



上海康德萊醫療器械股份有限公司

Shanghai Kindly Medical Instruments Co., Ltd.*

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

Stock Code : 1501

INNOVATION SERVES HEALTH,
HIGH-QUALITY ACHIEVES EXCELLENCE

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CORPORATE INFORMATION

Executive Directors

Dr. Liang Dongke (梁棟科) (*Chairman*)
Mr. Lin Sen (林森) (appointed as executive Director on 16 May 2022)
Mr. Wang Cailiang (王彩亮) (ceased as an executive Director on 16 May 2022)

Non-Executive Directors

Mr. Zhang Weixin (張維鑫)
Ms. Chen Hongqin (陳紅琴)
Dr. Song Yuan (宋媛) (appointed as non-executive Director on 16 May 2022)
Mr. Wang Ruiqin (王瑞琴) (appointed as non-executive Director on 16 May 2022)
Mr. Fang Shengshi (方聖石) (ceased as non-executive Director on 16 May 2022)

Independent Non-Executive Directors

Mr. Jian Xigao (蹇錫高)
Mr. Hui Hung Kwan (許鴻群)
Mr. Xu Congli (徐從禮) (appointed as independent non-executive Director on 16 May 2022)
Mr. Dai Kerong (戴尅戎) (ceased as independent non-executive Director on 16 May 2022)

Supervisors

Ms. Ma Huifang (馬慧芳) (*Chairperson*) (appointed as chairperson of the Supervisory Committee and Supervisor on 16 May 2022)
Ms. Chen Jie (陳潔)
Mr. Shen Xiaoru (沈曉如) (appointed as Supervisor on 16 May 2022)
Ms. Wang Li (王莉) (ceased as Supervisor on 16 May 2022)
Mr. Xu Jianhai (徐建海) (ceased as Supervisor on 16 May 2022)

Audit Committee

Mr. Hui Hung Kwan (許鴻群) (*Chairman*)
Dr. Song Yuan (宋媛) (appointed as member on 16 May 2022)
Mr. Xu Congli (徐從禮) (appointed as member on 16 May 2022)
Mr. Jian Xigao (蹇錫高) (ceased as member on 16 May 2022)
Mr. Fang Shengshi (方聖石) (ceased as member on 16 May 2022)

Remuneration Committee

Mr. Jian Xigao (蹇錫高) (*Chairman*)
Mr. Hui Hung Kwan (許鴻群)
Dr. Liang Dongke (梁棟科)

Nomination Committee

Dr. Liang Dongke (梁棟科) (*Chairman*)
Mr. Jian Xigao (蹇錫高)
Mr. Xu Congli (徐從禮) (appointed as member on 16 May 2022)
Mr. Dai Kerong (戴尅戎) (ceased as member on 16 May 2022)

Joint Company Secretaries

Dr. Song Yuan (宋媛)
Ms. Leung Shui Bing (梁瑞冰)

Authorized Representatives

Dr. Liang Dongke (梁棟科)
Ms. Leung Shui Bing (梁瑞冰)

Auditors

International auditor:

KPMG

(Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance)
8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

Domestic auditor:

BDO China Shu Lun Pan

Certified Public Accountants LLP

4th Floor
No. 61 Nanjing East Road
Shanghai 200002
PRC

CORPORATE INFORMATION

Legal Advisers

As to Hong Kong law:

O'Melveny & Myers

31st Floor, AIA Central
1 Connaught Road Central
Hong Kong

As to PRC law:

DeHeng Shanghai Law Office

Floor 23, Sinar Mas Plaza
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Shanghai
PRC

Registered Office in the PRC

Block 2, No. 925 Jin Yuan Yi Road
Jiading District, Shanghai
PRC

Headquarters and Principal Place of Business in the PRC

Block 2, No. 925 Jin Yuan Yi Road
Jiading District, Shanghai
PRC

Principal Place of Business in Hong Kong

31/F, Tower Two, Times Square
1 Matheson Street, Causeway Bay
Hong Kong

H Share Registrar

Computershare Hong Kong Investor Services Limited

Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

Principal Bankers

China Construction Bank Corporation

Shanghai Jiangqiao Branch
1/F, No. 138 Jiayi Road
Jiading District, Shanghai
PRC

Agricultural Bank of China Limited

Shanghai Jiading Branch
2/F, No. 355 Tacheng Road
Jiading District, Shanghai PRC

Stock Code

1501

Company Website

www.kdl-int.com

INTERIM RESULTS HIGHLIGHTS

FINANCIAL HIGHLIGHTS

	Six-month period ended 30 June		Change
	2022 RMB'000	2021 RMB'000	
Revenue	225,217	180,613	24.70%
Gross profit	124,023	115,936	6.98%
Profit for the period	50,125	51,294	(2.28%)
Earnings per share			
Basic (in RMB)	0.31	0.30	3.33%
Diluted (in RMB)	0.30	0.30	0.00%

- The Group's revenue in the Reporting Period was approximately RMB225.22 million, representing an increase of approximately 24.70% or approximately RMB44.61 million as compared to approximately RMB180.61 million for the six-month period ended 30 June 2021. The increase was mainly due to the growth in sales volume of agent business and the interventional medical devices of approximately RMB21.81 million and approximately RMB20.73 million respectively.
- During the Reporting Period, gross profit was approximately RMB124.02 million, as compared to approximately RMB115.94 million for the six-month period ended 30 June 2021. Gross profit margin decreased from 64.19% to 55.07%. The decrease was mainly due to the increase of sales of agent business which had a lower gross profit margin than those of self-made products.
- The Group's profit for the Reporting Period was approximately RMB50.13 million, representing a decrease of approximately 2.28% as compared to approximately RMB51.29 million for the six-month period ended 30 June 2021. The decrease was mainly due to the increase in staff costs as a result of the business expansion during the Reporting Period.
- The Group's basic earnings per share for the Reporting Period was RMB0.31, as compared to RMB0.30 for the six-month period ended 30 June 2021. The Group's diluted earnings per share in the Reporting Period was RMB0.30, which kept flat as those of the six-month period ended 30 June 2021.
- The Board resolved not to declare any interim dividend for the Reporting Period.

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 China, the government introduced reform policies to support the healthy and orderly development of the medical industry. The Central Committee of the Communist Party of China and the State Council issued “Opinions on Deepening the Reform of the Medical Security System”, calling for the incorporation of drugs, diagnosis and treatment items, and medical consumables with high clinical value and good economic evaluation into the scope of medical insurance payment, continued reform of centralized volume and full implementation of volume-based procurement of medical consumables, reflecting the trend of centralized purchasing and negotiation in the field of high value consumables, in which evidence of value in clinical and health economics will play an important role. In July 2019, the State Council issued the Reform Plan for Intelligent High-Value Medical Consumables (“**Plan**”), which mentioned the improvement of the methods of classification of centralized purchasing and exploration of classification of centralized purchasing in accordance with the principles of volume-based procurement, linking of price with volume, and promoting market competition. In November 2021, the National Healthcare Security Administration issued the “Notice on Printing and Distributing the Three-year Action Plan for the Reform of DRG/DIP Payment Mode”, aiming to promote the high-quality development of medical insurance, promote the supply-side structural reform, and promote the collaborative mechanism of “payment by disease” and “payment by package”. In December 2021, the National Healthcare Security Administration announced the demonstration site cities of DRG/DIP payment mode, and Shanghai is one of them. The Company, with comprehensive medical device registration certificates, strong research and development capabilities and leading brand marketing system, will have a greater advantage in the future DRG/DIP competition.

The Group’s revenue in the Reporting Period was approximately RMB225.22 million, representing an increase of approximately 24.7% or approximately RMB44.61 million as compared to approximately RMB180.61 million for the six-month period ended 30 June 2021.

Comprehensive medical device registration certificates

During the Reporting Period, the Group has obtained 4 National Medical Products Administration of China registration certificates for Class III medical devices and 2 Shanghai Medical Products Administration registration certificates for Class II medical devices. As at 30 June 2022, we have an aggregate of 30 National Medical Products Administration of China registration certificates for Class III medical devices, 21 Shanghai Medical Products Administration registration certificates for Class II medical devices, 37 European CE certificates and 17 United States Food and Drug Administration approvals.

Strong research and development capabilities

The Company is a state-level high and new technology enterprise (國家級高新技術企業). Our research and development team consists of professionals who possess doctorate degrees and master’s degrees and numerous talents who have over 10 years of experience in research and development of production, with adequate capabilities in the development of innovation products and sustainable improvement of research and development. As at 30 June 2022, we have 223 registered patents, 172 patents under application and 5 registered softwares copyrights.

MANAGEMENT DISCUSSION AND ANALYSIS

Extensive distribution and sales network

We have an extensive distribution network and have developed and maintained stable relationships with our distributors. By the end of 30 June 2022, our PRC distributors cover 23 (31 December 2021: 23) provinces, 4 (31 December 2021: 4) directly-administered municipalities and 5 (31 December 2021: 5) autonomous regions in the PRC, and covering more than 2,300 (31 December 2021: 2,100) domestic hospitals in the PRC including more than 850 (31 December 2021: 817) Tier III hospitals. In addition, we had 199 (31 December 2021: 184) overseas customers covering 54 (31 December 2021: 51) countries and regions.

ACTIVITIES REVIEW

Subsidiaries

As at 30 June 2022, the Group was comprised of 12 (31 December 2021: 12) 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 moulds used for production of medical devices.

Renewal of Continuing Connected Transactions

Reference is made to the announcements of the Company dated 14 January 2022 and 20 January 2022 in relation to renewal of the continuing connected transactions under a procurement framework agreement dated 31 December 2018 entered into between the Company and Shanghai Kindly Enterprise Development Group Co., Ltd.* (上海康德萊企業發展集團股份有限公司) (“**KDL**”) and a procurement framework agreement dated 31 December 2018 entered into between the Company and Zhejiang Kindly Medical Devices Co., Ltd.* (浙江康德萊醫療器械股份有限公司), both of which as amended and supplemented by a supplemental procurement framework agreement dated 14 October 2019 entered into by and between the Company and KDL (collectively, the “**2019 Medical Accessories and Molds Sales Framework Agreement**”). The Company and KDL entered into the 2022 medical accessories and molds sales framework agreement on 14 January 2022 (the “**2022 Medical Accessories and Molds Sales Framework Agreement**”) to update and renew the 2019 Medical Accessories and Molds Sales Framework Agreement for the three years ending 31 December 2024 and the annual transaction amounts shall not exceed RMB10 million of each year. As at the date of the agreement (i.e., 14 January 2022), KDL was one of the controlling shareholders of the Company, which held approximately 25.82% equity interest in the Company. As such KDL is a connected person of the Company under Chapter 14A of the Listing Rules and the transactions under 2022 Medical Accessories and Molds Sales Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratios (other than the profits ratio) calculated for the purpose of Chapter 14 of the Listing Rules for the transactions under the 2022 Medical Accessories and Molds Sales Framework Agreement are more than 0.1% but less than 5%, the transactions under the 2022 Medical Accessories and Molds Sales Framework Agreement is subject to the reporting, announcement, annual review requirements but is exempted from the circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Re-election and Appointment of Directors and Supervisors

Reference is made to the announcements of the Company dated 18 March 2022 and 16 May 2022 and the circular of the Company dated 11 April 2022 in relation to, among others, the re-election and appointment of Directors and Supervisors.

MANAGEMENT DISCUSSION AND ANALYSIS

At the Company's annual general meeting held on 16 May 2022 (the "AGM"), Dr. Liang Dongke was re-elected as an executive Director; Mr. Lin Sen was appointed as an executive Director; Mr. Zhang Weixin and Ms. Chen Hongqin were re-elected as non-executive Directors; Dr. Song Yuan and Mr. Wang Ruiqin were appointed as non-executive Directors; Mr. Jian Xigao and Mr. Hui Hung Kwan were re-elected as independent non-executive Directors and Mr. Xu Congli was appointed as an independent non-executive Directors, of the Third Session of the Board. For biographical details of the Directors of the Third Session of the Board and other information required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules, please refer to the announcements of the Company dated 18 March 2022 and 16 May 2022 and the circular dated 11 April 2022.

At the employee representatives' meeting of the Company held on 18 March 2022, Ms. Chen Jie was appointed democratically as an employee representative Supervisor of the Third Session of the Supervisory Committee and should come into effect from the convening date of the AGM (i.e. 16 May 2022) until the date of the annual general meeting to be convened in 2025. At the AGM, Ms. Ma Huifang and Mr. Shen Xiaoru was appointed as a shareholder representative Supervisor of the Third Session of the Supervisory Committee. For biographical details of the Supervisors of the Third Session of the Supervisory Committee and other information required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules, please refer to the announcement of the Company dated 18 March 2022 and the circular of the Company dated 11 April 2022.

Adoption of the H Share Award and Trust Scheme

Reference is made to the announcements of the Company dated 18 March 2022 and 16 May 2022 and the circular of the Company dated 11 April 2022 in relation to, among others, the adoption of the H share award and trust scheme (the "H Share Award and Trust Scheme"). The adoption of H Share Award and Trust Scheme was approved by the Shareholders at the AGM. For the principal terms of the H Share Award and Trust Scheme, please refer to the circular of the Company dated 11 April 2022. The H Share Award and Trust Scheme involves no issue of new shares or granting of option for any new securities of the Company. Thus, it does not constitute a share option scheme as defined and regulated under Chapter 17 of the Listing Rules.

As at 30 June 2022, the Company has not granted any H Shares to any participant under the H Share Award and Trust Scheme.

Change of Company Name

Reference is made to the announcements of the Company dated 18 March 2022 and 16 May 2022 and the circular of the Company dated 11 April 2022 in relation to, among others, the proposed change of the English name of the Company from "Shanghai Kindly Medical Instruments Co., Ltd." to "Shanghai INT Medical Instruments Co., Ltd." and change of the Chinese name of the Company from "上海康德萊醫療器械股份有限公司" to "上海康德瑛泰醫療器械股份有限公司" (the "Change of Company Name"). The Change of Company Name was approved by the Shareholders at the AGM. The Company is in the process of registration with the authorities in the PRC. Thereafter, the Company will carry out necessary filing procedures with the Companies Registry in Hong Kong and will further apply to the Stock Exchange for the change in the English and Chinese stock short names for trading in the H Shares on the Stock Exchange.

The Board considered the proposed name of "上海康德瑛泰醫療器械股份有限公司 (Shanghai INT Medical Instruments Co., Ltd.)" will be helpful to establish an independent corporate identity, strengthen market recognition of the Company's own brand, and will be aligned with the Company's future strategic development plan.

MANAGEMENT DISCUSSION AND ANALYSIS

OUTLOOK FOR THE SECOND HALF OF 2022

In the first half year of 2022, the COVID-19 pandemic (“**COVID-19**”) in Shanghai had certain impact on the Group’s production and operation. In June 2022, Shanghai entered the stage of full resumption of normal production and life, and various businesses of the Group also got a rapid recovery. The Company will continue to deeply develop various fields of medical devices, and orderly promote the Company’s strategic planning and business layout. Looking forward the second half of 2022, we will (1) further develop the product pipeline, allocate more resources for research and development, further progress on the research and development, core product pipeline and obtaining approvals for new products; (2) take advantage of the Change of Company Name to further strengthen market recognition of the Company’s own brand and expand our market share, and strengthen and maintain our leading position in the interventional medical devices industry; and (3) further improve automation and large-scale production.

FINANCIAL REVIEW

Revenue

The Group’s revenue in the Reporting Period was approximately RMB225.22 million, representing an increase of approximately 24.70% or approximately RMB44.61 million as compared to approximately RMB180.61 million for the six-month period ended 30 June 2021. The increase was mainly due to the growth in sales volume of agent business and the interventional medical devices of approximately RMB21.81 million and approximately RMB20.73 million respectively.

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 RMB192.44 million (six-month period ended 30 June 2021: RMB171.71 million), representing an increase of RMB20.73 million as compared to those of the six-month period ended 30 June 2021. In addition to the existing self-made products, the agent business contributed revenue of RMB21.81 million during the Reporting Period. The agent business is mainly focus on trading of cardiovascular imaging medical devices, supplementary to the Group’s self-made products in order to optimize the product mix of the Group. In addition, the agent business will further strengthen the relationship with our existing distributors and expand our distribution network.

Cost of Sales

The cost of sales in the Reporting Period was approximately RMB101.19 million, representing an increase of approximately 56.46% or approximately RMB36.51 million as compared to approximately RMB64.68 million for the six-month period ended 30 June 2021.

Gross Profit and Gross Profit Margin

During the Reporting Period, gross profit was approximately RMB124.02 million, as compared to approximately RMB115.94 million for the six-month period ended 30 June 2021. Gross profit margin decreased from 64.19% for the six-month period ended 30 June 2021 to 55.07% for the Reporting Period. The decrease was mainly due to the increase of sales of agent business which had a lower gross profit margin as compared with the Group’s self-made products.

Other Income

During the Reporting Period, other income was approximately RMB21.81 million, representing a decrease of approximately 7.00% or approximately RMB1.64 million as compared to approximately RMB23.45 million for the six-month period ended 30 June 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance Costs

During the Reporting Period, the finance cost was approximately RMB0.32 million which was basically equivalent to the six-month period ended 30 June 2021. The finance costs were interests arising from lease liabilities.

Distribution Costs

The distribution costs in the Reporting Period were approximately RMB21.72 million, increased by approximately 61.89% or approximately RMB8.30 million as compared to approximately RMB13.42 million for the six-month period ended 30 June 2021, which increased in line with revenue. It constituted 9.65% of the total revenue as compared to 7.43% for the six-month period ended 30 June 2021 due to the increase in the number of sales staff led to the increase in costs and costs and exhibition fees.

Administrative Expenses

The administrative expenses of the Group in the Reporting Period were approximately RMB28.39 million, increased by approximately RMB7.69 million (or 37.16%) as compared to approximately RMB20.70 million for the six-month period ended 30 June 2021, due to the growth in the number of administrative staff and costs.

Research and Development Expenses

The total research and development expenditure of during the Reporting Period was approximately RMB53.39 million (for the six months ended 30 June 2021: RMB46.04 million), of which, expensed research and development expenditure was approximately RMB37.93 million (for the six months ended 30 June 2021: RMB45.06 million), and capitalized research and development expenditure was approximately RMB15.46 million (for the six months ended 30 June 2021: RMB0.98 million).

Income Tax Expenses

The income tax expenses in the Reporting Period was approximately RMB6.70 million, representing a decrease of approximately 21.77% or approximately RMB1.87 million as compared to approximately RMB8.57 million for the six-month period ended 30 June 2021. The effective income tax rate was 11.80% for the Reporting Period as compared to 14.32% for the six-month period ended 30 June 2021. According to the PRC income tax law and its relevant regulations, the decrease was mainly due to tax-exemption dividends among resident enterprises.

Profit for the Period

The Group's profit for the Reporting Period was approximately RMB50.13 million, representing a decrease of approximately 2.28% as compared to approximately RMB51.29 million for the six-month period ended 30 June 2021. The decrease was mainly due to the increase in the staff costs as a result of the business expansion during the Reporting Period.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has maintained a sound financial position during the Reporting Period. As at 30 June 2022, the Group's cash and cash equivalents and time deposits amounted to approximately RMB597.78 million (31 December 2021: RMB640.55 million). For the six-month period ended 30 June 2022, net cash flow from operating activities of the Group amounted to approximately RMB74.94 million (six-month period ended 30 June 2021: RMB24.00 million).

The Group recorded total current assets of approximately RMB842.48 million as at 30 June 2022 (31 December 2021: approximately RMB858.44 million) and total current liabilities of approximately RMB173.16 million as at 30 June 2022 (31 December 2021: approximately RMB153.22 million). The current ratio (calculated by dividing the current assets by the current liabilities) of the Group was approximately 4.87 as at 30 June 2022 (31 December 2021: approximately 5.60).

MANAGEMENT DISCUSSION AND ANALYSIS

BORROWINGS AND GEARING RATIO

The Group has no bank borrowings or other borrowings as at 30 June 2022 and 31 December 2021. As such, the gearing ratio is not applicable.

CAPITAL STRUCTURE

Total equity attributable to equity shareholders of the Company amounted to approximately RMB1,428.95 million as at 30 June 2022 as compared to approximately RMB1,395.47 million as at 31 December 2021.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six-month period ended 30 June 2022.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

Upon completion of the Global Offering, the Company raised net proceeds of approximately RMB797.62 million (after deducting the listing fees and other expenses). As at 30 June 2022, the Company has utilized approximately RMB481.54 million of the net proceeds. As disclosed in the section headed “Future Plans and Use of Proceeds” in the prospectus of the Company dated 28 October 2019 and the announcements of the Company dated 7 July 2020, 31 March 2021 and 20 June 2022, the details of intended application of net proceeds are set out as follows:

	Revised allocation of net proceeds (RMB million)	Utilized net proceeds up to 30 June 2022 (RMB million)	Unutilized net proceeds up to 30 June 2022 (RMB million)	Expected timeline of full utilization of the unutilized net proceeds
Set up a research and development center and an additional facility in Jiading, Shanghai	271.99	232.25	39.74	March 2023
Purchase additional and replacement of existing production equipment and automate production lines	110.07	43.66	66.41	December 2023
Expand our distribution network and coverage, collaborate with local distributors and intensify our marketing efforts	13.00	13.00	–	Not applicable
General corporate purposes and fund our working capital	79.84	79.84	–	Not applicable
Zhuhai Derui New Factory Project	110.00	103.11	6.89	September 2022
Construction of the Shandong INT Innovative Medical Instruments Industrial Park	156.33	9.68	146.65	December 2023
Potential acquisitions	56.39	–	56.39	December 2023
Total	797.62	481.54	316.08	

As at the date of this report, the unutilized net proceeds has been deposited in bank accounts maintained by the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEE REMUNERATION AND RELATIONS

As at 30 June 2022, the Group had a total of 1,605 employees, comparing to 1,189 employees as at 31 December 2021. The total cost of employees for the Reporting Period amounted to approximately RMB100.74 million (six-month period ended 30 June 2021: approximately RMB70.75 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 Reporting Period.

SIGNIFICANT INVESTMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 30 June 2022 and 31 December 2021, the Group had below significant investments.

	At 30 June 2022					At 31 December 2021				
	Percentage of interests	Cost of investment	Fair Value	Accumulated gain	Dividend Received	Percentage of interests	Cost of investment	Fair Value	Accumulated gain	Dividend Received
	%	RMB'000	RMB'000	RMB'000	RMB'000	%	RMB'000	RMB'000	RMB'000	RMB'000
Recognised as "financial assets at fair value through profit or loss"										
Jingning Huaige Ruixin Venture Investment Partnership (Limited Partnership)* 景寧懷格瑞信創業投資合夥企業(有限合伙) (the "Ruixin Fund")	15.83	50,000	74,016	24,016	-	15.83	50,000	63,071	13,071	-
Shanghai Huaige Int Start-up Investment Limited Partnership (LP)* 上海懷格英泰創業投資合夥企業(有限合伙) (the "Int Fund")	25.00	50,000	59,836	9,836	-	25.00	50,000	60,103	10,103	-
		<u>100,000</u>	<u>133,852</u>	<u>33,852</u>	<u>-</u>		<u>100,000</u>	<u>123,174</u>	<u>23,174</u>	<u>-</u>

The primary objective of the Ruixin Fund is investments in equity interest of entities in the medical devices, pharmaceutical, biologics, medical services and contract research organisation services industries mainly in the PRC and investments in other equity funds with focus of investing in the medical device and biomedical fields.

The primary objective of the Int Fund is 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.

Save as disclosed above, the Group has no other significant investment in the Reporting Period.

MANAGEMENT DISCUSSION AND ANALYSIS

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 30 June 2022 and 31 December 2021, the Group did not have any material contingent liabilities.

FINANCIAL INSTRUMENTS

As at 30 June 2022, the Group did not have any financial derivative instruments.

CAPITAL EXPENDITURE

The capital expenditure of the Group for property, plant and equipment, construction in progress, intangible assets and right-of-use assets amounted to approximately RMB103.99 million for the Reporting Period.

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, therefore 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 30 June 2022, the Group did not have any charges on its assets.

CAPITAL COMMITMENT

The Group's outstanding capital commitments authorized but not contracted for at 30 June 2022 not provided for in the financial statements amounted to approximately RMB426.72 million (31 December 2021: RMB527.20 million). The Group's outstanding capital commitment contracted for at 30 June 2022 not provided for in the financial statements amounted to approximately RMB106.67 million (31 December 2021: RMB71.28 million).

SUPPLEMENTARY INFORMATION

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the Reporting Period.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieve good corporate governance standards to protect the Shareholders' interest and enhance the Company's transparency and accountability. The Company's corporate governance practices are based on the CG Code contained in Appendix 14 of the Listing Rules. During the Reporting Period, the Company has complied with all the code provisions set forth in the CG Code, exception of code provision C.2.1 of the CG 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 the senior management of the Company, which comprises experienced and visionary individuals. The Board currently comprises two executive Directors (including Dr. Liang), four non-executive Directors and three 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.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as a code of conduct of the Company for Directors' and Supervisors' securities transactions. Having made specific enquiry of the Directors and the Supervisors, all of the Directors and the Supervisors confirmed that they have complied with the required standard set out in the Model Code during the Reporting Period. Employees who are, or likely to be, in possession of unpublished inside information in relation to the Company or the Shares are prohibited from dealing in the Shares during the black-out period.

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 Reporting Period.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

The Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

SUPPLEMENTARY INFORMATION

CHANGES IN INFORMATION OF THE DIRECTORS, AND SUPERVISORS AND CHIEF EXECUTIVES OF THE COMPANY

Save as disclosed in the 2021 annual report of the Company and the section headed “Activities Review — Re-election and Appointment of Directors and Supervisors” under Management Discussion and Analysis in this report, Mr. Wang Cailiang, Mr. Fang Shengshi and Mr. Dai Kerong being Directors of the Second Session of the Board, retired upon expiration of the term of office of the Second Session of the Board (i.e. 16 May, 2022, the date of the AGM). Ms. Wang Li and Mr. Xu Jianhai being Supervisors of the Second Session of the Supervisory Committee, retired upon expiration of the term of office of the Second Session of the Supervisory Committee (i.e. 16 May 2022, the date of the AGM).

Dr. Song Yuan, a non-executive Director, appointed as a member of the Audit Committee on 16 May 2022. Mr. Xu Congli, an independent non-executive Director, appointed as a member of the Audit Committee and the Nomination Committee on 16 May 2022.

Save as disclosed above, there was no change of the information of Directors, Supervisors and chief executives of the Company during the Reporting Period which is required to be disclosed pursuant to Rules 13.51B(1) and 13.51B(2) of the Listing Rules.

REVIEW OF FINANCIAL INFORMATION

Audit Committee

The Company has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code as set out in Appendix 14 to the Listing Rules. The Audit Committee comprises three members, namely, Mr. Hui Hung Kwan, Dr. Song Yuan and Mr. Xu Congli. Mr. Hui and Mr. Xu are independent non-executive Directors and Dr. Song 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 unaudited interim 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 risk management, internal control and financial reporting matters.

Independent Review of Auditor Financial Report

KPMG, the Company’s auditor, has reviewed the Company’s unaudited interim financial report for the Reporting Period in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants, whose unmodified review report is included in the interim report to be sent to the Shareholders.

SUPPLEMENTARY INFORMATION

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATION

As of 30 June 2022, the interests and short positions of the Directors, the Supervisors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is keen to taken or deemed to have under such provisions of the SFO), or as recorded in the register maintained by the Company under Section 352 of the SFO, or as notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name	Class of Shares	Nature of Interest	Number of Shares ⁽¹⁾	Approximate percentage in Domestic Shares ⁽²⁾	Percentage in total number of Shares ⁽²⁾
Dr. Liang Dongke (梁棟科) ⁽³⁾	Domestic Shares	Beneficial owner	10,542,854 (L)	16.53%	6.28%
	Domestic Shares	Interest in controlled corporation	3,400,000 (L)	5.33%	2.02%
Dr. Song Yuan (宋媛) ⁽³⁾	Domestic Shares	Interest of spouse	13,942,854 (L)	21.86%	8.30%
Mr. Lin Sen (林森)	Domestic Shares	Beneficial owner	7,142,858 (L)	11.20%	4.25%
Mr. Wang Ruiqin (王瑞琴)	Domestic Shares	Beneficial owner	7,142,858 (L)	11.20%	4.25%

Notes:

- (1) The letter "L" stands for long position.
- (2) The calculation is based on percentage of shareholding in a total of 168,000,000 Shares, which consist of 63,786,608 Domestic Shares and 104,213,392 H Shares as at 30 June 2022.
- (3) Dr. Song Yuan is the spouse of Dr. Liang Dongke. Under section 316(1)(a) of the SFO, Dr. Song Yuan is deemed to be interested in the equity interests held by Dr. Liang Dongke.

Save as disclosed above, as of 30 June 2022, to the knowledge of the Board, none of the Directors, the Supervisors or chief executives of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors, the Supervisors and chief executives of the Company were taken or deemed to have under such provisions of the SFO); (ii) recorded in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

SUPPLEMENTARY INFORMATION

INTERESTS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES

As of 30 June 2022, according to the register kept by the Company pursuant to Section 336 of the SFO and so far is known to, or can be ascertained after reasonable enquiry by the Directors, the following person/entity had an interests or short position in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or be directly and indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote on all circumstances at general meetings of the Company (the interests in Shares and/or short positions, if any, disclosed herein are in addition to those disclosed in respect of the Directors, Supervisors and chief executive):

Interests in the Shares of the Company

Name	Class of Shares	Nature of Interest	Number of Shares ⁽¹⁾	Approximate percentage in the respective class of share capital ⁽¹¹⁾	Percentage in total number of Shares ⁽¹¹⁾
Ningbo Huaige Taiyi Equity Investment Partnership (Limited Partnership) (寧波懷格泰益股權投資合夥企業(有限合夥)) (“Ningbo Huaige Taiyi”) ⁽²⁾	Domestic Shares	Beneficial owner	9,843,750 (L)	15.43%	5.86%
Ningbo Huaige Gongxin Equity Investment Partnership (Limited Partnership) (寧波懷格共信股權投資合夥企業(有限合夥)) (“Ningbo Huaige Gongxin”) ⁽²⁾	Domestic Shares	Interest in a controlled corporation	9,843,750 (L)	15.43%	5.86%
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)) (“Ningbo Huaige Health”) ⁽²⁾	Domestic Shares	Interest in a controlled corporation	9,843,750 (L)	15.43%	5.86%

SUPPLEMENTARY INFORMATION

Name	Class of Shares	Nature of Interest	Number of Shares ⁽¹⁾	Approximate percentage in the respective class of share capital ⁽¹¹⁾	Percentage in total number of Shares ⁽¹¹⁾
Mr. Wang Kai (王鏜) ⁽²⁾	Domestic Shares	Beneficial owner	5,571,428 (L)	8.73%	3.32%
		Interests in a controlled corporation	9,843,750 (L)	15.43%	5.86%
Ms. Zhao Wei (趙威) ⁽²⁾	Domestic Shares	Interest of spouse	5,571,428 (L)	8.73%	3.32%
		Interests in a controlled corporation	9,843,750 (L)	15.43%	5.86%
Ms. Chen Saiying (陳賽英) ⁽³⁾	Domestic Shares	Interest of spouse	7,142,858 (L)	11.20%	4.25%
Ms. Han Chunyan (韓春燕) ⁽⁴⁾	Domestic Shares	Interest of spouse	7,142,858 (L)	11.20%	4.25%
Mr. Chen Xing (陳星) ⁽⁵⁾	Domestic Shares	Beneficial owner	7,071,430 (L)	11.09%	4.21%
Ms. Han Xue (韓雪) ⁽⁵⁾	Domestic Shares	Interest of spouse	7,071,430 (L)	11.09%	4.21%
Mr. Huang Chubin (黃楚彬) ⁽⁶⁾	Domestic Shares	Beneficial owner	7,071,430 (L)	11.09%	4.21%
Ms. Li Xiuqun (李秀群) ⁽⁶⁾	Domestic Shares	Interest of spouse	7,071,430 (L)	11.09%	4.21%
Ningbo Tongchuang Suwei Investment Partnership (Limited Partnership) (寧波同創速維投資合夥企業(有限合夥)) ("Ningbo Tongchuang Suwei") ⁽⁷⁾	Domestic Shares	Beneficial owner	6,000,000 (L)	9.41%	3.57%
Mr. Chai Yanpeng (柴燕鵬) ⁽⁷⁾	Domestic Shares	Interest in a controlled corporation	6,000,000 (L)	9.41%	3.57%
Shanghai Kindly Enterprise Development Group Co., Ltd. (上海康德萊企業發展集團股份有限公司) ("KDL") ⁽⁸⁾	H Shares	Beneficial owner	42,857,142 (L)	41.12%	25.51%

SUPPLEMENTARY INFORMATION

Name	Class of Shares	Nature of Interest	Number of Shares ⁽¹⁾	Approximate percentage in the respective class of share capital ⁽¹¹⁾	Percentage in total number of Shares ⁽¹¹⁾
Shanghai Kindly Holding Group Co., Ltd. (上海康德萊控股集團有限公司) ("KDL Holding") ⁽⁸⁾	H Shares	Interest in a controlled corporation	42,857,142 (L)	41.12%	25.51%
Kindly Holding Co., Ltd. (康德萊控股有限公司) ⁽⁸⁾	H Shares	Interest in a controlled corporation	42,857,142 (L)	41.12%	25.51%
Shanghai Gongye Investment Co., Ltd. (上海共業投資有限公司) ("Gongye") ⁽⁸⁾	H Shares	Interest in a controlled corporation	42,857,142 (L)	41.12%	25.51%
Mr. Zhang Xianmiao (張憲淼) ⁽⁸⁾	H Shares	Interest in a controlled corporation; interest jointly held with another person	42,857,142 (L)	41.12%	25.51%
Ms. Zheng Aiping (鄭愛平) ⁽⁸⁾	H Shares	Interest in a controlled corporation; interest jointly held with another person	42,857,142 (L)	41.12%	25.51%
Mr. Zhang Wei (張偉) ⁽⁸⁾	H Shares	Interest in a controlled corporation; interest jointly held with another person	42,857,142 (L)	41.12%	25.51%
Ningbo Huaige Taiyi ⁽²⁾	H Shares	Beneficial owner	15,356,250 (L)	14.74%	9.14%
Ningbo Huaige Gongxin ⁽²⁾	H Shares	Interest in a controlled corporation	15,356,250 (L)	14.74%	9.14%

SUPPLEMENTARY INFORMATION

Name	Class of Shares	Nature of Interest	Number of Shares ⁽¹⁾	Approximate percentage in the respective class of share capital ⁽¹¹⁾	Percentage in total number of Shares ⁽¹¹⁾
Ningbo Huaige Health ⁽²⁾	H Shares	Interest in a controlled corporation	15,356,250(L)	14.74%	9.14%
Mr. Wang Kai (王锴) ⁽²⁾	H Shares	Interest in a controlled corporation	15,356,250 (L)	14.74%	9.14%
Ms. Zhao Wei (趙威) ⁽²⁾	H Shares	Interest in a controlled corporation	15,356,250 (L)	14.74%	9.14%
OrbiMed Capital LLC ⁽⁹⁾	H Shares	Investment manager	11,468,000 (L)	11.00%	6.83%
Worldwide Healthcare Trust PLC ⁽⁹⁾	H Shares	Beneficial owner	7,412,800 (L)	7.11%	4.41%
Mr. Ke Wei (柯偉)	H Shares	Beneficial owner	6,070,000 (L)	5.82%	3.61%
China Orient Asset Management (International) Holding Limited ⁽¹⁰⁾	H Shares	Interest in a controlled corporation	6,291,000 (L)	6.04%	3.74%
China Orient International Fund Management Limited ⁽¹⁰⁾	H Shares	Interest of controlled corporation	6,291,000 (L)	6.04%	3.74%
China Orient Multi-Strategy Fund ⁽¹⁰⁾	H Shares	Interest of controlled corporation	6,291,000 (L)	6.04%	3.74%
China Orient Multi-Strategy Master Fund ⁽¹⁰⁾	H Shares	Beneficial owner	6,291,000 (L)	6.04%	3.74%

SUPPLEMENTARY INFORMATION

Notes:

- (1) The letters “L” stands for long position.
- (2) To the best of the Directors’ knowledge, Ningbo Huaige Taiyi is a limited partnership established in the PRC and is owned as to 53.13% by Ningbo Huaige Gongxin as limited partner. Ningbo Huaige Health is the general partner of Ningbo Huaige Taiyi and Ningbo Huaige Gongxin. Mr. Wang Kai is the general partner of Ningbo Huaige Health. Ms. Zhao Wei, the spouse of Mr. Wang Kai, has 85% interest in Ningbo Huaige Health as a limited partner. As such, under the SFO, each of Ningbo Huaige Gongxin, Ningbo Huaige Health, Mr. Wang Kai and Ms. Zhao Wei is deemed to be interested in the equity interests held by Ningbo Huaige Taiyi.
- (3) Ms. Chen Saiying is the spouse of Mr. Lin Sen. Under section 316(1)(a) of the SFO, Ms. Chen Saiying is deemed to be interested in the equity interests held by Mr. Lin Sen.
- (4) Ms. Han Chunyan is the spouse of Mr. Wang Ruiqin. Under section 316(1)(a) of the SFO, Ms. Han Chunyan is deemed to be interested in the equity interests held by Mr. Wang Ruiqin.
- (5) Ms. Han Xue is the spouse of Mr. Chen Xing. Under section 316(1)(a) of the SFO, Ms. Han Xue is deemed to be interested in the equity interests held by Mr. Chen Xing.
- (6) Ms. Li Xiuqun is the spouse of Mr. Huang Chubin. Under section 316(1)(a) of the SFO, Ms. Li Xiuqun is deemed to be interested in the equity interests held by Mr. Huang Chubin.
- (7) To the best of the Directors’ knowledge, Ningbo Tongchuang Suwei is a limited partnership established in the PRC. Mr. Chai Yanpeng is the general partner of Ningbo Tongchuang Suwei. As such, under the SFO, Mr. Chai Yanpeng is deemed to be interested in the equity interests held by Ningbo Tongchuang Suwei.
- (8) To the best of the Directors’ knowledge, KDL Holding controls KDL as it owns more than one-third of the voting power at general meetings of KDL. KDL Holding is in turn controlled by each of Gongye and Kindly Holding Co., Ltd. as each of Gongye and Kindly Holding Co., Ltd. owns more than one-third of the voting power at general meetings of KDL Holding. Gongye is held as to 56.43% and Kindly Holding Co., Ltd. is wholly-owned by the Zhang Family as concert parties. As such, under the SFO, each of KDL Holding, Gongye, Kindly Holding Co., Ltd., Mr. Zhang Xianmiao, Ms. Zheng Aiping and Mr. Zhang Wei is deemed to be interested in the equity interests held by KDL.
- (9) Taking into account the 155,200 H Shares, 3,900,000 H Shares and 7,412,800 H Shares to be held by OrbiMed New Horizons Master Fund, L.P., OrbiMed Partners Master Fund Limited and Worldwide Healthcare Trust PLC, respectively, pursuant to the cornerstone investment agreement as described under the section headed “Cornerstone Investors” in the Prospectus, OrbiMed Capital LLC is deemed to be interested in the above H Shares.
- (10) To the best of the Directors’ knowledge, China Orient Multi-Strategy Master Fund is controlled as to 100% by China Orient Multi-Strategy Fund, which is in turn controlled as to 98.30% by China Orient International Fund Management Limited, 100% of the voting power of which is controlled by China Orient Asset Management (International) Holding Limited.
- (11) The calculation is based on the percentage of shareholding in a total of 168,000,000 Shares, which consist of 63,786,608 Domestic Shares and 104,213,392 H Shares as at 30 June 2022.

SUPPLEMENTARY INFORMATION

Interests of Substantial Shareholders of other members of the Group

Name	Member of the Group	Nature of Interest	Approximate percentage held by the substantial shareholder
Jiang Xiannan (姜賢男)	Shanghai Pukon Medical Instruments Co., Ltd. (上海璞康醫療器械有限公司)	Beneficial owner	15.0%
Chen Linling (陳臨凌)	Shanghai Healing Medical Instruments Co., Ltd. (上海翰凌醫療器械有限公司)	Beneficial owner	24.5%
Chen Caizheng (陳才正)	Shanghai Puhui Medical Instruments Co., Ltd. (上海璞慧醫療器械有限公司) ("Shanghai Puhui")	Beneficial owner	21.0%
Ningbo Youtuo Enterprise Management Partnership (Limited Partnership)* (寧波優拓企業管理合夥企業(有限合夥))	Shanghai Puhui	Beneficial owner	20.0%
Chen Yanli (陳豔麗)	Shanghai Qimu Medical Instruments Co., Ltd. (上海七木醫療器械有限公司) ("Shanghai Qimu")	Beneficial owner	11.0%
Sun Peng (孫鵬)	Shanghai Qimu	Beneficial owner	10.0%
Lin Peng (林鵬)	Shanghai Pumei Medical Instruments Co., Ltd. (上海璞鎂醫療器械有限公司)	Beneficial owner	30.0%
Hengyi Enterprise Management (Wei Fang) Center (Limited Partnership)* (恆熠企業管理(淮坊)中心(有限合夥))	Shanghai Pulin Medical Instruments Co., Ltd. (上海璞霖醫療器械有限公司)	Beneficial owner	35.0%
Ningbo Liufang Enterprise Management Partnership (Limited Partnership)* (寧波六方企業管理合夥企業(有限合夥))	Shanghai Puyue Medical Instruments Co., Ltd. (上海璞躍醫療器械有限公司)	Beneficial owner	40.0%

Save as disclosed above, as of 30 June 2022, to the knowledge of the Directors, no other person had, or were deemed or taken to have interests or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the registry kept by the Company pursuant to Section 336 of the SFO.

SUPPLEMENTARY INFORMATION

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

No arrangement has been made by the Company or any of its subsidiaries for any Director or Supervisor to acquire benefits by means of the acquisition of Shares in or debentures of the Company or any other body corporate, and no rights to any share capital or debentures of the Company or any other body corporate were granted to any Director or their respective spouse or children under 18 years of age, nor were any such rights exercised during or at the end of the Reporting Period.

MATERIAL EVENTS AFTER THE REPORTING PERIOD

On 18 August 2022, the Company conditionally entered into a partnership agreement with 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) (as the general partner and fund manager) and other investors (as the limited partners) in relation to establishment of, and investment in, Chengdu Huaige Guosheng Venture Investment Partnership (Limited Partnership)* 成都懷格國生創業投資合夥企業(有限合夥) ("**Chengdu Huaige Fund**"). The Company will participate in the Chengdu Huaige Fund as a limited partner and will make a capital commitment of RMB50 million. The Chengdu Huaige Fund will be registered in the PRC as a limited partnership with the primary objective of investments in, among others, equity interests of entities in early-stage or growth stage businesses in the healthcare and biotechnology sectors.

Further details are set out in the announcement of the Company dated 18 August 2022.

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
19 August 2022

INDEPENDENT AUDITOR'S REVIEW REPORT



**Review report to the board of directors of
Shanghai Kindly Medical Instruments Co., Ltd.**

(Incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 25 to 50 which comprises the consolidated statement of financial position of Shanghai Kindly Medical Instruments Co., Ltd. (the "Company") as of 30 June 2022 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the statement of changes in equity and the condensed consolidated cash flow statement for the six month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with Hong Kong Accounting Standard 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, Review of interim financial information performed by the independent auditor of the entity, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

INDEPENDENT AUDITOR'S REVIEW REPORT

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2022 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, Interim financial reporting.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

Date: 19 August 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSSfor the six months ended 30 June 2022 – unaudited
(Expressed in Renminbi Yuan)

	Note	Six-month ended 30 June	
		2022 RMB'000	2021 RMB'000
Revenue	3	225,217	180,613
Cost of sales		(101,194)	(64,677)
Gross profit		124,023	115,936
Other income	4	21,811	23,453
Distribution costs		(21,724)	(13,419)
Administrative expenses		(28,392)	(20,700)
Research and development expenses		(37,930)	(45,061)
Impairment losses		(637)	(30)
Profit from operations		57,151	60,179
Finance costs	5(a)	(322)	(315)
Profit before taxation	5	56,829	59,864
Income tax	6	(6,704)	(8,570)
Profit for the period		50,125	51,294
Attributable to:			
Equity shareholders of the Company		50,841	50,605
Non-controlling interests		(716)	689
Profit for the period		50,125	51,294
Earnings per share (RMB)	7		
Basic (RMB)		0.31	0.30
Diluted (RMB)		0.30	0.30

The notes on pages 31 to 50 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 17.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2022 – unaudited
(Expressed in Renminbi Yuan)

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Profit for the period	50,125	51,294
Other comprehensive income for the period (after tax and reclassification adjustments)		
Item that will not be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiary	832	(211)
Other comprehensive income	832	(211)
Total comprehensive income for the period	50,957	51,083
Attributable to:		
Equity shareholders of the Company	51,673	50,394
Non-controlling interests	(716)	689
Total comprehensive income for the period	50,957	51,083

The notes on pages 31 to 50 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2022 – unaudited
(Expressed in Renminbi Yuan)

	Note	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Non-current assets			
Property, plant and equipment	8	479,507	458,153
Intangible assets	9	43,031	27,877
Right-of-use assets	10	116,617	106,820
Time deposits	15	10,000	–
Other non-current assets		32,169	30,627
Financial assets at fair value through profit or loss	14	140,852	130,174
Deferred tax assets		10,095	9,458
		832,271	763,109
Current assets			
Inventories	12	127,440	92,494
Trade and other receivables	13	65,797	82,773
Other current assets		61,463	42,487
Financial assets at fair value through profit or loss	14	–	132
Cash and cash equivalents	15	507,777	640,550
Time deposits	15	80,000	–
		842,477	858,436
Current liabilities			
Trade and other payables	16	86,470	104,707
Contract liabilities		72,486	35,723
Lease liabilities		196	192
Deferred income		338	383
Current taxation		13,667	12,216
		173,157	153,221
Net current assets		669,320	705,215
Total assets less current liabilities		1,501,591	1,468,324

The notes on pages 31 to 50 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2022 – unaudited
(Expressed in Renminbi Yuan)

	Note	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Non-current liabilities			
Lease liabilities		13,403	13,212
Deferred income		12,461	13,696
Deferred tax liabilities		5,078	3,496
		30,942	30,404
NET ASSETS			
		1,470,649	1,437,920
CAPITAL AND RESERVES			
Share capital	17	168,000	166,000
Reserves		1,260,946	1,229,472
Total equity attributable to equity shareholders of the Company			
		1,428,946	1,395,472
Non-controlling interests			
		41,703	42,448
TOTAL EQUITY			
		1,470,649	1,437,920

Approved and authorised for issue by the board of directors on 18 August 2022.

LIANG DONGKE

Director

LIN SEN

Director

(Company Stamp)

The notes on pages 31 to 50 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITYfor the six months ended 30 June 2022 – unaudited
(Expressed in Renminbi Yuan)

	Attributable to equity shareholders of the Company								
	Note	Share capital RMB'000	Capital reserve RMB'000	Statutory		Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
				surplus reserve RMB'000	Exchange reserve RMB'000				
Balance at 1 January 2021		166,000	932,602	36,947	(633)	170,734	1,305,650	21,998	1,327,648
Changes in equity for the six months ended 30 June 2021									
Profit for the period		-	-	-	-	50,605	50,605	689	51,294
Other comprehensive income		-	-	-	(211)	-	(211)	-	(211)
Capital injection from non-controlling interests		-	-	-	-	-	-	13,300	13,300
Acquisition of non-controlling interests	11(a)	-	(34,313)	-	-	-	(34,313)	(4,401)	(38,714)
Equity settled share-based payments	11(b)	-	21	-	-	-	21	-	21
Dividends to holders of non-controlling interests		-	-	-	-	-	-	(2,463)	(2,463)
Dividends approved in respect of previous year	17	-	-	-	-	(47,310)	(47,310)	-	(47,310)
Balance at 30 June 2021 and 1 July 2021		166,000	898,310	36,947	(844)	174,029	1,274,442	29,123	1,303,565
Changes in equity for the six months ended 31 December 2021									
Profit/(loss) for the period		-	-	-	-	92,355	92,355	(3,204)	89,151
Other comprehensive income		-	-	-	(320)	-	(320)	-	(320)
Capital injection from non-controlling interests		-	-	-	-	-	-	1,000	1,000
Capital injection from non-controlling interest with preferred rights		-	27,909	-	-	-	27,909	22,091	50,000
Equity settled share-based payments	11(b)	-	1,086	-	-	-	1,086	-	1,086
Dividends to holders of non-controlling interests		-	-	-	-	-	-	(6,562)	(6,562)
Appropriation for surplus reserve		-	-	13,950	-	(13,950)	-	-	-
Balance at 31 December 2021		166,000	927,305	50,897	(1,164)	252,434	1,395,472	42,448	1,437,920
Balance at 31 December 2021 and 1 January 2022		166,000	927,305	50,897	(1,164)	252,434	1,395,472	42,448	1,437,920
Changes in equity for the six months ended 30 June 2022									
Profit for the period		-	-	-	-	50,841	50,841	(716)	50,125
Other comprehensive income		-	-	-	832	-	832	-	832
Capital injection from non-controlling interests		-	-	-	-	-	-	2,500	2,500
Equity settled share-based payments	11(b)	-	1,481	-	-	-	1,481	-	1,481
Dividends to holders of non-controlling interests		-	-	-	-	-	-	(2,529)	(2,529)
Dividends approved in respect of previous year	17	-	-	-	-	(43,680)	(43,680)	-	(43,680)
Issuance of domestic shares	11(b)&17	2,000	22,000	-	-	-	24,000	-	24,000
Balance at 30 June 2022		168,000	950,786	50,897	(332)	259,595	1,428,946	41,703	1,470,649

The notes on pages 31 to 50 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2022 – unaudited
(Expressed in Renminbi Yuan)

	Note	Six months ended 30 June	
		2022 RMB'000	2021 RMB'000
Operating activities			
Cash generated from operations		79,278	35,321
Payment for interest element of leases liabilities		(32)	(38)
Tax paid		(4,308)	(11,283)
Net cash generated from operating activities		74,938	24,000
Investing activities			
Payment for purchase of property, plant and equipment and intangible assets		(91,388)	(141,354)
Proceeds from sale of property, plant and equipment		23	7
Payment for purchase of land use right		(12,597)	(6,640)
Interest received from bank deposits		4,320	5,232
Payment for placement of time deposits		(90,000)	–
Payment for purchase of wealth management products		–	(534,000)
Proceeds from sale of wealth management products		–	591,474
Payment for the investment in funds		–	(12,500)
Payment for investment deposit		(1,000)	–
Net cash used in investing activities		(190,642)	(97,781)
Financing activities			
Capital injection received from non-controlling interests		2,500	13,300
Payment of acquisition of non-controlling interests	11(a)	–	(38,714)
Payment for capital element of lease liabilities		(95)	(221)
Dividends paid to equity shareholders of the Company	17	(43,680)	(47,310)
Dividends paid to holders of non-controlling interests		(2,529)	(2,463)
Fund raised from issuance of domestic shares	11(b)	24,000	–
Net cash used in financing activities		(19,804)	(75,408)
Net decrease in cash and cash equivalents		(135,508)	(149,189)
Cash and cash equivalents at 1 January	15	640,550	870,132
Effects of foreign exchange rates changes		2,735	(1,219)
Cash and cash equivalents at 30 June	15	507,777	719,724

The notes on pages 31 to 50 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), including compliance with Hong Kong Accounting Standard (HKAS) 34, Interim financial reporting, issued by the Hong Kong Institute of Certified Public Accountants (HKICPA). It has been reviewed by the audit committee of the Company and was authorised for issue on 19 August 2022.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2021 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of the interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Shanghai Kindly Medical Instruments Co., Ltd. (the “**Company**”) and its subsidiaries (together, the “**Group**”) since the 2021 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with HKFRSs.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, Review of interim financial information performed by the independent auditor of the entity, issued by the HKICPA. KPMG’s independent review report to the Board of Directors is included on pages 23 to 24.

The financial information relating to the financial year ended 31 December 2021 that is included in the interim financial report as comparative information does not constitute the Company’s annual consolidated financial statements for that financial year but is derived from those financial statements. The Company’s annual consolidated financial statements for the year ended 31 December 2021 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 18 March 2022.

2 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to HKFRSs issued by the HKICPA to this interim financial report for the current accounting period:

- Amendments to HKFRS 16, Property, plant and equipment: Proceeds before intended use
- Amendments to HKAS 37, Provisions, contingent liabilities and contingent assets: Onerous contracts — cost of fulfilling a contract

None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

3 REVENUE AND 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 primarily engaged in sales, manufacture, research and development of cardiovascular interventional medical devices as well as related moulds, accessories and masks. 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.

(a) Disaggregation of revenue

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

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products		
— Sales of interventional medical devices		
<i>Cardiovascular devices</i>	184,171	171,232
<i>Neurological devices</i>	5,884	—
<i>Orthopaedics and other devices</i>	2,385	478
Subtotal	192,440	171,710
— Sales of medical accessories	5,374	4,920
— Agent business	21,811	—
— Moulds and others	5,592	3,983
	225,217	180,613

During the six months ended 30 June 2022 and 2021, the Group recognised its revenue from contract with customers at point in time.

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

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Mainland China (the "PRC")	181,503	145,333
Europe	11,907	11,979
The United States	6,582	4,529
Other countries and regions	25,225	18,772
	225,217	180,613

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 PRC.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting

(i) Segment results

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below:

	Six months ended 30 June 2022		
	Cardiovascular interventional business RMB'000	All others RMB'000	Total RMB'000
Revenue from external customers	185,611	39,606	225,217
Inter-segment revenue	2,847	9,295	12,142
Segment revenue	188,458	48,901	237,359
Segment net profit	32,129	19,169	51,298

	Six months ended 30 June 2021		
	Cardiovascular interventional business RMB'000	All others RMB'000	Total RMB'000
Revenue from external customers	146,907	33,706	180,613
Inter-segment revenue	3,244	5,411	8,655
Segment revenue	150,151	39,117	189,268
Segment net profit	49,850	2,298	52,148

(ii) Reconciliation of segment profit

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Revenue		
Segment revenue	237,359	189,268
Elimination of inter-segment revenue	(12,142)	(8,655)
Consolidated revenue	225,217	180,613
Profit		
Segment net profit	51,298	52,148
Elimination of inter-segment net profit	(1,173)	(854)
Consolidated net profit	50,125	51,294

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

4 OTHER INCOME

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Government grants (<i>note</i>)	2,686	3,171
Interest income from bank deposits	5,613	5,923
Net realised and unrealised gains from fair value changes on financial assets at fair value through profit or loss	10,795	15,936
Exchange gain/(loss)	2,150	(2,029)
Others	567	452
	21,811	23,453

Note: Government grants mainly include subsidies received from government for encouragement of research and development projects and compensation on the capital expenditure of medical device production lines. As at the end of reporting period, there was no unfulfilled condition or other contingency attaching to the government grants that had been recognised by the Group.

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
(a) Finance costs		
Interest on lease liabilities	322	315
(b) Other items		
Depreciation and amortisation		
— property, plant and equipment	14,109	10,829
— right-of-use assets	2,801	2,824
— intangible assets	464	380
Impairment loss on trade and other receivables	637	30
Research and development costs (<i>note</i>)	53,391	46,039
Less: Costs capitalised into intangible assets	(15,461)	(978)
	37,930	45,061

Note: During the period ended 30 June 2022, research and development costs includes staff costs and depreciation and amortisation of RMB31,096,000 (six months ended 30 June 2021: RMB20,815,000), which amount is also included in the respective total amounts disclosed separately above.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS*(Expressed in Renminbi Yuan unless otherwise indicated)***6 INCOME TAX**

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Current tax-the PRC corporate income tax ("CIT")	5,759	7,037
Deferred tax	945	1,533
Total	6,704	8,570

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 and certain subsidiaries are qualified as HNTE and are subject to income tax at the rate of 15% for six months ended 30 June 2022 and 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 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 ranges between RMB1,000,000 to RMB3,000,000). Certain subsidiaries in the PRC were qualified as SME and entitled to a preferential rate of 5% for the six months ended 30 June 2022 and 2021.

(iv) According to the PRC income tax law and its relevant regulations, an additional 100% (2021: 100%) of qualified research and development expenses so incurred is allowed to be deducted from taxable income for the three years ending 31 December 2023.

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 has no assessable profits for the six months ended 30 June 2022 and 2021.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB50,841,000 (six months ended 30 June 2021: RMB50,605,000), and the weighted average number of shares of 166,530,000 (six months ended 30 June 2021: 166,000,000) in issue during the interim period.

Weighted average number of ordinary shares

	Six months ended 30 June	
	2022 '000	2021 '000
Weighted average number of ordinary shares in issue at the beginning of the period	166,000	166,000
Effect of issuance of domestic shares (note 11(b))	530	–
Weighted average number of ordinary shares in issue at the end of the period	166,530	166,000

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of RMB50,841,000 (six months ended 30 June 2021: RMB50,605,000) and the weighted average number of ordinary shares of 166,871,000 (six months ended 30 June 2021: 166,000,000), after adjusting the effect of deemed exercise of outstanding restricted share units (“RSUs”) granted to the employees, calculated as follow.

Weighted average number of ordinary shares

	Six months ended 30 June	
	2022 '000	2021 '000
Weighted average number of ordinary shares in issue for the purpose of basic earnings per share	166,530	166,000
Effect of outstanding RSUs (note 11(b))	341	–
Weighted average number of ordinary shares in issue for the purpose of diluted earnings per share	166,871	166,000

The effect of outstanding employee share purchase plan (“ESPPs”) issued by subsidiaries (note 11(a)) is anti-dilutive, therefore is not included calculation of diluted earnings per share of the Company.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

8 ACQUISITION AND DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2022, the Group acquired items of property, plant and equipment with a cost of RMB35,610,000 (six months ended 30 June 2021: RMB107,730,000).

Items of property, plant and equipment with a net book value of RMB147,000 were disposed of during the six months ended 30 June 2022 (six months ended 30 June 2021: RMB76,000), resulting in a loss on disposal of RMB124,900 (six months ended 30 June 2021: RMB69,000).

9 ADDITION OF INTANGIBLE ASSETS

During the six months ended 30 June 2022, the increase in intangible assets mainly represents addition of the capitalised development costs amounting to RMB15,461,000 for those cost incurred for nonvascular interventional division, endocardium implantable division and neurological interventional division, which was not yet available for use.

10 ACQUISITION OF RIGHT-OF-USE ASSETS

During the six months ended 30 June 2022, the Group acquired a land use right in Shandong province with a cost of RMB12,600,000.

11 SHARE-BASED PAYMENT TRANSACTIONS

(a) Employee share purchase plan (“ESPP”) — equity settled

Since 2020, the Group adopted several ESPPs to its subsidiaries, pursuant to which, the partnership firms, whose limited partners consisted of employees of the Group (“**participants**”), invested in the Group’s subsidiaries (the Target Company) by way of subscribing newly issued equity interests of the subsidiaries.

(i) Healing ESPP

According to the Company announcement dated 7 June 2021, the Group adopted ESPP to one of its subsidiary, Shanghai Healing. Pursuant to which, Dr. Liang Dong ke and Ningbo Hanshen Enterprise Management Partnership (LP)* 寧波翰昇企業管理合夥企業(有限合夥) (the Healing Share Incentive Platform) are eligible to acquire 14.02% equity interest in Shanghai Healing at a price of RMB8,150,000 in total (the “**Healing ESPP**”). The consideration price is determined with reference to the registered capital of Shanghai Healing.

The Healing ESPP have vesting terms in schedule from the grant date over 55 months ending 31 December 2025 on the condition that the employees fulfil certain non-market performance conditions.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

11 SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(a) Employee share purchase plan (“ESPP”) — equity settled (Continued)

(i) Healing ESPP (Continued)

The terms and conditions of the ESPP are as follows:

	Exercise Price	Number of instruments	Vesting conditions	Contractual life of options
ESPP granted on 31 May 2021			Non-market performance vesting condition (note)	
Instruments granted to directors	RMB1.0000	467,000 700,500 700,500 467,000	till 30 September 2021 till 31 May 2022 till 31 October 2023 till 31 December 2025	55 months
Instruments granted to employees:		1,163,000 1,744,500 1,744,500 1,163,000	till 30 September 2021 till 31 May 2022 till 31 October 2023 till 31 December 2025	55 months
Total ESPP granted		8,150,000		

Note: Non-market performance vesting condition refer to the key milestone of research and development projects as specified in the Healing ESPP agreement dated on 31 May 2021 and capital increase agreement dated on 7 June 2021, respectively.

(ii) Puhui ESPP

In November 2021, the Group adopted ESPP to one of its subsidiary, Shanghai Puhui. Pursuant to which, Ningbo Youtuo Enterprise Management Partnership (LP)* 寧波優拓企業管理合夥企業(有限合伙) (the Puhui Share Incentive Platform) is eligible to acquire 20% equity interest in Shanghai Puhui at a price of RMB7,500,000 in total (the “Puhui ESPP”). The consideration price is determined with reference to the registered capital of Shanghai Puhui.

The Puhui ESPP have vesting terms in schedule from the grant date over 61 months ending 31 December 2026 on the condition that the employees fulfil certain non-market performance conditions.

* English translation is for identification purpose only.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

11 SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(a) Employee share purchase plan ("ESPP") — equity settled (Continued)

(ii) Puhui ESPP (Continued)

The terms and conditions of the ESPP are as follows:

	Exercise Price	Number of ESPP	Vesting conditions	Contractual life of ESPP
ESPP granted on 29 November 2021			Non-market performance vesting condition (note)	
Instruments granted to employees:	RMB1.00	1,500,000	till 31 December 2022	61 months
		2,250,000	till 31 December 2023	
		750,000	till 30 June 2024	
		750,000	till 31 December 2024	
		1,500,000	till 31 December 2025	
		750,000	till 31 December 2026	
Total ESPP granted		7,500,000		

Note: Non-market performance vesting condition refer to the key milestone of research and development projects as specified in the Puhui ESPP agreement and capital increase agreement dated on 29 November 2021.

(iii) Fair value of ESPPs and assumptions

The fair value of services received in return for ESPPs granted is measured by reference to the fair value of equity instruments granted as determined by an independent valuation firm. The fair value of the equity instruments granted has been measured using discounted cash flows based on financial forecasts prepared by the management. The inputs used in the measurement of the fair values at grant date of the ESPPs were as follows.

Fair value of ESPPs on grant date and assumptions	Healing ESPP	Puhui ESPP
Grant date	31 May 2021	29 November 2021
Fair value at grant date	RMB0.011	RMB0.0333
Equity price at grant date	RMB1.011	RMB1.0333
Exercise price	RMB1.0000	RMB1.0000
Forecast period	10 years	5 years
Sales growth rate	30%	30%
Terminal growth rate	0%	0%
Discount rate	15%	15%
Discount for lack of marketability (DLOM)	28%	28%

The cash flows beyond this forecast period were adjusted into perpetuity by taking into consideration of terminal growth rate and discounting factor. Management determined the budgeted growth rate based on past performance, market data in the same industry and its expectation for market development. The discount rates reflect specific risks relating to the relevant business. Changes in the subjective input assumptions could materially affect the fair value estimate.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

11 SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(a) Employee share purchase plan (“ESPP”) — equity settled (Continued)

(iv) Outstanding ESPP

	30 June 2022		31 December 2021	
	Weighted average exercise price	Number of ESPP involved	Weighted average exercise price	Number of ESPP involved
Outstanding at beginning of the period/year	RMB1.00	15,650,000	Nil	–
Granted	Nil	–	RMB1.00	15,650,000
Exercised	RMB1.00	(1,630,000)	Nil	–
Outstanding at the end of the period/year	RMB1.00	14,020,000	RMB1.00	15,650,000

The number of ESPPs outstanding at 30 June 2022 is 14,020,000 with an exercise price of RMB1.00 and a weighted average remaining contractual life of 4.33 years (31 December 2021: 4.83 years).

(vi) Expense recognised in profit or loss

During the six months ended 30 June 2022, RMB76,000 was recognised in the profit or loss in relation to the ESPPs (30 June 2021: Nil).

(b) RSUs

On 19 August 2021, the Company adopted share incentive scheme, pursuant to which, Dr. Liang Dong Ke and two partnership firms, Jingning Int Chuangqi Enterprise Management Partnership (LP)* 景寧瑛泰創啟企業管理合夥企業(有限合夥) and Jingning Int Chuangyuan Enterprise Management Partnership (LP)* 景寧瑛泰創源企業管理合夥企業(有限合夥), whose limited partners consisted of employees of the Group, invested in the Company by way of subscribing 5,000,000 domestic shares (the restricted share units) at a price of RMB12.00 per share.

The RSUs have vesting terms in schedule from the grant date over 60 months ending 18 August 2026 on the condition that the employees fulfil certain non-market performance conditions. On 13 May 2021, the Company received approval from the China Securities Regulatory Commission (“CSRC”) in relation to its allotment and issuance of 2,000,000 new domestic shares under the share incentive scheme. The CSRC approval is effective for 12 months from 13 May 2021. During the six months period ended 30 June 2022, the Company issued 2,000,000 domestic shares to the participants under the share incentive scheme and received fund raised from the participants amounting to RMB24,000,000.

* English translation is for identification purpose only.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS*(Expressed in Renminbi Yuan unless otherwise indicated)***11 SHARE-BASED PAYMENT TRANSACTIONS** *(Continued)***(b) RSUs** *(Continued)*

The terms and conditions of the RSU are as follows:

	Exercise Price	Number of instruments	Vesting conditions	Contractual life of RSUs
RSU granted on 19 August 2021			Non-market performance vesting condition <i>(note)</i>	
Instruments granted to directors	RMB12.00	225,705	till 31 December 2021	60 months
		601,880	till 31 December 2022	
		601,880	till 31 December 2023	
		601,880	till 31 December 2024	
		601,880	till 31 December 2025	
		376,175	till 18 August 2026	
Instruments granted to employees:	RMB12.00	149,295	till 31 December 2021	60 months
		398,120	till 31 December 2022	
		398,120	till 31 December 2023	
		398,120	till 31 December 2024	
		398,120	till 31 December 2025	
		248,825	till 18 August 2026	
Total ESPP granted		5,000,000		

Note: Non-market performance vesting condition refer to the operation result and employee performance rating as specified in the subscription agreement dated on 23 April 2021 and BOD resolution dated on 19 August 2021.

Detailed information is disclosed in the Company's announcements and circular dated 21 September 2020, 6 November 2020, 16 April 2021, 17 May 2021 and 19 August 2021.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

11 SHARE-BASED PAYMENT TRANSACTIONS (Continued)

(b) RSUs (Continued)

(i) Fair value of RSUs and assumptions

The fair value of the domestic share as at the grant date has been measured with reference to the market price of H share of the Company multiplied by the discount for lack of marketability (“**DLOM**”) as determined by an independent valuation firm. DLOM is measured using option-pricing method. The inputs used in the measurement of the fair values at grant date of the RSUs were as follows.

Fair value of RSUs granted on 19 August 2021 and assumptions

Fair value of domestic share at grant date	RMB14.81
Fair value of H share at grant date	RMB23.89
Volatility	51.5%
Risk-free rate	2.84%
Vesting period	7.37 year
Discount for lack of marketability (DLOM)	38%

The expected volatility is based on the historic volatility of comparable companies (calculated based on the weighted average remaining life of the RSUs), adjusted for any expected changes to future volatility based on publicly available information. The risk-free rate is based on the Chinese bond yields. Changes in the subjective input assumptions could materially affect the fair value estimate.

(ii) Outstanding RSUs

	30 June 2022		31 December 2021	
	Weighted average exercise price	Number of RSUs involved	Weighted average exercise price	Number of RSUs involved
Outstanding at beginning of the period/year	RMB12.00	5,000,000	Nil	–
Granted	RMB12.00	341,900	RMB12.00	5,000,000
Forfeited	RMB12.00	(341,900)	Nil	–
Exercised	RMB12.00	(2,000,000)	Nil	–
Outstanding at the end of the period/year	RMB12.00	3,000,000	RMB12.00	5,000,000

The RSUs outstanding at 30 June 2022 have an exercise price of RMB12.00 and a weighted average remaining contractual life of 4.08 years (31 December 2021: 4.58 years).

(iii) Expense recognised in profit or loss

During the six months ended 30 June 2022, RMB1,405,000 (six months period ended 30 June 2021: Nil) was recognised in the profit or loss in relation to the RSUs.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS*(Expressed in Renminbi Yuan unless otherwise indicated)***12 INVENTORIES**

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Raw materials	63,113	45,960
Work in progress	18,751	10,732
Finished goods	42,835	32,811
Others	2,741	2,991
	127,440	92,494

13 TRADE AND OTHER RECEIVABLES

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Receivables from third parties	56,245	78,316
Receivables from related parties	2,094	940
Less: losses allowance on trade receivables	(1,220)	(583)
Trade receivables, net of loss allowance	57,119	78,673
Deposit for construction project	5,377	3,191
Other receivables	3,301	909
Trade and other receivables, net	65,797	82,773

(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:

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Within 3 months	36,920	76,900
3 to 6 months	10,786	1,588
6 to 9 months	9,014	185
9 to 12 months	399	–
	57,119	78,673

Trade receivables are generally due within 30 to 90 days from the date of billing. All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS*(Expressed in Renminbi Yuan unless otherwise indicated)***14 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Non-current portion		
Unlisted units in investment funds	133,852	123,174
Unlisted equity investment	7,000	7,000
	140,852	130,174
Current portion		
Foreign currency forward contracts	–	132

The non-current financial assets at FVPL represent investment in units in investment funds and a private entity incorporated in the PRC. These investments are primarily engaged or further invested in the healthcare sector.

15 CASH AND CASH EQUIVALENTS AND TIME DEPOSITS**(a) Cash and cash equivalents**

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Cash at bank	507,741	640,539
Cash on hand	36	11
Cash and cash equivalents	507,777	640,550

Cash at bank includes demand deposits and time deposits placed at banks in the PRC with original maturities of less than three months.

(b) Time deposits

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Current portion	80,000	–
Non-current portion	10,000	–
Time deposits	90,000	–

This balance represents time deposits placed at banks in the PRC with original maturities over three months.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS*(Expressed in Renminbi Yuan unless otherwise indicated)***16 TRADE AND OTHER PAYABLES**

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Trade payables	45,783	26,815
Payroll payables	18,336	18,916
Construction payables	8,073	49,090
Amounts due to related parties	132	174
Others	14,146	9,712
Total trade and other payables	86,470	104,707

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

(a) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade payables, based on the invoice date, is as follows:

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Within 3 months	35,751	23,088
3 to 6 months	5,593	1,921
6 months to 1 year	2,939	582
Over 1 year	1,500	1,224
	45,783	26,815

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS*(Expressed in Renminbi Yuan unless otherwise indicated)***17 CAPITAL, RESERVES AND DIVIDENDS****(a) Share capital**

	30 June 2022		31 December 2021	
	No. of shares (‘000)	RMB‘000	No. of shares (‘000)	RMB‘000
Ordinary shares, issued and fully paid:				
At the beginning of the period/year	166,000	166,000	166,000	166,000
Domestic shares issued during the period <i>(note)</i>	2,000	2,000	–	–
At the end of the period/year	168,000	168,000	166,000	166,000
Representing:				
Domestic shares issued	63,787	63,787	61,787	61,787
H shares issued	104,213	104,213	104,213	104,213
Total ordinary shares issued at the end of the period/year	168,000	168,000	166,000	166,000

Note: As disclosed in note 11(b), the Company issued 2,000,000 domestic shares at a price of RMB12.00 per share to the participants under share incentive scheme during the six months period ended 30 June 2022, of which, RMB2,000,000 was recorded under share capital and the remaining of RMB22,000,000 was charged to capital reserve.

(b) Dividends

Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the interim period.

	Six months ended 30 June	
	2022 RMB‘000	2021 RMB‘000
Final dividend in respect of the previous financial year, approved and paid during the interim period, RMB0.26 per ordinary share (2021: RMB0.285 per ordinary share)	43,680	47,310

Pursuant to the shareholders’ approval of the Company on 16 May 2022, a final cash dividend of RMB0.26 per share in respect of the year ended 31 December 2021 based on 168,000,000 ordinary shares totaling amount of RMB43,680,000 was declared and paid during the six months ended 30 June 2022.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

18 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

A valuation report with analysis of changes in fair value measurement is prepared by the finance team at each interim and annual reporting date, and is reviewed and approved by the head of finance department. Discussion of the valuation process and results with the head of finance department and the directors is held twice a year, to coincide with the reporting dates.

	As at 30 June 2022			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at FVTPL				
— Investment in unlisted funds	—	—	133,852	133,852
— Unlisted equity investment	—	—	7,000	7,000
Total	—	—	140,852	140,852

	As at 31 December 2021			
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at FVTPL				
— Foreign currency forward contracts	—	132	—	132
— Investment in unlisted funds	—	—	123,174	123,174
— Unlisted equity investment	—	—	7,000	7,000
Total	—	132	130,174	130,306

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS*(Expressed in Renminbi Yuan unless otherwise indicated)***18 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS** *(Continued)***(i) Financial assets and liabilities measured at fair value** *(Continued)***Information about Level 3 fair value measurements****Investment in unlisted fund**

The fair value of unlisted units in investment funds have been estimated using market approach by reference to the recent funds raised of each underlying portfolio companies invested by the funds. A valuation analysis of changes in fair value of each fund is prepared by the fund manager to the Company at each interim and annual reporting date.

Unlisted equity investment

The fair value of unlisted equity investment is determined using the recent comparable market transaction price, if available, or other acceptable valuation techniques. As of 30 June 2022, the management is of the view that fair value of the unlisted equity investment was equal to the capital contribution amount at the end of the reporting period.

During the six months period ended 30 June 2022, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

The movements during the periods in the balance of these Level 3 fair value measurements was as follows:

2022	Investment in unlisted funds <i>RMB'000</i>	Unlisted equity investment <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2022	123,174	7,000	130,174
Net unrealised gains recognised in profit or loss	10,678	–	10,678
At 30 June 2022	133,852	7,000	140,852

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS*(Expressed in Renminbi Yuan unless otherwise indicated)***18 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS** *(Continued)***(i) Financial assets and liabilities measured at fair value** *(Continued)***Information about Level 3 fair value measurements** *(Continued)*

2021	Wealth management products issued by banks RMB'000	Wealth management products issued by financial institutions RMB'000	Structured bank deposits RMB'000	Investment in unlisted funds RMB'000	Unlisted equity investment RMB'000	Total RMB'000
At 1 January 2021	2,000	10,000	26,000	49,060	–	87,060
Purchase of wealth management products	–	24,000	–	–	–	24,000
Purchase of structured bank deposits	–	–	461,000	–	–	461,000
Investment in unlisted funds	–	–	–	12,500	–	12,500
Net realised and unrealised gains recognised in profit or loss	17	332	3,213	11,265	–	14,827
Redemption of wealth management products	(1,017)	(28,332)	(485,213)	–	–	(514,562)
At 30 June 2021 and 1 July 2021	1,000	6,000	5,000	72,825	–	84,825
Purchase of wealth management products	–	8,000	–	–	–	8,000
Purchase of structured bank deposits	–	–	5,000	–	–	5,000
Investment in unlisted funds	–	–	–	37,500	–	37,500
Investment in unlisted entity	–	–	–	–	7,000	7,000
Net realised and unrealised gains recognised in profit or loss	–	72	83	12,849	–	13,004
Redemption of wealth management products	(1,000)	(14,072)	(10,083)	–	–	(25,155)
At 31 December 2021	–	–	–	123,174	7,000	130,174

(ii) Fair values of financial assets and liabilities carried at other than fair value

All financial instruments carried at amortised cost were not materially different from their fair values as at 31 December 2021 and 30 June 2022.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

19 COMMITMENTS

Capital commitments outstanding at 30 June 2022 and 31 December 2021 and not provided for in the financial statements were as follows:

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Contracted for	106,667	71,275
Authorised but not contracted for	426,721	527,200
Total	533,388	598,475

20 NON-ADJUSTING EVENT AFTER REPORTING PERIOD

On 18 August 2022, the Company conditionally entered into a partnership agreement with 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”, as the general partner and fund manager) and other investors (as the limited partners) in relation to establishment of Chengdu Huaige Fund. The Company will participate in the Chengdu Huaige Fund as a limited partner and will make a capital commitment of RMB50 million. The Chengdu Huaige Fund will be registered in the PRC as a limited partnership with the primary objective of investments in equity interest of entities in early-stage or growth stage businesses in the healthcare and biotechnology sectors. Further details are set out in the Company’s announcement dated 18 August 2022.

DEFINITIONS

“Articles”	the articles of association of the Company, as amended, modified or supplemented from time to time
“Audit Committee”	the audit committee of the Board
“Board of Directors” or “Board”	the board of Directors of the Company
“CG Code”	the Corporate Governance Code contained in Appendix 14 to the Listing Rules
“Company”	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 PRC with limited liability, the H Shares of which are listed on the Hong Kong Stock Exchange (Stock code: 1501)
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB and are unlisted Shares which are currently not listed or traded on any stock exchange
“Group” or “we” or “our”	the Company and its subsidiaries
“H Shares”	overseas listed foreign invested ordinary share(s) in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, listed on the Main Board of the Hong Kong Stock Exchange
“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	Any entity or person who is not a connected person of the Company within the meaning ascribed thereto under the Listing Rules
“Listing”	the listing of the H Shares of the Company on the Main Board of the Stock Exchange
“Listing Date”	November 8, 2019
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
“Nomination Committee”	the nomination committee of the Board

DEFINITIONS

“NMPA”	the National Medical Products Administration of China
“PCI”	percutaneous coronary intervention
“PRC” or “China”	the People’s Republic of China, for the purpose of this annual report, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus of the Company dated October 28, 2019 in relation to global offering of H Shares of the Company
“PTCA”	percutaneous coronary angioplasty, a minimally invasive procedure to open up blocked coronary arteries, allowing blood to circulate unobstructed to the heart muscle
“Reporting Period”	the six-month period ended 30 June 2022
“Remuneration Committee”	the remuneration committee of the Board
“RMB”	the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai Healing”	Shanghai Healing Medical Instruments Co. Ltd.* (上海翰凌醫療器械有限公司), a subsidiary owned as to 56.36% by the Company
“Share(s)”	share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, including the Domestic Share(s) and the H Share(s)
“Shareholder(s)”	the shareholders of the Company
“Share Incentive Platforms”	Jingning Int Chuangyuan Partnership (Limited Partnership)* (景寧瑛泰創源合夥企業(有限合夥)) and Jingning Int Chuangqi Partnership (Limited Partnership)* (景寧瑛泰創啟合夥企業(有限合夥)), or such names as approved by the relevant PRC registration authority, limited partnerships to be established in the PRC whose general partner is Dr. Liang Dongke
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary(ies)”	has the meaning ascribed thereto in the Companies Ordinance (Chapter 622 of the laws of Hong Kong)
“Substantial Shareholder(s)”	has the meaning ascribed thereto in the Listing Rules
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company