Shanghai Kindly Medical Instruments Co., Ltd.*

上海康德萊醫療器械股份有限公司

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

(Stock Code: 1501)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2019

FINANCIAL SUMMARY

	2019	2018	**Change**
	RMB'000	*RMB'000*	
Revenue	**286,457**	203,059	41.07%
Gross profit	**174,442**	118,397	47.34%
Profit for the year	**96,535**	58,236	65.77%
Earnings per share			
Basic and diluted *(in RMB)*	**0.79**	0.68	16.18%

* *For identification purposes only*

- The Group's revenue in the Reporting Period was approximately RMB286.46 million, representing an increase of approximately 41.07% or approximately RMB83.40 million as compared to approximately RMB203.06 million for the year ended December 31, 2018, due to the growth in sales volume of interventional medical devices as a result of proactively expanding our distribution network as well as continuing developing and commercialising our pipeline products to the hospitals and medical device manufacture customers.

- During the Reporting Period, gross profit was approximately RMB174.44 million, as compared to approximately RMB118.40 million for the year ended December 31, 2018. Gross profit margin increased from 58.31% to 60.90% as compared to the year ended December 31, 2018, mainly due to the optimisation of products structure of the Group with allocation of more resources to the manufacturing and sales of interventional products which have a higher profit margin.

- The Group's profit for the year in the Reporting Period was approximately RMB96.54 million, representing an increase of approximately 65.77% as compared to approximately RMB58.24 million for the year ended December 31, 2018.

- The Group's basic and diluted earnings per share in the Reporting Period was RMB0.79, as compared to RMB0.68 for the year ended December 31, 2018

- The Board recommended the payment of a final dividend of RMB0.175 per share (equivalent to approximately HK$0.195 per share) (inclusive of applicable tax) for the year ended December 31, 2019.

The board (the "**Board**") of directors (the "**Directors**") of Shanghai Kindly Medical Instruments Co., Ltd. (the "**Company**") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the "**Group**", "**we**", "**our**" or "**us**") for the year ended 31 December 2019 (the "**Reporting Period**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2019
*(Expressed in Renminbi ("**RMB**"))*

	Note	**2019** *RMB'000*	2018 *RMB'000*
Revenue	*3*	**286,457**	203,059
Cost of sales		**(112,015)**	(84,662)
Gross profit		**174,442**	118,397
Other income	*4*	**28,173**	9,694
Distribution costs		**(23,959)**	(17,600)
Administrative expenses		**(34,175)**	(20,504)
Research and development expenses		**(30,764)**	(22,098)
Reversal of impairment losses		**21**	111
Profit from operations		**113,738**	68,000
Finance costs	*5(a)*	**(1,825)**	(1,527)
Profit before taxation	*5*	**111,913**	66,473
Income tax expenses	*6*	**(15,378)**	(8,237)
Profit for the year		**96,535**	58,236
Profit attributable to:			
Equity shareholders of the Company		**99,614**	58,451
Non-controlling interests		**(3,079)**	(215)
Profit for the year		**96,535**	58,236
Earnings per share *(RMB)*	*7*		
Basic and diluted *(RMB)*		**0.79**	0.68

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019
(Expressed in RMB)

	2019	2018
	RMB'000	*RMB'000*
Profit for the year	**96,535**	58,236
Other comprehensive income for the year (after tax and reclassification adjustments)		
Items that will not be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of an overseas subsidiary	**500**	–
Other comprehensive income	**500**	–
Total comprehensive income for the year	**97,035**	58,236
Attributable to:		
Equity shareholders of the Company	**100,114**	58,451
Non-controlling interests	**(3,079)**	(215)
Total comprehensive income for the year	**97,035**	58,236

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

(Expressed in RMB)

	Note	**31 December 2019** ***RMB'000***	31 December 2018 *RMB'000*
Non-current assets			
Property, plant and equipment		**114,573**	59,544
Right-of-use assets		**44,621**	58,024
Prepayment of lease		**–**	10,000
Intangible assets		**5,899**	572
Other non-current assets		**7,978**	4,486
Deferred tax assets		**1,847**	1,784
		174,918	134,410
Current assets			
Inventories		**43,421**	39,015
Trade and other receivables	*8*	**14,939**	7,085
Other current assets		**7,117**	3,366
Financial assets at fair value through profit or loss		**21,402**	–
Cash and cash equivalents		**1,036,783**	298,164
		1,123,662	347,630
Current liabilities			
Trade and other payables	*9*	**42,588**	24,049
Contract liabilities		**9,681**	11,533
Lease liabilities		**206**	5,397
Deferred income		**494**	494
Current taxation		**6,234**	1,261
		59,203	42,734
Net current assets		**1,064,459**	304,896
Total assets less current liabilities		**1,239,377**	439,306
Non-current liabilities			
Lease liabilities		**1,620**	54,782
Deferred income		**3,442**	3,214
Deferred tax liabilities		**28**	–
		5,090	57,996
NET ASSETS		**1,234,287**	381,310
CAPITAL AND RESERVES			
Share capital	*10*	**166,000**	60,000
Reserves		**1,050,381**	312,025
Total equity attributable to equity shareholders of the Company		**1,216,381**	372,025
Non-controlling interests		**17,906**	9,285
TOTAL EQUITY		**1,234,287**	381,310

NOTES

1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("H**KASs"**) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA"**), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued a new HKFRS, HKFRS16, Leases and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

As disclosed in the prospectus of the Company dated 28 October 2019, the Group has adopted all applicable new and revised HKFRSs, including HKFRS 16, which is effective for the accounting period beginning on 1 January 2019, consistently throughout the track record periods presented in the Group's historical financial information, including the financial statements for the year ended 31 December 2018. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2019 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the certain financial instruments are stated at their fair value.

3 REVENUE AND SEGMENT REPORTING

The Group derives revenue principally from the sales of interventional medical devices. Sales returns are only allowed under certain specific circumstances, which is determined and approved by management and within certain period of time agreed by buyer and seller.

(a) Disaggregation of revenue

(i) Disaggregation of revenue from contracts with customers by major products is as follows:

	2019	2018
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products		
— Sales of interventional medical devices		
Cardiovascular devices	**256,513**	175,676
Orthopaedics and other devices	**1,113**	1,098
Subtotal	**257,626**	176,774
— Sales of medical accessories	**19,822**	20,589
— Moulds and others	**9,009**	5,696
	286,457	203,059

The Group's customer base is diversified. There is no individual customer with whom transactions have exceeded 10% of the Group's revenue for the years ended 31 December 2019 and 2018.

During the year ended 31 December 2019, revenue from Shanghai Kindly Enterprise Development Group Co., Ltd. ("**KDL**") and its subsidiaries/associate (excluding the Group) was RMB13,047,000 (2018: RMB14,056,000), which represents 4.6% (2018: 6.9%) of total revenue for the year.

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its sales contracts for interventional medical devices and other accessories and moulds, as the Group will be entitled to those revenue when it satisfies the remaining performance obligations under the contracts for sales of interventional medical devices and accessories and moulds that had an original expected duration of one year or less.

(ii) Disaggregation of revenue by geographical location of external customers is as follows:

	2019	2018
	RMB'000	*RMB'000*
Mainland China	**192,586**	133,978
Europe	**31,910**	22,229
The United States	**14,018**	6,106
Other countries	**47,943**	40,746
	286,457	203,059

The geographical location of customers is based on the location at which the customers operate. All of the non-current assets of the Group are physically located in the People's Republic of China (the "**PRC**").

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified one reportable segment, the cardiovascular interventional business, which is primary engaged in sales, manufacture, research and development of cardiovascular interventional medical devices as well as related moulds and accessories. Other segments, which are currently engaged in research and development of other interventional and implantable medical devices, such as neurological interventional medical devices and endocardia implantable medical devices, etc. are combined in all other segments.

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results attributable to segment on "segment net profit/(loss)".

In addition to receiving segment information concerning segment net profit, management is provided with segment information concerning revenue from external customers used by the segments in their operations.

A measurement of segment assets and liabilities is not provided regularly to the Group's most senior executive management and accordingly, no segment assets or liabilities information is presented.

Information regarding the Group's segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2019 and 2018 is set out below:

	2019		
	Cardiovascular Interventional business *RMB'000*	**All others** *RMB'000*	**Total** *RMB'000*
Revenue from external customers	**273,443**	**13,014**	**286,457**
Inter-segment revenue	**3,470**	**6,879**	**10,349**
Segment revenue	**276,913**	**19,893**	**296,806**
Segment net profit/(loss)	**100,219**	**(1,664)**	**98,555**

	2018		
	Cardiovascular Interventional business *RMB'000*	All others *RMB'000*	Total *RMB'000*
Revenue from external customers	198,022	5,037	203,059
Inter-segment revenue	–	1,630	1,630
Segment revenue	198,022	6,667	204,689
Segment net profit	58,858	62	58,920

(ii) Reconciliation of revenue and segment profit

	2019 *RMB'000*	2018 *RMB'000*
Revenue		
Segment revenue	**296,806**	204,689
Elimination of inter-segment revenue	**(10,349)**	(1,630)
Consolidated revenue	**286,457**	203,059
Profit		
Segment net profit	**98,555**	58,920
Elimination of inter-segment net profit	**(2,020)**	(684)
Consolidated net profit	**96,535**	58,236

4 OTHER INCOME

	2019	2018
	RMB'000	*RMB'000*
Government grants *(note)*	**4,639**	6,660
Net loss on sale of property, plant and equipment	**(568)**	(3,330)
Interest income	**9,950**	3,864
Net realised and unrealised gains from fair value changes on financial assets measured at fair value through profit or loss	**4,347**	–
Foreign exchange gains	**5,771**	1,352
Others	**4,034**	1,148
	28,173	9,694

Note: Majority of the government grants are subsidies received from government for encouragement of research and development projects and compensation on the capital expenditure of medical device production lines.

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	2019	2018
	RMB'000	*RMB'000*
(a) Finance costs		
Interest on lease liabilities	**1,825**	1,527
(b) Staff costs		
Salaries, wages and other benefits	**66,367**	45,317
Contributions to defined contribution retirement plan *(note)*	**9,147**	6,954
	75,514	52,271

Note: Pursuant to the relevant labour rules and regulations in the PRC, the Company and its subsidiaries in the PRC participate in defined contribution retirement benefit schemes (the "**Schemes**") organised by the local government authorities whereby the Company and its subsidiaries in the PRC are required to make contributions to the Schemes based on certain percentages of the eligible employee's salaries. The local government authorities are responsible for the entire pension obligations payable to the retired employees. The Group has no other obligations for payments of retirement and other post-retirement benefits of employees other than the contributions described above.

	2019	2018
	RMB'000	*RMB'000*

(c) Other items

	2019 RMB'000	2018 RMB'000
Depreciation and amortisation		
— property, plant and equipment	**11,495**	7,771
— right-of-use assets	**6,758**	3,119
— intangible assets	**390**	54
	18,643	10,944
Reversal of impairment loss on trade and other receivables	**21**	111
Auditors' remuneration		
— audit services	**1,430**	31
— other services	**100**	–
Research and development costs#	**30,764**	22,098
Cost of inventories##	**112,015**	84,662

\# During the year ended 31 December 2019, research and development costs includes staff costs and depreciation and amortisation of RMB16,407,000 (2018: RMB10,320,000), which amount is also included in the respective total amounts disclosed separately above.

\## During the year ended 31 December 2019, cost of inventories includes staff costs and depreciation and amortisation expenses of RMB46,396,000 (2018: RMB31,927,000), which amount is also included in the respective total amounts disclosed separately above.

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	2019	2018
	RMB'000	*RMB'000*
Current tax — PRC corporate income tax ("**CIT**")	**15,413**	8,959
Deferred tax	**(35)**	(722)
Total	**15,378**	8,237

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2019 *RMB'000*	2018 *RMB'000*
Profit before taxation	**111,913**	66,473
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned *(note (i))*	**27,980**	16,618
Effect of preferential tax rate *(notes (ii) & (iii))*	**(9,936)**	(5,961)
Effect of super deduction on research and development expenses *(note (iv))*	**(5,537)**	(2,077)
Others	**2,871**	(343)
Actual tax expense	**15,378**	8,237

Notes:

PRC CIT

(i) Effective from 1 January 2008, under the PRC Corporate Income Tax Law, the PRC statutory income tax rate is 25%. The Group's subsidiaries in the PRC are subject to PRC income tax at 25% unless otherwise specified.

(ii) High and New Technology Enterprise ("**HNTE**")

According to the PRC income tax law and its relevant regulations, entities that qualified as HNTE are entitled to a preferential income tax rate of 15%. The Company obtained its renewed certificate of HNTE on 24 November 2016 and was subject to income tax at 15% for the year ended 31 December 2018. The Company obtained its renewed certificate of HNTE on 8 October 2019 and was subject to income tax at 15% for the three years ending 31 December 2021.

The 15% preferential tax rate applicable to HNTE is subject to renewal approval jointly by the relevant authorities, upon expiry of the three-year grant period, according to the then prevailing income tax regulations.

(iii) Small and Micro Enterprise ("**SME**")

According to the PRC income tax law and its relevant regulations issued in 2018, entities that qualified as SME are entitled to a preferential income tax rate of 10%. Certain subsidiaries of the Company were qualified as SME in 2018 and enjoyed the preferential income tax rate of 10% for the year ended 31 December 2018.

According to the PRC income tax law and its relevant regulations issued in 2019, entities that qualified as SME are entitled to a preferential income tax rate of 5% (taxable income less than RMB1,000,000) or 10% (taxable income range between RMB1,000,000 to RMB3,000,000). The directors of the Company are of the review that certain subsidiaries of the Company were qualified as SME in 2019 and entitled to a preferential tax rate of 5% for the year ended 31 December 2019.

(iv) Effective from 1 January 2018 to 31 December 2020, an additional 75% of qualified research and development expenses so incurred is allowed to be deducted from taxable income.

Hong Kong profit tax

The Company's subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at 8.25% of the taxable profit less than HKD2,000,000 or 16.5% of the taxable profit exceeding HKD2,000,000. No provision for Hong Kong profits tax has been made as the subsidiary in Hong Kong established in 2019 has no assessable profits for the year ended 31 December 2019.

7 EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the profit attributable to equity shareholders of the Company of RMB99,614,000 (2018: RMB58,451,000), and the weighted average number of shares of 126,679,000 (2018: 86,170,000) in issue, calculated as follows:

Weighted average number of ordinary shares

	2019	2018
	RMB'000	*RMB'000*
Issued ordinary shares at the beginning of the year	**60,000**	19,600
Effect of increase share capital by capital reserve transfer on 25 April 2018	**–**	22,400
Effect of issuance of domestic shares	**–**	1,085
Effect of increase share capital by capital reserve transfer on 20 April 2019	**60,000**	43,085
Effect of issuance of H shares	**6,679**	–
Weighted average number of ordinary shares	**126,679**	86,170

There were no potential dilutive ordinary shares during the year and therefore dilutive earnings per share are the same as the basic earnings per share.

8 TRADE AND OTHER RECEIVABLES

	31 December 2019	31 December 2018
	RMB'000	*RMB'000*
Trade receivables (a)		
Receivables from third parties	**11,507**	4,150
Receivables from related parties	**3,254**	2,698
Less: losses allowance on trade receivables	**(60)**	(81)
Trade receivables, net	**14,701**	6,767
Others	**238**	318
Trade and other receivables, net	**14,939**	7,085

(a) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables, based on the invoice date and net of loss allowance, is as follows:

	31 December 2019 *RMB'000*	31 December 2018 *RMB'000*
Within 3 months	**13,598**	6,767
3–6 months	**1,103**	–
	14,701	6,767

Trade receivables are generally due within 30 to 90 days from the date of billing.

9 TRADE AND OTHER PAYABLES

	31 December 2019 *RMB'000*	31 December 2018 *RMB'000*
Trade payables *(i)*	**16,430**	10,309
Payroll payables	**14,754**	10,319
Amounts due to related parties	**277**	736
Listing expenses payable	**5,524**	–
Others	**5,603**	2,685
	42,588	24,049

(i) As of the end of the reporting period, the ageing analysis of the Group's trade payables, based on the invoice date, is as follows:

	31 December 2019 *RMB'000*	31 December 2018 *RMB'000*
Within 3 months	**16,116**	10,028
Over 3 months but within 6 months	**152**	226
Over 6 months but within 1 year	**19**	47
Over 1 year	**143**	8
	16,430	10,309

All of the trade and other payables are expected to be settled within one year.

10 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

	2019		2018	
	No. of shares *('000)*	***RMB'000***	No. of shares *('000)*	*RMB'000*
Ordinary shares, issued and fully paid:				
At 1 January	**60,000**	**60,000**	19,600	19,600
Transfer from capital reserve *(i)*	**60,000**	**60,000**	22,400	22,400
Shares issued *(ii)*	**46,000**	**46,000**	18,000	18,000
At 31 December	**166,000**	**166,000**	60,000	60,000
Representing:				
Domestic shares issued	**120,000**	**120,000**	60,000	60,000
H shares issued	**46,000**	**46,000**	–	–
Total ordinary shares issued at 31 December	**166,000**	**166,000**	60,000	60,000

(i) Share capital increase by capital reserve transfer

Pursuant to the resolution of shareholders passed on 25 April 2018, the Company transferred capital reserve of RMB22,400,000 to share capital and issued additional 22,400,000 shares at RMB1 per share.

Pursuant to the resolution of shareholders passed on 20 April 2019, the Company transferred capital reserve of RMB60,000,000 to share capital and issued additional 60,000,000 shares at RMB1 per share.

(ii) Issuance of shares

*Prior to the initial public offering (the "**IPO**")*

On 8 August 2018 and 12 October 2018, Ningbo Huaige Taiyi Equity Investment Partnership (Limited Partnership) (寧波懷格泰益股權投資合伙企業(有限合伙)) ("**Ningbo Huaige Taiyi**"), Ningbo Tongchuang Suwei Investment Partnership (Limited Partnership) (寧波同創速維投資合伙企業(有限合伙)) ("**Ningbo Tongchuang Suwei**"), Ningbo Int Investment Partnership (Limited Partnership) (寧波瑛泰投資合伙企業(有限合伙)) ("**Ningbo Int**"), the Company, and the then shareholders (including KDL) entered into an agreement for subscription of the Company's shares. Pursuant to the agreement, the Company issued a total of 18,000,000 new shares, including (i) 12,600,000 new shares to Ningbo Huaige Taiyi; (ii) 3,000,000 new shares to Ningbo Tongchuang Suwei; (iii) 1,200,000 new shares to Dr. Liang Dongke; and (iv) 1,200,000 new shares to Ningbo Int for a total cash consideration of RMB180,000,000 (representing RMB10 per share issued). The subscription was completed on 11 December 2018.

Upon the completion of capital injection, total number of issued shares of the Company increased to 60,000,000 shares as at 31 December 2018. The share capital increased by RMB18,000,000 and corresponding capital premium of RMB162,000,000 was recognised in capital reserve.

As at 31 December 2018, KDL, Ningbo Huaige Taiyi, Ningbo Tongchuang Suwei, Ningbo Int, Dr. Liang Dongke and all other domestic-share shareholders hold 35.71%, 21%, 5%, 2%, 7.95% and 28.34% shareholding of the Company, respectively.

After the IPO

On 8 November 2019, 46,000,000 H shares of the Company were listed on the Stock Exchange at RMB per share and at the issue price of HK$20.8 each, with total proceeds of HK$956,800,000 (equivalent to approximately RMB855,531,000) raised. The share capital increased by RMB46,000,000 and corresponding premium of RMB751,624,000 (after deduction of listing expenses) was recognised in capital reserve.

As at 31 December 2019, KDL, Ningbo Huaige Taiyi, Ningbo Tongchuang Suwei, Ningbo Int, Dr. Liang Dongke and all other domestic-share shareholders and H-share shareholders hold 25.82%, 15.18%, 3.61%, 1.45%, 5.75%, 20.48% and 27.71% shareholding of the Company, respectively.

(iii) Ningbo Int

Ningbo Int is a special purpose vehicle established for the participated employee to hold indirect equity interest in the Company, which is the share incentive scheme of the Company. On 29 November 2018, 46 employees of the Company ("**Participants**") set up Ningbo Int as a limited liability partnership company with the initial capital contribution of RMB12,120,000 (representing 12,120,000 shares of RMB1 per share). According to the partnership agreement of Ningbo Int dated on 29 November 2018 (the "**Ningbo Int Partnership Agreement**"), Dr. Liang Dongke is the general partner (the "**GP**") of Ningbo Int and all other Participants are limited partners.

Ningbo Int subscribed for 1,200,000 shares issued by the Company at a cash consideration of RMB12,000,000 (representing RMB10 per share issued), and then holds 2 % equity interests in the Company as at 31 December 2018. Shareholding of Ningbo Int in the Company was diluted to 1.45% as at 31 December 2019.

In addition, the Participants, Ningbo Int and the Company entered into a supplementary agreement to the Ningbo Int Partnership Agreement. Pursuant to the supplementary agreement, the Participants shall remain in service for five years commencing from 1 January 2019 (the "**Lockup Period**"). During the Lockup Periods, the Participants are not allowed to transfer, pledge or dispose their equity interests in Ningbo Int unless certain exit conditions are met, such as termination of employment with the Company or retirement, etc. If the exit conditions are met, the GP will acquire the interests of Ningbo Int from the Participants at the initial subscription price paid by the Participants.

(b) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year

	2019	2018
	RMB'000	*RMB'000*
Final dividend proposed after the end of the reporting period of RMB0.175 per ordinary share (2018: RMB1.27 per ordinary share)	**29,050**	53,382

On 19 March 2020, the directors of the Company proposed a final dividend for the year ended 31 December 2019 of RMB0.175 per ordinary shares, which has not been recognised as a liability at 31 December 2019.

In accordance with the Company's article of association, in distributing its profit after tax of the relevant financial year, the lower of the profit after tax as shown in the financial statements prepared under HKFRSs and PRC accounting standards shall be applied.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2019	2018
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the year, RMB1.27 per ordinary share (2018: RMB3.4 per ordinary share)	**53,382**	66,640

Pursuant to the shareholders' approval of the Company held on 20 April 2019, a final cash dividend of RMB1.27 per share in respect of the year ended 31 December 2018 based on 42,000,000 ordinary shares (outstanding shares prior to the issuance of domestic shares as mentioned in note 10(a)(ii)) with total amount of RMB53,382,000 was paid on 29 April 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

We are a leading Chinese cardiovascular interventional device manufacturer as well as one of the few medical device groups that cover the entire industry chain from design and development of mold and equipment, product injection, product assembly, product packaging to sterilisation in the PRC. Our major products are primarily used for cardiovascular surgeries, in particular percutaneous coronary intervention ("**PCI**") procedures. The Group's revenue in the Reporting Period was approximately RMB286.46 million, representing an increase of approximately 41.07% or approximately RMB83.40 million as compared to approximately RMB203.06 million for the year ended December 31, 2018 due to the growth in sales volume of interventional medical devices as a result of proactively expanding our distribution network as well as continuing developing and commercialising our pipeline products to the hospitals and medical device manufacture customers. A substantial majority of our total revenue was generated from sales of our cardiovascular interventional medical devices, while the remaining portion was generated from sales of our medical accessories and other products.

We have an extensive distribution network and have developed and maintained stable relationships with our distributors. By the end of 2019, we had 360 (2018: 296) PRC distributors covering 23 (2018: 22) provinces, 4 (2018: 4) directly-administered municipalities and 4 (2018: 4) autonomous regions in the PRC, and covering 1,234 (2018: 973) domestic hospitals in the PRC including 612 (2018: 531) Tier III hospitals. In addition, we had 129 (2018: 116) overseas customers covering over 44 (2018: 40) countries and regions.

As at December 31, 2019, the Group was comprised of 7 (2018: 5) wholly-owned or holding subsidiaries engaging in the design and development of medical devices used in fields including peripheral intervention, neurological intervention, cardiovascular intervention or implantation, and the design and development of equipment and molds used for production of medical devices.

ACTIVITIES REVIEW

The H Shares of the Company were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in November 2019, which we believe would significantly drive and accelerate the Group's industrial development in the field of interventional and implantable medical devices. During the Reporting Period, benefiting from our research and development capacities and sustained optimisation of product structure, the Group has obtained 4 National Medical Products Administration of China ("**NMPA**") registration certificates for Class III medical devices and 5 European CE certificates. As at December 31, 2019, we have an aggregate of 16 NMPA registration certificates for Class III medical devices, 12 Shanghai Medical Products Administration registration certificates for Class II medical devices, 32 European CE certificates and 10 United States Food and Drug Administration approvals.

During the Reporting Period, the Group is also faced with the following industry-related risks and uncertainties which may have significant impact on our financial performance and future business development:

- ***Price control in the PRC.*** Our products' prices are subject to price control in China, by which the government agencies and hospital set a price limit for each product and may have significant impact on our operations of business and financial performance.

- ***Healthcare Reform in the PRC.*** Pursuant to the Notice of "Publishing Opinions on Implementing 'Two-Invoice System' in Drug Procurement Among Public Medical Institutions (For Trial Implementation)" (《印發<關於在公立醫療機構藥品採購中推行「兩票制」的實施意見(試行)>的通知》) issued on December 26, 2016 and the Notice on Consolidating the Results in Eliminating the Mechanism of Replenishing Medical Costs with Drug Selling Profits and Further Deepening the Comprehensive Reform of Public Hospitals (《關於鞏固破除以藥補醫成果持續深化公立醫院綜合改革的通知》) issued on March 5, 2018, a "two-invoice" system is implemented to limit the distribution of pharmaceutical products to a single level of distributors for sale to public hospitals. The two-invoice system requires one invoice to be issued from pharmaceutical manufacturers to pharmaceutical distributors and the other invoice to be issued from pharmaceutical distributors to medical institutions, which has the effect of centralizing the procurement and sale of high value medical consumables, and may have certain impacts on our business operations and business performance. While some provinces in China have extended the two-invoice system to medical devices, the healthcare reform is still in progress and the influence of the two-invoice systems on our financial performance and future business development remains uncertain.

The Group will continue to closely monitor and actively adapt to the regulatory policies in the industry, in order to reduce impacts of regulatory changes to our financial performance and future business development to the extent possible.

OUTLOOK FOR 2020

Looking forward to 2020, it is expected that the Group's full-year results of operations, the progress of use of proceeds from the global offering and the progress of research and development pipeline might be affected to certain extent in light of the fact that the outbreak of the novel coronavirus (COVID-19) (the "**Coronavirus**") has not been completely contained in the PRC and overseas countries at this stage. However, with confidence in measures taken by the PRC government to fight against the Coronavirus outbreak, the Group will minimise various adverse impacts by continuously promoting resources integration, allocating more resources for research and development, diversifying product pipeline and exploring opportunities for strategic acquisition and cooperation, so as to further consolidate and strengthen our leading position in the interventional medical devices industry.

FINANCIAL REVIEW

REVENUE

The Group's revenue in the Reporting Period was approximately RMB286.46 million, representing an increase of approximately 41.07% or approximately RMB83.40 million as compared to approximately RMB203.06 million for the year ended December 31, 2018. The increase was primarily due to growth in sales volume of interventional medical devices as a result of proactively expanding our distribution network as well as continuing developing and commercialising our pipeline products to the hospitals and medical device manufacture customers.

With respect to revenue categorized by different products, the Group's revenue generated from sales of interventional medical devices in the Reporting Period was approximately RMB257.63 million, representing 89.94% of the total revenue as compared to 87.06% for the year ended December 31, 2018. The Group's revenue generated from sales of medical accessories was approximately RMB19.82 million, representing 6.92% of the total revenue.

Cost of Sales

The cost of sales in the Reporting Period was approximately RMB112.01 million, representing an increase of approximately 32.31% or approximately RMB27.35 million as compared to approximately RMB84.66 million for the year ended December 31, 2018. It was mainly due to business expansion, which was in line with the Group's increase in revenue in the Reporting Period.

Gross Profit and Gross Profit Margin

During the Reporting Period, gross profit was approximately RMB174.44 million, as compared to approximately RMB118.40 million for the year ended December 31, 2018. Gross profit margin increased from 58.31% for the year ended December 31, 2018 to 60.90% for the year ended December 31, 2019. The increase was mainly due to the optimisation of products structure of the Group with allocation of more resources to the manufacturing and sales of interventional products which have a higher profit margin.

Other Income

During the Reporting Period, other income was approximately RMB28.17 million, representing an increase of approximately 190.62% or approximately RMB18.48 million as compared to approximately RMB9.69 million for the year ended December 31, 2018. The increase was mainly due to the increase in interest income arising from the proceeds from global offering of the H shares of the Company, the increase in foreign exchange gains as well as fair value gains from wealth management products.

Finance Costs

During the Reporting Period, the finance cost was approximately RMB1.83 million as compared to approximately RMB1.53 million for the year ended December 31, 2018. The finance costs were interests arising from lease liabilities.

Distribution Costs

The distribution costs in the Reporting Period were approximately RMB23.96 million, increased by approximately 36.13% or approximately RMB6.36 million as compared to approximately RMB17.60 million for the year ended December 31, 2018. It constituted 8.36% of the total revenue as compared to 8.67% for the year ended December 31, 2018. The increase in distribution costs was primarily due to: (i) the Group attended exhibition promotions in the PRC and other countries to optimize the sales and distribution network and also to enhance the awareness of our brand "KDL Medical" in the markets; (ii) the sales team was expanded; and (iii) the transportation costs increased during the Reporting Period.

Administrative Expenses

The administrative expenses of the Group in the Reporting Period were approximately RMB34.18 million, as compared to approximately RMB20.50 million for the year ended December 31, 2018. The rise was mainly due to the one-off listing-related expenses and the increase in payroll and other compensation of administrative staff as a result of the business expansion.

Research and Development Expenses

The research and development expenses of the Group in the Reporting Period were approximately RMB30.76 million, representing an increase of approximately 39.22% or approximately RMB8.66 million as compared to approximately RMB22.10 million for the year ended December 31, 2018. The rise was primarily due to the Group's continued development and commercialisation of the existing pipeline products, as well as new products of the Group.

Income Tax Expenses

The income tax expenses in the Reporting Period was approximately RMB15.38 million, representing an increase of approximately 86.69% or approximately RMB7.14 million as compared to approximately RMB8.24 million for the year ended December 31, 2018. It was in line with the increase of the profit before taxation.

Profit for the year

The Group's profit for the year in the Reporting Period was approximately RMB96.54 million, representing an increase of approximately 65.77% as compared to approximately RMB58.24 million for the year ended December 31, 2018, which was primarily driven by the increase in gross profit as a result of the revenue increase and higher gross profit margin contributed by the optimisation of products structure, partially offset by the increase in operating expenses.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has maintained a sound financial position during the Reporting Period. As at December 31, 2019, the Group's cash and bank balance amounted to approximately RMB1,036.78 million (2018: RMB298.16 million). For the year ended December 31, 2019, net cash flow from operating activities of the Group amounted to approximately RMB92.08 million (2018: RMB66.49 million).

The Group recorded total current assets of approximately RMB1,123.66 million as at December 31, 2019 (December 31, 2018: approximately RMB347.63 million) and total current liabilities of approximately RMB59.20 million as at December 31, 2019 (December 31, 2018: approximately RMB42.73 million). The current ratio (calculated by dividing the current assets by the current liabilities) of the Group was approximately 18.98 as at December 31, 2019 (December 31, 2018: approximately 8.13).

BORROWINGS AND GEARING RATIO

The Group has no bank borrowings or other borrowings for the Reporting Period and for the year ended December 31, 2018. As such, the gearing ratio is not applicable.

CAPITAL STRUCTURE

Total equity attributable to equity shareholders of the Company amounted to approximately RMB1,216.38 million as at December 31, 2019 as compared to approximately RMB372.03 million as at December 31, 2018.

OTHER INFORMATION

FINAL DIVIDEND

The Board recommended the payment of a final dividend of RMB0.175 per share (inclusive of applicable tax) (equivalent to approximately HK$0.195 per share) (the "**Proposed Final Dividend**") for the year ended December 31, 2019 (2018: RMB1.27 per share). Subject to the approval of the Proposed Final Dividend by the shareholders of the Company (the "**Shareholders**") at the 2020 annual general meeting of the Company (the "**2020 AGM**") to be held on Monday, May 18, 2020, the Proposed Final Dividend will be distributed on or about Thursday, June 18, 2020 to the Shareholders whose names appear on the register of members of the Company on Thursday, May 28, 2020.

The final dividend shall be denominated and declared in RMB. The holders of domestic shares will be paid in RMB and the holders of H shares will be paid in Hong Kong dollars. The exchange rate for the final dividend to be paid in Hong Kong Dollars will be the mean of the exchange rates of Hong Kong dollars to RMB as announced by the People's Bank of China during the five business days prior to the date of the Board meeting for the declaration of the final dividend.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The H shares of the Company were successfully listed on the Main Board of the Stock Exchange on November 8, 2019 (the "**Listing Date**"), and 40,000,000 H shares were issued under the global offering at the price of HK$20.8 per H share. The issue and allotment of over-allotment shares pursuant to the full exercise of over-allotment options on November 15, 2019, the Company issued additional 6,000,000 H shares at the price of HK$20.8 per H share. The total net proceeds from listing of the Company was approximately RMB797.62 million (after deducting the listing fees and other expenses). As disclosed in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated October 28, 2019, the details of intended application of net proceeds are set out as follows:

	Approximate % of total net proceeds	**Net proceeds from the global offering** *(RMB million)*	**Utilized net proceeds up to December 31, 2019** *(RMB million)*	**Unutilized net proceeds up to December 31, 2019** *(RMB million)*	**Expected timeline of full utilisation of the unutilized proceeds**
For setting up a research and development center and an additional facility in Jiading, Shanghai	34.10%	271.99	–	271.99	December 2021
To develop and commercialize existing pipeline products to further expand its product offerings	14.40%	114.86	–	114.86	December 2024
To purchase additional and replace existing production equipment and to automate its production lines	13.80%	110.07	–	110.07	June 2022
To expand its distribution network and coverage, collaborate with local distributors and intensify the marketing effects	8.70%	69.39	–	69.39	December 2022
To fund potential strategic investments including acquisition, partnership and license-in	19.60%	156.33	–	156.33	December 2021
General corporate purposes and funding its working capital	9.40%	74.98	0.85	74.13	December 2020
Total		797.62	0.85	796.77	

As at the date of this announcement, the net proceeds from the global offering had not yet been fully utilized and all of the net proceeds has been deposited into short-term deposits in the bank account maintained by the Group. In 2020, the Company will start utilizing the net proceeds from the global offering and for the purposes consistent with those set out in the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated October 28, 2019.

EMPLOYEE REMUNERATION AND RELATIONS

As at December 31, 2019, the Group had a total of 757 employees, comparing to 639 employees as at December 31, 2018. The total cost of employees for the Reporting Period amounted to approximately RMB75.51 million (2018: approximately RMB52.27 million). The Group provides employees with competitive remuneration and benefits, and the Group's remuneration policies are formulated according to the assessment of individual performance and are periodically reviewed. The Group provides training programs to employees, including new hire training for new employees and continuing technical training primarily for our research and development team to enhance their skill and knowledge.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period from the Listing Date to December 31, 2019.

SIGNIFICANT INVESTMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Except for the subsequent events disclosed in "Material Events After The Reporting Period", the Group has no significant investment, or plan authorized by the Board for other material investments or additions of capital assets during the Reporting Period.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Group has no material acquisitions or disposal of subsidiaries, associates and joint ventures during the Reporting Period.

CONTINGENT LIABILITIES

As at December 31, 2019 and 2018, the Group did not have any material contingent liabilities.

FINANCIAL INSTRUMENTS

As at December 31, 2019 and 2018, the Group did not have any outstanding hedge contracts or financial derivative instruments.

CAPITAL EXPENDITURE

The capital expenditure of the Group for property, plant and equipment (the "**PPE**"), construction in progress, intangible assets, prepaid lease payments and deposits for PPE amounted to approximately RMB109.82 million for the Reporting Period (2018: approximately RMB45.16 million).

FOREIGN EXCHANGE RISK

During the Report Period, the Group's operations were primarily based in the PRC. Assets, liabilities and transactions in the PRC are denominated in RMB, while overseas assets and transactions are mainly denominated in US Dollars. There were currency fluctuations among US Dollars, Euro, RMB and Hong Kong Dollars during the Reporting Period, the Group's operational results and financial condition may be affected by changes in the exchange rates. As the Group reasonably arranges the currency structure, which effectively reduces foreign exchange risk, the Directors believe that there is no significant foreign exchange risk to the Group at the current stage. Therefore, the Group had not implemented any formal hedging or other alternative policies to deal with such exposure during the Reporting Period. The Group will continuously monitor its foreign exchange exposure and will consider hedging of foreign currency risk should the need arise.

CHARGE ON GROUP ASSETS

As at December 31, 2019, the Group did not have any charges on its assets.

CAPITAL COMMITMENT

The Group's outstanding capital commitments authorized but not contracted for at December 31, 2019 not provided for in the financial statements amounted to approximately RMB418.77 million (2018: nil). The Group had no significant outstanding capital commitment contracted for at December 31, 2019 not provided for in the financial statements (2018: approximately RMB2.01 million).

MATERIAL EVENTS AFTER THE REPORTING PERIOD

(i) On March 19, 2020, the Company and Ningbo Huaige Health Investment Management Partnership (Limited Partnership) (寧波懷格健康投資管理合夥企業(有限合夥)) ("**Huaige Health**") entered into the Int Subscription Memorandum (the "**Int Memorandum**") in relation to the establishment of, and investment in, Shanghai Huaige Int Phase I Venture Investment Partnership (Limited Partnership) (上海懷格瑛泰一期創業投資合夥企業(有限合夥))(the "**Int Fund**"). Under the Int Memorandum, the target total capital contribution by the general partner and all the limited partners of the Int Fund is not less than RMB110.00 million and not more than RMB200.00 million, and the capital commitment payable by the Company as a limited partner will be RMB50.00 million.

The Int Fund will be registered in the PRC as a limited partnership with the primary objective of venture investment in, among others, equity interests, convertible loans and/or financial assets in relation to start-ups or early-stage businesses in the medical devices industry mainly in the PRC. The investment priorities of the Int Fund include start-ups or early-stage businesses principally engaged in the research and development of cardiovascular interventional devices, neuro interventional procedural medical devices and other interventional medical devices.

(ii) On March 19, 2020, the Company and Huaige Health entered into the Ruixin Subscription Memorandum (the "**Ruixin Memorandum**") in relation to the establishment of, and investment in, Jingning Huaige Ruixin Venture Investment Partnership (Limited Partnership) (景寧懷格瑞信創業投資合夥企業(有限合夥)) (the "**Ruixin Fund**"). Under the Ruixin Memorandum, the target total capital contribution by the general partner and all the limited partners of the Ruixin Fund is not less than RMB300.00 million and not more than RMB400.00 million, and the capital commitment payable by the Company as a limited partner will be RMB50.00 million.

The Ruixin Fund will be registered in the PRC as a limited partnership with the objective of investments in equity interest of entities in the medical devices, pharmaceutical, biologics, medical services and Contract Research Organization services industries mainly in the PRC with a focus of investing in other equity funds in the medical device and biomedical fields.

As at the date of this announcement, the establishment of the Int Fund and the Ruixin Fund are yet to be completed and are subject to approval by the independent Shareholders. Further details of the Int Memorandum and the Ruixin Memorandum are set out in the Company's announcement dated March 19, 2020.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issues (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as its code of conduct for Directors' securities transactions. Having made specific enquiry with the Directors, all of the Directors confirmed that they have complied with the required standards as set out in the Model Code during the period from the Listing Date to December 31, 2019.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the period from the Listing Date to December 31, 2019, the Company has complied with all the code provisions set forth in the Corporate Governance Code contained in Appendix 14 of the Listing Rules, with the exception of code provision A.2.1 of the Corporate Governance Code that requires the roles of chairman and chief executive should be separate and should not be performed by the same individual. Dr. Liang Dongke is our chairman of the Board and the general manager (same as a chief executive) of the Company. Dr. Liang has extensive experience in the medical devices industry and have served in the Company since its establishment. He is in charge of overall management, business, strategic development and scientific research and development of the Group. The Board considers that vesting the roles of chairman and general manager in the same person is beneficial to the management of the Group. The balance of power and authority is ensured by the operation of the Board, the supervisors and our senior management of the Company, which comprises experienced and visionary individuals. The Board currently comprises two executive Directors (including Dr. Liang), three non-executive Directors and four independent non-executive Directors, and therefore has a strong independence element in its composition. The Board shall review the structure from time to time to ensure that the structure facilitates the execution of the Group's business strategies and maximizes effectiveness of its operation.

AUDIT COMMITTEE

The Company has established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The Audit Committee comprises three members, namely, Mr. Hui Hung Kwan, Mr. Jian Xigao and Mr. Fang Shengshi. Mr. Hui and Mr. Jian are independent non-executive Directors and Mr. Fang is a non-executive Director. Mr. Hui is the chairman of the Audit Committee, who possesses suitable professional qualifications.

The Audit Committee has reviewed the Company's audited consolidated annual results for the Reporting Period and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made. The Audit Committee has also discussed the auditing, internal control and financial reporting matters.

SCOPE OF WORK OF KPMG

The financial figures in respect of the preliminary announcement of the Group's annual results for the year ended December 31, 2019 have been compared by the Company's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by KPMG.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The 2020 AGM will be held on Monday, May 18, 2020. For the purpose of determining the identity of the shareholders who are entitled to attend and vote at the 2020 AGM, the register of members of the Company will be closed from Saturday, April 18, 2020 to Monday, May 18, 2020, both days inclusive, during which period no transfer of shares of the Company will be effected. All transfers accompanied by the relevant share certificates must be lodged with the Company's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for the holders of H shares), or the Company's registered office at Block 2, No. 925 Jin Yuan Yi Road, Jiading District, Shanghai, PRC (for the holders of domestic shares), by no later than 4:30 p.m. on Friday, April 17, 2020.

For the purpose of determining the identity of the Shareholders who are entitled to receive the Proposed Final Dividend, the register of members of the Company will be closed from Saturday, May 23, 2020 to Thursday, May 28, 2020, both days inclusive, during which period no transfer of shares of the Company will be effected. All transfer accompanied by the relevant share certificates must be lodged with the Company's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H shares), or the Company's registered office at Block 2, No. 925 Jin Yuan Yi Road Jiading District, Shanghai, PRC (for holders of domestic shares), no later than 4:30 p.m. on Friday, May 22, 2020.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) as well as the website of the Company (www.kdl-int.com). The Group's 2019 annual report will be dispatched to the Shareholders and will be published on the aforementioned websites in due course.

APPRECIATION

Lastly, I would like to thank all the staff and the management team for their hard work during the Reporting Period. I would also like to express heartfelt gratitude to all of our users and business partners on behalf of the Group, and wish for their continuous support in the future. We will keep working closely with our shareholders and employees to steer the Group to turn to a new chapter in its development.

By order of the Board
Shanghai Kindly Medical Instruments Co., Ltd.*
上海康德萊醫療器械股份有限公司
Dr. Liang Dongke
Chairman

Shanghai, the PRC
March 19, 2020

As at the date of this announcement, the Board of Directors of the Company comprises Dr. Liang Dongke and Mr. Wang Cailiang as executive Directors, Mr. Zhang Weixin, Ms. Chen Hongqin and Mr. Fang Shengshi as non-executive Directors, and Mr. Dai Kerong, Mr. Jian Xigao, Dr. Ge Junbo and Mr. Hui Hung Kwan as independent non-executive Directors.

* *For identification purposes only*