system for patients with simple aortic regurgitation, which will complement the ScienCrown® transcatheter aortic valve replacement system to provide optimal treatment for patients with different types of TAVR disease.

Cardiac mechanical circulatory support is a life support technology, and has become an important "bridge" treatment for patients with acute cardiac event and end-stage heart failure after decades of development, which also has more extensive clinical application. It is estimated that approximately 13.7 million patients in China and more than approximately 64 million patients globally suffered from cardiac underpower, and about 50% of them will die within five years after diagnosis. The global market scale of MCS devices is expected to grow at a compound annual growth rate of 10% or above from 2021 to 2028, with a market value expected to reach approximately USD3.4 billion in 2025. The Company, as a cardiovascular intervention medical devices company with strong spirit of technological innovation, has been dedicated to expanding into the blue ocean market of MCS and protective PCI. The Company is developing a series of product candidates, which may help patients, after marketing, improve their quality of life and survival rate. Meanwhile, as a multidisciplinary composite technology, such products will fully demonstrate our technological accumulation, ensure that the Company continues to seize the technological highland in medical devices field, and ensure the progressive development of the Company's future product lines and the sustainable development of the Company's business.

In the structural cardiology pathway products field, we are developing and producing a number of products, and two pathway products have obtained certificates during the Reporting Period. In particular, the Company is one of the early developers of our vascular closure device candidates, and there is no vascular closure device approved for marketing in the PRC. It is estimated that the market size of vascular closure devices in the PRC will have a greater growth, 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 in line with the technology development. The Company will accelerate the research and development of vascular occluder device products to meet and lead the market demand.

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 of surgeons is short, so such products are expected to quickly complete the replacement of mechanical needles. Currently, the transseptal procedures has been used for mitral valve repair, LAA occluder, and other procedures to obtain left heart access by transfemoral access. According to the statistics, there are more than approximately 300,000 surgeries using puncture techniques in the United States every year, and the potential treatment population in China is more than approximately 10 million with an extra low penetration rate. The domestic market for such surgery has yet to be further developed with a considerable market prospect in the future. At present, no radiofrequency puncture products are approved for marketing in China, and radiofrequency atrial septal puncture system of the Company has been approved for marketing in the PRC in April and July 2024, which will enable the Company to enter into the new market in the field of structural heart disease at a rapid pace. Such product is expected to win a new blue ocean market for the Company and become a pillar product in the product lines of the pathway products.

We will strengthen our marketing team building, explore potential marketing channels, continue to expand our sales network in China and continue to build our good reputation and word-of-mouth among doctors and patients. We will continue to strive to promote product brand awareness and influence in the industry and academia, to solidify and strengthen our communication, exchange and interaction with research institutions, hospitals, doctors and KOLs and obtain valuable feedback from them, and will collect and dive deep into more market data and information, continuously improve and optimize the product design and production process and enhance the service capability of the sales terminal, so as to better serve the doctors and patients with better products and more considerate sales service capability, and strive to become one of the important leaders in marketing and sales service in the PRC.

In terms of the overseas business, we will actively expand our overseas sales channels with global insight. With a rigorous, pragmatic and sincere attitude and way of working, we will endeavor to explore the market potential of the existing products and increase the market penetration of the existing products, and build up a good international reputation of our products, to enhance recognition of Chinese brands and made in China in the global market. We will keep abreast with the development trend, clinical demand and market competition layout in overseas markets in a timely manner, and formulate a plan for overseas clinical trial and registration in a reasonable manner, to advance the commercialization process of innovative products such as biodegradable occluder series and valve series in overseas markets in due course, which is conducive to a better and sustainable development of the Company's overseas business so as to better implement the Company's internationalization strategy.

FINANCIAL REVIEW

Revenue

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

Our revenue increased by 49.7% from RMB166.4 million for the six months ended June 30, 2023 to RMB249.1 million for the six months ended June 30, 2024. The following table sets forth a breakdown of our revenue by major products for the six months ended June 30, 2023 and 2024.

	Six months ended June 30,				
	2024		2023		Change
	RMB	***%***	*RMB*	*%*	*%*
CHD occluder products	**128,570,233.84**	**51.6**	125,184,554.11	75.3	2.7
Pathway products	**40,346,197.08**	**16.2**	33,777,900.85	20.3	19.4
PFO and LAA occluder products	**79,763,191.28**	**32.0**	6,817,036.15	4.1	1,070.1
Other products	**420,526.45**	**0.2**	571,822.17	0.3	-26.5
Total	**249,100,148.65**	**100.0**	166,351,313.28	100.0	49.7

CHD occluder products

For the six months ended June 30, 2023 and 2024, more than half of our revenue was generated from sales of CHD occluder products. Revenue generated from sales of CHD occluder products increased by 2.7% from RMB125.2 million for the six months ended June 30, 2023 to RMB128.6 million for the six months ended June 30, 2024, representing 75.3% and 51.6% of our revenue in the corresponding periods, respectively. Revenue generated from sales of CHD occluder products were able to achieve steady growth, which was primarily attributable to our oxide-coated occluder MemoCarna® III series products have received broad market recognition.

Pathway products

Revenue generated from sales of pathway products increased by 19.4% from RMB33.8 million for the six months ended June 30, 2023 to RMB40.3 million for the six months ended June 30, 2024, representing 20.3% and 16.2% of our revenue in the corresponding periods, respectively. Our pathway products 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 pathway products. The increase was primarily attributable to an increase in the sales volume of our various occluder products, and the sales volume of our related procedural accessories increased accordingly. Further, our interventional delivery system for degradable occluders obtained the Class III medical device registration certificate from the NMPA in 2023, resulting in sales revenue of RMB5.0 million during the Reporting Period. We also intend to gradually introduce other occluder related procedural accessories and heart valve related procedural accessories.

PFO and LAA occluder products

Revenue generated from sales of PFO and LAA occluder products increased by 1,070.1% from RMB6.8 million for the six months ended June 30, 2023 to RMB79.8 million for the six months ended June 30, 2024, representing 4.1% and 32.0% of our revenue in the corresponding periods, respectively. The significant increase in revenue of these products was primarily attributable to the successful market entry of our new product biodegradable PFO occluders, resulting in sales revenue of RMB79.3 million for the six months ended June 30, 2024.

Other products

For the six months ended June 30, 2023 and 2024, revenue generated from the sales of other products decreased by 26.5% from RMB0.6 million for the six months ended June 30, 2023 to RMB0.4 million for the six months ended June 30, 2024, representing 0.3% and 0.2% of our revenue in the corresponding periods, respectively. The sales of other products primarily included vascular plug and products with relatively low applicability or importance.

Operating cost

Our operating cost increased by 20.5% from RMB18.6 million for the six months ended June 30, 2023 to RMB22.4 million for the six months ended June 30, 2024. Our operating cost primarily consisted of (i) raw materials and consumables; (ii) labor costs; (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 six months ended June 30, 2023 and 2024.

	Six months ended June 30,				
	2024		2023		Change
	RMB	***%***	*RMB*	*%*	*%*
Raw materials and consumables	**10,133,011.07**	**45.2**	8,622,901.34	46.3	17.5
Labor costs	**5,842,466.37**	**26.0**	4,431,313.08	23.8	31.8
Amortization of intangible assets	**4,222,953.26**	**18.8**	3,275,832.78	17.6	28.9
Depreciation of property, plant and equipment	**1,048,224.01**	**4.7**	1,002,491.17	5.4	4.6
Transportation costs	**743,573.54**	**3.3**	612,922.35	3.3	21.3
Utilities and office expenses	**408,813.02**	**1.8**	555,293.85	3.0	-26.4
Others	**31,233.55**	**0.1**	117,270.12	0.6	-73.4
Total	**22,430,274.82**	**100.0**	18,618,024.69	100.0	20.5

Our raw materials and consumables costs represented nitinol products and sheathes and other metal and plastic components used during the manufacturing process, which increased by 17.5% from RMB8.6 million for the six months ended June 30, 2023 to RMB10.1 million for the six months ended June 30, 2024, which was primarily attributable to the general increase in sales volume of various products in the first half of 2024, resulting in the significant increase of relevant material costs in the first half of 2024.

Our labor costs increased by 31.8% from RMB4.4 million for the six months ended June 30, 2023 to RMB5.8 million for the six months ended June 30, 2024, which was primarily attributable to the increase in output and sales volume of various products, resulting in an increase in remuneration of manufacturing staff.

Our amortization of intangible assets increased by 28.9% from RMB3.3 million for the six months ended June 30, 2023 to RMB4.2 million for the six months ended June 30, 2024, which was primarily attributable to the commencement of amortization on the patents and medical device registration certificates of certain products in the second half of 2023 as they obtained their respective NMPA approvals, resulting in an increase in our amortization of intangible assets.

For the six months ended June 30, 2023 and 2024, our depreciation of property, plant and equipment remained basically stable at RMB1.0 million.

Our transportation costs increased by 21.3% from RMB0.6 million for the six months ended June 30, 2023 to RMB0.7 million for the six months ended June 30, 2024, which was primarily attributable to the general increase in sales volume of various products in the first half of 2024, resulting in an increase in our transportation costs.

Our utilities and office expenses decreased by 26.4% from RMB0.6 million for the six months ended June 30, 2023 to RMB0.4 million for the six months ended June 30, 2024, which was primarily attributable to the regional resurgence of COVID-19 in 2022, with certain property rents and property management fees deferred to the first half of 2023, resulting in higher expenses for the corresponding period in 2023.

Our other costs primarily include testing fees for production environment and fees for sterilization, with relatively small cost amounts, representing 0.6% and 0.1% of the main business costs for the six months ended June 30, 2023 and 2024, respectively.

Gross profit

Our gross profit increased by 53.4% from RMB147.7 million for the six months ended June 30, 2023 to RMB226.7 million for the six months ended June 30, 2024. The increase in our gross profit was in line with the growth in our overall revenue.

Taxes and surcharges

Our taxes and surcharges primarily include (i) urban maintenance and construction tax; (ii) education surcharge; (iii) local education surcharge; (iv) property tax; (v) stamp duty; and (vi) land use tax. Our taxes and surcharges increased by 14.6% from RMB2.5 million for the six months ended June 30, 2023 to RMB2.8 million for the six months ended June 30, 2024, which was primarily attributable to a general increase in sales volume of various products of the Company, resulting in increases in urban maintenance and construction tax, education surcharge, local education surcharge and stamp duty.

Selling expenses

Our selling expenses primarily included (i) labor costs; (ii) travel and transportation fees; (iii) market fees; (iv) exhibition fees; (v) business entertainment fees; and (vi) business promotion fees. Our selling expenses increased by 58.3% from RMB19.9 million for the six months ended June 30, 2023 to RMB31.5 million for the six months ended June 30, 2024, which was primarily attributable to (i) an increase of RMB8.2 million in labor costs as a result of the Company's strategic development needs to expand the marketing team and increase marketing personnel and (ii) a total increase of approximately RMB3.0 million in various fees such as market fees and business promotion fees due to the successful commercialization of certain new products of the Company in the second half of 2023.

Administrative expenses

Our administrative expenses primarily consisted of (i) labor costs; (ii) consulting service fees; (iii) share-based payment; (iv) auditor's remuneration; (v) depreciation and amortization expenses; (vi) travel and transportation expenses; and (vii) office expenses, etc. Our administrative expenses decreased by 11.0% from RMB20.7 million for the six months ended June 30, 2023 to RMB18.4 million for the six months ended June 30, 2024. This was primarily attributable to a decrease in consulting service fees of RMB2.8 million and a decrease in auditor's remuneration of RMB0.6 million, primarily due to (i) the expiry of certain Listing-related intermediary contracts in 2023 following the successful Listing of the Company on the Stock Exchange at the end of 2022; (ii) a significant decrease in commercial printer service fees of the Company in the first half of 2024 in response to the Stock Exchange's electronic communication requirement at the end of 2023; and (iii) the change of new auditor of the Company in 2024. The decrease in aforementioned fees was partially offset by an increase of RMB1.0 million in labor costs.

Research and development expenses

Our research and development expenses primarily consisted of (i) labor costs; (ii) materials, power and manufacturing inspection fees; (iii) depreciation and amortization expenses; (iv) design and clinical trial fees; (v) share-based payment; (vi) outsourced research and development expenses; and (vii) other expenses. Our research and development expenses decreased by 21.3% from RMB27.6 million for the six months ended June 30, 2023 to RMB21.7 million for the six months ended June 30, 2024, primarily due to (i) a decrease in labor costs of RMB2.5 million; (ii) a decrease in materials, power and manufacturing inspection fees of RMB0.9 million; and (iii) a decrease in design and clinical trial fees of RMB1.2 million, as a result of the relatively large number of research and development projects for type inspection or animal studies in the first half of 2023, which resulted in a higher amount of related expenses.

Financial expenses

Our financial expenses primarily consisted of (i) interest expenses; (ii) interest income; (iii) exchange gains or losses; and (iv) handling charges. Our financial expenses decreased by 404.7% from RMB-2.8 million for the six months ended June 30, 2023 to RMB-14.1 million for the six months ended June 30, 2024, primarily due to (i) an increase in interest income of RMB7.5 million during the Reporting Period as compared to the corresponding period last year due to the increase in available funds of the Company and the benefit of reasonable financial planning, which was offset against financial expenses incurred; and (ii) a decrease in exchange losses of RMB3.9 million during the Reporting Period as compared to the corresponding period last year as affected by the change in exchange rate.

Loss on impairment of credit

Our loss on impairment of credit primarily represented provision for impairment of accounts receivable and other receivables during the Reporting Period. Our loss on impairment of credit increased by 2,618.2% from RMB0.3 million for the six months ended June 30, 2023 to RMB7.1 million for the six months ended June 30, 2024, primarily due to the significant increase in the balance of accounts receivable as a result of the significant increase in the Company's business results, which increased the provision for impairment recognised on accounts receivable.

Income tax expenses

Our income tax expenses increased by 107.3% from RMB11.5 million for the six months ended June 30, 2023 to RMB23.9 million for the six months ended June 30, 2024, which was primarily attributable to the increase in taxable income as a result of the increase in the Company's business results.

Net profit

As a result of the foregoing, our net profit for the Reporting Period increased by 85.6% from RMB75.6 million for the six months ended June 30, 2023 to RMB140.2 million for the six months ended June 30, 2024.

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 six months ended June 30, 2024, the Group principally used cash generated from its operations, financing activities and net proceeds from the Global Offering to meet its demand of capital expenditures and working capital. Going forward, the Company believes that its liquidity requirements will be satisfied with a combination of cash flows generated from our operating activities and other funds raised from the capital markets from time to time. As of June 30, 2024, the Group had not used any financial instruments for hedging purposes.

Cash flows

As of June 30, 2024, our cash and cash equivalents were denominated in RMB, HK dollar, USD and Euro dollars. Our total cash and cash equivalents decreased by 10.5% from RMB1,212.0 million as of December 31, 2023 to RMB1,084.2 million as of June 30, 2024, which was primarily attributable to the net cash generated from operating activities of RMB103.5 million and the net cash used in investing activities of RMB231.0 million, the net cash used in financing activities of RMB0.9 million and the change in exchange gains on cash and cash equivalents, a combination of which caused a decrease in cash and cash equivalents at the end of the Reporting Period.

Borrowings

As of June 30, 2023 and 2024, we had no outstanding balance of borrowings or unutilized banking facilities.

Net current assets

Our net current assets decreased by 9.6% from RMB1,356.5 million as of December 31, 2023 to RMB1,225.9 million as of June 30, 2024. Our net current assets position as of the above dates was mainly attributable to our cash at bank and on hand, accounts receivable, inventories, prepayments, other receivables and financial assets held-for-trading, partially offset by our accounts payable, contract liabilities, other payables, employee benefits payable, taxes payables and lease liabilities due within one year. The decrease in our net current assets was primarily attributable to an increase in the closing balance of other payables of RMB189.5 million as of June 30, 2024 as a result of the declaration of final dividend for 2023, an increase in accounts receivable of RMB40.5 million, and an increase in the total balance of cash at bank and on hand and financial assets held-for-trading of RMB48.6 million, a combination of which caused a decrease in the net current assets.

Material Acquisitions and Disposals and Significant Investments

We did not have any material acquisitions and disposals and significant investments during the six months ended June 30, 2024.

Pledge of Assets

As of June 30, 2024, we did not pledge any of our assets.

Future Plans for Material Investments or Capital Asset

Save as disclosed in the section headed "Use of Net Proceeds from Listing" in this announcement and 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

Our total capital expenditure increased by 4.0% from approximately RMB29.8 million for the six months ended June 30, 2023 to approximately RMB31.0 million for the six months ended June 30, 2024. Our capital expenditure primarily included our purchase of 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

Our capital commitments increased from approximately RMB0.2 million as of December 31, 2023 to approximately RMB19.6 million as of June 30, 2024, primarily in connection with purchase of equipment, licensing of product technologies and right of commercialization of products.

Contingent Liabilities

As of June 30, 2024, 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 accounts payable, accounts receivable and cash at bank and on hand 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 June 30, 2024, we had 239 full-time employees (December 31, 2023: 219), all of whom were based in China. The total staff costs for the six months ended June 30, 2024 (including staff remuneration, bonuses, welfare cost and social insurance fees etc.) amounted to approximately RMB52.1 million (including those capitalised staff costs of approximately RMB9.1 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.

Indebtedness

The following table sets forth the breakdown of our lease liabilities as of the dates indicated:–

	June 30, 2024	December 31, 2023
	RMB	*RMB*
	(Unaudited)	(Audited)
Lease liabilities	**2,680,072.03**	959,773.15

Key Financial Ratios

The following table sets forth our key financial ratios for the period/year indicated:–

	June 30, 2024	December 31, 2023
Liquidity ratio		
Current ratio	**5.6 times**	23.9 times
Gearing ratio	**12.5%**	3.0%

(1) The calculation of current ratio is based on current assets divided by current liabilities as of the end of the period/year.

(2) The gearing ratio is calculated based on the Group's total liabilities divided by total assets as of the end of the period/year.

Current ratio

Our current ratio was at 5.6 times and 23.9 times as of June 30, 2024 and December 31, 2023, respectively.

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

CONSOLIDATED INCOME STATEMENT

(All amounts in RMB Yuan unless otherwise stated)

Item		Note	Six months ended June 30, 2024 (Unaudited)	2023 (Audited)
I.	Total operating income		**249,100,148.65**	166,351,313.28
	Including: Operating income	*IX*	**249,100,148.65**	166,351,313.28
	Interest income		**–**	–
	Premium earned		**–**	–
	Income for handling charges and commissions		**–**	–
II.	Total operating costs		**82,695,713.46**	86,407,427.58
	Including: Operating cost	*IX*	**22,430,274.82**	18,618,024.69
	Interest expense		**–**	–
	Handling charges and commissions		**–**	–
	Refunded premiums		**–**	–
	Net amount of compensation payout		**–**	–
	Net amount withdrawn for insurance contract reserves		**–**	–
	Policy dividend expense		**–**	–
	Reinsured expenses		**–**	–
	Taxes and surcharges		**2,819,277.61**	2,459,960.67
	Selling expenses		**31,485,870.27**	19,890,692.88
	Administrative expenses		**18,413,535.52**	20,683,588.19
	Research and development expenses		**21,671,903.41**	27,554,063.73
	Financial expenses		**-14,125,148.17**	-2,798,902.58
	Including: Interest expenses		**85,408.45**	95,326.91
	Interest income		**13,278,075.95**	5,817,140.07
	Add: Other income		**953,389.05**	122,094.85
	Investment income (loss expressed with "-")		**2,056,166.79**	5,593,455.95
	Including: Income from investment in associates and joint ventures		**–**	–
	Gains from derecognition of financial assets measured at amortised cost		**–**	–
	Exchange gain (loss expressed with "-")		**–**	–
	Net exposure hedging benefits (loss expressed with "-")		**–**	–
	Gains from change in fair value (loss expressed with "-")		**1,601,780.81**	404,876.72

Item		Note	Six months ended June 30, 2024 (Unaudited)	2023 (Audited)
	Loss on impairment of credit (loss expressed with "-")		**-7,126,924.40**	-262,190.47
	Loss on impairment of assets (loss expressed with "-")		**–**	–
	Gains from disposal of asset (loss expressed with "-")		**–**	–
III.	Operating profit (loss expressed with "-")		**163,888,847.44**	85,802,122.75
	Add: Non-operating income		**251,841.94**	1,358,422.15
	Less: Non-operating expenses		**3,478.52**	52,542.92
IV.	Total profit (total loss expressed with "-")		**164,137,210.86**	87,108,001.98
	Less: Income tax expense	*X*	**23,908,744.48**	11,535,852.27
V.	Net profit (net loss expressed with "-")		**140,228,466.38**	75,572,149.71
	(I) Classified by continuity of operations			
	1. Net profit from continuing operations (net loss expressed with "-")		**140,228,466.38**	75,572,149.71
	2. Net profit from discontinued operations (net loss expressed with "-")		**–**	–
	(II) Classified by ownership		**–**	–
	1. Net profit attributable to shareholders of the parent company (net loss expressed with "-")		**140,228,466.38**	75,572,149.71
	2. Profit or loss attributable to non-controlling interests (net loss expressed with "-")		**–**	–
VI.	Net other comprehensive income after tax		**–**	–
	Net other comprehensive income after tax attributable to shareholders of the parent company		**–**	–
	(I) Other comprehensive income that may not be subsequently reclassified to profit or loss		**–**	–
	1. Change in remeasurement of defined benefit plans		**–**	–
	2. Share of other comprehensive income accounted for using equity method that will not be reclassified to profit or loss		**–**	–
	3. Change in fair value of investments in other equity instruments		**–**	–
	4. Change in fair value of credit risks of the Company		**–**	–

Item	*Note*	**Six months ended June 30, 2024 (Unaudited)**	2023 (Audited)
(II) Other comprehensive income that will be subsequently reclassified to profit or loss		**–**	–
1. Share of other comprehensive income accounted for using equity method that will be reclassified to profit or loss		**–**	–
2. Change in fair value of other debt investments		**–**	–
3. Amount of financial assets reclassified into other comprehensive income		**–**	–
4. Provision for credit impairment of other debt investments		**–**	–
5. Cash flow hedging reserve		**–**	–
6. Exchange differences arising from translation of foreign currency financial statements		**–**	–
7. Others		**–**	–
Net other comprehensive income attributable to non-controlling interests after tax		**–**	–
VII. Total comprehensive income		**140,228,466.38**	75,572,149.71
Total comprehensive income attributable to shareholders of the parent company		**140,228,466.38**	75,572,149.71
Total comprehensive income attributable to non-controlling interests		**–**	–
VIII. Earnings per share:		**–**	–
(I) Basic earnings per share (RMB/share)	*XI*	**0.4044**	0.2179
(II) Diluted earnings per share (RMB/share)	*XI*	**0.4044**	0.2179

CONSOLIDATED BALANCE SHEET

(All amounts in RMB Yuan unless otherwise stated)

Assets	*Note*	**As at June 30, 2024 (Unaudited)**	As at December 31, 2023 (Audited)
Current assets:			
Cash at bank and on hand		**1,144,150,461.38**	1,267,171,281.00
Settlement reserve		**–**	–
Lending funds		**–**	–
Financial assets held-for-trading	*III*	**171,601,780.81**	–
Derivative financial assets		**–**	–
Notes receivable		**–**	–
Accounts receivable	*IV*	**73,216,367.46**	32,686,279.66
Receivable financing		**–**	–
Prepayments		**23,703,078.05**	41,979,622.28
Insurance premium receivable		**–**	–
Reinsurance premium receivable		**–**	–
Reserves for reassurance contracts receivable		**–**	–
Other receivables		**2,278,934.48**	1,350,143.68
Financial assets purchased under agreements to resell		**–**	–
Inventories		**73,022,269.63**	69,422,490.46
Including: Data resources		**–**	–
Contract assets		**–**	–
Assets held for sale		**–**	–
Non-current assets due within one year		**–**	–
Other current assets		**3,769,560.67**	3,158,604.58
Total current assets		**1,491,742,452.48**	1,415,768,421.66

Assets	*Note*	**As at June 30, 2024 (Unaudited)**	As at December 31, 2023 (Audited)
Non-current assets:			
Loans and advances granted		**–**	–
Debt investments		**–**	–
Other debt investments		**–**	–
Long-term receivables		**–**	–
Long-term equity investments		**–**	–
Investments in other equity instruments		**–**	–
Other non-current financial assets		**–**	–
Investment properties		**15,124,313.54**	22,256,121.32
Fixed assets	*V*	**111,699,688.67**	105,971,995.01
Construction in progress		**212,264.15**	212,264.15
Productive biological assets		**–**	–
Oil and gas assets		**–**	–
Right-of-use assets		**4,827,232.86**	2,835,726.45
Intangible assets		**72,908,568.70**	77,546,760.73
Including: Data resources		**–**	–
Development expenses		**240,788,900.22**	204,096,775.71
Including: Data resources		**–**	–
Goodwill		**48,281,830.04**	48,281,830.04
Long-term deferred expenses		**476,044.74**	847,980.43
Deferred income tax assets		**13,527,716.94**	13,278,570.64
Other non-current assets		**149,877,316.59**	95,841,770.03
Total non-current assets		**657,723,876.45**	571,169,794.51
Total assets		**2,149,466,328.93**	1,986,938,216.17

Liabilities and owners' equity	*Note*	**As at June 30, 2024 (Unaudited)**	As at December 31, 2023 (Audited)
Current liabilities:			
Short-term borrowings		**–**	–
Loans from central bank		**–**	–
Placements from banks and other financial institutions		**–**	–
Financial liabilities held-for-trading		**–**	–
Derivative financial liabilities		**–**	–
Notes payable		**–**	–
Accounts payable	*VI*	**12,603,125.83**	18,876,454.29
Advances from customers		**–**	–
Contract liabilities	*VII*	**18,619,287.80**	12,593,113.83
Securities sold under agreements to repurchase		**–**	–
Deposits from customers and interbanks		**–**	–
Receiving from vicariously traded securities		**–**	–
Receiving from vicariously sold securities		**–**	–
Employee benefits payable		**9,203,460.81**	6,800,957.29
Taxes payable		**24,335,319.88**	10,163,127.91
Other payables	*VIII*	**198,562,168.93**	9,051,099.01
Fee and commission payable		**–**	–
Reinsured accounts payable		**–**	–
Liabilities held for sale		**–**	–
Non-current liabilities due within one year		**2,010,439.73**	1,381,236.54
Other current liabilities		**509,294.80**	364,876.36
Total current liabilities		**265,843,097.78**	59,230,865.23

Liabilities and owners' equity	*Note*	**As at June 30, 2024 (Unaudited)**	As at December 31, 2023 (Audited)
Non-current liabilities:			
Reserve fund for insurance contracts		**–**	–
Long-term borrowings		**–**	–
Bonds payable		**–**	–
Including: Preference shares		**–**	–
Perpetual bonds		**–**	–
Lease liabilities		**2,680,072.03**	959,773.15
Long-term payable		**–**	–
Long-term employee benefits payable		**–**	–
Estimated liabilities		**–**	–
Deferred income		**–**	–
Deferred income tax liabilities		**–**	–
Other non-current liabilities		**–**	–
Total non-current liabilities		**2,680,072.03**	959,773.15
Total liabilities		**268,523,169.81**	60,190,638.38
Owners' equity:			
Share capital		**346,749,997.00**	346,749,997.00
Other equity instruments		**–**	–
Including: Preference shares		**–**	–
Perpetual bonds		**–**	–
Capital reserve		**1,320,758,552.91**	1,309,143,939.67
Less: Treasury shares		**–**	–
Other comprehensive income		**–**	–
Special reserve		**–**	–
Surplus reserve		**–**	–
Provision for general risks		**–**	–
Retained earnings		**213,434,609.21**	270,853,641.12
Total equity attributable to shareholders of the parent company		**1,880,943,159.12**	1,926,747,577.79
Non-controlling interests		**–**	–
Total equity		**1,880,943,159.12**	1,926,747,577.79
Total liabilities and equity		**2,149,466,328.93**	1,986,938,216.17

NOTES

(All amounts in RMB Yuan unless otherwise stated)

I. BASIC INFORMATION OF THE COMPANY

Lepu ScienTech Medical Technology (Shanghai) Co., Ltd. (referred to as "**the Comany**" or "**the Group**") was established as a joint-stock company in January 2021 and subsequently listed on the Main Board of The Stock Exchange of Hong Kong Limited in November 2022. As an investment holding company, the Company and its subsidiaries 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 June 30, 2024, the Company's cumulative issued share capital totaled 346,749,997 shares.

Social credit code of the Comany: 91310000MA1FL7PF84.

Registered address of the Comany: Room 201, Building 41, No.258 Xinzhuan Road, Xinqiao Town, Songjiang District, Shanghai.

Parent company of the Comany: LEPU Medical Technology (Beijing) Co., Ltd..

II. BASIS OF PREPARATION FOR THE FINANCIAL STATEMENTS

(1) Basis of preparation

The Group prepares financial statements on a going concern basis, based on actual transactions and events, in accordance with the relevant provisions of *Accounting Standard for Business Enterprises No. 32 – Interim Financial* Report issued by the Ministry of Finance, as well as the disclosure requirements of *the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* and *the Hong Kong Companies Ordinance.*

(2) Going concern

There are no material matters affecting the Group's ability to continue as a going concern, and there are no material concerns about the Group's ability to continue as a going concern in the next 12 months.

III. FINANCIAL ASSETS HELD-FOR-TRADING

Item	**As at June 30, 2024 (Unaudited)**	As at December 31, 2023 (Audited)
Financial assets at fair value through profit or loss	**171,601,780.81**	–
Including: Wealth management products	**171,601,780.81**	–
Total	**171,601,780.81**	–

IV. ACCOUNTS RECEIVABLE

1. Ageing analysis of accounts receivable

Ageing	**As at June 30, 2024 (Unaudited)**	As at December 31, 2023 (Audited)
Within 1 year	**82,943,017.08**	36,322,324.40
1-2 years	**990,300.01**	311,693.93
2-3 years	**322,525.78**	63,431.86
3-4 years	**64,230.00**	11,630.30
4-5 years	**14,192.65**	25,822.65
Over 5 years	**3,927,386.00**	3,915,756.30
Sub-total	**88,261,651.52**	40,650,659.44
Less: Provision for bad debts	**15,045,284.06**	7,964,379.78
Total	**73,216,367.46**	32,686,279.66

Note: 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.

2. Accounts receivable by method of bad debt provision

	As at June 30, 2024 (Unaudited)					As at December 31, 2023 (Audited)				
	Book balance		**Provision for bad debts**			Book balance		Provision for bad debts		
Type	**Amount**	**Percentage (%)**	**Amount**	**Percentage (%)**	**Carrying Value**	Amount	Percentage (%)	Amount	Percentage (%)	Carrying Value
Provision for bad debts made on a grouping basis by credit risk characteristics	**88,261,651.52**	**100.00**	**15,045,284.06**	**17.05**	**73,216,367.46**	40,650,659.44	100.00	7,964,379.78	19.59	32,686,279.66
Including:										
Expected credit loss on a grouping basis	**85,911,648.72**	**97.34**	**15,045,284.06**	**17.51**	**70,866,364.66**	37,536,635.87	92.34	7,964,379.78	21.22	29,572,256.09
Related party on a grouping basis	**2,350,002.80**	**2.66**	**–**	**–**	**2,350,002.80**	3,114,023.57	7.66	–	–	3,114,023.57
Total	**88,261,651.52**	**100.00**	**15,045,284.06**	**–**	**73,216,367.46**	40,650,659.44	100.00	7,964,379.78	–	32,686,279.66

V. FIXED ASSETS

1. Fixed assets and disposal of fixed assets

Item	As at June 30, 2024 (Unaudited)	As at December 31, 2023 (Audited)
Fixed assets	**111,699,688.67**	105,971,995.01
Fixed assets liquidation	**–**	–
Total	**111,699,688.67**	105,971,995.01

2. Breakdown of fixed assets

Item	Buildings and structures	Machinery and equipment	Transportation vehicle	Electronic equipment	Others	Total
1. Original carrying amount						
(1) As at December 31, 2023	87,939,751.35	51,383,485.63	2,333,970.77	2,344,449.20	2,603,205.76	146,604,862.71
(2) Increase during this period	8,577,828.62	2,576,223.14	–	14,110.50	29,976.71	11,198,138.97
– Purchases	–	2,576,223.14	–	14,110.50	29,976.71	2,620,310.35
– Transfers from investment properties	8,577,828.62	–	–	–	–	8,577,828.62
(3) Decrease during this period	–	–	–	39,920.28	569.80	40,490.08
– Disposal or retirement	–	–	–	39,920.28	569.80	40,490.08
(4) As at June 30, 2024	96,517,579.97	53,959,708.77	2,333,970.77	2,318,639.42	2,632,612.67	157,762,511.60
2. Accumulated depreciation						
(1) As at December 31, 2023	20,338,175.61	15,454,190.72	1,565,986.11	1,651,263.87	1,623,251.39	40,632,867.70
(2) Increase during this period	2,798,208.35	2,297,623.92	113,884.56	133,177.64	124,985.03	5,467,879.50
– Provision made	1,131,535.89	2,297,623.92	113,884.56	133,177.64	124,985.03	3,801,207.04
– Transfers from investment properties	1,666,672.46	–	–	–	–	1,666,672.46
(3) Decrease during this period	–	–	–	37,924.27	–	37,924.27
– Disposal or retirement	–	–	–	37,924.27	–	37,924.27
(4) As at June 30, 2024	23,136,383.96	17,751,814.64	1,679,870.67	1,746,517.24	1,748,236.42	46,062,822.93
3. Provision for impairment						
(1) As at December 31, 2023	–	–	–	–	–	–
(2) Increase during this period	–	–	–	–	–	–
– Provision made	–	–	–	–	–	–
(3) Decrease during this period	–	–	–	–	–	–
– Disposal or retirement	–	–	–	–	–	–
(4) As at June 30, 2024	–	–	–	–	–	–
4. Carrying value						
(1) Net book value at June 30, 2024	73,381,196.01	36,207,894.13	654,100.10	572,122.18	884,376.25	111,699,688.67
(2) Net book value at December 31, 2023	67,601,575.74	35,929,294.91	767,984.66	693,185.33	979,954.37	105,971,995.01

VI. ACCOUNTS PAYABLE

1. Breakdown of accounts payable

Item	**As at June 30, 2024 (Unaudited)**	As at December 31, 2023 (Audited)
Within one year (inclusive)	**11,640,993.38**	17,387,701.17
1-2 years	**18,607.93**	1,341,821.54
2-3 years	**796,592.94**	–
Over 3 years	**146,931.58**	146,931.58
Total	**12,603,125.83**	18,876,454.29

Note: The credit period granted by suppliers to the Group ranged from 30 days to 120 days.

VII. CONTRACT LIABILITIES

1. Breakdown of contract liabilities

Item	**As at June 30, 2024 (Unaudited)**	As at December 31, 2023 (Audited)
Within one year (inclusive)	**18,619,287.80**	12,593,113.83
1-2 years	**–**	–
2-3 years	**–**	–
Over 3 years	**–**	–
Total	**18,619,287.80**	12,593,113.83

VIII. OTHER PAYABLE

Item	**As at June 30, 2024 (Unaudited)**	As at December 31, 2023 (Audited)
Interest payable	**–**	–
Dividends payable	**194,774,440.76**	–
Other payable	**3,787,728.17**	9,051,099.01
Total	**198,562,168.93**	9,051,099.01

1. Dividends payable

Item	**As at June 30, 2024 (Unaudited)**	As at December 31, 2023 (Audited)
Dividends for ordinary shares	**194,774,440.76**	–
Total	**194,774,440.76**	–

2. Other payable

(1) Other payable by nature

Item	**As at June 30, 2024 (Unaudited)**	As at December 31, 2023 (Audited)
Guarantee deposit	**64,800.00**	64,800.00
Current payments	**2,890,794.91**	8,416,671.42
Others	**832,133.26**	569,627.59
Total	**3,787,728.17**	9,051,099.01

IX. OPERATING INCOME AND OPERATING COST

1. Breakdown of operating income and operating cost

Item	**Six months ended June 30, 2024 (Unaudited)**		2023 (Audited)	
	Revenue	**Cost**	Revenue	Cost
Principal business	**248,790,984.67**	**22,209,623.20**	165,933,694.64	18,392,573.07
Other businesses	**309,163.98**	**220,651.62**	417,618.64	225,451.62
Total	**249,100,148.65**	**22,430,274.82**	166,351,313.28	18,618,024.69

2. Information on the breakdown of operating income and operating costs

Type	Six months ended June 30, 2024 (Unaudited) Operation income	Operating costs	2023 (Audited) Operation income	Operating costs
Classification by product:				
Congenital heart disease occluder products	**128,570,233.84**	**7,728,049.14**	125,184,554.11	7,821,399.05
Pathway products	**40,346,197.08**	**11,368,559.76**	33,777,900.85	9,080,667.13
Patent foramen ovale and left atrial appendage occlader products	**79,763,191.28**	**3,090,256.46**	6,817,036.15	1,470,195.85
Others	**420,526.45**	**243,409.46**	571,822.17	245,762.66
Total	**249,100,148.65**	**22,430,274.82**	166,351,313.28	18,618,024.69

X. INCOME TAX EXPENSE

Item	Six months ended June 30, 2024 (Unaudited)	2023 (Audited)
Current income tax expenses	**24,157,890.78**	12,713,999.89
Deferred income tax expenses	**-249,146.30**	-1,178,147.62
Total	**23,908,744.48**	11,535,852.27

XI. EARNINGS PER SHARE

1. Basic earnings per share

Basic earnings per share is calculated by dividing the combined net profit attributable to shareholders of ordinary shares of the parent company by the weighted average number of ordinary shares in issue:

Item	Six months ended June 30, 2024 (Unaudited)	2023 (Audited)
Combined net profit attributable to shareholders of ordinary shares of the parent company	**140,228,466.38**	75,572,149.71
Weighted average number of ordinary shares in issue	**346,749,997.00**	346,749,997.00
Basic earnings per share	**0.4044**	0.2179
Including: Basic earnings per share from continuing operations	**0.4044**	0.2179
Basic earnings per share from discontinued operations	**–**	–

2. Diluted earnings per share

Diluted earnings per share is the same as basic earnings per share as there were no potential dilutive ordinary shares outstanding during the six months ended June 30,2024 and 2023.

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 (including sale of treasury shares) during the six months ended June 30, 2024.

As at June 30, 2024, the Company did not hold any treasury shares.

CHANGE OF INDEPENDENT NON-EXECUTIVE DIRECTORS AND CHANGES IN COMPOSITIONS OF THE REMUNERATION COMMITTEE AND THE NOMINATION COMMITTEE AFTER THE REPORTING PERIOD

Reference is made to the announcement dated July 26, 2024. With effect from July 26, 2024, Mr. Liu Daozhi ("**Mr. Liu**") has tendered his resignation as an independent non-executive Director in order to focus on his other business engagements, and Mr. Zheng Junwei ("**Mr. Zheng**") has been appointed as an independent non-executive Director.

Following Mr. Liu's resignation as a Director, he has also ceased to be the member of each of the Remuneration Committee and the Nomination Committee and Mr. Zheng has been appointed as the member of each of the Remuneration Committee and the Nomination Committee, all with effect from July 26, 2024.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, there are no material subsequent events undertaken by the Group after the Reporting Period 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.

The following table sets forth the planned use and actual use of the net proceeds from the Global Offering:

Use of proceeds	**Net proceeds from the Global Offering** *(HK$ million)*	**Utilized amount from January 1, 2023 to December 31, 2023** *(HK$ million)*	**Unutilized amount as at January 1, 2024** *(HK$ million)*	**Utilized amount during the six months ended June 30, 2024** *(HK$ million)*	**Unutilized amount as of June 30, 2024** *(HK$ million)*	**Expected timeline for fully utilizing the unutilized amount**[(1)]
To fund our research and development activities	287.6	80.9	206.7	22.3	184.4	Before December 31, 2027
For our sales and marketing activities	137.9	15.2	122.7	11.4	111.3	Before December 31, 2027
To expand our production capacity and strengthen our manufacturing capabilities	28.4	5.6	22.8	1.8	21.0	Before December 31, 2027
To fund potential strategic investments and acquisitions	56.7	–	56.7	13.2	43.5	Before December 31, 2027
For our working capital and general corporate purposes	56.7	–	56.7	–	56.7	Before December 31, 2027
Total	567.3	101.7	465.6	48.7	416.9	

Note:

(1) The expected timeline for fully utilizing the unutilized amount disclosed above is based on the best estimates made by the Board pursuant to the latest information up to the date of this announcement.

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 C1 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 C1 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 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. The 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, the 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 the Company and will make decisions for the Company accordingly; (3) the balance of power and authority is ensured by the operations of the Board, which consists of one executive Director, three 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 the Company are made collectively after thorough discussion at both Board, and senior management levels.

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 C3 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 six months ended June 30, 2024.

AUDIT COMMITTEE

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

The Audit Committee has reviewed the unaudited interim financial information of the Group for the six months ended June 30, 2024 together with the Group's auditors, BDO China Shu Lun Pan Certified Public Accountants LLP, and have discussed with the management the accounting principles and practices adopted by the Group and its internal controls and financial reporting matters.

SCOPE OF WORK OF BDO CHINA SHU LUN PAN CERTIFIED PUBLIC ACCOUNTANTS LLP

The figures in respect of the Group's unaudited interim financial information and the related notes thereto for the six months ended June 30, 2024 as set out in the announcement have been reviewed by the Group's auditor, BDO China Shu Lun Pan Certified Public Accountants LLP.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended June 30, 2024.

PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND THE INTERIM REPORT

This interim results announcement was published on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.scientechmed.com). The interim report of the Company for the six months ended June 30, 2024 containing all the information required by the Listing Rules will be published on the respective 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:

"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
"CG Code"	the Corporate Governance Code as set out in Appendix C1 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"	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 the Company
"FIM"	First in man
"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

"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
"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 the Company 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 C3 to the Listing Rules
"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
"Nomination Committee"	the nomination committee of the Board
"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
"Prospectus"	the prospectus issued by the Company on October 27, 2022 in connection with the Hong Kong public offering of the Shares
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period"	six months from January 1, 2024 to June 30, 2024
"RMB"	Renminbi, the lawful currency of the PRC
"Shareholder(s)"	holder(s) of Share(s)
"Shares"	ordinary share(s) in the share capital of the Company with a par value of RMB1.00 each

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"TAVR"	transcatheter aortic valve replacement, a catheter-based technique to implant a new aortic valve in a minimally invasive procedure that does not involve open-chest surgery to correct severe aortic stenosis
"TMVR"	transcatheter mitral valve repair, which provides a newer, minimally invasive option for treating the most common form of mitral valve leakage for people who cannot undergo open-heart surgery. It is implanted via a tri-axial transcatheter technique and involves suturing together the anterior and posterior mitral valve leaflets
"TMVr-F"	transfemoral mitral valve clip repair, a catheter-based technique to repair the mitral valve in an interventional therapy that does not involve open-chest surgery
"US$" or "USD"	United States dollars, the lawful currency of the United States of America
"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
August 22, 2024

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