

2024
INTERIM REPORT



LifeTech Scientific Corporation 先健科技公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 01302



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CORPORATE INFORMATION

As at 30 August 2024

EXECUTIVE DIRECTORS

XIE Yuehui

(Chairman and Chief Executive Officer)

LIU Jianxiong

*(Executive Vice President, Chief Financial Officer
and Company Secretary)*

NON-EXECUTIVE DIRECTOR

JIANG Feng

INDEPENDENT NON-EXECUTIVE DIRECTORS

LIANG Hsien Tse Joseph

WANG Wansong

ZHOU Luming

COMPANY SECRETARY

LIU Jianxiong

AUTHORISED REPRESENTATIVES

XIE Yuehui

LIU Jianxiong

AUDIT COMMITTEE

LIANG Hsien Tse Joseph *(Chairman)*

ZHOU Luming

WANG Wansong

NOMINATION COMMITTEE

ZHOU Luming *(Chairman)*

XIE Yuehui

LIANG Hsien Tse Joseph

REMUNERATION COMMITTEE

WANG Wansong *(Chairman)*

XIE Yuehui

LIANG Hsien Tse Joseph

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited

17/F, Far East Finance Centre

16 Harcourt Road, Hong Kong

WEBSITE

www.lifetechmed.com

STOCK CODE

1302

LISTING DATE ON THE GROWTH ENTERPRISE MARKET

10 November 2011

DATE OF TRANSFER OF LISTING FROM THE GROWTH ENTERPRISE MARKET TO THE MAIN BOARD

6 November 2013

PRINCIPAL BANKERS

China Merchants Bank Co., Ltd.

Shenzhen Chegongmiao Branch

Block A, 1/F, Tianxiang Building

Chegongmiao Tianan Industrial District

Futian, Shenzhen, PRC

China Construction Bank Corporation, Qianhai Branch

Block B, Minsheng Internet Building, Qianhai

Shenzhen, PRC



HONG KONG LEGAL ADVISER

Allen Overy Shearman Sterling
9/F, Three Exchange Square
Central
Hong Kong SAR

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors
35/F, One Pacific Place
88 Queensway, Hong Kong

REGISTERED OFFICE IN CAYMAN ISLANDS

PO Box 309
Ugland House
Grand Cayman, KY1-1104
Cayman Islands

**PRINCIPAL PLACE OF BUSINESS
AND ADDRESS OF HEADQUARTERS**

LifeTech Scientific Building
No.22, Keji 12th Road South
High-tech Industrial Park, Nanshan District
Shenzhen 518063, PRC

**PLACE OF BUSINESS IN HONG KONG
REGISTERED UNDER PART 16 OF
THE HONG KONG COMPANIES ORDINANCE**

31/F, 148 Electric Road
North Point
Hong Kong

**PRINCIPAL SHARE REGISTRAR
AND TRANSFER OFFICE**

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square, Grand Cayman, KY1-1102
Cayman Islands

FINANCIAL HIGHLIGHTS

The board (the “Board”) of directors (the “Directors”, each a “Director”) of LifeTech Scientific Corporation (the “Company” or “Lifetech”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2024 (the “Reporting Period”) together with the comparative figures for the corresponding period of 2023.

	Six months ended 30 June		
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	Change
Revenue	652,831	639,505	2.1%
Gross profit	515,384	504,805	2.1%
Operating profit	202,006	255,205	(20.8%)
Profit for the period	185,808	212,651	(12.6%)
Profit for the period attributable to owners of the Company	205,557	220,164	(6.6%)
Earnings per share			
– Basic	RMB4.6 cents	RMB4.9 cents	(6.1%)
– Diluted	RMB4.6 cents	RMB4.9 cents	(6.1%)

	30 June 2024 vs 31 December 2023		
	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)	Change
Assets			
Non-current assets	2,600,948	2,465,221	5.5%
Current assets	2,218,617	2,231,143	(0.6%)
Total assets	4,819,565	4,696,364	2.6%
Liabilities			
Current liabilities	826,524	770,136	7.3%
Non-current liabilities	602,765	602,258	0.1%
Total liabilities	1,429,289	1,372,394	4.1%
Total equity	3,390,276	3,323,970	2.0%

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

The Group is a developer, manufacturer and marketer of advanced minimally invasive interventional medical devices for cardiovascular, peripheral vascular diseases and disorders. We currently have three main product lines covering, structural heart diseases business, peripheral vascular diseases business and cardiac pacing and electrophysiology business. Structural heart diseases related products mainly include congenital heart diseases occluder and Left Atrial Appendage (“LAA”) occluder; peripheral vascular diseases related products mainly include vena cava filter and stent graft; and cardiac pacing and electrophysiology related products mainly include implantable cardiac pacemakers and cardiac pacing leads. These three product lines provide clinically effective and commercially attractive product offerings. The Group has built a strong sales network globally and has distributors in numerous countries across Asia, Europe, North America, South America and Africa.

FIRST-HALF PERFORMANCE

The Group recorded a revenue of approximately RMB652.8 million for the six months ended 30 June 2024, representing an increase of approximately RMB13.3 million or approximately 2.1% as compared with the revenue of approximately RMB639.5 million for the corresponding period of 2023. China’s mainland remained our largest market, where the revenue generated from accounted for approximately 75.1% of our total revenue for the six months ended 30 June 2024 (corresponding period of 2023: approximately 80.4%). Meanwhile, Asia (excluding China’s mainland) and Europe were our two largest overseas markets, which accounted for approximately 10.9% and 10.0%, respectively, of our total revenue for the six months ended 30 June 2024 (corresponding period of 2023: approximately 8.5% and 7.5%, respectively). Domestic sales of the Group decreased by approximately 4.7% as compared with the corresponding period of 2023, while overseas sales of the Group increased by approximately 29.8% as compared with the corresponding period of 2023, which was mainly attributable to the Company’s active expansion of overseas business and effective marketing strategies.

Net profit attributable to owners of the Company for the six months ended 30 June 2024, was approximately RMB205.6 million, which decreased by approximately RMB14.6 million or approximately 6.6% as compared with the net profit attributable to owners of the Company of approximately RMB220.2 million for the corresponding period of 2023. The decrease was mainly due to (i) increases in staff costs resulting from the increase in the share-based payment expenses; and (ii) decreases in net foreign exchange gains.

SALES AND MARKETING

The Group has an experienced team of sales and marketing professionals that are dedicated to support and manage existing distribution networks and to explore new markets. We enhanced the brand awareness and influence of our products by organizing or participating in domestic and international medical conferences, academic activities, seminars, live broadcasts of surgical procedures and delivering trainings to medical professionals. Meanwhile, the Lifetech Knowledge Exchange Program connected cardiovascular experts around the globe for academic exchanges. These experts exchanged valuable medical experience and clinical skills which were highly conducive to promote the development of medical technology in the field of minimally invasive cardiovascular interventions. Such activities showcased our strengths in product innovation and helped enhance the Company’s sales and influence in the international medical community.

MANAGEMENT DISCUSSION AND ANALYSIS

RESEARCH AND DEVELOPMENT (“R&D”)

The Company’s independently developed innovative domestic medical device products will maintain the competitive strength of the Company and also provide more effective treatments to patients around the globe. In the first half of 2024, the Company continuously strengthened its innovation capabilities and accelerated the development of products, so as to maintain its industry leading position.

During the six months ended 30 June 2024, we have achieved the following milestones in the R&D field:

- DiAcu™ Single Use Endobronchial Ultrasound Aspiration Needle and Distal Access Catheter Kits have obtained the National Medical Products Administration (“NMPA”) certification;
- HeartR™ PDA Occluder, Cera™ PDA Occluder and CeraFlex™ PDA Closure System have obtained the CE MDR (Medical Device Regulation) certification. Such products have previously obtained the CE MDD (Medical Device Directive) certification;
- Aortic Stent Graft System (consists of the Ankura™ Pro Aortic Stent Graft System and Longuette™ Aortic Branch Stent Graft System), Aortic Arch Stent Graft System (consists of the Ankura™ Plus Aortic Arch Stent Graft System and CSkirt™ Aortic Arch Branch Stent Graft System), Peripheral Balloon Dilatation Catheter (Large diameter), Futhrough™ Endovascular Needle System, Balloon Guided Catheter, Affistent™ Tracheal Stent System, Disposable Vacuum Aspiration Pump and Intracranial Aspiration Catheter are pending registration approval in China;
- Fitaya™ Vena Cava Filter System is under registration approval of CE certification;
- Thoracoabdominal Artery Stent Graft System (consists of the G-Branch™ Thoracoabdominal Aortic Stent Graft System, SilverFlow™ PV Peripheral Vascular Stent Graft System and Aortic Extension Stent Graft System) have completed its one-year clinical follow-up in China and are working on the clinical summary report;
- CS™ Concave Supra-arch Branched Stent-Graft System, Cera™ PFO Occluder and Cinenses™ Lung Volume Reduction Reverser System are currently at the stage of the pre-registration clinical enrollment in China;
- X-Clip™ Mitral Value Clip System and X-Clip™ Steerable Guide System are at the stage of the pre-registration clinical preparation in China;
- IBS Titan™ Sirolimus-Eluting Iron Bioresorbable Peripheral Scaffold System is currently at the stage of clinical enrollment in Europe, its CE registration application has been submitted; and
- IBS™ Sirolimus-Eluting Iron Bioresorbable Coronary Scaffold System of the phase II and III clinical study are at the stage of the clinical follow-up, and its CE registration application has been submitted.

INTELLECTUAL PROPERTY RIGHTS

Intellectual property is an important intangible asset of the Group and also an internal driving force to improve our core competitiveness in the medical device market. During the six months ended 30 June 2024, the Group has filed 80 patent applications and separately, 69 patents were successfully registered. As at 30 June 2024, the Group has filed a total of 2,198 valid patent applications, of which 1,008 patents were registered and valid.

FINANCIAL REVIEW

OVERVIEW

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

REVENUE

The revenue of the Group was approximately RMB652.8 million for the six months ended 30 June 2024, with an increase of approximately RMB13.3 million or approximately 2.1% as compared with the revenue of approximately RMB639.5 million for the corresponding period of 2023. The increase was mainly due to the increase of revenue from sales of LAA occluders and stent grafts.

Revenue from structural heart diseases business

The turnover contributed by the structural heart diseases business for the six months ended 30 June 2024 was approximately RMB271.2 million (corresponding period of 2023: approximately RMB243.9 million), representing an increase of approximately 11.2% as compared with the corresponding period of 2023.

We have diversified our product portfolio to cover a wide spectrum of the structural heart diseases business, including but not limited to, LAA occluders and three generations of congenital heart diseases occluders namely HeartR, Cera and CeraFlex. As compared with the corresponding period of 2023, the revenue generated from the sales of LAA occluders and congenital heart diseases occluders increased by approximately 16.0% and 6.4%, respectively.

Revenue from peripheral vascular diseases business

The turnover contributed by the peripheral vascular diseases business for the six months ended 30 June 2024 was approximately RMB380.7 million (corresponding period of 2023: approximately RMB362.7 million), representing an increase of approximately 5.0% as compared with the corresponding period of 2023.

The products offered in the peripheral vascular diseases business mainly include vena cava filter, Thoracic Aortic Aneurysm stent grafts, Abdominal Aortic Aneurysm stent grafts and Iliac Artery Bifurcation stent grafts. As compared with the corresponding period of 2023, the revenue generated from the sales of stent grafts and vena cava filters increased by approximately 5.1% and 0.9%, respectively.

Revenue from cardiac pacing and electrophysiology business

The turnover contributed by the cardiac pacing and electrophysiology business for the six months ended 30 June 2024 was approximately RMB0.9 million (corresponding period of 2023: approximately RMB32.9 million), representing a decrease of approximately 97.3% as compared with the corresponding period of 2023. The decrease was mainly due to the relocation of the pacemaker production line to the Songshan Lake Park, which required re-validation of equipment and mandated a quality system assessment before the resumption of production.

At present, the Company's implantable cardiac pacemaker compatible with magnetic resonance imaging ("MRI") is in the domestic registration stage. It is expected that the launch of the product will benefit more patients who require an implanted cardiac pacemaker but also need to undergo MRI examinations due to other diseases.

GROSS PROFIT AND GROSS PROFIT MARGIN

Gross profit of the Group increased by approximately 2.1% from approximately RMB504.8 million for the six months ended 30 June 2023 to approximately RMB515.4 million for the six months ended 30 June 2024.

Gross margin for the six months ended 30 June 2024 was approximately 78.9%, being the same with the corresponding period of 2023, which is mainly due to: (i) the change of sales structure, particularly a decrease in revenue of low-gross-margin pacemakers, which correspondingly led to an increase in gross margin; and (ii) the increase in unit cost of products, especially for the increase in material and staff costs, which correspondingly led to a decrease in gross margin. The above two factors were offset by each other, resulting in the gross margin remaining unchanged.

OTHER INCOME, EXPENSES, GAINS AND LOSSES

Other income, expenses, gains and losses increased from approximately RMB39.9 million for the six months ended 30 June 2023 to approximately RMB49.1 million for the six months ended 30 June 2024. The increase was mainly due to increases in the gains from changes in fair value of financial assets at fair value through profit or loss ("FVTPL"), particularly the significant increase in gains from the 2022 Equity Fund (as defined below).

FINANCIAL ASSETS AT FVTPL

On 25 May 2018, the Group invested USD6.0 million (equivalent to approximately RMB38.2 million) to subscribe for the partnership interest of approximately 9.69% in Ally Bridge Group Innovation Capital Partners III, L.P., a private equity fund established in the Cayman Islands (the "2018 Equity Fund"). The 2018 Equity Fund principally invests in securities or assets of companies in the healthcare industry, with a particular focus on cross-border innovative late-stage venture opportunities and cross-over investments. The fair value of our investment in the 2018 Equity Fund as at 30 June 2024 amounted to approximately RMB9.4 million (31 December 2023: approximately RMB9.9 million), representing approximately 0.2% (31 December 2023: approximately 0.2%) of the Company's total assets. Based on the cumulative net distributions of approximately RMB57.8 million by the fund to the Group, coupled with the outlook of the healthcare industry, the Company is optimistic on the prospects of its investments in the 2018 Equity Fund.

On 8 January 2021, the Group invested RMB10.0 million to subscribe for a share of a hybrid fund ("2021 Hybrid Fund"). The fair value of this investment as at 30 June 2024 amounted to approximately RMB12.6 million (31 December 2023: approximately RMB10.3 million), representing approximately 0.3% (31 December 2023: approximately 0.2%) of the Company's total assets.



On 24 October 2022, the Group entered into a subscription agreement with certain independent third parties pursuant to which the Group agreed to subscribe in Ally Bridge Group Global Life Science Capital Partners V, L.P. (the "2022 Equity Fund"), as a limited partner, for an aggregate consideration of USD20.0 million (equivalent to approximately RMB144.4 million) in cash. The purposes of the 2022 Equity Fund are to seek capital appreciation primarily by acquiring, holding and disposing of securities, independently or with others, primarily in non-listed or, sometimes, listed entities involved in the healthcare industry, with a particular focus on leading innovative technologies. The fair value of our investment in the 2022 Equity Fund as at 30 June 2024 amounted to approximately RMB192.3 million (31 December 2023: approximately RMB140.7 million), representing approximately 4.0% (31 December 2023: approximately 3.0%) of the Company's total assets.

On 28 November 2023, the Group invested RMB50.0 million to subscribe for a share of a hybrid fund ("2023 Hybrid Fund"). The fair value of this investment as at 30 June 2024 amounted to approximately RMB29.9 million (31 December 2023: approximately RMB50.5 million), representing approximately 0.6% (31 December 2023: approximately 1.1%) of the Company's total assets.

The aggregate unrealised foreign exchange gains in financial assets at FVTPL was approximately RMB0.9 million for the six months ended 30 June 2024 (corresponding period of 2023: gains of approximately RMB4.4 million), and the aggregate gains from changes in fair value of financial assets at FVTPL was approximately RMB31.9 million (corresponding period of 2023: losses of approximately RMB6.7 million).

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

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses increased by approximately 25.8% from approximately RMB119.2 million for the six months ended 30 June 2023 to approximately RMB150.0 million for the six months ended 30 June 2024. The increase was mainly due to (i) increases in staff costs; and (ii) increases in marketing expenses.

ADMINISTRATION EXPENSES

Administration expenses increased by approximately 21.6% from approximately RMB59.7 million for the six months ended 30 June 2023 to approximately RMB72.6 million for the six months ended 30 June 2024. This increase was mainly due to the increase in staff costs resulting from the increase in the share-based payment expenses.

MANAGEMENT DISCUSSION AND ANALYSIS

RESEARCH AND DEVELOPMENT EXPENSES

R&D expenses increased by approximately 26.5% from approximately RMB110.6 million for the six months ended 30 June 2023 to approximately RMB139.9 million for the six months ended 30 June 2024. In addition, during the current period, approximately RMB64.3 million (corresponding period of 2023: approximately RMB51.3 million) was capitalised as development expenditure. Taking into account of such capitalised expenditure, R&D costs increased by approximately 26.1% from approximately RMB161.9 million for the six months ended 30 June 2023 to approximately RMB204.2 million for the six months ended 30 June 2024. This increase was mainly due to the increase in staff costs resulting from the increase in the share-based payment expenses.

OPERATING PROFIT

During the six months ended 30 June 2024, the Group recorded an operating profit of approximately RMB202.0 million, which represented a decrease of approximately 20.8% as compared with the operating profit of approximately RMB255.2 million for the corresponding period of 2023. The decrease was mainly due to (i) increases in staff costs resulting from the increase in the share-based payment expenses; and (ii) decreases in net foreign exchange gains.

SHARE OF RESULTS OF ASSOCIATES

The Group's share of losses in associates was approximately RMB1.4 million for the six months ended 30 June 2024 (corresponding period of 2023: losses of approximately RMB2.5 million).

FINANCE INCOME AND FINANCE COSTS

Finance income increased by approximately 122.5% from approximately RMB4.0 million for the six months ended 30 June 2023 to approximately RMB8.9 million for the six months ended 30 June 2024.

Finance costs increased by approximately 200.0% from approximately RMB0.3 million for the six months ended 30 June 2023 to approximately RMB0.9 million for the six months ended 30 June 2024.

FINANCIAL LIABILITIES AT FVTPL

In 2020, Lifetech Scientific (Shenzhen) Co., Ltd. (先健科技(深圳)有限公司) ("Lifetech Shenzhen"), a wholly owned subsidiary of the Company, entered into a shareholders' agreement ("Series A Agreement") with certain independent third parties, and in 2023 entered into another shareholder's agreement ("Series B Agreement") with certain independent third parties, for issuance of shares of Biotyx Medical (Shenzhen) Co., Ltd. (元心科技(深圳)有限公司) ("Biotyx Medical"). Pursuant to the above mentioned Series A and Series B Agreements, if Biotyx Medical is unable to meet certain specified conditions under agreed timeframe, some holders of these shares will have the right to require Biotyx Medical to redeem all of their shares at the predetermined consideration. Accordingly, such shares are classified as a financial liability.

The fair value of financial liabilities at FVTPL as at 30 June 2024 amounted to approximately RMB558.3 million (31 December 2023: approximately RMB558.3 million).

Additional information is set out in Note 19 to the condensed consolidated financial statements in this interim report.

INCOME TAX

Income tax decreased from approximately RMB43.8 million for the six months ended 30 June 2023 to approximately RMB22.8 million for the six months ended 30 June 2024, which was mainly due to decreased assessable income.

NET PROFIT

Net profit attributable to owners of the Company for the six months ended 30 June 2024, excluding certain non-recurring items as set out below, was approximately RMB233.6 million as compared with the net profit amounting to approximately RMB255.5 million for the six months ended 30 June 2023, representing a decrease of approximately 8.6%. Such non-recurring items include (i) the other gains arising from financial assets at FVTPL were approximately RMB32.9 million for the six months ended 30 June 2024 (corresponding period of 2023: losses of approximately RMB2.2 million); and (ii) the share-based payment expenses were approximately RMB61.3 million for the six months ended 30 June 2024 (corresponding period of 2023: approximately RMB33.1 million). Taking into account the effects from such non-recurring items, the net profit attributable to owners of the Company for the six months ended 30 June 2024 was approximately RMB205.6 million, with a decrease of approximately RMB14.6 million or approximately 6.6% as compared with approximately RMB220.2 million for the six months ended 30 June 2023. The decrease was mainly due to (i) increases in staff costs resulting from the increase in the share-based payment expenses; and (ii) decreases in net foreign exchange gains.

EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (“FVTOCI”)

On 21 September 2022, the Group entered into a subscription agreement with Jenscare Scientific Co., Ltd. (寧波健世科技股份有限公司) (“Jenscare Scientific”) pursuant to which the Group agreed to subscribe for shares of Jenscare Scientific upon its initial public offering, as a cornerstone investor, for an aggregate consideration of USD20.0 million (equivalent to approximately RMB143.9 million) in cash with the price of HKD27.8 per share. The fair values of the equity securities in the listed entity is determined based on the closing prices quoted in active markets. They are accounted for using their fair values based on quoted market prices. The fair value of this investment as at 30 June 2024 amounted to approximately RMB20.6 million (31 December 2023: approximately RMB113.6 million), representing approximately 0.4% (31 December 2023: approximately 2.4%) of the Company's total assets.

The unrealised foreign exchange gains in equity instruments at FVTOCI was approximately RMB0.2 million for the six months ended 30 June 2024 (corresponding period of 2023: gains approximately RMB4.5 million), and the losses from changes in fair value of equity instruments at FVTOCI was approximately RMB93.2 million (corresponding period of 2023: losses approximately RMB174.3 million).

Jenscare Scientific is a medical device company dedicated to the development of interventional products for the treatment of structural heart diseases. Established in 2011, it has developed a series of treatment solutions targeting different types of structural heart diseases, including tricuspid valve diseases, aortic valve diseases, mitral valve diseases and heart failure. The shares of Jenscare Scientific are listed on The Stock Exchange of Hong Kong Limited (stock code: 9877). The Group held 5,646,600 H shares in Jenscare Scientific, representing approximately 1.8% of its total issued share capital as at 30 June 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

The investment is classified as equity instruments at FVTOCI in accordance with IFRS 9. Additional information in relation to the investment is set out in Note 14 to the condensed consolidated financial statements in this interim report. In the opinion of the Directors, the above investment is held for long-term strategic investment purposes and, as such, the above investment is classified as non-current asset.

LIQUIDITY AND FINANCIAL RESOURCES

During the six months ended 30 June 2024, the Group mainly financed its operations with its own working capital.

The Group recorded total current assets of approximately RMB2,218.6 million as at 30 June 2024 (31 December 2023: approximately RMB2,231.1 million) and total current liabilities of approximately RMB826.5 million as at 30 June 2024 (31 December 2023: approximately RMB770.1 million). As at 30 June 2024, the total current liabilities of the Group primarily included trade and other payables amounting to approximately RMB673.9 million (31 December 2023: approximately RMB710.2 million). Other payables primarily included accrued expenses of approximately RMB147.1 million (31 December 2023: approximately RMB163.0 million) primarily in relation to clinical expenses and exhibition expenses, as well as accrued payroll and bonus of approximately RMB74.2 million (31 December 2023: approximately RMB107.9 million).

Trade receivables in terms of debtor turnover days was 31 days (31 December 2023: 34 days), and trade payables in terms of creditor turnover days was increased to 143 days (31 December 2023: 124 days).

The current ratio (calculated by dividing the total current assets by the total current liabilities) of the Group was approximately 2.68 as at 30 June 2024 (31 December 2023: approximately 2.90).

BORROWINGS

On 29 March 2024, Lifetech Shenzhen, acting as the borrower, entered into a loan agreement (the "Loan Agreement") with China Merchants Bank Co., Ltd. Shenzhen Branch (the "Lender"), pursuant to which the Lender agreed to lend a loan in the amount of RMB99.0 million to Lifetech Shenzhen for a term of nine-month at interest rate of 2.85%. Under the Loan Agreement, an invention patent of Lifetech Shenzhen was pledged as security for the loan granted by the Lender to Lifetech Shenzhen.

As at 30 June 2024, the bank borrowing was RMB99.0 million (31 December 2023: nil) and the interest incurred therefrom was approximately RMB0.7 million for the six months ended 30 June 2024 (corresponding period of 2023: nil) which was recognised as finance costs.

CASH AND CASH EQUIVALENT

As at 30 June 2024, the Group's cash and cash equivalents were approximately RMB832.6 million, representing a decrease of approximately 15.0% from approximately RMB979.3 million as at 31 December 2023. The decrease was mainly due to the increase in expenditure on purchase of shares under share award schemes. The cash and cash equivalents of the Group were mainly denominated in Renminbi.

GEARING RATIO

As at 30 June 2024, the gearing ratio of the Group (calculated based on the ratio of total bank borrowings to total equity) was approximately 2.9% (31 December 2023: nil).

CAPITAL STRUCTURE

Total equity attributable to equity holders of the Company amounted to approximately RMB3,422.5 million as at 30 June 2024 as compared with approximately RMB3,370.2 million as at 31 December 2023.

TREASURY POLICY

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

PROPERTY HELD

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

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

As at 30 June 2024, the construction of the industrial park was completed and the Company has obtained property ownership certificates of all buildings and basements. As at the date of this interim report, the self-use factory areas has been fully put into production, which will reinforce the company's production and operational capabilities, paving the way for business expansion.



MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There were no material acquisitions and disposals of subsidiaries, associates and joint ventures during the six months ended 30 June 2024.

SIGNIFICANT INVESTMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this interim report, there were no significant investments held by the Company with a value greater than 5% of its total assets as at 30 June 2024, nor was there any plan authorised by the Board for other material investments or additions of capital assets as at the date of this interim report.

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

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2024.

FINANCIAL INSTRUMENT

As at 30 June 2024, the Group did not have any outstanding hedge contracts or financial derivative instruments.

CAPITAL EXPENDITURE

During the six months ended 30 June 2024, the capital expenditure of the Group for property, plant and equipment, construction in progress, intangible assets, right-of-use assets and deposits for property, plant and equipment amounted to approximately RMB213.2 million (corresponding period of 2023: approximately RMB142.8 million).

FOREIGN EXCHANGE EXPOSURE

During the six months ended 30 June 2024, the Group's operations were primarily based in Asia and Europe. The Group's operational results and financial condition may be affected by exchange rate fluctuations of the foreign currencies. Despite the Group had not implemented any hedging policies to deal with such exposure during the Reporting Period, the management of the Group monitors foreign currency exposure closely in order to keep the net exposure to an acceptable level. The Group expects that the exchange rate fluctuations will have no material adverse effect on the Group's operation in the foreseeable future, and the Group will consider hedging significant foreign currency exposure should the need arises.

CHARGES ON GROUP ASSETS

As at 30 June 2024, the Group had pledged an invention patent held by Lifetech Shenzhen for the purpose of securing the bank borrowing. For further details and information, please refer to the paragraph headed “Management Discussion and Analysis – Borrowings” in this interim report.

Save as disclosed above, as at 30 June 2024, the Group did not have other charges on its assets.

CAPITAL COMMITMENT

As at 30 June 2024, the Group’s capital expenditure contracted for but not provided in the condensed consolidated financial statements amounted to approximately RMB56.9 million (31 December 2023: approximately RMB91.5 million).

SEGMENT INFORMATION

During the six months ended 30 June 2024, the revenue of the Group was principally generated from structural heart diseases business, peripheral vascular diseases business and cardiac pacing and electrophysiology business. An aging population, urbanisation and the continuous improvement of health awareness by the public, are all factors which contribute to the steady growth of the healthcare industry. These trends, along with our R&D efforts, suggest that there will be an increased demand for our products in the future, thus leading to business growth.

Structural Heart Diseases Business

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

Peripheral Vascular Diseases Business

The Company provides patients with technology-leading systemic and comprehensive interventional medical devices treatment solutions of peripheral vascular diseases. Among those products, the market shares of vena cava filters and stent grafts occupy a leading position in the domestic market. An aging population, increase in diseases detection rate and expansion of product applications are factors that would help drive the growth of market demand for these products.

Cardiac Pacing and Electrophysiology Business

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

MANAGEMENT DISCUSSION AND ANALYSIS

Please refer to the paragraph headed “Financial Review – Revenue” above for the financial performance of these business segments. Financial information related to these aspects is presented in Note 4 to the condensed consolidated financial statements in this interim report.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2024, the Group had 1,412 (31 December 2023: 1,446) full-time employees and two executive Directors (31 December 2023: two). Total staff costs, including Directors’ emoluments, amounted to approximately RMB228.2 million for the six months ended 30 June 2024 (corresponding period of 2023: approximately RMB182.8 million).

The employees of the Group who operate in the PRC are members of a state-managed retirement benefits scheme operated by the PRC government under which the employees are entitled to a monthly pension after retirement. The Group is required to contribute a certain percentage of employee’s salaries to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the aforementioned specified contributions. The Group operates the Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. Contributions to these schemes are expensed as incurred. During the six months ended 30 June 2024, the total cost paid or payable in relation to contributions to the retirement benefits scheme was approximately RMB18.0 million (corresponding period of 2023: approximately RMB15.8 million). Forfeited contributions (by the Group on behalf of the employees who leave the aforesaid schemes prior to vesting fully in such contributions) may not be used by the Group to reduce the existing level of contributions.

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

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

THE 2020 PLACING

On 11 December 2020, the Company completed a placing of an aggregate of 287,320,000 new ordinary shares of the Company, with an aggregate nominal value of USD359.15, at a placing price of HKD3.2368 per share pursuant to a placing agreement dated 4 December 2020 (the "2020 Placing"). As at 30 June 2024, approximately HKD407.7 million brought forward from the net proceeds received by the Company from the 2020 Placing remained unutilised.

As at 30 June 2024, the details and usage of the proceeds from the 2020 Placing were as follows:

Intended use of proceeds	Approximate allocation of net proceeds as previously disclosed (HKD in million)	Approximate amount of net proceeds unutilised as at 31 December 2023 (HKD in million)	Approximate utilisation of proceeds during the six months ended 30 June 2024 (HKD in million)	Approximate amount of net proceeds unutilised as at 30 June 2024 (HKD in million)	Expected timeline for utilisation of unutilised proceeds
Repayment of certain bank borrowings of the Group	406.0	—	—	—	Fully utilised
Funding potential business development involving a new overseas clinical project	465.0	418.0	10.3	407.7	To be applied in the second half of 2024 (HKD20.0 million), 2025 (HKD155.0 million) and 2026 (HKD232.7 million) subject to adjustments (if any)
General working capital of the Group	59.0	—	—	—	Fully utilised
Total	930.0	418.0	10.3	407.7	

Approximately HKD10.3 million of the net proceeds of the 2020 Placing had been utilised during the six months ended 30 June 2024 in accordance with the intended use of proceeds. There has been no change in the intended use of net proceeds. The unutilised net proceeds from the 2020 Placing would be brought forward to the next financial period/year and will be gradually utilised in accordance with the above intended purposes.

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

FUTURE PROSPECTS

In the first half of 2024, despite the expansion of the centralized procurement scope for high-value medical consumables in China, bringing a certain degree of short-term performance pressure to medical device companies, such expansion is also beneficial to the long-term healthy development of the industry and promotes the further popularization of related device products and therapies. Furthermore, the global medical device market is large and will continue to grow steadily driven by factors such as an aging population, greater health consciousness among residents, increased disease detection rates, and continuous development of new technologies in the industry. This provides broader growth space and opportunities for medical device companies.

By relying on our solid R&D strength, reliable product quality and comprehensive technical support and after-sales services, the Company empowers itself with innovation and independent intellectual property rights to continuously expand its overseas markets. Our overseas business revenue increased significantly during the Reporting Period, and it is expected to occupy a higher share in the global market in the future.

Looking ahead, the Company will continue to focus on the two core development strategies of innovation and internationalization. We will adhere to the principle of prudence and practicality, delve deeply into existing business, focus on the R&D and innovation of new materials and technologies, drive product upgrades and category expansion by leveraging innovation, and effectively diversify business risks through multiple revenue sources. We will continuously promote the upgrading of production automation, strictly control product quality, optimize production and sales processes, and strengthen supply chain management, in order to consolidate and expand our market share globally, further enhancing our international competitiveness.

In addition, we will actively seek new opportunities for cooperation and investment with high-growth potential enterprises in the global healthcare landscape, aiming to integrate global high-quality resources, expand our business, and deepen our global strategic layout. We are determined to become a globally trusted innovative interventional medical device enterprise, dedicated to creating greater value for patients, doctors, shareholders, and other stakeholders.

CORPORATE GOVERNANCE HIGHLIGHTS

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to achieving high standards of corporate governance to safeguard the interests of its shareholders (the "Shareholders") and enhance its corporate value. The Company has applied the principles as set out in the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") as its own code of corporate governance and confirms that it has complied with all code provisions of the CG Code during the six months ended 30 June 2024, save for the deviation from code provision C.2.1 of the CG Code as mentioned below.

According to code provision C.2.1 of the CG Code, the roles of the Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Subsequent to the resignation of former Chief Executive Officer of the Company, Mr. XIE Yuehui, Chairman of the Board, has been appointed to act as the Chief Executive Officer of the Company on 2 March 2015. Accordingly, the roles of the Chairman of the Board and the Chief Executive Officer are performed by the same individual. Although the dual roles of the Chairman and Chief Executive Officer is a deviation from the code provision C.2.1 of the CG Code, the Board believes that vesting the roles of both Chairman and Chief Executive Officer in an experienced and qualified person such as Mr. XIE Yuehui provides the Company with strong and consistent leadership while allowing for effective and efficient planning and implementation of business decisions and strategies.

The Board reviews the corporate governance structure and practices from time to time and shall make necessary arrangements when the Board considers appropriate.

THE BOARD

The Board currently comprises six Directors, including two executive Directors, namely Mr. XIE Yuehui and Mr. LIU Jianxiong; one non-executive Director, namely Mr. JIANG Feng; and three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise, namely Mr. LIANG Hsien Tse Joseph, Mr. WANG Wansong and Mr. ZHOU Luming.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors on terms no less exacting than the required standard set out in the Model Code.

Having made specific enquiries with all the Directors, the Company confirmed that all members of the Board complied with the Model Code during the six months ended 30 June 2024.

Senior management, executives and staff members who, because of their offices in the Company, are likely to possess inside information, have also been requested to comply with the provision of the Model Code. No incident of non-compliance with the Model Code by such employees was noted by the Company during the six months ended 30 June 2024.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The Board has established an audit committee (the “Audit Committee”) in accordance with the corporate governance requirements of listed companies of the Stock Exchange. As at the date of this interim report, the Audit Committee consists of three members, all of whom are independent non-executive Directors, namely Mr. LIANG Hsien Tse Joseph who possesses appropriate professional qualifications to serve as its Chairman, Mr. ZHOU Luming and Mr. WANG Wansong.

The Group’s unaudited interim results for the six months ended 30 June 2024 and accounting principles have been reviewed and discussed by the Audit Committee, which was of the opinion that the preparation of such results was in compliance with the relevant accounting standards, the Listing Rules and the applicable legal requirements, and that adequate disclosure has been made.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 30 June 2024, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or (b) to be and were entered into the register required to be kept by the Company pursuant to Section 352 of the SFO, or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

LONG POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

Name of Directors/ chief executives	Capacity	Number of share(s) of the Company ("Share(s)") (long position)	Approximate percentage of shareholding
Mr. XIE Yuehui	Interest of controlled corporation and beneficial owner	718,394,928 (Note 1)	15.51%
Mr. LIU Jianxiong	Beneficial owner	60,940,000 (Note 2)	1.32%

Notes:

- These interests represented:
 - 694,194,928 Shares held by Xianjian Advanced Technology Limited, which are wholly owned by Mr. XIE Yuehui, our Chairman, Chief Executive Officer and executive Director; and
 - 19,600,000 options granted to Mr. XIE Yuehui on 5 May 2015 and 4,600,000 options granted to Mr. XIE Yuehui on 24 January 2024 respectively, which were subject to certain vesting conditions pursuant to the Previous Scheme and Share Option Scheme of the Company, details of which are set out in the section headed "Share Option Scheme" in this interim report.
- These interests represented:
 - 8,140,000 Shares held by Mr. LIU Jianxiong, our Executive Vice President, executive Director, Chief Financial Officer and company secretary; and
 - 16,800,000 options granted to Mr. LIU Jianxiong on 5 May 2015, and 36,000,000 options granted to Mr. LIU Jianxiong on 24 January 2024 respectively, which were subject to certain vesting conditions pursuant to the Previous Scheme and Share Option Scheme of the Company, details of which are set out in the section headed "Share Option Scheme" in this interim report.

Save as disclosed above, as at 30 June 2024, so far as is known to any Directors or chief executives of the Company, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (b) to be entered in the register required to be kept by the Company pursuant to section 352 of the SFO, or (c) as otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2024, other than the interests of Directors or chief executives of the Company as disclosed under the section headed "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS" above, the interests and short positions of persons in the Shares and underlying Shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under section 336 of the SFO, or who was, directly or indirectly, interested in 5% or more of the issued Shares, were as follows:

LONG POSITIONS IN SHARES OF THE COMPANY

Name of Shareholders	Capacity	Number of Shares (long position)	Approximate percentage of shareholding
Xianjian Advanced Technology Limited (Note 1)	Beneficial owner	694,194,928	14.99%
HHLR Fund, L.P. (Note 2)	Beneficial owner	413,716,000	8.93%
HHLR Advisors, Ltd.	Investment manager	414,144,500	8.94%
Futu Trustee Limited (Note 3)	Trustee	293,708,000	6.34%
	Custodian (other than an exempt custodian interest)	690,000	0.015%

Notes:

1. The entire issued share capital of Xianjian Advanced Technology Limited is wholly owned by Mr. XIE Yuehui, our Chairman, Chief Executive Officer and executive Director.
2. HHLR Fund, L.P. is a limited partnership formed under the laws of the Cayman Islands. HHLR Advisors, Ltd. serves as the investment manager of HHLR Fund, L.P. and is deemed to be interested in the shares held by HHLR Fund, L.P. and its other controlled corporations under the SFO.
3. Futu Trustee Limited holds 690,000 Shares as the custodian of the vested shares of the employees of the 2022 Share Award Scheme trust.

Save as disclosed above, as at 30 June 2024, the Directors have not been notified by any person (other than the Directors or chief executives of the Company) who had interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

The previous share option scheme adopted by the Company on 22 October 2011 which was amended by a unanimous written resolution of the Board on 5 May 2015 (the "Previous Scheme") was terminated pursuant to an ordinary resolution passed by the shareholders at the EGM on 17 September 2021. A new share option scheme (the "Share Option Scheme") in place of the Previous Scheme was adopted by the Company with effect from 17 September 2021 which has a term of 10 years.

1. PURPOSE OF THE SHARE OPTION SCHEME

The purpose of the Share Option Scheme is to enable our Company to grant options to the Share Option Scheme Eligible Participants (as defined below) as incentives or rewards for their contribution to the growth of our Group and to provide our Group with a more flexible means to reward, remunerate, compensate and/or provide benefits to the Share Option Scheme Eligible Participants.

2. PARTICIPANTS OF THE SHARE OPTION SCHEME AND THE BASIS OF DETERMINING THE ELIGIBILITY OF THE PARTICIPANTS

The Board may at its discretion grant options to any full-time or part-time employees, Directors (including executive, non-executive or independent non-executive), any consultants or advisers (whether professional or otherwise), supplier, service provider, customer, business partner, shareholder, any person or entity that provides design, R&D or other technological support and any other group or classes of participants who have contributed or may contribute to the development and growth of our Company and/or any entity in which our Company holds an equity interest (collectively the "Share Option Scheme Eligible Participants").

3. MAXIMUM NUMBER OF SHARES

The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Group is 462,929,240, being not more than 10% of the issued share capital of our Company as at 17 September 2021, adoption date of the Share Option Scheme. Any options lapsed in accordance with the terms of the Share Option Scheme or any other share option scheme of our Group shall not be counted for the purpose of calculating the Scheme Mandate Limit.

As at the date of this interim report, the maximum number of further share options that may be granted under the Share Option Scheme was 151,379,240, representing approximately 3.27% of the number of total issued shares of the Company. No further share options may be granted under the Previous Scheme.

4. MAXIMUM ENTITLEMENT OF EACH PARTICIPANT

Unless approved by the shareholders in the manner set out in the Share Option Scheme, the total number of shares issued and to be issued upon exercise of the options granted to each Share Option Scheme Eligible Participant (including both exercised and outstanding options under the Share Option Scheme) in any 12-month period must not exceed 1% of the issued share capital of the Company.

5. OFFER PERIOD AND AMOUNT PAYABLE FOR OPTIONS

An offer of grant of an option shall remain open for acceptance by the Share Option Scheme Eligible Participant concerned for such period as determined by the Board, which period shall not be more than fourteen (14) days from the date of the offer, provided that no such offer shall be open for acceptance after the tenth anniversary of 17 September 2021 or after the Share Option Scheme has been terminated in accordance with the provisions thereof. Upon acceptance of the offer, the grantee shall pay HKD1.00 to our Company by way of consideration for the grant and the date on which the option is offered shall be deemed to be the date of grant of the relevant option, except in determining the date of grant for the purpose of calculating the subscription price.

6. MINIMUM PERIOD FOR WHICH AN OPTION MUST BE HELD BEFORE IT CAN BE EXERCISED

There is no general requirement on the minimum period for which an option must be held or the performance targets which must be achieved before an option can be exercised under the terms of the Share Option Scheme. However, the Board may offer to grant any options subject to such terms and conditions in relation to the minimum period of the options to be held and/or the performance targets to be achieved before such options can be exercised as the Board may determine in its absolute discretion.

7. BASIS OF DETERMINING THE SUBSCRIPTION PRICE

The subscription price for shares in respect of any particular option granted under the Share Option Scheme shall be such price as the Board shall determine, provided that such price shall be at least the highest of:

- (i) the closing price per share as stated in the Stock Exchange's daily quotation sheet on the date of offer of the option;
- (ii) the average closing price per share as stated in the Stock Exchange's daily quotation sheets for the five (5) business days immediately preceding the date of offer of the option; and
- (iii) the nominal value of a share.

8. REMAINING LIFE OF THE SHARE OPTION SCHEME

Subject to the fulfilment of the conditions of the Share Option Scheme and the earlier termination by shareholders' resolution in general meeting or the Board, the Share Option Scheme shall be valid and effective for a period of ten (10) years commencing from 17 September 2021, after which period no further options will be offered or granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects with respect to options granted during the life of the Share Option Scheme.

The table below sets out details of the outstanding options granted to the Directors and other grantees under the Previous Scheme and movements during the period from 1 January 2024 to 30 June 2024:

Name	Date of grant	Vesting schedule	Option period	Exercise price	Number of shares					
					Granted on the date of grant	Outstanding as at 1 January 2024	Exercised during the six months ended 30 June 2024	Closing price (weighted average) of the shares of the Company immediately before the dates on which the options were exercised	Lapsed during the six months ended 30 June 2024	Outstanding as at 30 June 2024
Directors/Chief Executives										
Mr. XIE Yuehui	5 May 2015	20% of options on 5 May 2016, 2017, 2018, 2019 and 2020 respectively	10 years from the date of grant	HKD1.464	19,600,000	19,600,000	–	–	–	19,600,000
Sub-total					19,600,000	19,600,000	–	–	–	19,600,000
Mr. LIU Jianxiong	5 May 2015	20% of options on 5 May 2016, 2017, 2018, 2019 and 2020 respectively	10 years from the date of grant	HKD1.464	16,800,000	16,800,000	–	–	–	16,800,000
Sub-total					16,800,000	16,800,000	–	–	–	16,800,000
Other Grantees										
Employees	5 May 2015	20% of options on 5 May 2016, 2017, 2018, 2019 and 2020 respectively	10 years from the date of grant	HKD1.464	123,600,000	33,587,600 (Note 1)	(280,000)	HKD 1.810	(48,000)	33,259,600 (Note 2)
Employees	31 March 2021	30%, 30%, 40% of options on 31 March 2022, 2023 and 2024 respectively	10 years from the date of grant	HKD3.570	33,320,000	28,260,000 (Note 3)	–	–	(580,000)	27,680,000 (Note 4)
Sub-total					156,920,000	61,847,600	(280,000)	HKD 1.810	(628,000)	60,939,600
Total					193,320,000	98,247,600	(280,000)	HKD 1.810	(628,000)	97,339,600

Note 1: The 33,587,600 outstanding share options as at 1 January 2024 were held by 20 grantees who were employees of the Group.

Note 2: The 33,259,600 outstanding share options as at 30 June 2024 were held by 19 grantees who were employees of the Group.

Note 3: The 28,260,000 outstanding share options as at 1 January 2024 were held by 103 grantees who were employees of the Group.

Note 4: The 27,680,000 outstanding share options as at 30 June 2024 were held by 100 grantees who were employees of the Group.

As at 30 June 2024, 97,339,600 options were granted and remain outstanding pursuant to the Previous Scheme.

OTHER INFORMATION

The table below sets out details of the outstanding options granted to the Directors and other grantees under the Share Option Scheme and movements during the period of 1 January 2024 to 30 June 2024:

Name	Date of grant	Vesting schedule	Option period	Exercise price	Number of shares					
					Granted on the date of grant	Outstanding as at 1 January 2024	Exercised during the six months ended 30 June 2024	Closing price (weighted average) of the shares of the Company exercised immediately before the dates on which the options were exercised	Lapsed during the six months ended 30 June 2024	Outstanding as at 30 June 2024
Directors/Chief Executives										
Mr. XIE Yuehui	24 January 2024 (Note 1)	15%, 15%, 20%, 25% and 25% upon completion of the Group's annual performance assessment of 2024, 2025, 2026, 2027 and 2028, respectively	10 years from the date of grant	HKD1.950	4,600,000	—	—	—	—	4,600,000
Sub-total					4,600,000	—	—	—	—	4,600,000
Mr. LIU Jianxiong	24 January 2024 (Note 1)	15%, 15%, 20%, 25% and 25% upon completion of the Group's annual performance assessment of 2024, 2025, 2026, 2027 and 2028, respectively	10 years from the date of grant	HKD1.950	36,000,000	—	—	—	—	36,000,000
Sub-total					36,000,000	—	—	—	—	36,000,000
Other Grantees										
Employees	12 November 2021	10%, 15%, 20%, 25% and 30% upon completion of the Group's annual performance assessment of 2022, 2023, 2024, 2025 and 2026, respectively	10 years from the date of grant	HKD3.590	101,800,000	92,710,000	—	—	(1,975,000)	90,735,000 (Note 2)
Employees	10 December 2021	10%, 15%, 20%, 25% and 30% upon completion of the Group's annual performance assessment of 2022, 2023, 2024, 2025 and 2026, respectively	10 years from the date of grant	HKD3.836	11,000,000	10,450,000	—	—	—	10,450,000 (Note 3)
Consultants	10 December 2021	10%, 15%, 20%, 25% and 30% upon completion of the Group's annual performance assessment of 2022, 2023, 2024, 2025 and 2026, respectively	10 years from the date of grant	HKD3.836	24,000,000	24,000,000	—	—	—	24,000,000 (Note 4)
Employees	24 January 2024 (Note 1)	15%, 15%, 20%, 25% and 25% upon completion of the Group's annual performance assessment of 2024, 2025, 2026, 2027 and 2028, respectively	10 years from the date of grant	HKD1.950	134,150,000	—	—	—	—	134,150,000
Sub-total					270,950,000	127,160,000	—	—	(1,975,000)	259,335,000
Total					311,550,000	127,160,000	—	—	(1,975,000)	299,935,000

Note 1: The exercise of the options granted on 24 January 2024 is also subject to the grantees meeting their respective performance targets as determined by the Company. The fair value of options at the date of grant is HKD0.788 per share. The closing price of the shares of the Company immediately before the date on which the options were granted (i.e. 24 January 2024) was HKD1.890. The 174,750,000 outstanding share options as at 30 June 2024 were held by 226 grantees who are employees or directors of the Group.

Note 2: The 90,735,000 outstanding share options as at 30 June 2024 were held by 143 grantees who are employees of the Group.

Note 3: The 10,450,000 outstanding share options as at 30 June 2024 were held by 22 grantees who are employees of the Group.

Note 4: The 24,000,000 outstanding share options as at 30 June 2024 were held by 5 grantees who are consultants of the Group.

As at 30 June 2024, 299,935,000 options have been granted and remained outstanding pursuant to the Share Option Scheme. The number of options available for grant under the Share Option Scheme as at 1 January 2024 and 30 June 2024 was 326,129,240 and 151,379,240 respectively.

As at 30 June 2024, there was no participant with share options granted in excess of the 1% individual limit as defined under Chapter 17 of the Listing Rules.

VALUE OF SHARE OPTIONS

The Binomial Model had been used to estimate the fair value of the share options. The model involves the construction of a binomial lattice which represents different possible paths that might be followed by the stock price over the life of the options. In developing the binomial lattice, the life of the options is divided into various time steps. In each time step there is a binomial stock price movement. The main inputs to the model include the share price of the Company, exercise price, exercise multiple, risk-free rate, expected volatility, dividend yield and expected life of the options.

VALUE OF SHARE OPTIONS GRANTED ON 31 MARCH 2021

The fair value of the share options granted on 31 March 2021 was HKD53.0 million, and the specific parameters were selected by an independent qualified professional valuer as follows:

- a. Stock price: HKD3.570 per share (being the closing price of HKD3.570 per share as of the grant date)
- b. Exercise price: HKD3.570 per share (being the highest price of (i) the closing price of HKD3.570 per share as stated in the daily quotation sheets issued by the Stock Exchange on the grant date; (ii) the average closing price of HKD3.404 per share as stated in the daily quotation sheets issued by the Stock Exchange for the five (5) business days immediately preceding the grant date; and (iii) the nominal value of a share)
- c. Expected volatility: 51.35% (based on the historical share price volatility of comparable companies in the relevant period)
- d. Risk-free interest rate: 1.33% (based on the yields of HKD Hong Kong Sovereign Curve with respective tenors as at the grant date)

OTHER INFORMATION

VALUE OF SHARE OPTIONS GRANTED ON 12 NOVEMBER 2021

The fair value of the share options granted on 12 November 2021 was HKD188.4 million, and the specific parameters were selected by an independent qualified professional valuer as follows:

- a. Stock price: HKD3.590 per share (being the closing price of HKD3.590 per share as of the grant date)
- b. Exercise price: HKD3.590 per share (being the highest price of (i) the closing price of HKD3.590 per share as stated in the daily quotation sheets issued by the Stock Exchange on the grant date; (ii) the average closing price of HKD3.546 per share as stated in the daily quotation sheets issued by the Stock Exchange for the five (5) business days immediately preceding the grant date; and (iii) the nominal value of a share)
- c. Expected volatility: 51.53% (based on the historical share price volatility of comparable companies in the relevant period)
- d. Risk-free interest rate: 1.39% (based on the yields of HKD Hong Kong Sovereign Curve with relevant tenors as at the grant date)

VALUE OF SHARE OPTIONS GRANTED ON 10 DECEMBER 2021

The fair value of the share options granted on 10 December 2021 was HKD67.9 million, and the specific parameters were selected by an independent qualified professional valuer as follows:

- a. Stock price: HKD3.800 per share (being the closing price of HKD3.800 per share as of the grant date)
- b. Exercise price: HKD3.836 per share (being the highest price of (i) the closing price of HKD3.800 per share as stated in the daily quotation sheets issued by the Stock Exchange on the grant date; (ii) the average closing price of HKD3.836 per share as stated in the daily quotation sheets issued by the Stock Exchange for the five (5) business days immediately preceding the grant date; and (iii) the nominal value of a share)
- c. Expected volatility: 51.54% (based on the historical share price volatility of comparable companies in the relevant period)
- d. Risk-free interest rate: 1.37% (based on the yields of HKD Hong Kong Sovereign Curve with relevant tenors as at the grant date)

VALUE OF SHARE OPTIONS GRANTED ON 24 JANUARY 2024

The fair value of the share options granted on 24 January 2024 was HKD137.7 million, and the specific parameters were selected by an independent qualified professional valuer as follows:

- a. Stock price: HKD1.900 per share (being the closing price of HKD1.900 per share as of the grant date)
- b. Exercise price: HKD1.950 per share (being the highest price of (i) the closing price of HKD1.900 per share as stated in the daily quotation sheets issued by the Stock Exchange on the grant date; (ii) the average closing price of HKD1.950 per share as stated in the daily quotation sheets issued by the Stock Exchange for the five (5) business days immediately preceding the grant date; and (iii) the nominal value of a share)
- c. Expected volatility: 35.00% (based on the historical share price volatility of comparable companies in the relevant period)
- d. Risk-free interest rate: 3.57% (based on the yields of HKD Hong Kong Sovereign Curve with relevant tenors as at the grant date)

SHARE AWARD SCHEME

2019 SHARE AWARD SCHEME

The Company adopted a share award scheme on 28 December 2018 which was subsequently amended by a unanimous written resolution of the Board on 29 April 2019 (the "2019 Share Award Scheme").

As at the date of this report, the trustee under the 2019 Share Award Scheme, namely Bank of Communications Trust Limited (the "2019 Scheme Trustee") held 230,945,000 shares of the Company that have been granted to certain eligible participants thereunder, pending the taking up of such shares by such grantees (the "2019 Granted Shares").

Under the 2019 Share Award Scheme, the Board shall not make any further grant of award such that the total number of shares granted under such scheme will exceed 10% of the total number of issued shares as of the date of adoption of such scheme (namely 28 December 2018). Since the adoption of the 2019 Share Award Scheme up to the date of this report, a total of 312,620,000 shares have been granted under the 2019 Share Award Scheme, representing approximately 7.2% of the total number of issued shares of the Company as of the date of adoption of such scheme. The Company adopted another share award scheme on 3 March 2022 (the "2022 Share Award Scheme"). Upon adoption of the 2022 Share Award Scheme, the Board expects that no new award will be granted under the 2019 Share Award Scheme, and there were 66,224,000 shares of the Company held by the 2019 Scheme Trustee which were not granted to any eligible participants thereunder. As at the date of this report, these shares have been transferred to the trustee under the 2022 Share Award Scheme (namely, Futu Trustee Limited) which holds such shares as part of the trust fund thereunder. The 2019 Share Award Scheme is retained for the purpose of continuing holding the 2019 Granted Shares on the relevant grantees' behalf.

1. OBJECTIVE OF THE 2019 SHARE AWARD SCHEME

The objectives of the 2019 Share Award Scheme are (i) to recognise and motivate the contributions by certain eligible participants and to incentivise them and retain them for the continual operation and development of the Group; (ii) to attract suitable personnel for further development of the Group; and (iii) to provide certain eligible participants with a direct economic interest in attaining a long-term relationship between the Group and certain eligible participants.

2. PARTICIPANTS OF THE 2019 SHARE AWARD SCHEME AND THE BASIS OF DETERMINING THE ELIGIBILITY OF THE PARTICIPANTS

The Board may at its discretion grant shares of the Company pursuant to the 2019 Share Award Scheme ("2019 Scheme Award Shares") to any employee and non-executive director of the Company or any member of the Group who in the sole opinion of the Board will contribute or have contributed to any member of the Group (collectively the "2019 Scheme Selected Participants").

3. MAXIMUM NUMBER OF 2019 SCHEME AWARD SHARES

Pursuant to the rules of the 2019 Share Award Scheme, the Board shall not make any further grant of 2019 Scheme Award Shares such that the total number of shares granted under the 2019 Share Award Scheme will exceed 10% of the total number of issued shares as at 28 December 2018 (the "2019 SAS Adoption Date"). The maximum number of 2019 Scheme Award shares that may be granted under the 2019 Share Award Scheme is 433,629,120 shares. The number of 2019 Scheme Award Shares that may be granted under the scheme was 121,009,120 as at 1 January 2024 and 30 June 2024. As at the date of this report, the number of 2019 Scheme Award Shares that may be granted under the scheme was 121,009,120, representing approximately 2.61% of the total number of issued shares of the Company. Notwithstanding the above, the Board expects that no new award will be granted under the 2019 Share Award Scheme in light of the adoption of the 2022 Share Award Scheme.

There is no maximum entitlement to 2019 Scheme Award Shares stipulated for a 2019 Scheme Selected Participant under the 2019 Share Award Scheme.

4. AMOUNT PAYABLE FOR THE 2019 SCHEME AWARD SHARES

An offer of grant of 2019 Scheme Award Shares shall remain open for acceptance by the 2019 Scheme Selected Participants concerned for ten (10) business days from the date of the offer. In order to receive the 2019 Scheme Award Shares, the grantee shall submit to the Company the documents stipulated under the scheme and pay to the Company the amount specified in the award notice, thereafter the Company will instruct the trustee under the scheme in writing to transfer the corresponding 2019 Scheme Award Shares to the relevant grantee. The purchase price of the 2019 Scheme Award Shares would be the average price paid by the trustee under the 2019 Share Award Scheme for such purchase or subscription of such shares.

5. VESTING PERIOD AND CONDITIONS

All 2019 Scheme Award Shares granted have been vested and the Board does not intend to grant any further 2019 Scheme Award Shares in light of the adoption of the 2022 Share Award Scheme.

6. REMAINING LIFE OF THE 2019 SHARE AWARD SCHEME

The 2019 Share Award Scheme shall be valid and effective for a term of 10 years commencing on the 2019 SAS Adoption Date after which no further 2019 Scheme Award Shares may be offered.

312,620,000 Award Shares were granted to 6 employees of the Group on 29 September 2020. As at 1 January 2024 and 30 June 2024, all the Award Shares have been vested, among which 81,675,000 Award Shares have been taken up by the grantees, and the remaining 230,945,000 Award Shares are held on behalf of the relevant grantees subject to the payment of the relevant purchase price of HKD1.35 per share. Pursuant to the conditions accepted by these employees and with the consent of the Company, the ownership of such shares has been transferred to these employees and they are obliged to pay for such shares and complete the taking up of such shares within the remaining life of the 2019 Share Award Scheme.

During the six months ended 30 June 2024, no 2019 Scheme Award Shares were granted, cancelled, lapsed or vested.

2022 SHARE AWARD SCHEME

On 3 March 2022, the Company adopted the 2022 Share Award Scheme.

1. OBJECTIVE OF THE 2022 SHARE AWARD SCHEME

The objectives of the 2022 Share Award Scheme are (i) to recognise and motivate the contributions by certain eligible participants and to incentivise them and retain them for the continual operation and development of the Group; (ii) to attract suitable personnel for further development of the Group; and (iii) to provide certain eligible participants with a direct economic interest in attaining a long-term relationship between the Group and certain eligible participants.

2. PARTICIPANTS OF THE 2022 SHARE AWARD SCHEME AND THE BASIS OF DETERMINING THE ELIGIBILITY OF THE PARTICIPANTS

The Board may at its discretion grant shares of the Company pursuant to the 2022 Share Award Scheme ("2022 Scheme Award Shares") to (i) any employee and non-executive Director of the Company and/or any member of the Group and any related entity who, in the sole opinion of the Board, will contribute or have contributed to any member of the Group; and (ii) agents, consultants, suppliers or any other persons who provide services to any member of the Group and, in the sole opinion of the Board, will contribute or have contributed to any member of the Group (collectively the "2022 Scheme Selected Participants").

3. MAXIMUM NUMBER OF THE 2022 SCHEME AWARD SHARES

Pursuant to the rules of the 2022 Share Award Scheme, the Board shall not make any further grant of 2022 Scheme Award Shares such that the total number of shares granted under the 2022 Share Award Scheme will exceed 10% of the total number of issued shares as at 3 March 2022 (the "2022 SAS Adoption Date"). The maximum number of 2022 Scheme Award Shares that may be granted under the Share Award Scheme is 463,003,040 shares. The number of 2022 Scheme Award Shares that may be granted under the scheme was 442,253,040 as at 1 January 2024 and 442,253,040 as at 30 June 2024.

There is no maximum entitlement to 2022 Scheme Award Shares stipulated for a 2022 Scheme Selected Participant under the 2022 Share Award Scheme.

4. AMOUNT PAYABLE FOR THE 2022 SCHEME AWARD SHARES

An offer of grant of 2022 Scheme Award Shares shall remain open for acceptance by the 2022 Scheme Selected Participants concerned for ten (10) business days from the date of the offer. In order to receive the 2022 Scheme Award Shares, the grantee shall submit to the Company the documents stipulated under the scheme and pay to the Company the amount specified in the award notice, thereafter the Company will instruct the trustee under the scheme in writing to transfer the corresponding 2022 Scheme Award Shares to the relevant grantee at nil consideration.

The purchase price of each awarded share (if any) shall be determined by the Board at the time of grant of the share awards under the 2022 Share Award Scheme.

OTHER INFORMATION

Subject to the terms of the 2022 Share Award Scheme and subject to compliance with the Listing Rules, the Board may from time to time instruct the trustee of the 2022 Share Award Scheme in writing to directly or indirectly purchase shares of the Company in the market (on the exchange or off the exchange) or otherwise receive any shares of the Company of transfer from another trust under any other employee share award scheme of the Company to the trustee. Once purchased or received, the Shares are to be held directly or indirectly by the trust for the benefit of the 2022 Scheme Selected Participant under the trust on and subject to the terms and conditions of the 2022 Share Award Scheme rules and trust deed.

5. CONDITIONS

The Board may specify any conditions or performance targets that must be attained by the relevant 2022 Scheme Selected Participant before any 2022 Scheme Award Shares may be transferred to and vested in the 2022 Scheme Selected Participant.

6. REMAINING LIFE OF THE 2022 SHARE AWARD SCHEME

The 2022 Share Award Scheme shall be valid and effective for a term of ten (10) years commencing on 3 March 2022 after which no further 2022 Scheme Award Share may be offered.

The table below sets out the movements of the 2022 Scheme Award Shares during the period from 1 January 2024 to 30 June 2024:

Name	Date of grant	Vesting date	Issue price	Granted on the date of grant	Outstanding as at 1 January 2024	Vested during the six months ended 30 June 2024	Lapsed during the six months ended 30 June 2024	Outstanding as at 30 June 2024
Employees of the Group <i>(Note)</i>	21 October 2022	5%, 10%, 15%, 20%, 25% and 25% upon completion of the Group's annual performance assessment of 2022, 2023, 2024, 2025, 2026 and 2027, respectively	—	20,750,000	18,650,000	(1,690,000)	(665,000)	16,295,000
Total				20,750,000	18,650,000	(1,690,000)	(665,000)	16,295,000

Note: An aggregate of 20,750,000 2022 Scheme Award Shares were granted to 52 employees of the Group (who are neither a director, chief executive officer or substantial shareholder of the Company nor their respective associates) on 21 October 2022. The vesting of such shares is subject to the fulfilment of the conditions set out in the grant letter (including performance targets stipulated thereunder). The grantees are not required to pay any purchase price upon vesting of the awarded share. The closing price of the Shares on the Stock Exchange immediately before the grant was HKD2.75 per share. The fair value of these 2022 Scheme Award Shares granted are based on the closing price of the shares on the grant date, which was HKD2.87 per share. During the six months ended 30 June 2024, 1,690,000 2022 Scheme Award Shares were vested on 27 June 2024 and the closing price of the Shares on the Stock Exchange immediately before the vesting date was HKD 1.44 per share.

No share awards were granted under the 2022 Share Award Scheme during the six months ended 30 June 2024.

As at 30 June 2024, the ratio of the number of shares that may be issued in respect of options and awards granted under all share schemes adopted by the Company (i.e. 123,078,600) to the weighted average number of issued shares as at 30 June 2024 (i.e. 4,630,470,400) was approximately 2.66%.

During the six months ended 30 June 2024, save as disclosed above, (i) there was no participant with share options or awards granted or to be granted by the Company in excess of the 1% individual limit (as defined under Chapter 17 of the Listing Rules); (ii) there was no service provider with share options or awards granted or to be granted by the Company exceeding 0.1% of the total issued shares of the Company in any 12-month period; and (iii) the Company have not granted any share options or awards to any related entity participants or service providers.

INTERIM DIVIDEND

The Directors did not recommend the payment of any interim dividend for the six months ended 30 June 2024 (corresponding period of 2023: nil).

DIRECTOR'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the details as disclosed under the section headed "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS" above, at no time during the six months ended 30 June 2024 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate.

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

During the six months ended 30 June 2024, there were no purchase, sales or redemptions of the Company's listed securities by the Company or any of its subsidiaries.



OTHER INFORMATION

SUFFICIENCY OF THE PUBLIC FLOAT

Based on the information publicly available to the Company and to the best knowledge, information and belief of the Directors, the Directors confirm that the Company had maintained a sufficient public float as required under the Listing Rules throughout the six months ended 30 June 2024.

DISCLOSURE OF INFORMATION

The interim report of the Group for the six months ended 30 June 2024 containing all the relevant information required by the Listing Rules has been published on the websites of The Stock Exchange of Hong Kong Limited (<http://www.hkexnews.hk>) and the Company (<http://www.lifetechmed.com>).

On behalf of the Board

XIE Yuehui

Executive Director, Chairman and Chief Executive Officer

Hong Kong, 30 August 2024

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

The Board is pleased to announce the unaudited condensed consolidated results of the Group for the six months ended 30 June 2024 together with the comparative figures for the corresponding period of 2023 and the relevant explanatory notes as set out below.

		Six months ended 30 June	
	NOTES	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	4	652,831	639,505
Cost of sales		(137,447)	(134,700)
Gross profit		515,384	504,805
Other income, expenses, gains and losses	5	49,125	39,940
Selling and distribution expenses		(149,983)	(119,186)
Administration expenses		(72,594)	(59,747)
Research and development expenses		(139,926)	(110,607)
Operating profit		202,006	255,205
Finance income, net		8,004	3,669
Share of losses of associates		(1,365)	(2,453)
Profit before tax	6	208,645	256,421
Income tax expense	7	(22,837)	(43,770)
Profit for the period		185,808	212,651
Other comprehensive expense:			
<i>Items that will not be reclassified to profit or loss:</i>			
Fair value loss and exchange differences on investments in equity instruments at FVTOCI, net of tax		(93,036)	(169,803)
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(169)	(2,325)
Other comprehensive expense for the period		(93,205)	(172,128)
Total comprehensive income for the period		92,603	40,523
Profit (loss) for the period attributable to:			
Owners of the Company		205,557	220,164
Non-controlling interests		(19,749)	(7,513)
		185,808	212,651
Total comprehensive income (expense) attributable to:			
Owners of the Company		112,352	48,036
Non-controlling interests		(19,749)	(7,513)
		92,603	40,523
Earnings per share	9		
– Basic		RMB4.6 cents	RMB4.9 cents
– Diluted		RMB4.6 cents	RMB4.9 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	NOTES	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	10	937,011	833,779
Right-of-use assets	11	46,596	51,078
Investment properties		291,806	272,346
Intangible assets	10	714,900	656,669
Interests in associates	12	66,453	46,738
Financial assets at FVTPL	13	244,230	211,376
Equity instruments at FVTOCI	14	20,563	113,599
Deposits for acquisition of property, plant and equipment		26,924	36,605
Deferred tax assets		102,465	83,031
Fixed bank deposits		150,000	160,000
		2,600,948	2,465,221
Current assets			
Inventories		549,561	483,605
Trade receivables	15	122,173	105,185
Other receivables and prepayments	16	505,394	463,041
Financial assets at FVTPL	13	148,000	120,000
Fixed bank deposits		60,912	80,000
Cash and cash equivalents		832,577	979,312
		2,218,617	2,231,143
Current liabilities			
Trade and other payables	17	673,935	710,154
Contract liabilities		3,498	7,754
Tax liabilities		46,557	45,935
Lease liabilities		3,534	6,293
Bank borrowings	20	99,000	—
		826,524	770,136
Net current assets		1,392,093	1,461,007
Total assets less current liabilities		3,993,041	3,926,228

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	NOTES	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Non-current liabilities			
Government grants	18	42,555	40,929
Lease liabilities		1,884	3,003
Financial liabilities at FVTPL	19	558,326	558,326
		602,765	602,258
Net assets		3,390,276	3,323,970
Capital and reserves			
Share capital	21	37	37
Reserves		3,422,423	3,370,205
Equity attributable to owners of the Company		3,422,460	3,370,242
Non-controlling interests		(32,184)	(46,272)
Total equity		3,390,276	3,323,970

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Share capital RMB'000	Share premium RMB'000	Other reserve RMB'000	Translation reserve RMB'000	Statutory surplus reserve RMB'000 (Note i)	Investment valuation reserve RMB'000	Capital reserve RMB'000	Contribution reserve RMB'000 (Note ii)	Share option reserve RMB'000	Reserve for share award schemes RMB'000	Accumulated profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2023 (audited)	37	1,628,079	1,629	3,679	50,207	191,440	(3)	32,531	148,273	(544,428)	1,389,001	2,900,445	20,612	2,921,057
Profit (loss) for the period	–	–	–	–	–	–	–	–	–	–	220,164	220,164	(7,513)	212,651
Other comprehensive expense for the period	–	–	–	(2,325)	–	(169,803)	–	–	–	–	–	(172,128)	–	(172,128)
Total comprehensive (expense) income for the period	–	–	–	(2,325)	–	(169,803)	–	–	–	–	220,164	48,036	(7,513)	40,523
Increase of interests in an associate	–	–	4,793	–	–	–	–	–	–	–	–	4,793	–	4,793
Recognition of equity-settled share-based payments	–	–	–	–	–	–	–	–	34,167	–	–	34,167	–	34,167
Exercise of share options	–	5	–	–	–	–	–	–	(2)	–	–	3	–	3
Exercise of scheme awarded shares	–	(811)	–	–	–	–	–	–	(2,334)	3,145	–	–	–	–
Purchase of ordinary shares	–	–	–	–	–	–	–	–	–	(6,016)	–	(6,016)	–	(6,016)
Transfer of purchased ordinary shares	–	–	–	–	–	–	–	–	–	261,900	–	261,900	–	261,900
At 30 June 2023 (unaudited)	37	1,627,273	6,422	1,354	50,207	21,637	(3)	32,531	180,104	(285,399)	1,609,165	3,243,328	13,099	3,256,427
At 1 January 2024 (audited)	37	1,642,818	2,780	2,272	50,207	(30,348)	(3)	32,531	304,817	(287,112)	1,652,243	3,370,242	(46,272)	3,323,970
Profit (loss) for the period	–	–	–	–	–	–	–	–	–	–	205,557	205,557	(19,749)	185,808
Other comprehensive expense for the period	–	–	–	(169)	–	(93,036)	–	–	–	–	–	(93,205)	–	(93,205)
Total comprehensive (expense) income for the period	–	–	–	(169)	–	(93,036)	–	–	–	–	205,557	112,352	(19,749)	92,603
Capital contribution by non-controlling interest of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	27,823	27,823
Recognition of equity-settled share-based payments	–	–	–	–	–	–	–	–	84,115	–	–	84,115	6,014	90,129
Exercise of share options	–	611	–	–	–	–	–	–	(238)	–	–	373	–	373
Exercise of scheme awarded shares	–	(1,631)	–	–	–	–	–	–	(4,172)	5,803	–	–	–	–
Purchase of ordinary shares	–	–	–	–	–	–	–	–	–	(146,636)	–	(146,636)	–	(146,636)
Transfer of purchased ordinary shares	–	–	–	–	–	–	–	–	–	2,014	–	2,014	–	2,014
At 30 June 2024 (unaudited)	37	1,641,798	2,780	2,103	50,207	(123,384)	(3)	32,531	384,522	(425,931)	1,857,800	3,422,460	(32,184)	3,390,276

Notes:

- (i) Statutory surplus reserve is non-distributable and the transfer to this reserve is determined according to the relevant laws in the PRC and by the board of directors of the PRC subsidiaries in accordance with the Article of Association of the subsidiaries. Statutory surplus reserve can be used to make up for previous years' losses or convert into additional capital of the PRC subsidiaries of the Company.
- (ii) Contribution reserve represents the difference between the fair value of the consideration paid for the acquisition of Lifetech Shenzhen from shareholders and the carrying amount of the share of net assets acquired in August 2006 and it is regarded as a deemed contribution from shareholders under merger accounting.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
OPERATING ACTIVITIES		
Cash generated from operations	144,319	252,617
Income taxes paid	(41,649)	(29,489)
NET CASH FROM OPERATING ACTIVITIES	102,670	223,128
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(181,169)	(99,558)
Payments for intangible assets	(757)	(4,688)
Expenditure incurred and capitalised as intangible assets	(35,498)	(50,291)
Government grants received for acquisition of plant and equipment	4,200	11,720
Interest received from bank deposits	8,886	3,984
Proceeds from disposal of financial assets at FVTPL	120,000	—
Purchase of financial assets at FVTPL	(148,000)	(80,000)
Placement of fixed bank deposits	(110,912)	(90,000)
Release of fixed bank deposits	140,000	40,000
Proceeds on partial disposal of an associate	2,920	—
Capital contribution to an associate	(24,000)	—
NET CASH USED IN INVESTING ACTIVITIES	(224,330)	(268,833)
FINANCING ACTIVITIES		
Bank borrowing raised	99,000	—
Interest paid for bank borrowing	(658)	—
Capital contributed by non-controlling interests of subsidiaries	27,823	—
Purchase of shares under share award schemes	(146,636)	(6,016)
Proceeds from issue of Shares upon exercise of share options	373	3
Repayments of lease liabilities	(4,584)	(4,291)
Repayments of Interest on lease liabilities	(224)	(315)
NET CASH USED IN FINANCING ACTIVITIES	(24,906)	(10,619)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(146,566)	(56,324)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	979,312	833,792
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(169)	(2,325)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, representing bank balances and cash	832,577	775,143

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

1. GENERAL INFORMATION

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

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

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

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2024 have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB") as well as with the applicable disclosure requirements of Appendix D2 to the Listing Rules.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2023.

In addition, in the current interim period, the Group has applied, for the first time, a new interpretation and certain amendments to IFRSs issued by the IASB that are mandatorily effective for the current interim period. The application of the above new interpretation and amendments to IFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

4. SEGMENT INFORMATION

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

4. SEGMENT INFORMATION - CONTINUED

The Group's operating segments under IFRSs 8 are as follows:

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

Information regarding the above segments is reported below.

[A] SEGMENT REVENUE AND RESULTS

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

For the six months ended 30 June 2024

	Structural heart diseases business RMB'000 (Unaudited)	Peripheral vascular diseases business RMB'000 (Unaudited)	Cardiac pacing and electrophysiology business RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
SEGMENT REVENUE				
External sales	271,250	380,725	856	652,831
Segment profit (loss)	243,166	285,320	(13,102)	515,384
Unallocated income				
- Other income and other gains				76,135
- Finance income				8,886
Unallocated expense				
- Selling and distribution expenses				(149,983)
- Administration expenses				(72,594)
- Research and development expenses				(139,926)
- Other expenses and losses				(27,010)
- Finance costs				(882)
- Share of losses of associates				(1,365)
Profit before tax				208,645

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

4. SEGMENT INFORMATION - CONTINUED

(A) SEGMENT REVENUE AND RESULTS - CONTINUED

For the six months ended 30 June 2023

	Structural heart diseases business RMB'000 (Unaudited)	Peripheral vascular diseases business RMB'000 (Unaudited)	Cardiac pacing and electrophysiology business RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
SEGMENT REVENUE				
External sales	243,905	362,702	32,898	639,505
Segment profit	213,689	278,907	12,209	504,805
Unallocated income				
- Other income and other gains				54,980
- Finance income				3,984
Unallocated expense				
- Selling and distribution expenses				(119,186)
- Administration expenses				(59,747)
- Research and development expenses				(110,607)
- Other expenses and losses				(15,040)
- Finance costs				(315)
- Share of losses of associates				(2,453)
Profit before tax				256,421

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

4. SEGMENT INFORMATION - CONTINUED

(B) SEGMENT ASSETS AND LIABILITIES

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

SEGMENT ASSETS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Operating segments:		
Structural heart diseases business	661,496	625,742
Peripheral vascular diseases business	928,639	892,671
Cardiac pacing and electrophysiology business	65,459	91,937
Total segment assets	1,655,594	1,610,350
Unallocated assets		
Interests in associates	66,453	46,738
Property, plant and equipment	637,038	437,952
Right-of-use assets	46,596	51,078
Investment properties	291,806	272,346
Deferred tax assets	102,465	83,031
Financial assets at FVTPL	392,230	331,376
Equity instruments at FVTOCI	20,563	113,599
Other receivables and prepayments	505,394	463,041
Cash and cash equivalents	832,577	979,312
Fixed bank deposits	210,912	240,000
Intangible assets	31,013	30,936
Deposits for acquisition of property, plant and equipment	26,924	36,605
Consolidated assets	4,819,565	4,696,364

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

4. SEGMENT INFORMATION - CONTINUED

(B) SEGMENT ASSETS AND LIABILITIES - CONTINUED

SEGMENT LIABILITIES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Operating segments:		
Structural heart diseases business	124,517	124,157
Peripheral vascular diseases business	174,802	177,122
Cardiac pacing and electrophysiology business	23,322	16,132
Total segment liabilities	322,641	317,411
Unallocated liabilities		
Other payables	350,044	395,748
Lease liabilities	5,418	9,296
Tax liabilities	46,557	45,935
Bank borrowings	99,000	—
Government grants	47,303	45,678
Financial liabilities at FVTPL	558,326	558,326
Consolidated liabilities	1,429,289	1,372,394

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

5. OTHER INCOME, EXPENSES, GAINS AND LOSSES

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Other income and expenses		
Government grants	7,941	8,971
Rental income generated from investment properties	17,097	21,836
Depreciation of investment properties	(4,397)	(4,085)
Others	(1,831)	(4,259)
	18,810	22,463
Other gains and losses		
Losses on disposal of property, plant and equipment and intangible assets	—	(45)
Losses from changes in fair value of hybrid funds	(18,243)	(296)
Gains (losses) from changes in fair value of equity funds	50,163	(6,355)
Unrealised foreign exchange gains in financial assets at FVTPL	934	4,412
Other net foreign exchange (losses) gains	(2,539)	19,761
	30,315	17,477
	49,125	39,940

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

6. PROFIT BEFORE TAX

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Profit before tax has been arrived at after charging (crediting):		
Staff costs, including directors' remuneration		
Directors' fees	360	360
Salaries, wages, performance related bonus and other benefits	168,356	151,638
Share-based payment expenses	61,325	33,138
Retirement benefits scheme contributions	18,032	15,772
Less: capitalised in development costs, construction in progress and inventories	(19,849)	(18,127)
	228,224	182,781
Cost of inventories recognised as expenses	137,447	134,700
Depreciation of property, plant and equipment	25,562	21,453
Depreciation of right-of-use assets	4,989	5,980
Depreciation of investment properties	4,397	4,085
Amortisation of intangible assets	6,828	7,003
Total depreciation and amortisation	41,776	38,521
Gross rental income from investment properties	(17,097)	(21,836)
Less: direct operating expenses incurred for investment properties that generated rental income during the period	4,397	4,085
	(12,700)	(17,751)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Current tax charge:		
PRC Enterprise Income Tax ("PRC EIT")	34,210	42,486
Hong Kong Profits Tax	8,059	4,246
Deferred tax credit:		
Current period	(19,432)	(2,962)
	22,837	43,770

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

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

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% except for Lifetech Shenzhen and Biotyx Medical, two major operating subsidiaries in the PRC. Lifetech Shenzhen and Biotyx Medical were qualified as High and New Technology Enterprises (the qualification is subject to review by relevant authorities in the PRC for every three years), and therefore Lifetech Shenzhen and Biotyx Medical are entitled to a preferential income tax rate of 15% for the periods ended 30 June 2024 and 2023.

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

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

8. DIVIDENDS

No dividend was paid, declared or proposed during the interim periods ended 30 June 2024 and 2023, nor has any dividend been proposed since the end of the reporting period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

9. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Earnings:		
Earnings for the purposes of basic and diluted earnings per share	205,557	220,164

	Six months ended 30 June	
	2024 '000 (Unaudited)	2023 '000 (Unaudited)
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share (Note)	4,420,884	4,448,603
Effect of dilutive potential ordinary shares:		
Share options	12,927	33,276
Award shares	18,351	19,212
Weighted average number of ordinary shares for the purpose of diluted earnings per share	4,452,162	4,501,091

The computation of diluted earnings per share does not assume the conversion certain of the Company's share options because the exercise price of those options was higher than the average market prices for shares for the six months ended 30 June 2024 and 2023.

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

10. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

During the six months ended 30 June 2024, the Group spent approximately RMB25,393,000 (corresponding period of 2023: approximately RMB35,741,000) for the acquisition of equipment and improvement of plant to enhance its manufacturing capabilities. In addition, the Group also incurred approximately RMB127,571,000 (corresponding period of 2023: approximately RMB22,559,000) for construction cost of the industrial park.

During the six months ended 30 June 2024, the Group incurred approximately RMB64,302,000 (corresponding period of 2023: approximately RMB51,320,000) of R&D expenditure for new products, and incurred approximately RMB757,000 (corresponding period of 2023: approximately RMB4,688,000) for the purchase of other intangible assets.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

11. RIGHT-OF-USE ASSETS

	Leasehold lands RMB'000	Leased properties RMB'000	Total RMB'000
As at 1 January 2024			
Carrying amount (audited)	42,436	8,642	51,078
For the six months ended 30 June 2024			
Additions	—	712	712
Depreciation charge	(646)	(4,343)	(4,989)
As at 30 June 2024			
Carrying amount (unaudited)	41,585	5,011	46,596

During the six months ended 30 June 2024, the Group leases various offices, warehouses and staff dormitories. Lease contracts are entered into for fixed term of 3 months to 4 years. Lease terms are negotiated on individual basis and contain different terms. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

During the six months ended 30 June 2024, the short-term lease expenses were amounted to approximately RMB1,638,000.

In addition, lease liabilities of approximately RMB5,418,000 (31 December 2023: approximately RMB9,296,000) are recognised with related right-of-use assets of approximately RMB5,011,000 (31 December 2023: approximately RMB8,642,000) as at 30 June 2024. The lease agreements do not impose any covenants other than the security interests in the leased properties that are held by the lessor and the relevant leased properties may not be used as security for borrowing purposes. As at 30 June 2024, the Group has no lease commitments as leasee.

12. INTERESTS IN ASSOCIATES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Cost of investment in associates	75,239	54,159
Share of post-acquisition losses and other comprehensive expenses	(8,786)	(7,421)
	66,453	46,738

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

12. INTERESTS IN ASSOCIATES - CONTINUED

The following set out the particulars of the associates of the Group as at 30 June 2024 and 31 December 2023, which in the opinion of the Directors, principally affected the results or net assets of the Group:

Name of entities	Country of incorporation	Place of business	Proportion of ownership interest held by the Group		Principle activities
			30 June 2024	31 December 2023	
深圳市先健創興天使投資合夥企業(有限合夥) (Note i)	The PRC	The PRC	40.00%	40.00%	Investing
Shenzhen High-Performance Medical Device National Research Institute Co., Ltd. (深圳高性能醫療器械國家研究院有限公司) ("Joint Laboratory") (Note ii)	The PRC	The PRC	10.42%	10.42%	Developing medical devices
Shenzhen Lifetech Cardio Medical Electronics Co., Ltd. (深圳市先健心康醫療電子有限公司) ("Shenzhen Cardio") (Note ii)	The PRC	The PRC	13.51%	13.51%	Developing, manufacturing and trading of medical devices
Shenzhen Advanced Medical Services Co., Ltd. (深圳市領先醫療服務有限公司) ("Advanced Medical") (Note iii)	The PRC	The PRC	40.00%	40.00%	Consulting and technology services

Notes:

- (i) The Group is able to exercise significant influence over the partnership enterprise because the Group is entitled to appoint three of the seven members under its Investment Committee.
- (ii) The Group continues to be able to exercise significant influence over Joint Laboratory and Shenzhen Cardio because the Group is entitled to appoint one of the five directors under its Articles of Association.
- (iii) The Group is able to exercise the significant influence over Advanced Medical.

All of these associates are accounted for using the equity method in these consolidated financial statements. The Group considers none of its associates is individually material.

Financial information of these companies has not been disclosed since these associates are immaterial to the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

13. FINANCIAL ASSETS AT FVTPL

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Financial assets mandatorily measured at FVTPL:		
Non-current assets		
Unlisted funds		
– Equity funds (Note i)	201,716	150,619
– Hybrid funds (Note ii)	42,514	60,757
	244,230	211,376
Current assets		
Short-term bank structured deposits (Note iii)	148,000	120,000

Notes:

- (i) On 25 May 2018, the Group entered into a subscription agreement with certain independent third parties pursuant to which the Group agreed to subscribe for interest of a private equity fund, as a limited partner, for an aggregate consideration of USD6,000,000 (equivalent to approximately RMB38,202,000) in cash. The 2018 Equity Fund principally invests in securities or assets of companies that are involved in the healthcare industry, with a particular focus on cross-border innovative late-stage venture opportunities and cross-over investments.

On 24 October 2022, the Group entered into a subscription agreement with certain independent third parties pursuant to which the Group agreed to subscribe for interest of a private equity fund, as a limited partner, for an aggregate consideration of USD20,000,000 (equivalent to approximately RMB144,378,000) in cash. The purposes of the 2022 Equity Fund are to seek capital appreciation primarily by acquiring, holding and disposing of securities, independently or with others, primarily in non-listed or, sometimes, listed persons involved in the healthcare industry, with a particular focus on leading innovative technologies.

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

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

- (iii) During the six months ended 30 June 2024, Lifetech Shenzhen entered into structured deposit agreements with certain banks in PRC.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

13. FINANCIAL ASSETS AT FVTPL - CONTINUED

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

The Group holds approximately 9.69% (31 December 2023: approximately 9.69%) and approximately 6.21% (31 December 2023: approximately 12.64%) interest respectively in the 2018 Equity Fund and 2022 Equity Fund as at 30 June 2024.

14. EQUITY INSTRUMENTS AT FVTOCI

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Listed:		
– Equity securities listed in Hong Kong (Note)	20,563	113,599

Note:

On 21 September 2022, the Group entered into a subscription agreement with Jenscare Scientific pursuant to which the Group agreed to subscribe for shares of Jenscare Scientific upon the initial public offering, as a cornerstone investor, for an aggregate consideration of USD20,000,000 (equivalent to approximately RMB143,947,000) in cash with the subscription price of HKD27.8 per share. There is a lock-up period of six months upon the initial public offering on 10 October 2022.

In the opinion of the directors of the Company, the investment is held for long-term strategic investment purposes and as such, it is classified as non-current asset.

15. TRADE RECEIVABLES

The Group normally allows a credit period of 30 to 180 days (corresponding period of 2023: 30 to 180 days) to its trade customers. The following is an aged analysis of trade receivables, net of allowance for credit losses, presented based on the invoice dates at the end of the reporting period, which approximated the respective revenue recognition dates:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
1 - 90 days	74,802	61,245
91 - 180 days	40,535	35,977
181 - 365 days	5,405	7,764
Over 365 days	1,431	199
	122,173	105,185

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

16. OTHER RECEIVABLES AND PREPAYMENTS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Other debtors (Note i)	16,514	16,730
Value added tax deductible	73,234	61,893
Prepayments	90,679	60,423
Advance to employees - interest free	35,867	36,869
Advance to employees - others (Note ii)	284,551	282,537
Rental deposits	3,182	3,428
Other deposits	1,367	1,161
	505,394	463,041

Notes:

- (i) Amounts are unsecured and interest-free. In the opinion of the directors, the Group will demand for repayments within one year from the end of reporting period and the amounts are therefore considered as current.
- (ii) The Advance to Employees represents deferred payment from employees of the Group who acquired 230,945,000 shares under the 2019 Share Award Scheme for a purchase price of HKD1.35 per share. Pending the payment of the purchase price of HKD1.35 per share, such shares were held by the trustee of the 2019 Share Award Scheme on behalf of the relevant employees. Pursuant to the conditions accepted by these employees and with the consent of the Company, the ownership of such shares has been transferred to these employees and they are obliged to pay for such shares and complete the taking up of such shares within the remaining life of the 2019 Share Award Scheme. None of these employees is a connected person of the Company as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Please refer to the section headed "2019 Share Award Scheme" of this interim report for further details.

17. TRADE PAYABLES

The credit period granted by suppliers to the Group ranged from 30 to 120 days (corresponding period of 2023: 30 to 120 days). The following is an aged analysis of trade payables presented based on the invoice dates at the end of the reporting period:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
0 - 30 days	17,692	27,738
31 - 60 days	9,932	29,655
61 - 120 days	18,565	25,559
Over 120 days	48,124	41,134
	94,313	124,086

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

18. GOVERNMENT GRANTS

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Government grant related to assets:		
At the beginning of the period	45,678	40,315
Additions	4,200	11,720
Released to profit or loss	(2,575)	(4,091)
At the end of the period	47,303	47,944
	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Classified as:		
Current liabilities (included in other payables)	4,748	4,749
Non-current liabilities	42,555	40,929
	47,303	45,678

Government grants include subsidies in relation to the acquisition of plant, equipment and the research and development of medical devices. The amount will transfer to income on a systematic basis over the estimated useful lives of the related assets.

During the six months ended 30 June 2024, the Group recognised income of approximately RMB7,941,000 (corresponding period of 2023: approximately RMB8,971,000) of which approximately RMB5,366,000 (corresponding period of 2023: approximately RMB4,880,000) was received and directly recognised in profit or loss.

19. FINANCIAL LIABILITIES AT FVTPL

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Capital injection from other investors	558,326	558,326

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

19. FINANCIAL LIABILITIES AT FVTPL - CONTINUED

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

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

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

20. BANK BORROWINGS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Secured bank borrowing (Note)	99,000	—
The carrying amount of the above borrowing is repayable*: Within one year	99,000	—
Amounts shown under current liabilities	99,000	—

Note: As at 30 June 2024, the bank borrowing of RMB99,000,000 is secured by an invention patent of Lifetech Shenzhen.

* The amount due is based on scheduled repayment date set out in the loan agreement.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

21. SHARE CAPITAL

	Number of Shares	Amount USD	
Ordinary Shares			
Authorised:			
At 1 January 2023, 31 December 2023 and 30 June 2024 at USD0.00000125 each	40,000,000,000	50,000	
	Number of Shares	Amount USD	Shown in the condensed consolidated financial statements as RMB'000
Issued and fully paid:			
At 1 January 2023	4,630,030,400	5,789	37
Exercise of share options	202,000	— [#]	— [*]
At 31 December 2023	4,630,232,400	5,789	37
Exercise of share options	280,000	— [#]	— [*]
At 30 June 2024	4,630,512,400	5,789	37

* Less than RMB1,000.

Less than USD1.

22. SHARE-BASED PAYMENT TRANSACTIONS

(A) SHARE OPTION SCHEME

EQUITY-SETTLED SHARE OPTION SCHEME OF THE COMPANY:

The previous share option scheme adopted by the Company on 22 October 2011 which was amended by a unanimous written resolution of the Board on 5 May 2015 (the "Previous Scheme") was terminated pursuant to an ordinary resolution passed by the shareholders at the EGM on 17 September 2021, and the shares already granted are still effective until the end of the exercisable period. A new share option scheme (the "Share Option Scheme") in place of the Previous Scheme was adopted by the Company with effect from 17 September 2021 which has a term of 10 years.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

22. SHARE-BASED PAYMENT TRANSACTIONS - CONTINUED

(A) SHARE OPTION SCHEME - CONTINUED

EQUITY-SETTLED SHARE OPTION SCHEME OF THE COMPANY: - CONTINUED

The terms, conditions and fair values at the grant date of the grants are as follows:

	Number of options	Fair value HKD	Weighted average exercise price HKD	Weighted average fair value per share option HKD
Options granted to executives, directors and employees on:				
on 5 May 2015	160,000,000	132,338,000	1.4640	0.8271
on 31 March 2021	33,320,000	53,044,000	3.5700	1.5920
on 12 November 2021	101,800,000	188,423,000	3.5900	1.8509
on 10 December 2021	11,000,000	21,350,000	3.8360	1.9409
on 24 January 2024	174,750,000	137,654,000	1.9500	0.7877
	<u>480,870,000</u>	<u>532,809,000</u>		
Options granted to consultants on 10 December 2021 (Note)	24,000,000	46,581,000	3.8360	1.9409

Note: These consultants perform services that are similar to services currently provided by employees.

The above share options are vested in instalments over an explicit vesting period of 12 months to 5.5 years.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

22. SHARE-BASED PAYMENT TRANSACTIONS - CONTINUED

(A) SHARE OPTION SCHEME - CONTINUED

EQUITY-SETTLED SHARE OPTION SCHEME OF THE COMPANY: - CONTINUED

The number and weighted average exercise prices of share options under the Previous Scheme and the Share Option Scheme are as follows:

	Six months ended 30 June			
	2024		2023	
	Weighted average exercise price HKD	Number of options	Weighted average exercise price HKD	Number of options
Outstanding at the beginning of the period	2.9650	225,407,600	2.9756	229,979,600
Granted during the period	1.9500	174,750,000	—	—
Exercised during the period	1.4640	(280,000)	1.4640	(2,000)
Lapsed during the period (Note)	3.5463	(2,603,000)	3.5979	(2,450,000)
Outstanding as at the end of the period	2.5158	397,274,600	2.9689	227,527,600
Exercisable as at the end of the period	2.3945	123,078,600	1.8669	86,789,600

Note: Certain employees resigned or failed to pass the performance assessment during the period, and respective share options were lapsed accordingly.

All the share options granted are exercisable by the grantees upon vesting.

For the six months ended 30 June 2024, the Group recognised approximately RMB40,626,000 (corresponding period of 2023: approximately RMB25,524,000) share-based payment expenses in profit or loss in relation to the Previous Scheme and the Share Option Scheme. In addition, approximately RMB1,481,000 (corresponding period of 2023: approximately RMB737,000) was capitalised in development costs.

EQUITY-SETTLED SHARE OPTION SCHEME OF BIOTYX MEDICAL:

Biotyx Medical adopted a share option scheme (the "Biotyx Medical Scheme"), of which to enable Biotyx Medical to grant options to directors, supervisors, senior management, other management personnel, key employees and business partner, who have contributed or may contribute to the development and growth of Biotyx Medical and/or any entity in which Biotyx Medical holds an equity interest.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

22. SHARE-BASED PAYMENT TRANSACTIONS - CONTINUED

(A) SHARE OPTION SCHEME - CONTINUED

EQUITY-SETTLED SHARE OPTION SCHEME OF BIOTYX MEDICAL: - CONTINUED

The following table discloses movements of the Biotyx Medical Scheme during the six months ended 30 June 2024:

	Six months ended 30 June 2024	
	Weighted average exercise price RMB	Number of options
Outstanding at the beginning of the period	0.2547	12,015,600
Exercised during the period	—	—
Lapsed during the period	0.2547	(530,100)
Outstanding as at the end of the period	0.2547	11,485,500
Exercisable as at the end of the period	0.2547	9,335,650

Details of specific categories of share options under the Biotyx Medical Scheme are as follows:

Granted on 1 November 2023

Types	Vesting period	Exercisable period	Grant date fair value per option RMB
Batch I	N/A	1 November 2023 - 1 November 2028	22.4467
Batch II	N/A	1 November 2023 - 1 November 2028	22.4467
Batch III	3 months	31 January 2024 - 31 January 2029	22.4467
Batch IV	3 months	31 January 2024 - 31 January 2029	22.4467
Batch V	15 months	31 January 2025 - 31 January 2030	22.4467
Fair value of share options granted			RMB269,711,000

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

22. SHARE-BASED PAYMENT TRANSACTIONS - CONTINUED

(A) SHARE OPTION SCHEME - CONTINUED

EQUITY-SETTLED SHARE OPTION SCHEME OF BIOTYX MEDICAL: - CONTINUED

The fair value of shares granted was measured by reference to the price at which third party investors made contributions to Biotyx Medical in 2023.

For the six months ended 30 June 2024, the Group recognised approximately RMB11,585,000 share-based payment expenses in profit or loss in relation to the Biotyx Medical Scheme. In addition, approximately RMB26,763,000 was capitalised in development costs.

(B) SHARE AWARD SCHEME

EQUITY-SETTLED SHARE AWARD SCHEME OF THE COMPANY

The 2019 Share Award Scheme

On 28 December 2018, the Company adopted a share award scheme which was subsequently amended by unanimous written resolutions of the Board on 29 April 2019 (the "2019 Share Award Scheme").

The 2019 Share Award Scheme shall be valid and effective for a term of 10 years commencing on 28 December 2018 after which no further Award Shares may be offered.

As at 31 December 2023, the remaining shares have been issued to such grantees and there is no outstanding shares under the 2019 Share Award Scheme.

For the six months ended 30 June 2024 and 2023, the Group has not recognised any expenses in the profit or loss.

The 2022 Share Award Scheme

On 3 March 2022, the Company adopted a share award scheme (the "2022 Share Award Scheme").

The 2022 Share Award Scheme shall be valid and effective for a term of 10 years commencing on 3 March 2022 after which no further Award Shares may be offered.

During the six months ended 30 June 2024, the Company instructed the Futu Trustee Limited to repurchase an aggregate of 101,780,000 (2023: 2,720,000) ordinary shares at a consideration of RMB146,636,000 (2023: RMB6,016,000) in accordance with the 2022 Share Award Scheme.

On 21 October 2022, a total of 20,750,000 shares of the Company have been granted by the Company to certain senior management/employees at no cost and the vesting period under the 2022 Share Award Scheme ranges from six months to six years.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

22. SHARE-BASED PAYMENT TRANSACTIONS - CONTINUED

(B) SHARE AWARD SCHEME - CONTINUED

EQUITY-SETTLED SHARE AWARD SCHEME OF THE COMPANY - CONTINUED

The following table discloses movements of the 2022 Share Award Scheme during the six months ended 30 June 2024 and 2023:

	Six months ended 30 June	
	2024 Number of shares	2023 Number of shares
Outstanding at the beginning of the period	18,650,000	20,750,000
Exercised during the period	(1,690,000)	(910,000)
Lapsed during the period	(665,000)	—
Outstanding as at the end of the period	16,295,000	19,840,000
Exercisable as at the end of the period	—	—

The fair value of the granted Shares was based on the closing price of the shares on the grant date.

For the six months ended 30 June 2024, the Group recognised approximately RMB5,356,000 (corresponding period of 2023: approximately RMB7,614,000) share-based payment expenses in profit or loss in relation to the 2022 Share Award Scheme. In addition, approximately RMB303,000 (corresponding period of 2023: approximately RMB292,000) was capitalised in development costs.

(C) RESTRICTED SHARE SCHEME

On 5 January 2023, Lifetech Shenzhen adopted a Restricted Share Scheme ("2023 Restricted Share Scheme"). The purpose of the 2023 Restricted Share Scheme is (i) to recognise and motivate the contributions by certain eligible participants and to incentivise them and retain them for the continual operation and development of the Group; (ii) to attract suitable personnel for further development of the Group; and (iii) to provide certain eligible participants with a direct economic interest in attaining a long-term relationship between the Group and certain eligible participants.

In 2023, a total of 4,417,500 shares of Biotyx Medical held on behalf of Lifetech Shenzhen have been granted by Lifetech Shenzhen to certain employees at price of RMB1.00 and the vesting period under the 2023 Restricted Share Scheme ranges from five years to six years.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

22. SHARE-BASED PAYMENT TRANSACTIONS - CONTINUED

(C) RESTRICTED SHARE SCHEME - CONTINUED

The following table discloses movements of the 2023 Restricted Share Scheme during the six months ended 30 June 2024:

	Outstanding as at 30 June 2024
Shares granted on 5 January 2023:	4,417,500

The fair value of shares granted are based on the recent transaction price of the shares.

For the six months ended 30 June 2024, the Group recognised approximately RMB3,758,000 share-based payment expenses in profit or loss in relation to the 2023 Restricted Share Scheme. In addition, approximately RMB257,000 was capitalised in development costs.

(D) EQUITY-SETTLED SHARE-BASED PAYMENT EXPENSES RECOGNISED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Cost of sales	1,990	1,279
Research and development expenses	19,212	8,081
Administration expenses	16,044	3,997
Selling and distribution expenses	24,079	19,781
	61,325	33,138

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

23. OPERATING LEASES

THE GROUP AS LESSOR

All of the investment properties held by the Group for rental purpose have committed leases for the next 1 to 10 years.

Undiscounted lease payments receivable on leases are as follows:

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within one year	36,794	33,209
In the second year	27,760	24,292
In the third year	22,655	21,967
In the fourth year	17,865	17,969
In the fifth year	12,252	10,717
Over five years	15,319	13,757
	132,645	121,911

24. CAPITAL COMMITMENTS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Capital expenditure in respect of acquisition of property, plant and equipment - contracted for but not provided in the condensed consolidated financial statements	56,864	91,498

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

25. RELATED PARTY DISCLOSURES

(A) SIGNIFICANT RELATED PARTY TRANSACTION

The Group entered into the following transactions with the related party during the six months ended 30 June 2024 and 2023.

Relationships	Nature of transactions	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Associate	Consulting services	4,634	3,750
	Equipment leasing	563	790
		5,197	4,540

(B) COMPENSATION OF KEY MANAGEMENT PERSONNEL

The remuneration of key management personnel during the period was as follows:

Nature of transactions	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Short-term employee benefits	12,861	9,316
Post-employment benefits	119	118
	12,980	9,434

The remuneration of key management personnel is determined by reference to the performance of individuals and market trends.