



Lepu Medical Technology (Beijing) Co.,Ltd.

Summary of Annual Report 2019

Mar 2020

Important Notice

This is only a summary of the 2019 Annual Report. For the full Chinese version, please read the 2019 Annual Report archived at the China Securities Regulatory Commission.

Letter from the Chairman

Dear shareholders:

2019 was the first year in the implementation of national drug procurement policy, and was also a year of uncertain policy changes. Through the unremitting efforts and wisdom of all our employees, we have tackled the challenge and achieved stellar earnings results. We demonstrated unwavering resilience in the face of policy uncertainties, buttressed by Lepu's strong cardiovascular platform.

We have predicted policy trend and actively proposed long-term strategies to mitigate policy uncertainties.

New Products, Business & Market Strategy: Innovation, Service, Globalization

Operational Strategy: Integration, Efficiency, Sustainable growth

We will strengthen innovation in medical devices, increase capital investment in strategic resources, develop products and new businesses that are weakly affected by policy changes, and continue to improve our organizational and operational efficiency.

In our New Products, Business & Market Strategy, we focus on increasing product innovation, amplifying healthcare services business, and expanding globally.

Increasing Innovation: 1) Our approved bioresorbable scaffolds and drug coated balloons and cutting balloons (currently filing for NMPA approval) are leading the industry to a new era of intervention without implantation; 2) We will utilize our technology and manufacturing platform to increase innovation in developing bioresorbable and drug coated balloon products for peripheral intervention, extending our competitive advantage into peripheral clinical use; 3) We will develop structural heart disease products: our left atrial appendage occluder will file for NMPA approval; our degradable occluder will be in clinical trial; our TAVR3.0 and mitral valve system will enter clinical trial. We will expand our product line into structural heart disease realm; 4) We will develop hypertension medical devices, introducing our renal artery ablation catheter into clinical trial; this will provide care for the largest hypertension patient group in China; 5) We will innovate and develop automatic IVD equipment, to create synergy with our IVD reagents, and thereby providing competitive IVD product portfolio; 7) In conjunction with our FDA approved cardiovascular Artificial Intelligence system, we will develop hardware products including ECG machine, dynamic Holter, patient monitor, and wearable devices.

Amplifying Healthcare Services Business: On the foundation of our existing healthcare services (Hefei Cardiovascular Hospital, genetic testing, etc.), we shall increase investment in consumer services sector. This is achieved by investment and development of household medical devices, wearable devices and health-related consumer products. We hope that within three years, our healthcare services sector will contribute about 20% of Lepu's total revenue.

Globalization: We have established an international business division that covers all of our products. We will implement a 5-year, 10-fold global revenue growth plan. Moreover, we will accelerate worldwide clinical registration of innovative products (bioresorbable scaffold TAVR3.0, renal artery ablation, AI ECG and AI monitoring). Lastly, we hope to establish overseas innovation centers and manufacturing bases.

In our Operational Strategy, we focus on business integration, improve ment in efficiency, and sustainable growth.

Business Integration: We will integrate our Medical Devices, pharmaceutical R&D and sales resources; we will optimize the management of subsidiaries through organizational restructuring by integrating similar sectors and establishing Business Divisions.

We have formed Invitro-Diagnostic Business Division (integrating companies related to diagnostic reagents and equipment), Artificial Intelligence Business Division (integrating companies related to AI-ECG) and Surgical Business Division (integrating 6 surgical companies).

Efficiency Improvement: We will further improve the operational efficiency of R&D, sales, manufacturing, procurement and human resources. This will increase the scale and efficiency of cardiovascular medical devices, medical equipment (DSA, IVD and AI businesses) and non-medical insurance products.

Sustainable Growth: We advocate organic development and will not engage in large-scale M&A in the mid-to-long-term. We will optimize our debt structure by reducing our debt ratio below 40% and ensure Lepu's long-term stable growth.

After a year in implementing our strategies, Lepu is well-prepared and competitively strong. In terms of organizational restructuring, human resource talent and product innovation, we have achieved initial results in internal integration and efficiency improvement, placing Lepu in the best competitive position in its 20 year history.

In our cardiovascular devices business, we have built a diverse portfolio of products including bioresorbable scaffolds, drug-coated balloons, cutting balloons and more to lead the era of intervention without implantation. In our IVD business, we have formed a strong multi-product

portfolio including reagents and automatic equipment. In our ECG services business, our FDA approved AI core technology has driven a new-generation of ECG products and opportunities including 5G dynamic Holters, AI monitor, wearable devices. Lastly, with our successful bidding in China's national drug procurement process, we have achieved a leading market position for our two major cardiovascular generic drugs.

We are confident in the face of future opportunities and changes. Lepu will strive for long-term impact, position our businesses to deliver sustainable results, and put people and care first. Thank you for your continuous support.

Lepu Medical Technology (Beijing) Co., Ltd.: Dr. Pu Zhongjie

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Part I Summary Accounting Data and Financial Indicators

1. Summary accounting data and financial indicators in the past three years

Does the company need to retroactively adjust or restate previous year's accounting data?

Yes No

Unit: Rmb

	2019	2018	YoY	2017
Revenue	7,795,529,386.34	6,356,304,792.21	22.64%	4,537,642,656.24
NP attributable to shareholders	1,725,306,191.17	1,218,692,899.20	41.57%	899,085,330.05
Recurring NP attributable to shareholders	1,240,781,861.24	1,049,684,868.90	18.21%	852,996,743.10
Net operating cash flow	1,990,255,063.49	1,500,508,937.59	32.64%	913,132,541.27
EPS (Rmb/share)	0.9746	0.6840	42.49%	0.5053
Diluted EPS (Rmb/share)	0.9746	0.6840	42.49%	0.5053
Weighted average return on net assets	25.03%	19.13%	5.90%	15.17%
	End of 2019	End of 2018	YoY	End of 2017
Total assets	15,926,290,883.65	15,113,292,721.76	5.38%	12,790,721,011.77
Net assets attributable to shareholders	7,482,776,572.59	6,361,629,612.75	17.62%	6,429,666,908.67

2. Summary accounting data by quarter

Unit: Rmb

	Q1	Q2	Q3	Q4
Revenue	1,878,134,846.70	2,042,888,427.47	1,958,655,152.48	1,915,850,959.69
NP attributable to shareholders	582,778,157.82	572,598,524.45	456,811,664.30	113,117,844.60
Recurring NP attributable to shareholders	416,304,892.90	503,260,954.60	409,325,191.36	-88,109,177.62
Net operating cash flow	256,768,199.70	446,359,498.76	577,724,248.36	709,403,116.67

Whether the above financial indicators or their totals are significantly different from the financial indicators disclosed in the company's disclosed quarterly and semi-annual reports?

Yes No

Part II Discussion and Analysis of Operations

Brief introduction to operations during the reporting period

During the reporting period, Lepu (including subsidiaries, the same below) realized revenue of Rmb7,795,529,400, up 22.64% YoY, profit of Rmb1,961,251,700, up 35.97% YoY, total profit of Rmb2,063,255,600, up 39.99% YoY, net profit of Rmb1,723,791,700, up 37.37% YoY, net profit attributable to shareholders of Rmb1,725,306,200, up 41.57% YoY, Net operating cash flow of Rmb1,990,255,100, up 32.64% YoY, weighted average return on net assets of 25.03%, up 5.90pct from the same period last year.

At the end of the reporting period, Lepu conducted a systematic impairment test on goodwill for all investments in accordance with the relevant requirements of the CSRC's "Accounting Supervision Risk Prompt No.8-Impairment of Goodwill" and corporate accounting standards, and hired an independent professional assessment agency to assess specific companies. Most companies, especially several large ones, are in good operating condition and have no risk of impairment. Based on Lepu's prudent assessment, goodwill and other specific asset investments incurred impairment losses totaling Rmb307,633,100, which affected net profit attributable to shareholders by Rmb276,413,700, mainly including the goodwill formed by the acquisition of Lepu Medical Electronics Technology Co., Ltd. of Rmb47,855,400 with full impairment provision, the goodwill formed by the acquisition of Beijing Sida Medical Devices Co., Ltd. of Rmb121,871,100 with impairment provision of Rmb60,186,400, the net long-term equity investment and related assets of Beijing Bound-Assegai Technical and Trade Co., Ltd., a joint-stock company invested by Lepu with no substantial improvement in operating conditions and impairment provision of Rmb199,591,300.

During the reporting period, Lepu's non-recurring business contributed net profit attributable to shareholders of Rmb484,524,300, mainly including confirmation of the realized investment income and unrealized floating income related to Shanghai Junshi Biosciences Co., Ltd., receipt of various government subsidies and other non-recurring items.

Excluding the above-mentioned impairment of goodwill and other specific investment assets and the impact of non-recurring businesses, net profit attributable to shareholders was Rmb1,517,195,600, up 30.14% from Rmb1,165,848,700 in the same period last year via the same statistic method.

At the end of the reporting period, Lepu recorded total assets of Rmb15,926,290,900, up

5.38% from the beginning, net assets attributable to shareholders of Rmb7,482,776,600, up 17.62% from the beginning, owners' equity of Rmb8,004,948,800, up 21.51% from the beginning, and asset-liability ratio of 49.74%, down 6.67pct from the beginning.

During the reporting period, Lepu achieved great momentum in overall sectors. The medical device sector continued to grow, the drug sector improved rapidly, and medical services and new medical services steadily advanced. The details are as follows:

(I) Medical Devices

1. Operational Summary

The medical device sector is the largest part of Lepu's business. During the reporting period, this sector contributed revenue of Rmb3,622,649,700, up 24.60% YoY, maintaining relatively rapid growth.

1.1 Self-produced devices

Lepu's self-produced devices include stent systems, occluders, pacemakers, in vitro diagnostic (IVD) products, surgical instruments, etc. During the reporting period, self-produced devices realized revenue of Rmb3,137,486,800, up 25.87% YoY.

1) Stent systems

During the reporting period, Lepu's stent system achieved revenue of Rmb1,791,051,300, up 26.71% YoY, of which coronary stents generated Rmb1,530,624,200, up 23.34% YoY, and supporting auxiliary consumables (balloon catheters, guidewires, etc.) brought forth Rmb260,427,000, up 50.95% YoY.

During the reporting period, revenue from polymer-degradable polymer free drug eluting stents (Nano) grew steadily, accounting for 46.05% of the metal stent sales structure. The bioresorbable scaffolds (NeoVas) sold well, and completed implantation in hundreds of hospitals in 29 provinces, contributing new growth momentum and accounting for 10.24% of the sales of coronary stents.

2) Occluders

During the reporting period, Lepu's occluders realized revenue of Rmb129,769,100, up 20.21% YoY, and maintained its leading position in the market.

3) Pacemakers

During the reporting period, Lepu's self-developed dual-chamber pacemakers have been

included in the procurement catalogues of Beijing-Tianjin-Hebei regional alliance and the inter-provincial alliance with Shaanxi as the core, and completed bidding procurement in 27 provinces. By the end of Dec 2019, domestic pacemakers achieved revenue of Rmb46,989,800, up 19.42% YoY.

4) IVD products

During the reporting period, Lepu's IVD business was fully integrated. Through continuous expansion of the testing platform and diverse product mix, Lepu's IVD marketing network structure has become more concentrated and sales have improved. By the end of Dec 2019, Lepu's IVD business reported revenue of Rmb396,240,100, up 23.82% YoY.

5) Surgical instruments

The surgical instrument business has integrated several companies and actively promoted the R&D of degradable staplers using bioabsorbable materials. During the reporting period, surgical instruments such as staplers achieved revenue of Rmb343,466,100, up 38.59% YoY.

6) Other self-produced devices

Lepu's other self-produced devices include medical devices (medical angiography X-ray machine), heart valves, and anesthesia monitoring products, etc. During the reporting period, the above products realized total revenue of Rmb429,970,400, up 18.13% YoY.

1.2 Device distribution business

During the reporting period, the distribution business has strategically increased self-manufactured products, and decreased the distribution of low-margin products, and recorded annual revenue of Rmb485,162,900, up 16.97% from the same period last year.

2. Innovation and R&D

Lepu is China's only research and engineering center for interventional medical devices and therapeutics awarded by the Ministry of Science and Technology. It is one of the only few Chinese companies in the high-end medical device business that can compete with foreign products.

Through two decades of growth, Lepu has built a strong competitive advantages in China. It will continue to consolidate its leading position through innovation of high-end medical interventional devices, IVD products, DSA devices, and more.

(1) Coronary medical devices

1.1 Bioresorbable scaffold: Lepu's NeoVas bioresorbable scaffold, which underwent more than ten years of research and five years of clinical trial, has been approved by the NMPA since Feb 2019. Compared with metal drug eluting stents, the bioresorbable scaffold has no statistical difference in revascularization and safety after three year implantation. When the bioresorbable

scaffolds is degraded, blood vessels basically restore to their previous elasticity. It showcases statistical superiority and restoration of blood vessels. It truly is a revolution and milestone in the field of cardiovascular therapy. Lepu will continue to develop new-generation bioresorbable scaffolds, accelerate R&D process, and provide world class medical products for patients with coronary heart diseases.

1.2 Coronary stent series: Lepu has developed polymer coated drug eluting stent (Partner), polymer-degradable drug eluting stent (GuReater), polymer-free drug eluting stent(Nano), and the bioresorbable scaffold (NeoVas, leading worldwide). Through a differentiated product mix of stents, Lepu has built core competitive advantages in coronary stent technology, leading the era of “intervention without implantation”. Moreover, Lepu has expanded from stents to balloons, catheters, guidewires, and other accessories for coronary PCI intervention. These diverse products include: pre-expanded and post-expanded balloon catheters, PTCA guidewires, guide catheters, contrast guidewires, contrast catheters, sheath tubes, Y valves, pressure pumps, pressure sensors, hemostasis compressors and more. Lepu has become the only domestic R&D and manufacturing company capable of supplying all coronary intervention related products.

1.3 MemoLefort left atrial appendage occluder: 12 months after clinical trial, the closure rate of left atrial appendage was 97.6%, showing that the product was safe and effective. MemoLefort left atrial appendage occluder system applied for NMPA registration in May 2019, passed GMP evaluation in Jul 2019, and is preparing for supplement materials submission.

1.4 Drug-coated balloons series

The first-generation coronary artery drug-coated balloon: Lepu's drug-coated balloon is an innovative, self-developed technology. After five years of R&D, Lepu's first-generation drug-coated balloon filed for NMPA registration in Jun 2019, passed GMP evaluation in Jul 2019, and is expected to obtain approval in 1st half of 2020.

The second-generation drug-coated balloon: At ultra-low drug dosage, the second generation achieves the same effectiveness as the first generation but with safer drug profile. Using second generation technology, a number of drug-coated balloon products for coronary arterioles, ACS, coronary in situ lesions, intracranial intravascular drugs, carotid artery drugs, and peripheral blood vessels are in the R&D process. Three of these products will start clinical trials in 1st half of 2020.

The third-generation rapamycin coated balloon: Lepu has made breakthroughs in this type of drug coating technology, and the product is expected to carry out animal in vivo studies in Apr 2020.

1.5 Cutting balloon system: The cutting balloon system combines micro-cutting technology with balloon catheter technology. It has completed clinical trial, filed for NMPA registration

application in Jan 2020, and will undergo GMP evaluation in 1st half of 2020.

1.6 Pulsed sonic balloon dilatation catheter: The pulsed sonic balloon can deliver pulsating mechanical energy to the target lesion, rupture calcified lesion, and realizes balloon expansion under lower pressure. At present, the project has completed preliminary safety research through animal studies. The product has entered pre-clinical inspection in 2nd half of 2020.

1.7 Interatrial shunt device: After many years of research, Lepu has achieved breakthrough in treating HFpEF patients through atrial shunt devices. Lepu has filed patents for this technology. Interatrial shunt devices are mainly aimed at patients with HFpEF, which is a common type of heart failure, accounting for about 50% of heart failure cases. Up to now, there is no drug or device that can significantly reduce the mortality rate or hospitalization risk of HFpEF patients. The project has completed animal studies. It is expected to start clinical trial in 2020.

(2) Angiography equipment

Products that have completed registration and obtained approval during the reporting period include: 1) Vicor-CV Robin C/Robin F DSA equipment: a high-performance, high-voltage generator upgraded from Canadian CPI, coupled with large, new-generation flat panel detectors, achieving high performance, high resolution and high dynamic range image quality; 2) Vicor-CVSwift DSA equipment: adopts advanced high-performance, with high-voltage Siemens generator, with flat panel detector, and high resolution.

(3) Congenital heart series

In the congenital heart disease space, Lepu is utilizing its leading market share and research and clinical foundation, Lepu is accelerating the development of new occluder devices, bringing therapeutic benefits to pediatric patients.

3.1 MemoCarna nano-oxide film atrial septal defect (ASD) occluder: The success rate of occlusion in 6 months after clinical trial was 98%, which proved that the oxide film ASD occluder was safe and effective. Lepu has applied for NMPA registration of the nano film ASD occluder and is expected to obtain registration in 1st half of 2020. Lepu has completed clinical trials of the nano-oxide film ventricular septal defect (VSD) occluder and patent ductus arteriosus (PDA) occluder, and both are expected to file for registration in 2nd half of 2020.

3.2 MemoFlex filmless double-waist occluder: the filmless double-waist occluder is a new-generation occluder developed for congenital heart diseases. Compared with traditional occluders, it is easier to achieve therapeutic effects in the treatment of younger patients with congenital heart diseases; this shows great clinical significance. The product is currently in clinical trial.

3.3 MemoSorb fully degradable occluder system: VSD accounts of 25-30% of congenital heart

disease patients, with 30,000 new patients every year in China. Compared with the traditional occluder, the fully degradable occluder can gradually replace patient's own tissue after implantation, thus leaving no body residue and eliminating long-term complications. The invention is a major breakthrough in the field of fully degradable occluders. The degradable occluder has entered clinical trial and is currently in the postoperative follow-up stage.

(4) Cardiac rhythm series

Based on the successful development of single-chamber pacemakers, dual-chamber pacemakers, dual-chamber pacing system analyzers, pacing electrode catheters and more, Lepu is capable of developing a full range of proprietary implantable cardiac pacemaker products. Relying on this technology platform, Lepu has further developed advanced three-chamber pacemakers and miniature interventional pacemakers, further consolidating its domestic leading position in the pacemaker field. At the same time, brain and nerve controlled pacemakers are new directions in the field of pacing technology. They show good clinical performance in the treatment of epilepsy and Alzheimer's syndrome. Lepu is developing brain pacemakers and nerve-controlled pacemakers.

4.1 Qinming8632 full-automatic pacemaker: At present, Lepu is carrying out pre-clinical inspection and animal studies and will enter clinical trials in 2nd half of 2020.

4.2 Compatible MRI automatic pacemaker: Currently, Lepu is testing and verifying MRI compatible pacemakers.

4.3 Implantable cardiac resynchronization therapy pacemaker CRT-P: At present, Lepu has carried out the preliminary research and development of CRT-P.

4.4 Defibrillation ICD (Supporting pacing and anti-tachycardia pacing, low-energy cardioversion and high-energy): Currently, the preliminary circuit and algorithm research of ICD are being conducted; the design, development and performance tests of high-voltage charge and discharge circuits of ICD have been completed, and several innovative patents have been filed.

4.5 Cardiac resynchronization and cardioversion defibrillator CRT-D: It is a cardiac resynchronization and cardioverter defibrillator that has both CRT-P and ICD functions. At present, preliminary research work is being carried out.

4.6 Implantable neurostimulation system (brain stimulator): At present, the single-channel and dual-channel deep brain stimulator and related products have been prepared for pre-clinical inspection.

(5) Valve products

5.1 Transcatheter aortic valve system: Lepu has been paying close attention to the research and application of interventional valve products. Base on its proprietary technology, it has been focusing on the transcatheter aortic valve system, apical implantable mitral valve repair system, and

transcatheter mitral valve repair system. The transcatheter aortic valve system can achieve 100% recovery during valve surgery, verified through in vitro and in vivo experiments. It is expected to start global clinical trial in 2nd half of 2020.

5.2 Valve products such as mitral valve repair system and replacement system: Transapical implantable mitral valve repair system is being tested in animals. Catheter mitral valve repair system has passed preliminary experimental verification. In addition, Lepu will continue to develop other types of products in the field of valve diseases.

(6) Surgical products

In 2019, based on the open stapler and the first-generation endoscopic stapler, Lepu has built the second-generation endoscopic stapler, which has applied for NMPA registration. In addition, its new platform endoscopic stapler is under development.

(7) In-Vitro-Diagnostic products

Lepu's IVD sector has made great progress. In 2019, it launched a fully-automatic chemiluminescence machine, and built a wide range of chemiluminescent reagent products. Products cover myocardial markers, tumor markers, inflammatory markers, infectious disease markers, thyroid function markers and hormone markers. Lepu has increased R&D investment in developing a fully automatic docking and testing system for testing bioassays and immunoassays.

In addition, Lepu's second-generation, four-channel thrombelastogram was highly recognized after launch. The next-generation, fully-automatic thrombelastogram has made great progress and will enter the market soon.

Since the COVID-19 outbreak, Lepu has rapidly adjusted its R&D focus to developing COVID-19 PCR and POCT diagnostic kits. At the same time, Lepu has been developing a fully-automatic nucleic acid extraction and PCR system for COVID-19 to assist the CDC, hospitals, third-party labs to improve testing and prevention of disease spreading.

(8) Continuous glucose monitoring (CGM) and AI-Blood Pressure monitoring

In 2020, CGM products will enter animal studies and preclinical inspection; they are expected to start clinical trials by the end of 2020.

Lepu is developing an AI technology based blood pressure ECG monitor system. Proprietary patents have been applied, and the product is undergoing preclinical validation.

(9) AI ECG products

9.1 Lepu has accelerated the development of its AI-ECG Monitoring system. This monitoring system has clinical needs covering all hospital levels and provides the following services: static ECG monitoring, dynamic ECG monitoring, remote ECG real-time monitoring, symptom early warning monitoring, and dynamic blood pressure monitoring.

Different clinical settings include emergency centers, hospitals, chest pain centers, remote ECG analysis service centers, medical institutions, and social communities.

9.2 AI Static ECG Diagnostic software: This software obtained approval from the NMPA in February 2020, following FDA approval and CE approval in 2018.

9.3 AI Dynamic ECG Diagnostic software: This software obtained CE approval in November 2019; it has filed 510K application to the FDA; it is also filing for registration to the NMPA.

9.4 AI ECG-AI Product: The product filed for registration to the NMPA in June 2019. On-site evaluation was completed in July. It is now preparing for supplementary material submission.

9.5 Next-generation AI ECG Machine-AI Product: OmniECG C120 AI, a new-generation AI ECG monitor, jointly developed with Intel. It integrates the AI-ECG Platform algorithm with higher performance parameters and offers new user experience. This product obtained preclinical inspection report in January 2020.

9.6 AI Bedside Monitor and AI Central Monitoring System: The company has completed the preliminary R&D work on AI bedside central monitoring system and is preparing for registration testing.

(II) Pharmaceuticals

Lepu manufactures various types of drugs in China, such as antithrombotics, hypolipidemics, antidiabetics and cardiotonics. It boasts competitive advantages through the production of “generics + APIs (active pharmaceutical ingredient)” and a marketing platform that integrates “OTC drug stores + medical hospitals + third-party institutions”. This manufacturing and sales combination delivers stable growth in the pharmaceuticals sector.

In the current stage, the pharmaceuticals segment is divided into generics + APIs. This generates long-term stable cash flow, which supports the capital for the development of innovative drugs.

In September 2019, the Lepu’s clopidogrel hydrogen sulphate tablets and atorvastatin calcium tablets won bids in the centralized government procurement process for 25 regions in China. We foresee significant increase in the market shares of the two products in the next 2-3 years; antihypertensive amlodipine besylate and valsartan dugs passed bioequivalence evaluations in October and November 2019, respectively. “Losartan potassium and hydrochlorothiazide tablets” and “levosimendan” have been added to *The National Basic Medical Insurance, Work Injury*

Insurance and Maternity Insurance Drug Catalog (2017 Version). Many of the company's cardiovascular generic drugs are in the incubation period, which will contribute future earnings growth of the pharmaceuticals sector.

Diabetes product line:

During the reporting period, Lepu completed the acquisition of 55% equity of CapitalBio Corporation at the end of July 2019, obtaining controlling rights. CapitalBio Corporation applied for NMPA registration for insulin glargine and insulin aspart. . Moreover, acarbose generic tablets applied for NMPA bioequivalence evaluation.

Lepu's diabetes product line covers a wide range of oral medicines and injection drugs. Lepu offers second-generation recombinant human insulin, third-generation quick-acting insulin aspart and long-acting insulin glargine, and a variety of type 2 diabetes drugs, including acarbose, OAD compound preparations, GLP-1 analogs, DDP-4 inhibitors, and SGLT-2 inhibitors.

Apart from diabetes drugs, the company also provides needle-free, non-invasive insulin pens, glucometers and CGM (continuous glucose monitoring) system and services that meet the needs of 114 million diabetes patients in China.

The company has conducted R&D on biosimilars of dulaglutide injections (Trulicity). So far, it has completed pre-clinical research and is preparing for clinical applications. At the same time, the company has developed a brand new insulin glargine/dulaglutide analogue compound preparation based on its upcoming insulin glargine. The compound preparation is undergoing pre-clinical research and is expected to file for clinical trial in 2020.

(III) Healthcare Services

In terms of its healthcare services sector, Lepu has established a cardiovascular disease prevention, diagnosis, treatment, postoperative rehabilitation and chronic disease management and services system.

National Remote ECG Real-time Monitoring Service Center: ECG monitoring is the cornerstone for diagnosis and evaluation of cardiovascular diseases. The company actively promotes the superior technology of Yocaly remote ECG monitoring, and fully promotes the marketing of remote dynamic ECG monitoring equipment and AI-ECG intelligent medical services. As of the end of the reporting period, Yocaly's remote ECG monitoring system has served more

than 1 million patients, forming a cardiovascular health management model for grassroots medical institutions and patients.

Hefei Cardiovascular Hospital: The company has completed the construction and relocation of the new hospital Cardiovascular Hospital in Hefei, Anhui with more medical beds. Meanwhile a heart center, a 120 emergency station and a chest pain center have been set up, and the company's resources have entered the hospital. We will continue to seek targets for investment and merger of cardiovascular hospitals. The "Anhui Cardiovascular Specialized Medical Union" led by the hospital has a large network. As of the end of the reporting period, the hospital has signed cooperation agreements with 136 public and private hospitals for specialized cardiovascular diseases, so that patients at the grassroots level can enjoy remote consultation, expert consultation, and treatment guidance from Lepu's hospital experts without leaving their homes, and patients with complicated operations can be transferred to hospital for surgical treatment.

Lepu Cardiovascular Network Hospital: cardiovascular network hospital service system enables barrier-free medical treatment. Thousands of patients in major provinces and cities across the country receive medical service from the center per week. Its market influence has continued to increase. As of the end of the reporting period, over 780,000 patients have received tele-medical services from the hospital. We will continue to lay out a three-level telemedicine system, including a cardiovascular chronic disease consultation and health management center, regional ones, and grassroots clinics (i.e., pharmacy clinics), to form a cardiovascular health management model that serves the grassroots.

Interventional Catheter Rooms Cooperated by Basic Level Hospitals in Cities and Counties: Based on the resources of doctors' experts to guide and train local doctors' teams, we provide support for the establishment of interventional catheter rooms and collaboration with cardiovascular departments in basic level medical hospitals in all regions of the country. Lepu also provides equipment, consumables, drugs and medical services required for interventional diagnosis and treatment, thereby promoting the improvement of the diagnosis and treatment level of cardiovascular diseases at the basic level in cities and counties. At present, the company has signed agreements with 278 municipal and county-level hospitals intervention medical centers in 28 provinces, of which 190 have been operated. During the reporting period, the company strategically withdrew from some cooperative hospitals with relatively low market flow

(IV) New Medical Sector

To ensure the stable, high-speed and sustainable development of the company, the company has carried out a forward-looking and diversified strategic layout by cultivating and expanding new medical formats around the cardiovascular field and through various means such as small equity investment.

AI Medical Care

During the reporting period, the company made great efforts to cultivate artificial intelligence medical devices, laying out a series of healthcare home devices such as blood pressure, blood sugar, blood lipid, blood coagulation, blood oxygen and ECG monitoring, and continuously promoting R&D, clinical registration and marketing of smart medical equipment. Smart medical services provide connectivity support for the company's three major sectors of medicine, equipment and medical services, ensuring the accessibility of the products and services provided by the company to patients, the middle-aged and elderly with chronic disease management, families, doctors, hospitals and elderly rehabilitation institutions, and improving the organic synergy efficiency of the three major sectors.

AI is the focus of the company's future development. In the future, the company will continue to increase its investment in the development of AI medical care, especially in the R&D of AI analysis, diagnosis and treatment technologies for cardiovascular diseases, including software and hardware product technologies such as dynamic electrocardiogram remote real-time early warning monitoring, single-lead wearable electrocardiograph, next generation high-end intelligent AI electrocardiograph and monitor, and medical-level intelligent electrocardiograph monitoring services for consumers.

(1) A large number of primary hospitals, individual clinics, physical examination centers, community medical and nursing centers, etc. lack professional ECG doctors. The application of this product will form an integrated technical service chain to realize localized and rapid ECG analysis and diagnosis of patients in these institutions.

(2) It will help professional ECG doctors in large hospitals, improve work efficiency, diagnosis level, and meet the rigid demands of relevant medical services.

(3) ECG monitoring enters the home so that patients can conduct ECG monitoring at home like monitoring blood pressure and blood sugar.

(4) The ECG analysis and diagnosis level of wearable devices is raised to the level of

professional doctors, so that these devices (watches, bracelets, etc.) can truly provide medical level data, monitor the ECG status of patients, and further make wearable equipment more widely used.

Globalization Strategy

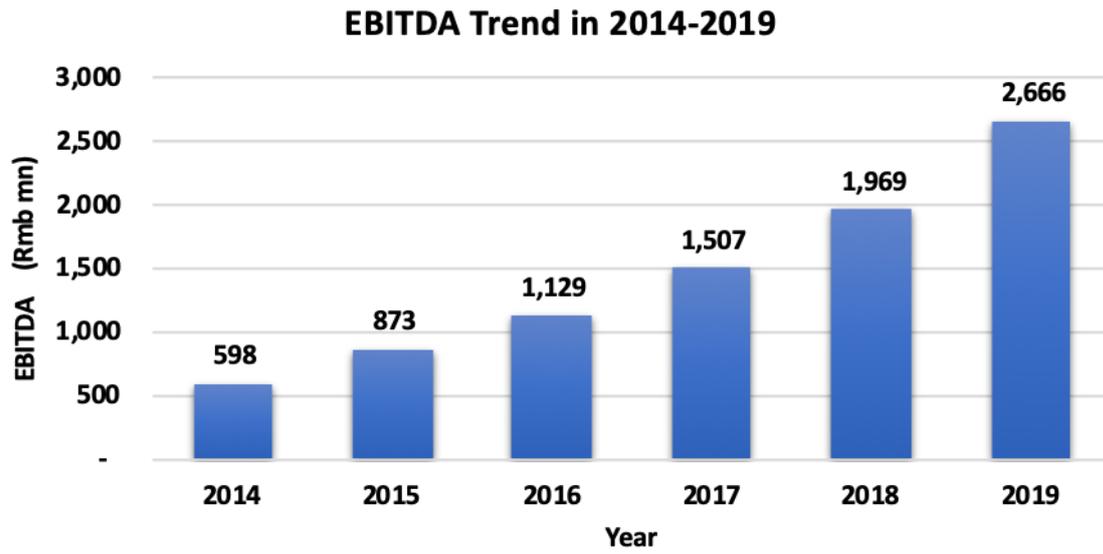
For Chinese to achieve greater development and obtain higher returns through continuous innovation, they must expand to European and American markets. The company has integrated all its subsidiaries' original foreign trade businesses and departments, set up an integrated international division, and have started to implement a five-year, 10-fold increase in revenue plan. The company has accelerated the clinical research and product registration of innovative products (degradable stent, TAVR3.0, renal artery ablation, etc.) in the world, explored and studied the possibility of setting up R&D centers and production bases overseas, and has implemented the plan of building overseas R&D centers in 2020.

(V) Group Financial Expense

During the reporting period, while the company kept expanding its established business, the parent company coordinated financing efforts by bearing massive amount of financial expenses for further expansion of the above-mentioned high-end generic drugs, new biopharmaceuticals, third-generation insulins, which affected the current net profit of the parent company.

(VI) Corporate Business EBITDA Analysis

EBITDA in 2014-2019 was Rmb598,000,000, Rmb873,000,000, Rmb1,129,000,000, Rmb1,507,000,000, Rmb1,969,000,000, and Rmb2,666,000,000, up 45.9%, 29.4%, 33.5%, 30.6%, and 35.4% YoY, at a CAGR of 34.84%.



CAGR=34.84%

Part III Future Development Path

20 years since Lepu's founding, Lepu has established a competitive cardiovascular platform. With this strong foundation, our future development plans are as follows:

1. Innovation and expansion of medical devices:

- 1) To optimize and improve coronary artery medical devices, enrich "intervention without implantation" product line;
- 2) To rely on Lepu's coronary stent and balloon technological platform, expand and innovate peripheral "intervention without implantation" product line;
- 3) To innovate and develop cardiovascular structural heart disease product line;
- 4) To innovate and develop cardiac rhythm management product line;
- 5) To innovate and develop medical monitoring product line with ECG AI as the core technology;
- 6) To innovate and develop household ECG monitoring and wearable devices product line with ECG AI as the core technology;
- 7) To develop new devices for continuous blood pressure ECG monitoring and Continuous Glucose Monitoring backed by AI technology.

2. Strengthen generic drugs pipeline and increase the innovation of cardiovascular drugs:

- 1) To add generic drugs pipeline in five cardiovascular fields: antithrombotic, hypolipidemic, hypotensive, hypoglycemic and anti-heart failure;
- 2) To develop new cardiovascular drugs and diabetes drugs through formulation innovation;
- 3) To develop new cardiovascular drugs through RNAi interference, gene editing CRISPR and other new technologies.

3. Application of Internet technology, AI technology to interconnect patients, doctors, drugs, and medical devices:

- 1) To expand Internet hospitals for patients with chronic diseases, and actively manage patient prescription and patient care;
- 2) To develop AI technology for diagnosis and prescription of hypertension and diabetes, and synergize with Lepu's own pharmaceutical products
- 3) To strengthen Lepu's cardiovascular hospitals and medical institutions, establishing a foundation for remote healthcare services and remote management of patients.

Part IV The Company's Key Products Already Launched and in the Pipeline

I. Cardiovascular Disease Treatment Products

1) Coronary artery disease treatment products



Clinical Therapy: Treat coronary artery stenosis	PTCA accessories
	Balloon
	Drug eluting stent (DES)
	Special balloon
Clinical Diagnosis: Diagnose ECG abnormality	ECG Machine
	Monitor
	Angiography machine
	OCT
Family Care: Monitor blood indicators, ECG monitor & care Chronic disease management	Glucose related products
	Blood pressure related products
	Blood lipid related products
	Blood oxygen related products
	ECG products

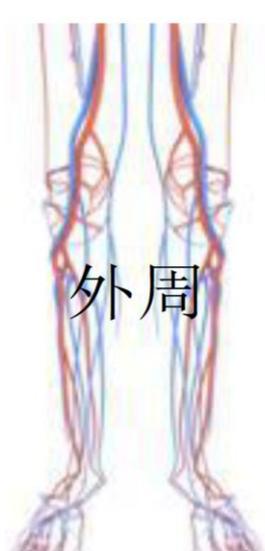
Application	Product Category	Product	Status
<i>Clinical treatment</i>	PTCA accessories	Guidewire/catheter/sheathing canal/Y-valve/pressure pump/compressor/syringe	NMPA&CE&FDA Y-valve(NMPA & CE)
	Drug eluting stents (DES)	Partner/GuReater/Nano metal DES	Partner(NMPA & CE), GuReater & Nano(NMPA & Waiting for CE certification)
		NeoVas fully absorbable DES	NMPA Filing for CE&FDA registration
	Special	Drug eluting balloon (Vesselin)	NMPA certification in

	balloons	progress & Filing for CE registration
	Cutting balloon	Filing for NMPA&CE registration
	Small coronary vessels/ACS/balloon	Clinical trial
	Third-generation DEB (rapamycin)	R&D
Hospital diagnosis	ECG Machine	AI static ECG CAD diagnostic software- AI-ECG Platform NMPA&CE&FDA
	AI ECG machine- OmniECG B120 AI	Supplementary material preparation(NMPA) Filing for CE&FDA registration
	AECG CAD diagnostic software- AI-ECG Tracker	CE&FDA Pre-clinical inspection(NMPA)
	Monitor	AI bedside central monitor R&D
		AI monitor R&D
	Angiography machine	Vicor-CV Robin C/Robin Type-F DSA NMPA
		Vicor-CV Swift DSA NMPA
		Vicor-AE Medical Imaging Processor Technical review
	OCT	OCT duct Supplementary material preparation
	Family care	Glucose related products
		Glucose and ketone meter NMPA
		Non-needle insulin syringe NMPA, filing for CE registration
		CGM R&D
		Glycated hemoglobin meter R&D
		Non-needle electromagnetic syringe R&D
Blood pressure related products		Upper arm/smart arm/wrist blood pressure monitor Upper arm (NMPA&CE), smart arm/wrist blood(NMPA)
		AI-BP non-invasive continuous blood pressure and ECG monitor R&D
Blood lipid related products		Blood lipid meter NMPA&CE
		Coagulometer NMPA&CE
Blood oxygen related products		Finger-clamp/hand-held/desktop/pulse wave analyzer NMPA&CE&FDA
ECG products		Single sticker/double sticker ECG NMPA, filing for CE registration
		Continuous ECG monitoring system NMPA

ECG watch/hand wristband

NMPA&CE

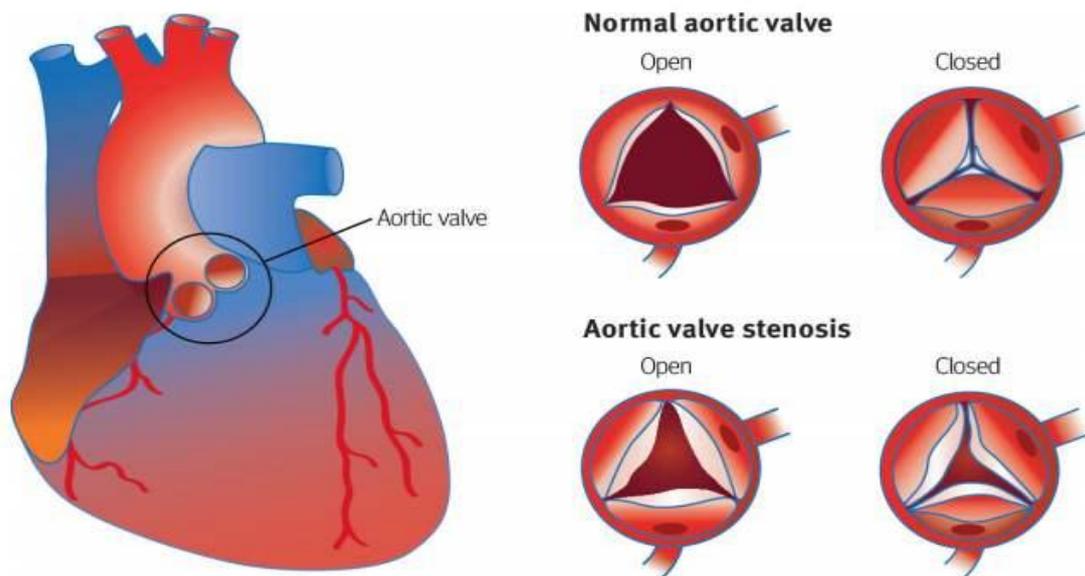
2) Peripheral products



Clinical Treatment: Intracavitary volume reduction, deep venous thrombosis, arterio-venous fistula	Stents
	Balloons
	Drug coated balloons
	Special balloons
	Protective devices
	Special treatment devices

Application	Product Category	Product	Status	
<i>Clinical treatment</i>	Stents	Bio scaffold stent/Spot stent	R&D	
	Balloons	PTA balloon	NMPA & CE	
		Below-the-knee PTA balloon	NMPA & CE	
		Balloon for arteriovenous fistula (AVF)	Supplementary material preparation	
		PTA drug-coated balloon	Pre-clinical inspection	
	Drug balloons	Below-the-knee drug-coated balloon	Pre-clinical inspection	
		Drug-coated balloon for arteriovenous fistula (AVF)	Pre-clinical inspection	
		Acoustical Balloon Dilatation Catheter	Pre-clinical inspection	
	Special balloons	Peripheral cutting balloon	R&D	
		Special treatment device	Atherectomy of Peripheral Vasculaturesystem	R&D
			Thrombectomy Catheter	R&D

3) Structural heart disease treatment products



Structural Heart Disease

Transcatheter Aortic Valve Replacement (TAVR)

Percutaneous Balloon Pulmonary Valvuloplasty (PBPV)

Transcatheter mitral valve replacement (TMVR)

Transcatheter Mitral Valve Repair (TMVr)

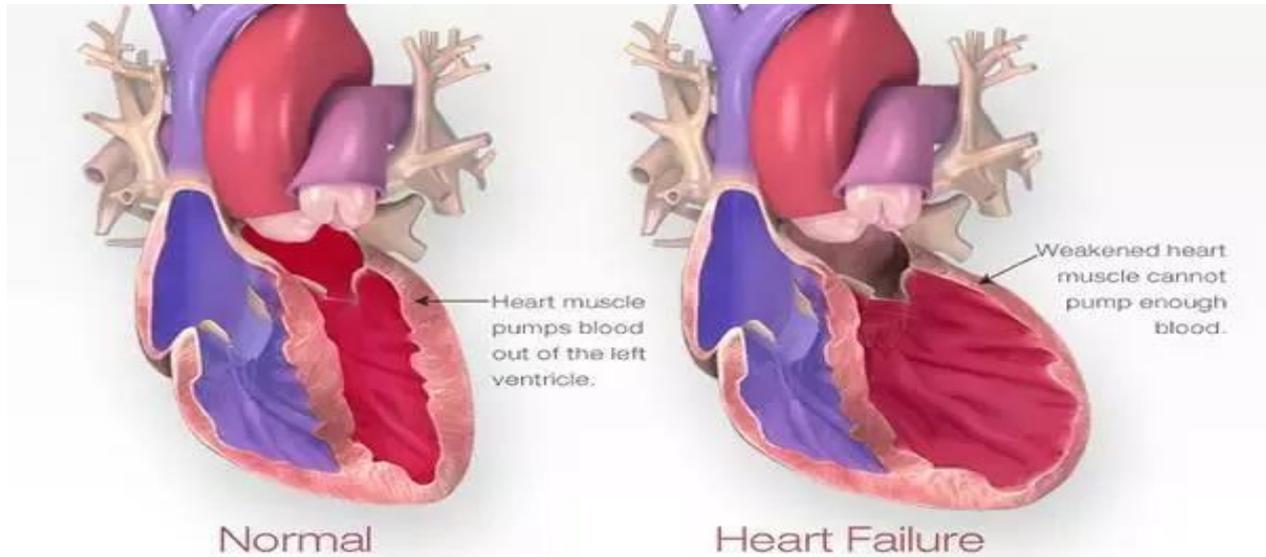
Mechanical Valve Prostheses (MVP)

Cardiac occluders

Application	Product Category	Product	Status
<i>Clinical treatment</i>	TAVR	Transcatheter aortic valve system	Filing for CE registration. Pre-clinical inspection (NMPA), clinical trial in 2020
	PBPV	Percutaneous balloon pulmonary valvuloplasty	R&D
	TMVR	Transcatheter mitral valve replacement system	R&D
	TMVR	Transcatheter mitral valve chordae repair system	Pre-clinical inspection
		Transcatheter mitral valve clamp repair system	R&D
	MVP	Unicuspid mechanical artificial cardiac valve	NMPA

	Bicuspid mechanical artificial cardiac valve	NMPA
Cardiac occluder	ASD occluder	NMPA&CE
	VSD occluder	NMPA&CE
	PDA occluder	NMPA&CE
	Nanofilm ASD occluder	Supplementary material (NMPA) Filing for CE registration application
	Filmless double-girdle occluder	Supplementary material (NMPA) Filing for CE registration application
	LAA occluder	Supplementary material (NMPA) Filing for CE registration application
	Nonafilm VSD occluder	Supplementary material (NMPA) Filing for CE registration application
	Nanofilm PDA occluder	Supplementary material (NMPA) Filing for CE registration application
	Fully degradable VSD occluder	Clinical trial (NMPA) Filing for CE registration application
	Biodegradable VSD occluder	Pre-clinical inspection (NMPA) Filing for CE registration application

4) Heart failure treatment products



Heart
Failure

Left Ventricular Assist Device (LVAD)

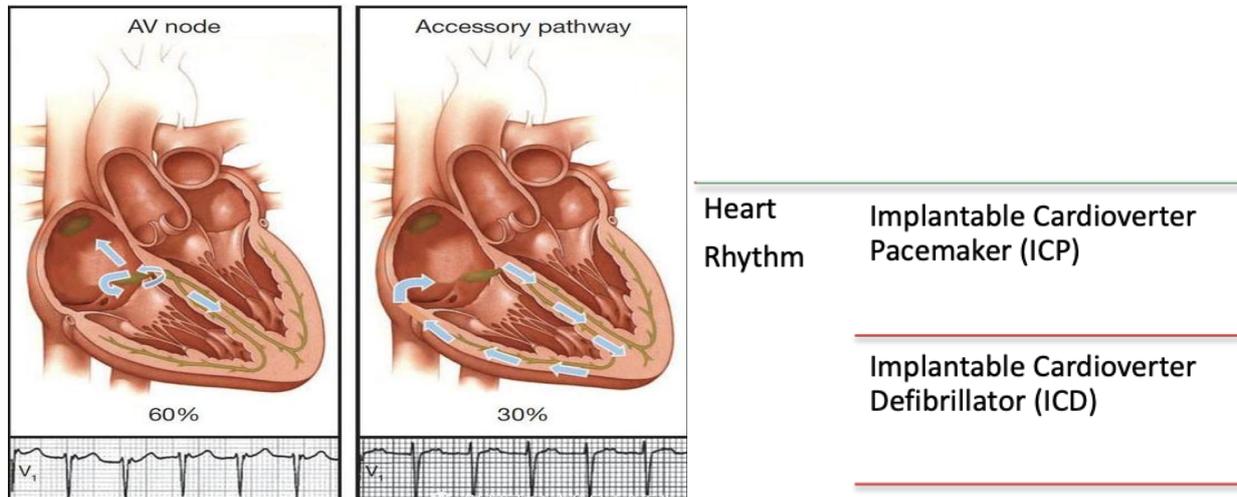
Cardiac Resynchronization Therapy Pacemaker (CRT-P)

Cardiac Resynchronization Therapy Defibrillator (CRT-D)

Cardiac Contractility Modulation (CCM)

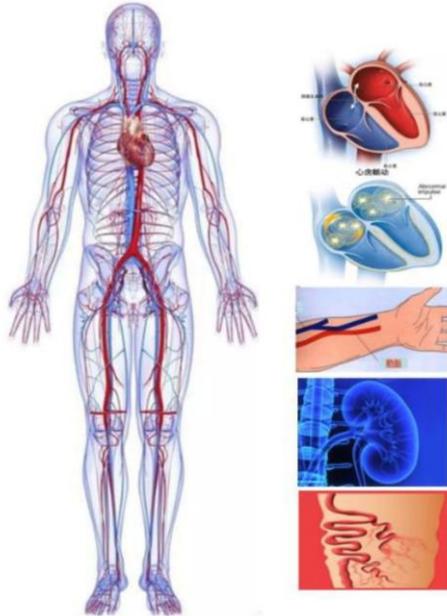
Application	Product category	Status
<i>Clinical treatment</i>	LVAD	R&D
	Ventriculoatrial shunt	Pre-clinical inspection
	CRT-P	R&D
	CRT-D	R&D
	CCM	R&D

5) Cardiac rhythm management products



Application	Product Category	Product	Status	
<i>Clinical treatment</i>		Qinming2312 Single-chamber Pacemaker	NMPA	
		Qinming8631 D/DR Dual-chamber Pacemaker	NMPA	
		2352 Dual-chamber Pacing Analyzer	NMPA	
	ICP		QM7231, QM7222 and QM7211 pacing electrode lead	NMPA
			Qinming8632 Fully Automated Pacemaker	Pre-clinical inspection (Clinical trial in 2020)
			Fully Automated Pacemaker compatible with MRI	R&D
		ICD	Implantable cardioverter defibrillator	R&D

6) Cardiac electrophysiological products



Ablation Products:

for clinical treatment, mainly hypertension, varicosity, structural heart disease, hemodialysis fistulization, ECG abnormality

Ultrasound

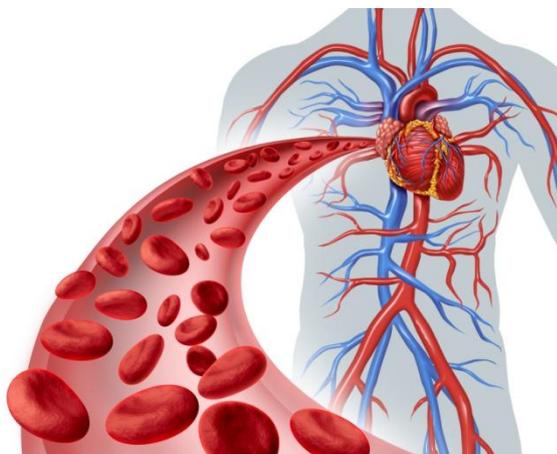
RF

Cryotherapy

Mapping

Application	Product Category	Product	Status
Clinical treatment	Ultrasound	Renal artery ablation catheter and device	Pre-clinical inspection
		Cardiac RF ablation catheter	NMPA
	RF	Renal artery ablation catheter and device	Clinical trial (NMPA) Filing for CE registration application
		Endovenous RF closed catheter and device	R&D
		RF ventriculoatrial shunt catheter and device	R&D
		RF arteriovenous anastomosis catheter and device	R&D
		Cryotherapy	Cryoballoon catheter and device
	Mapping	Electrophysiological mapping catheter	NMPA&CE

II. IVD Products



IVD

Molecular diagnosis

Blood coagulation diagnosis

Biochemical diagnosis

Immunodiagnosis

POCT

Application	Product Category	Product	Status
Clinical lab	Molecular diagnostic equipments	Lepgen® fully automated medical PCR analyzer	NMPA
		Fully automated Nucleic Acid isolation extractor	NMPA
	PCR kits	CYP2C19 and CYP2C9 gene testing, Y-chromosome AZF microdeletion, (5 items)	NMPA
	High throughput sequencing kits	STR and SNP testing (2 items) Prenatal and postnatal care, public security system forensic scientific certification	NMPA R&D

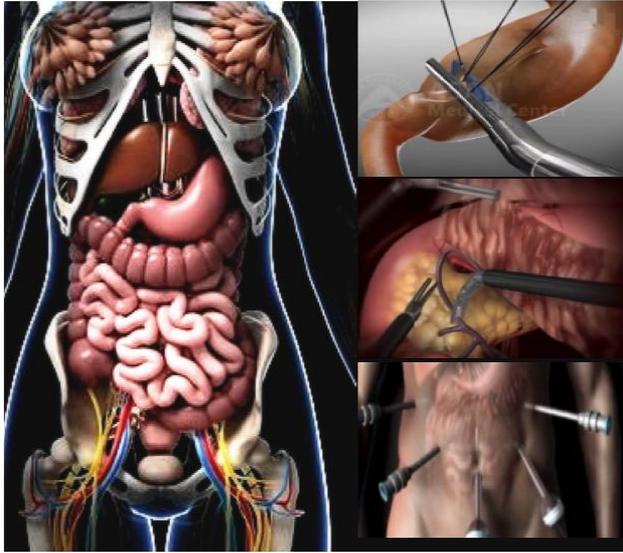
Application	Product Category	Product	Status
Clinical lab	Blood type testing	Blood typing cards (5 items)	NMPA
		Blood typing reagents (9 items)	NMPA
	Blood type test equipment	Fully automated blood typing Blozer 200/120/72	Clinical trial
	Blood coagulation testing	Blood coagulation device	CFMS® TEG (CFMS LEPU -8800)
LEPU® fully automated blood aggregometer			NMPA

Application	Product Category	Product	Status
		TEG 6S	Pre-research
		Blood coagulation analyzer	Pre-research
	TEG reagents	TEG reagents (7 items)	NMPA & CE
	Blood coagulation reagents	APTT, PT (9 items)	Pre-research
Clinical Lab	Biochemical diagnosis	Fully automated biochemical analyzer BC-400	Filing for registration
		Liver function, renal function (87 items)	NMPA
	Biochemical reagents	22 additional biochemical reagents (immune, cardiovascular function)	In review process

Application	Product Category	Product	Status	
Clinical lab	Enzyme-linked immunoassay diagnosis	Enzyme-linked immunoassay equipment	Pipelined fully automated enzyme-linked immunoassay workstation ADC ELISA 1800/1100/600/400/300/200	NMPA
		Enzyme-linked immunoassay reagents	TORCH prenatal and postnatal care (15 items)	NMPA
	Chemiluminescence immunoassay diagnosis		Fully automated chemiluminescence immunoassay analyzer (enzymatic)	NMPA
		Chemiluminescence immunoassay equipment	Fully automated chemiluminescence immunoassay analyzer (direct) itube 400 itube 800 itube 3000	NMPA
		Small fully automated chemiluminescence	Pre-clinical inspection	

Application	Product Category	Product	Status	
		immunoassay analyzer (direct) itube 1000		
	Chemiluminescence immunoassay reagents	Cardiac electrocardiographic mapping, tumor (10 items)	NMPA	
		Infectious disease, tumor, immune system, hormone (125 items)	Pre-clinical inspection, registration	
Clinical lab Clinical dept	P O C T	Colloidal gold immunochromatographic assay analyzer (LEPU Quant-Gold-1)	NMPA & CE	
		Fully automated fluorescence immunochromatographic assay analyzer	NMPA	
		LEPU® fluorescence immunochromatographic assay analyzer(LEPU Quant-Fluo-1)	NMPA & CE	
		LEPU® Colloidal gold immunochromatographic assay analyzer (LEPU Quant 800)	NMPA & CE	
		Multichannel fluorescence quantitative Immunoassay analyzer	Filing for registration	
		colloidal gold immunochromatography reagents	Cardio biomarkers (28 items),	NMPA & CE
		colloidal gold immunochromatography reagents	COVID-19 Antibody test (colloidal gold immunochromatography)	NMPA & CE & FDA EUA permit
		fluorescence reagents	AMH, β -HCG, 25-OH VitD, ferritin, PGI/II, HP antibody, G17 gastrin(7 items),	Filed for registration

III. Surgical products



Clinical treatment: mainly cut, close or reconstruct tissue in endoscopic or open surgery	Minimally Invasive Surgery (MIS) Products
	Open Surgery Products
	Auxiliary Products for MIS
	Interventional Products

Application	Product Category	Product	Status
Clinical treatment	Minimally invasive surgical products	Endoscopic stapler and cutter cartridges	NMPA&CE
		Endoscopic stapler and cutter cartridges with varied height staples	NMPA&CE
		Laparoscopic circular stapler	NMPA&CE
		Enhanced endoscopic stapler and cutter cartridges	CE NMPA certification in progress
		Electrical endoscopic stapler and cutter cartridges	R&D
		High-frequency surgical electrode	R&D
		Ultrasonic scalpel and instrument for soft tissue	CE NMPA certification in progress
Open surgical products		Circular/Reusable Circular/ Double-handle Circular/Tilting Anvil Circular Staplers	NMPA&CE
		Linear/Reusable Linear/Auto Linear/ Double-handle Auto Linear Staplers	NMPA&CE

	Hemorrhoids/Reusable Hemorrhoids/ Hemorrhoids Staplers with needles	NMPA&CE	
	Linear Cutters & Linear Cutter Cartridges	NMPA&CE	
	Curved cutting stapler	NMPA&CE	
	Skin stapler	NMPA&CE	
	Skin staple remover	NMPA&CE	
	Purse needle	NMPA	
	Purse stapler	NMPA&CE	
	High-frequency electro-surgical scalpel	NMPA	
	Enhanced skin stapler	NMPA certification in progress	
	All-in-one hemorrhoids stapler	NMPA certification in progress	
	Three rows circular stapler	R&D	
Clinical treatment	Bladeless Trocars	NMPA&CE	
	Bladed Trocars	NMPA&CE	
	Endoscopic retrieval bag	NMPA&CE	
	Auxiliary products for minimally invasive surgery	Endoscopic grasping forceps	NMPA&CE
		Endoscopic dissector	NMPA&CE
		Suction & Irrigation tubes	NMPA&CE
		Veress needle	NMPA&CE
		Endopath Trocar	NMPA certification in progress
	Interventional products	Esophagus/Bronchial /Biliary/Colonic Rectal Stents	NMPA&CE
		Balloon dilatation catheter	NMPA&CE

Part V Financial Statements

1. Consolidated Balance Sheet

Compiled by: Lepu Medical Technology (Beijing) Co., Ltd.
31 Dec 2019

Unit: Rmb

Item	31 Dec 2019	31 Dec 2018
Current assets:		
Cash & cash equivalents	1,953,980,223.51	2,220,455,723.46
Deposit reservation for balance		
Lendings to banks and other financial institutions		
Tradable financial assets	10,000,000.00	
Financial assets at fair value through profit or loss		
Derivative financial assets		
Notes receivable	34,156,707.21	143,196,367.64
Accounts receivable	2,166,546,179.03	1,969,509,516.76
Receivables financing	84,620,439.23	
Prepayment	88,756,848.83	93,242,729.39
Premiums receivable		
Reinsurance accounts receivable		
Provision of cession receivable		
Other receivable	128,799,529.45	208,596,479.37
Among which: Interest receivable	13,354,752.05	15,212,732.81
Dividend receivable		
Redemptory monetary capital for sale		
Inventory	1,004,827,585.23	785,660,976.47
Contract assets		
Assets available for sale		

Non-current assets realized within one year	91,717,414.84	248,494,659.66
Other current assets	70,975,839.70	36,694,881.50
Total current assets	5,634,380,767.03	5,705,851,334.25
Non-current assets		
Loans issued & money advanced		
Bond investment		
Financial assets available for sale		1,965,263,090.86
Other bond investment		
Held-to-maturity investment		
Long-term receivables	41,895,323.86	62,688,142.91
Long-term equity investment	516,122,947.37	1,062,095,263.10
Other equity investment	1,574,745,261.29	
Other non-current financial assets	349,532,110.00	
Investment property	137,855,964.68	87,470,780.72
Fixed assets	1,478,822,271.33	1,278,621,109.13
Projects under construction	658,485,265.28	515,629,131.58
Capitalized biological assets		
Oil and gas assets		
Right-of-use assets		
Intangibles	1,483,385,640.05	1,336,226,830.79
R&D	525,430,241.72	294,066,395.06
Goodwill	2,718,837,240.57	2,161,526,521.63
Long-term prepaid expenses	173,113,036.77	124,034,738.87
Deferred tax assets	144,369,542.62	92,935,127.67
Other non-current assets	489,315,271.08	426,884,255.19
Total non-current assets	10,291,910,116.62	9,407,441,387.51
Total assets	15,926,290,883.65	15,113,292,721.76
Current liability:		
Short-term bond	1,464,038,209.73	1,883,257,160.00
Borrowing from central bank		

Borrowing funds		
Tradable financial liability		
Financial liability at fair value and through profit & loss		
Derivative financial liability		
Notes payable	84,558,954.73	90,940,569.38
Accounts payable	737,706,359.50	649,879,548.23
Advances	163,776,470.25	144,284,580.77
Contract liability		
Financial assets sold for repurchase		
Deposits from customers and interbank		
Acting trading securities		
Acting underwriting securities		
Payroll payable	103,106,647.16	84,194,315.17
Tax payable	127,964,131.88	143,298,683.13
Other payable	267,251,632.33	539,707,292.87
Among which: Interest payable	18,578,241.34	24,810,788.08
Dividend payable	2,796,800.00	23,796,800.00
Handling charges & commissions payable		
Dividend payable for reinsurance		
Liabilities available for sale		
Non-current liabilities matured within one year	1,359,102,000.31	917,702,496.90
Other current liability	802,998,904.11	615,971,730.16
Total current liability	5,110,503,310.00	5,069,236,376.61
Non-current liability:		
Provision for insurance contracts		
Long-term loan	2,457,980,000.00	2,622,446,000.00
Bond payable		596,592,119.87

Among which: preferred stock		
Perpetual bond		
Lease liability		
Long-term payable	10,320,465.41	12,367,830.12
Long-term payroll payable		
Estimated liability		
Deferred income	135,437,717.14	133,128,773.99
Deferred income tax liability	207,100,586.13	91,468,773.10
Other non-current liability		
Total non-current liability	2,810,838,768.68	3,456,003,497.08
Total liability	7,921,342,078.68	8,525,239,873.69
Shareholders' equity:		
Equity	1,781,652,921.00	1,781,652,921.00
Other equity instruments		
Among which: preferred stock		
Perpetual bond		
Capital reserve	2,085,985.80	90,674,278.38
Minus: treasury stock	254,282,089.95	95,995,791.07
Other comprehensive income	113,176,177.79	342,205,910.69
Special reserves		
Surplus reserve	423,363,759.09	393,752,382.23
Provision for general risk		
Undistributed profit	5,416,779,818.86	3,849,339,911.52
Shareholder's equity attributable to parent	7,482,776,572.59	6,361,629,612.75
Minority interest	522,172,232.38	226,423,235.32
Total shareholder's equity	8,004,948,804.97	6,588,052,848.07
Total liability & shareholder's equity	15,926,290,883.65	15,113,292,721.76

Legal person: PU Zhongjie
Accountant in charge: LI Yun

Person in charge of accounting work: WANG Yong

2. Consolidated Profit & Loss Statement

Unit: Rmb

Item	2019	2018
I. Total revenue	7,795,529,386.34	6,356,304,792.21
Among which: Sales	7,795,529,386.34	6,356,304,792.21
Interest income		
Insurance premiums earned		
Handling charges and commissions income		
II. Total operating cost	5,842,886,015.48	4,826,592,504.34
Among which: COGS	2,165,195,359.98	1,732,194,095.56
Interest expense		
Handling charges and commission fees		
Cash surrender value		
Net payments for insurance claims		
Net provision for insurance contracts		
Policy dividend expenses		
Reinsurance expenses		
Business tax & surcharges	96,230,151.98	95,121,804.48
Sales expense	2,171,677,428.76	1,868,579,501.31
Admin expense	585,996,118.86	528,638,025.08
R&D expense	543,913,939.52	376,171,473.14
Financial expense	279,873,016.38	225,887,604.77
Among which: Interest expense	321,704,202.89	276,345,575.62
Interest income	44,351,724.18	48,677,815.83
Plus: Other income	27,861,314.93	38,612,994.99
Investment income (“-” for losses)	195,060,593.01	131,036,423.20

Among which: Investment income from associates & JV	-77,208,050.45	-21,491,889.71
De-recognition of financial assets with amortized cost		
FX difference (“-” for losses)		
Net hedging gains (“-” for losses)		
Fair value change gains (“-” for losses)	161,983,110.00	
Credit impairment losses (“-” for losses)	-174,391,905.40	
Asset impairment losses (“-” for losses)	-206,023,971.10	-218,686,272.59
Asset disposal gains (“-” for losses)	4,119,193.02	-38,232,037.50
III. Operating revenue (“-” for losses)	1,961,251,705.32	1,442,443,395.97
Plus: Non-operating revenue	106,861,977.13	42,048,603.98
Minus: Non-operating expense	4,858,128.33	10,580,864.04
IV. PBT (“-” for losses)	2,063,255,554.12	1,473,911,135.91
Minus: income tax expense	339,463,834.24	219,037,257.54
V. PAT (“-” for losses)	1,723,791,719.88	1,254,873,878.37
(I) By business continuity		
1. NP from continuing operations (“-” for losses)	1,723,791,719.88	1,254,873,878.37
2. NP from discontinued operations (“-” for losses)		
(II) By ownership attribution		
1. NP attributable to shareholders	1,725,306,191.17	1,218,692,899.20
2. MI	-1,514,471.29	36,180,979.17
VI. Other comprehensive income, after tax	7,339,630.98	97,793,310.56
Other comprehensive income, after tax, attributable to shareholders	-15,233,247.67	89,259,481.59

(I) Other comprehensive income unable to be reclassified into profit & loss	-29,013,429.08	
1. Change in benefit plan re-measurement or resetting		
2. Other comprehensive income that cannot be converted into profit or loss under the equity method		
3. Changes in the fair value of other equity instruments	-29,013,429.08	
4. Changes in the fair value of corporate credit risk		
5. Others		
(II) Other comprehensive income reclassified into profit & loss	13,780,181.41	89,259,481.59
1. Other comprehensive income able to be reclassified into profit & loss under the equity method		
2. Change in fair value of other bond investments		
3. Profit or loss from change in fair value of financial assets available for sale		49,492,843.69
4. Amount of financial assets reclassified into other comprehensive income		
5. Profit or loss from held-to-maturity investment reclassified into available-for-sale financial assets		
6. Credit impairment provision for other bond investments		

7. Cash flow hedging reserves		
8. FX translation difference	13,780,181.41	39,766,637.90
9. Other		
Other comprehensive income, after tax, attributable to minority interest	22,572,878.65	8,533,828.97
VII. Total comprehensive income	1,731,131,350.86	1,352,667,188.93
Total comprehensive income attributable to shareholders	1,710,072,943.50	1,307,952,380.79
Total comprehensive income attributable to minority interest	21,058,407.36	44,714,808.14
VIII. EPS		
(I) Basic EPS	0.9746	0.6840
(II) Diluted EPS	0.9746	0.6840

If a business consolidation under the same control occurs in the current period, the net profit realized by the consolidated party before the consolidation is Rmb0.00, and the net profit realized by the consolidated party in the previous period is Rmb0.00.

Legal person: PU Zhongjie
Accountant in charge: LI Yun

Person in charge of accounting work: WANG Yong

3. Consolidated Cash Flow Statement

Unit: Rmb

Item	2019	2018
I. Cash flow from operating activities		
Cash received from sales of goods or rendering services	8,046,634,961.15	6,675,938,456.30
Net increase in customer deposit and deposit from other banks		
Net increase in borrowing from the central bank		

Net increase in borrowing from other financial institutions		
Cash received from original premium		
Net cash received from reinsurance		
Net increase in deposit of the insured & investment section		
Cash received from interest, handling charges and commissions		
Net increase in borrowing funds		
Net increase in buyback business funds		
Net cash received from acting trading securities		
Refunds of taxes	84,660,776.65	43,956,037.47
Cash received relating to other operating activities	163,619,809.26	264,749,472.52
Sub-total of cash inflows from operating activities	8,294,915,547.06	6,984,643,966.29
Cash paid for goods or receiving services	1,749,027,449.20	1,610,918,122.70
Net increase in customer lending & advances		
Net increase in deposits in the central bank or other banks		
Cash paid for claim payment under original insurance contracts		
Net increase in lending funds		
Cash paid for interests, handling charges and commissions		
Cash paid for policy dividends		
Cash paid to and for employees	1,211,823,860.73	993,923,389.72
Tax payments	1,068,837,243.89	986,415,284.90

Cash paid relating to other operating activities	2,274,971,929.75	1,892,878,231.38
Sub-total of cash outflows from operating activities	6,304,660,483.57	5,484,135,028.70
Net cash flow from operating activities	1,990,255,063.49	1,500,508,937.59
II. Cash flow from investing activities:		
Cash received from disposal of investments	455,656,192.12	278,141,631.78
Cash received from investment income	221,604,739.38	152,579,365.63
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	6,991,052.68	2,326,479.19
Net cash received from disposal of subsidiary or other operating business units		
Cash received relating to other investing activities	5,978,333.33	26,800,000.00
Sub-total of cash inflows from investing activities	690,230,317.51	459,847,476.60
Cash paid to acquire fixed assets, intangible assets and other long-term assets	563,112,957.73	1,071,937,363.39
Cash paid to acquire investments	404,172,034.02	1,348,126,850.63
Net increase in pledge loans		
Net cash paid to acquire subsidiary and other business unit	240,895,233.88	185,157,690.19
Cash payments relating to other investing activities	133,268,812.78	176,645,858.02
Sub-total of cash outflows from investing activities	1,341,449,038.41	2,781,867,762.23
Net cash flow from investing activities	-651,218,720.90	-2,322,020,285.63
III. Cash flow from financing activities:		
Cash received by investors	3,054,994.80	12,817,564.83

Among which: Subsidiary's cash received by absorbing minority shareholders' investment	3,054,994.80	12,817,564.83
Cash received from borrowings	3,586,194,944.44	5,255,057,160.00
Cash received relating to other financing activities	87,199,277.48	21,324,617.12
Sub-total of cash inflows from financing activities	3,676,449,216.72	5,289,199,341.95
Repayments of borrowings	4,123,488,738.72	2,650,204,691.39
Dividends paid, profit distributed or interest paid	668,789,141.29	503,161,148.61
Among which: Dividends paid and profit distributed to minority shareholders by subsidiary	29,605,370.16	26,027,127.98
Cash payments relating to other financing activities	433,022,016.45	1,368,234,725.80
Sub-total of cash outflows from financing activities	5,225,299,896.46	4,521,600,565.80
Net cash flow from financing activities	-1,548,850,679.74	767,598,776.15
IV. Impact of FX changes on cash and cash equivalents	4,391,743.40	19,408,388.02
V. Net increase in cash and cash equivalents ("-" means decrease)	-205,422,593.75	-34,504,183.87
Plus: Cash and cash equivalents, beginning balance	1,997,082,431.24	2,031,586,615.11
VI. Cash and cash equivalents, ending balance	1,791,659,837.49	1,997,082,431.24