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**Shanghai Kindly Medical Instruments Co., Ltd.\***  
**上海康德萊醫療器械股份有限公司**

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

**(Stock Code: 1501)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023**

	<b>Six-month period ended 30 June</b>		<b>Change</b>
	<b>2023</b>	<b>2022</b>	
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>	
Revenue	<b>339,764</b>	225,217	50.86%
Gross profit	<b>200,350</b>	124,023	61.54%
Profit for the period	<b>80,505</b>	50,125	60.61%
Earnings per share			
Basic ( <i>in RMB</i> )	<b>0.48</b>	0.31	54.84%
Diluted ( <i>in RMB</i> )	<b>0.47</b>	0.30	56.67%

\* For identification purposes only

- The Group's revenue for the six-month period ended 30 June 2023 was approximately RMB339.76 million, representing an increase of approximately 50.86% or approximately RMB114.54 million as compared to approximately RMB225.22 million for the six-month period ended 30 June 2022. The increase was mainly due to the increase in market demand for the Group's products and the increase of number of the Group's new customers.
- During the Reporting Period, the Group's gross profit was approximately RMB200.35 million, as compared to approximately RMB124.02 million for the six-month period ended 30 June 2022. The Group's gross profit margin increased from 55.07% to 58.97%. The increase was mainly due to the increase in sales portion of interventional medical devices with a higher gross profit margin.
- The Group's profit for the Reporting Period was approximately RMB80.51 million, representing an increase of approximately 60.61% as compared to approximately RMB50.13 million for the six-month period ended 30 June 2022. The increase was mainly due to the increase in market demand for the Group's products and the increase of number of new customers of the Group, among which the sales portion of interventional medical devices also increased compared to the six-month period ended 30 June 2022.
- The Group's basic earnings per share for the Reporting Period was RMB0.48, as compared to RMB0.31 for the six-month period ended 30 June 2022. The Group's diluted earnings per share in the Reporting Period was RMB0.47, as compared to RMB0.30 for the six-month period ended 30 June 2022.
- The Board resolved not to declare any interim dividend for the Reporting Period.

The board (the “**Board**”) of directors (the “**Directors**”) of Shanghai Kindly Medical Instruments Co., Ltd.\* (上海康德萊醫療器械股份有限公司) (the “**Company**”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the “**Group**”, “**we**”, “**our**” or “**us**”) for the six-month period ended 30 June 2023 (the “**Reporting Period**”).

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023 (Unaudited)**  
*(Expressed in Renminbi (“RMB”))*

	Note	Six-month period ended 30 June	
		2023 RMB’000 (unaudited)	2022 RMB’000 (unaudited)
Revenue	3	339,764	225,217
Cost of sales		(139,414)	(101,194)
<b>Gross profit</b>		<b>200,350</b>	124,023
Other income	4	22,794	21,811
Distribution costs		(33,021)	(21,724)
Administrative expenses		(36,389)	(28,392)
Research and development expenses		(64,593)	(37,930)
Reversal/(recognition) of impairment losses		481	(637)
<b>Profit from operations</b>		<b>89,622</b>	57,151
Finance costs	5(a)	(1,205)	(322)
<b>Profit before taxation</b>	5	<b>88,417</b>	56,829
Income tax	6	(7,912)	(6,704)
<b>Profit for the period</b>		<b>80,505</b>	50,125
<b>Attributable to:</b>			
Equity shareholders of the Company		80,502	50,841
Non-controlling interests		3	(716)
<b>Profit for the period</b>		<b>80,505</b>	50,125
<b>Earnings per share (RMB)</b>	7		
Basic (RMB)		0.48	0.31
Diluted (RMB)		0.47	0.30

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2023 (Unaudited)*

*(Expressed in RMB)*

	<u>Six-month period ended 30 June</u>	
	<b>2023</b>	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	<b>(unaudited)</b>	(unaudited)
<b>Profit for the period</b>	<u><b>80,505</b></u>	<u>50,125</u>
<b>Other comprehensive income for the period</b> <b>(after tax and reclassification adjustments)</b>		
Item that will not be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of an overseas subsidiary	<u><b>1,049</b></u>	<u>832</u>
<b>Other comprehensive income</b>	<u><b>1,049</b></u>	<u>832</u>
<b>Total comprehensive income for the period</b>	<u><u><b>81,554</b></u></u>	<u><u>50,957</u></u>
<b>Attributable to:</b>		
Equity shareholders of the Company	<u><b>81,551</b></u>	51,673
Non-controlling interests	<u><b>3</b></u>	<u>(716)</u>
<b>Total comprehensive income for the period</b>	<u><u><b>81,554</b></u></u>	<u><u>50,957</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2023 (Unaudited)

(Expressed in RMB)

		<b>30 June</b>	31 December
		<b>2023</b>	2022
		<b>RMB'000</b>	<b>RMB'000</b>
	<i>Note</i>	<b>(unaudited)</b>	(audited)
<b>Non-current assets</b>			
Property, plant and equipment		<b>753,707</b>	633,671
Intangible assets		<b>91,390</b>	69,920
Right-of-use assets		<b>111,103</b>	115,943
Time deposits		<b>10,000</b>	–
Other non-current assets		<b>53,111</b>	28,369
Financial assets at fair value through profit or loss		<b>166,974</b>	162,454
Deferred tax assets		<b>21,435</b>	15,036
		<b>1,207,720</b>	1,025,393
<b>Current assets</b>			
Inventories		<b>154,205</b>	154,277
Trade and other receivables	8	<b>66,254</b>	79,531
Other current assets		<b>39,520</b>	39,867
Cash and cash equivalents		<b>458,217</b>	518,266
Time deposits		<b>10,000</b>	10,000
		<b>728,196</b>	801,941

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**

AS AT 30 JUNE 2023 (Unaudited)

(Expressed in RMB)

		<b>30 June</b>	31 December
		<b>2023</b>	2022
		<b>RMB'000</b>	<b>RMB'000</b>
	<i>Note</i>	<b>(unaudited)</b>	(audited)
<b>Current liabilities</b>			
Trade and other payables	9	<b>150,860</b>	127,386
Contract liabilities		<b>47,032</b>	65,453
Loans and borrowings		<b>96,060</b>	32,683
Lease liabilities		–	201
Deferred income		<b>1,566</b>	1,345
Current taxation		<b>10,832</b>	12,597
		<b>306,350</b>	239,665
<b>Net current assets</b>		<b>421,846</b>	562,276
<b>Total assets less current liabilities</b>		<b>1,629,566</b>	1,587,669
<b>Non-current liabilities</b>			
Lease liabilities		<b>15,285</b>	15,944
Deferred income		<b>12,085</b>	10,949
Deferred tax liabilities		<b>8,487</b>	6,672
		<b>35,857</b>	33,565
<b>NET ASSETS</b>		<b>1,593,709</b>	1,554,104
<b>CAPITAL AND RESERVES</b>			
	10		
Share capital		<b>168,000</b>	168,000
Reserves		<b>1,386,467</b>	1,344,015
<b>Total equity attributable to equity shareholders of the Company</b>		<b>1,554,467</b>	1,512,015
<b>Non-controlling interests</b>		<b>39,242</b>	42,089
<b>TOTAL EQUITY</b>		<b>1,593,709</b>	1,554,104

## NOTES

### 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 18 August 2023.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 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 HKAS34 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 2022 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 Hong Kong Financial Reporting Standards (“**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.

The financial information relating to the financial year ended 31 December 2022 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 2022 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 20 March 2023.

## 2 CHANGES IN ACCOUNTING POLICIES

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

- HKFRS17, *Insurance contracts*
- Amendments to HKAS8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to HKAS12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to HKAS12, *Income taxes: International tax reform — Pillar Two model rules*

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” that provides guidance on the accounting considerations relating to the offsetting mechanism and the abolition of the mechanism.

Except for amendments to HKAS12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*, none of these developments have had a material effect on how the Group’s results and financial position for the current or prior accounting 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.

*Amendments to HKAS12, Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*

The amendments narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities are required to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

Prior to the amendments, the Group did not apply the initial recognition exemption to lease transactions and had recognised the related deferred tax, except that the Group previously determined the temporary difference arising from a right-of-use asset and the related lease liability on a net basis on the basis they arise from a single transaction. Following the amendments, the Group has determined the temporary differences in relation to right-of-use assets and lease liabilities separately. The change primarily impacts disclosures of components of deferred tax assets and liabilities in the annual financial statements, but does not impact the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualify for offsetting under HKAS12.



### 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 primary engaged in sales, manufacture, research and development of cardiovascular interventional medical devices as well as related moulds and accessories. Other segments, which are currently engaged in research and development of other interventional and implantable medical devices, such as neurological interventional medical devices and endocardia implantable medical devices, etc are combined in all other segments.

#### (a) Disaggregation of revenue

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

	<b>Six-month period ended 30 June</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	<i>RMB'000</i>
<b>Revenue from contracts with customers within the scope of HKFRS15</b>		
Disaggregated by major products		
— Sales of interventional medical devices		
<i>Cardiovascular devices</i>	<b>282,085</b>	184,171
<i>Neurological and peripheral devices</i>	<b>19,740</b>	5,884
<i>Orthopaedics and other devices</i>	<b>437</b>	2,385
	<hr/>	<hr/>
Subtotal	<b>302,262</b>	192,440
— Sales of medical accessories	<b>14,495</b>	5,374
— Agent business	<b>20,926</b>	21,811
— Moulds and others	<b>2,048</b>	5,592
	<hr/>	<hr/>
	<b>339,731</b>	225,217
	<hr/> <hr/>	<hr/> <hr/>
<b>Revenue from other source</b>		
Rental income	<b>33</b>	—
	<hr/>	<hr/>
	<b>339,764</b>	225,217
	<hr/> <hr/>	<hr/> <hr/>

During the six-month period ended 30 June 2023 and 2022, the Group recognised its revenue from contract with customers at point in time.

### 3 REVENUE AND SEGMENT REPORTING (CONTINUED)

#### (a) Disaggregation of revenue (CONTINUED)

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

	<b>Six-month period ended 30 June</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	<b>RMB'000</b>
Chinese Mainland	<b>267,569</b>	181,503
Europe	<b>18,240</b>	11,907
The United States	<b>15,964</b>	6,582
Other countries and regions	<b>37,991</b>	25,225
	<b>339,764</b>	225,217

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 Chinese Mainland.

#### (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:

	<b>Six-month period ended 30 June 2023</b>		
	<b>Cardiovascular interventional business</b>	<b>All others</b>	<b>Total</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
Revenue from external customers	<b>270,110</b>	<b>69,654</b>	<b>339,764</b>
Inter-segment revenue	<b>7,209</b>	<b>16,008</b>	<b>23,217</b>
Segment revenue	<b>277,319</b>	<b>85,662</b>	<b>362,981</b>
Segment net profit	<b>58,222</b>	<b>26,028</b>	<b>84,250</b>

### 3 REVENUE AND SEGMENT REPORTING (CONTINUED)

#### (b) Segment reporting (CONTINUED)

##### (i) Segment results (CONTINUED)

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

##### (ii) Reconciliation of segment profit

	Six-month period ended 30 June	
	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>Revenue</b>		
Segment revenue	<b>362,981</b>	237,359
Elimination of inter-segment revenue	<u>(23,217)</u>	<u>(12,142)</u>
<b>Consolidated revenue</b>	<u><b>339,764</b></u>	<u>225,217</u>
<b>Profit</b>		
Segment net profit	<b>84,250</b>	51,298
Elimination of inter-segment net profit	<u>(3,745)</u>	<u>(1,173)</u>
<b>Consolidated net profit</b>	<u><b>80,505</b></u>	<u>50,125</u>

#### 4 OTHER INCOME

	<u>Six-month period ended 30 June</u>	
	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Government grants (note)	5,913	2,686
Interest income from bank deposits	6,278	5,613
Net realised and unrealised gains from fair value changes on financial assets at fair value through profit or loss	4,520	10,795
Foreign exchange gains	4,077	2,150
Others	2,006	567
	<u>22,794</u>	<u>21,811</u>

*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/(crediting):

	<u>Six-month period ended 30 June</u>	
	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>(a) Finance costs</b>		
Interest on lease liabilities	370	322
Interest on loans and borrowings	835	–
	<u>1,205</u>	<u>322</u>
<b>(b) Other items</b>		
Depreciation and amortisation		
— property, plant and equipment	18,130	14,109
— right-of-use assets	1,936	2,801
— intangible assets	845	464
(Reversal)/recognition of impairment loss on trade and other receivables	(481)	637
Research and development costs (note)	86,537	53,391
Less: Costs capitalised into intangible assets	(21,944)	(15,461)
	<u>64,593</u>	<u>37,930</u>

*Note:* During the six-month period ended 30 June 2023, research and development costs includes staff costs and depreciation and amortisation of RMB48,263,000 (six-month period ended 30 June 2022: RMB31,096,000), which amount is also included in the respective total amounts disclosed separately above.

## 6 INCOME TAX

	<u>Six-month period ended 30 June</u>	
	<b>2023</b>	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax-the People's Republic of China (the "PRC") corporate income tax ("CIT")	<b>12,496</b>	5,759
Deferred tax	<b>(4,584)</b>	945
Total	<b><u>7,912</u></b>	<u>6,704</u>

### 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 the six-month period ended 30 June 2023 and 2022.

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 and renewed policy issued in 2023, entities that qualified as SME are entitled to a preferential income tax rate of 5% for taxable income less than RMB3,000,000 (2022: 2.5% for taxable income less than RMB1,000,000 or 5% for taxable income ranges between RMB1,000,000 to RMB3,000,000).

During the six-month period ended 30 June 2023 and 2022, certain subsidiaries of the Group are qualified as small and low profit enterprise and enjoyed a preferential tax rate of 5%, whereas applicable.

(iv) According to the PRC income tax law and its relevant regulations, an additional 100% of qualified research and development expenses so incurred is allowed to be deducted from taxable income.

## HONG KONG PROFIT TAX

During the six-month period ended 30 June 2023 and 2022, the Company's subsidiary incorporated in Hong Kong is subject to Hong Kong Profits Tax at 8.25% of the taxable profit less than Hong Kong Dollar ("HKD") 2,000,000 or 16.50% of the taxable profit exceeding HKD2,000,000.

## 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 RMB80,502,000 (six-month period ended 30 June 2022: RMB50,841,000), and the weighted average number of shares of 168,000,000 (six-month period ended 30 June 2022: 166,530,000) in issue during the interim period.

#### *Weighted average number of ordinary shares*

	<u>Six-month period ended 30 June</u>	
	<u>2023</u>	<u>2022</u>
	<u>'000</u>	<u>'000</u>
Issued ordinary shares at 1 January	<b>168,000</b>	166,000
Effect of restricted shares issued	–	530
Effect of purchase of own shares ( <i>note 10(b)</i> )	*	–
	<hr/>	<hr/>
Weighted average number of ordinary shares in issue at the end of the period	<b><u>168,000</u></b>	<b><u>166,530</u></b>

\* The balance represents an amount less than 1,000.

### (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 RMB80,502,000 (six-month period ended 30 June 2022: RMB50,841,000) and the weighted average number of ordinary shares of 169,501,000 (six-month period ended 30 June 2022: 166,871,000) in issue.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue to assume outstanding restricted shares, issued at the grant date, which are dilutive and adjusting the weighted average number of ordinary shares in issue during the period, calculated as follows:

### Weighted average number of ordinary shares

	Six-month period ended 30 June	
	2023 '000	2022 '000
Weighted average number of ordinary shares in issue for the purpose of basic earnings per share	168,000	166,530
Effect of outstanding restricted shares	1,501	341
Weighted average number of ordinary shares in issue for the purpose of diluted earnings per share	<u>169,501</u>	<u>166,871</u>

The effect of outstanding employee share purchase plan issued by subsidiaries is anti-dilutive, therefore is not included in the calculation of diluted earnings per share of the Company.

## 8 TRADE AND OTHER RECEIVABLES

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
	Receivables from third parties	57,875
Receivables from related parties	2,887	3,734
Less: losses allowance on trade receivables	<u>(1,027)</u>	<u>(1,508)</u>
Trade receivables, net of loss allowance	59,735	71,381
Deposit for construction project	5,448	5,454
Other receivables	<u>1,071</u>	<u>2,696</u>
Trade and other receivables, net	<u>66,254</u>	<u>79,531</u>

### (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 2023 RMB'000	At 31 December 2022 RMB'000
	Within 3 months	55,613
3 to 6 months	1,382	5,225
6 to 9 months	<u>2,740</u>	<u>1,990</u>
	<u>59,735</u>	<u>71,381</u>

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.

## 9 TRADE AND OTHER PAYABLES

	<b>At 30 June</b>	At 31 December
	<b>2023</b>	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	<b>29,012</b>	36,376
Payroll payables	<b>30,913</b>	34,109
Construction payables	<b>73,645</b>	37,886
Amounts due to related parties	<b>110</b>	37
Refund liabilities — arising from volume rebates	<b>3,230</b>	3,013
Others	<b>13,950</b>	15,965
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Total trade and other payables	<b>150,860</b>	127,386
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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:

	<b>At 30 June</b>	At 31 December
	<b>2023</b>	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	<b>23,860</b>	30,474
3 to 6 months	<b>2,726</b>	2,287
6 months to 1 year	<b>1,134</b>	2,697
Over 1 year	<b>1,292</b>	918
	<hr/>	<hr/>
	<b>29,012</b>	36,376
	<hr/> <hr/>	<hr/> <hr/>



## 10 CAPITAL, RESERVES AND DIVIDENDS

### (a) Share capital

	30 June 2023		31 December 2022	
	<i>No. of shares (‘000)</i>	<i>RMB’000</i>	<i>No. of shares (‘000)</i>	<i>RMB’000</i>
<b>Ordinary shares, issued and fully paid:</b>				
At the beginning of the period/year	<b>168,000</b>	<b>168,000</b>	166,000	166,000
Shares issued during the period <i>(note)</i>	<u>–</u>	<u>–</u>	<u>2,000</u>	<u>2,000</u>
At the end of the period/year	<u><b>168,000</b></u>	<u><b>168,000</b></u>	<u>168,000</u>	<u>168,000</u>

*Note:* The Company issued 2,000,000 shares at a price of RMB12.00 per share to the participants under restricted share scheme during the six-month 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) Purchase of own shares

During the six-month period ended 30 June 2023, the Company repurchased its own shares on The Stock Exchange of Hong Kong Limited as follows:

Month/year	Number of shares repurchased	Highest price paid per share <i>HKD</i>	Lowest price paid per share <i>HKD</i>	Aggregate price paid <i>HKD’000</i>	Aggregate price paid <i>RMB’000</i>
June 2023	2,000	24.75	24.00	<u>49</u>	<u>45</u>

### (c) Dividends

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

	Six-month period ended 30 June	
	2023 <i>RMB’000</i>	2022 <i>RMB’000</i>
Final dividend in respect of the previous financial year, approved and paid during the interim period, RMB0.24 per ordinary share (2022: RMB0.26 per ordinary share)	<u><b>40,320</b></u>	<u>43,680</u>

Pursuant to the shareholders’ approval of the Company on 18 May 2023, a final cash dividend of RMB0.24 per share in respect of the year ended 31 December 2022 based on 168,000,000 ordinary shares totaling amount of RMB40,320,000 was declared and paid during the six-month period ended 30 June 2023.

## 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 mould 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, and further promoted the centralized procurement of high-value medical consumables. It has successively issued “Opinions of the Central Committee of the Communist Party of China and The State Council on Deepening the Reform of the Medical Security System”, “the Notice of The General Office of the State Council on Issuing the Reform Plan for Controlling High-value Medical Consumables” and “the Guiding Opinions on Carrying out the Centralized Procurement and Use of High-value Medical Consumables by the State Organization”, which focus on some high value medical consumables with large clinical dosage, high procurement amount, mature clinical use, full market competition and high homogenization level into the procurement scope. During the Reporting Period, the Company actively participated in several procurement alliances led by Henan and Hebei Province, and the products covered general interventional medical consumables and neurosurgical medical consumables. In the future, with the expansion of the scope of centralized procurement, the Company will have a greater competitive advantage on the basis of comprehensive medical device registration certificates, strong research and development capabilities and leading brand marketing system.

The Group’s revenue in the Reporting Period was approximately RMB339.76 million, representing an increase of approximately 50.86% or approximately RMB114.54 million as compared to approximately RMB225.22 million for the six-month period ended 30 June 2022.

## **Comprehensive medical device registration certificates**

During the Reporting Period, the Group has obtained 4 National Medical Products Administration of China (“NMPA”) registration certificates for Class III medical devices and 6 Shanghai Medical Products Administration (“SMPA”) registration certificates for Class II medical devices. As at 30 June 2023, we have an aggregate of 35 NMPA registration certificates for Class III medical devices, 29 SMPA registration certificates for Class II medical devices, 36 European CE certificates and 18 United States Food and Drug Administration approvals.

## **Strong research and development capabilities**

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 2023, we had 292 registered patents, 213 patents under application and 5 registered software copyrights.

## **Extensive distribution and sales network**

We have an extensive distribution network and have developed and maintained stable relationships with our distributors. As at 30 June 2023, our PRC distributors cover 23 (31 December 2022: 23) provinces, 4 (31 December 2022: 4) directly-administered municipalities and 5 (31 December 2022: 5) autonomous regions in the PRC, and covering 2,650 (31 December 2022: 2,317) domestic hospitals in the PRC including 920 (31 December 2022: 908) Tier III hospitals. In addition, we had 226 (31 December 2022: 207) overseas customers covering over 66 (31 December 2022: 58) countries and regions.

## **ACTIVITIES REVIEW**

### **Subsidiaries**

As at 30 June 2023, the Group was comprised of 15 (31 December 2022: 14) wholly-owned or holding subsidiaries engaging in the design and development of medical devices used in fields including cardiovascular intervention or implantation, neurological intervention or implantation, peripheral intervention or implantation, urinary intervention, and the design and development of equipment and moulds used for production of medical devices.

## **Change of domestic auditor**

Reference is made to the announcements of the Company dated 20 March 2023 and 18 May 2023 in relation to, among others, the proposed change of the domestic auditor from BDO China Shu Lun Pan Certified Public Accountants LLP (“**BDO**”) to KPMG Huazhen LLP (the “**Change of Domestic Auditor**”) in the year of 2023. Considering the fact that BDO and KPMG has been serving as its domestic auditor and international auditor, respectively and in order to ensure business synergy between domestic and international auditors and enhance the efficiency, the Board proposed the Change of Domestic Auditor on 20 March 2023, which was further approved by the shareholders of the Company (the “**Shareholders**”) at the annual general meeting of the Company on 18 May 2023 (the “**2022 AGM**”). The term of KPMG Huazhen LLP commences from the date of approval at the 2022 AGM and will expire on the date of the next annual general meeting of the Company. BDO has confirmed to the Board that there are no matters in relation to the proposed Change of Domestic Auditor that it considered should be brought to the attention of the Shareholders. The Board and the audit committee of the Company (the “**Audit Committee**”) also confirmed that, save as the reasons disclosed above, there is no disagreement between the Company and BDO and there are no other matters in relation to the Change of Domestic Auditor that need to be brought to the attention of the Shareholders.

## **OUTLOOK FOR THE SECOND HALF OF 2023**

In second half of 2023, 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 to second half of 2023, 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) fully leverage on our brand recognition and sales distribution network to further expand our market share, and strengthen and maintain our leading position in the interventional medical devices industry; and (3) make full use of the Group’s investment in the research and development center in Shanghai and the new factory in Zhuhai to further enhance automation.

## **FINANCIAL REVIEW**

### **Revenue**

The Group's revenue in the Reporting Period was approximately RMB339.76 million, representing an increase of approximately 50.86% or approximately RMB114.54 million as compared to approximately RMB225.22 million for the six-month period ended 30 June 2022. The increase was mainly due to the increase in market demand for the Group's products and the increase in number of the Group's new customers.

With respect to revenue categorized by different products, the Group's revenue generated from sales of interventional medical devices in the Reporting Period was approximately RMB302.26 million (six-month period ended 30 June 2022: approximately RMB192.44 million), representing an increase of approximately RMB109.82 million as compared to those of the six-month period ended 30 June 2022. In addition to the existing self-made products, the agent business contributed revenue of approximately RMB20.93 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 Group's cost of sales in the Reporting Period was approximately RMB139.41 million, representing an increase of approximately 37.77% or approximately RMB38.22 million as compared to approximately RMB101.19 million for the six-month period ended 30 June 2022, which changes were in line with the growth of revenue.

### **Gross Profit and Gross Profit Margin**

During the Reporting Period, the Group's gross profit was approximately RMB200.35 million, as compared to approximately RMB124.02 million for the six-month period ended 30 June 2022. The Group's gross profit margin increased from approximately 55.07% for the six-month period ended 30 June 2022 to approximately 58.97% for the six-month period ended 30 June 2023. The increase was mainly due to the increase in sales portion of interventional medical devices with a higher gross profit margin.

## **Other Income**

During the Reporting Period, other income of the Group was approximately RMB22.79 million, representing an increase of approximately 4.51% or approximately RMB0.98 million as compared to approximately RMB21.81 million for the six-month period ended 30 June 2022.

## **Finance Costs**

During the Reporting Period, the finance cost of the Group was approximately RMB1.21 million as compared to approximately RMB0.32 million for the six-month period ended 30 June 2022. The finance costs were mainly consisted of interests arising from lease liabilities and interest expenses arising from new bank loans borrowed by the Group during the Reporting Period.

## **Distribution Costs**

The distribution costs of the Group in the Reporting Period were approximately RMB33.02 million, increased by approximately 52.00% or approximately RMB11.30 million as compared to approximately RMB21.72 million for the six-month period ended 30 June 2022, which changes were in line with revenue growth. It constituted approximately 9.72% of the total revenue as compared to approximately 9.65% for the six-month period ended 30 June 2022.

## **Administrative Expenses**

The administrative expenses of the Group in the Reporting Period were approximately RMB36.39 million, increased by approximately 28.17% or approximately RMB8.00 million as compared to approximately RMB28.39 million for the six-month period ended 30 June 2022, due to the increase of cost of employees, depreciation and amortisation expenses.

## **Research and Development Expenses**

The total research and development expenses of the Group during the Reporting Period was approximately RMB86.53 million (for the six months ended 30 June 2022: approximately RMB53.39 million), of which, expensed research and development expenditure was approximately RMB64.59 million (for the six months ended 30 June 2022: approximately RMB37.93 million), and capitalized research and development expenditure was approximately RMB21.94 million (for the six months ended 30 June 2022: approximately RMB15.46 million). The rise was primarily due to an increase in research and development projects.

## **Income Tax Expenses**

The Group's income tax expenses in the Reporting Period was approximately RMB7.91 million, representing an increase of approximately 18.02% or approximately RMB1.21 million as compared to approximately RMB6.70 million for the six-month period ended 30 June 2022. The effective income tax rate was 8.95% for the Reporting Period as compared to 11.80% for the six-month period ended 30 June 2022. It was mainly due to the recognition of deferred tax assets formed by recoverable tax losses of the Group.

## **Profit for the period**

The Group's profit for the Reporting Period was approximately RMB80.51 million, representing an increase of approximately 60.61% as compared to approximately RMB50.13 million for the six-month period ended 30 June 2022. The increase was mainly due to the increase in market demand for the Group's products and the increase of number of new customers of the Group, among which the sales portion of interventional medical devices also increased compared to the six-month period ended 30 June 2022.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group has maintained a sound financial position during the Reporting Period. As at 30 June 2023, the Group's cash and cash equivalents amounted to approximately RMB458.22 million (31 December 2022: approximately RMB518.27 million). For the six-month period ended 30 June 2023, net cash flow generated from operating activities of the Group amounted to approximately RMB66.19 million (six-month period ended 30 June 2022: approximately RMB74.94 million).

The Group recorded total current assets of approximately RMB728.20 million as at 30 June 2023 (31 December 2022: approximately RMB801.94 million) and total current liabilities of approximately RMB306.35 million as at 30 June 2023 (31 December 2022: approximately RMB239.67 million). The current ratio (calculated by dividing the current assets by the current liabilities) of the Group was approximately 2.38 as at 30 June 2023 (31 December 2022: approximately 3.35).

## **BORROWINGS AND GEARING RATIO**

The Group has approximately RMB96.06 million loan borrowed from bank in the PRC as at 30 June 2023. As such, the gearing ratio is 6.99% (31 December 2022: 3.14%).

## CAPITAL STRUCTURE

Total equity attributable to equity shareholders of the Company amounted to approximately RMB1,554.47 million as at 30 June 2023 as compared to approximately RMB1,512.02 million as at 31 December 2022.

## INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six-month period ended 30 June 2023.

## 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 2023, the Company has utilized approximately RMB647.41 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, 20 June 2022 and 3 March 2023, the details of intended application of net proceeds are set out as follows:

	Revised allocation of the net proceeds (RMB million)	(Approximate percentage)	After revision/ unutilized net proceeds as at 1 January 2023 (RMB million)	Utilized net proceeds during the Reporting Period (RMB million)	Utilized net proceeds up to 30 June 2023 (RMB million)	Unutilized net proceeds up to 30 June 2023 (RMB million)	Expected timeline of full utilization of the unutilized net proceeds
Set up a research and development center and an additional production facility in Jiading, Shanghai	328.38	41.17%	56.39	32.49	304.48	23.90	December 2023
Purchase additional and replacement of existing production equipment and automate production lines	110.07	13.80%	52.72	15.63	72.98	37.09	June 2024
Expand our distribution network and coverage, collaborate with local distributors and intensify our marketing efforts	13.00	1.63%	–	–	13.00	–	Not applicable
General corporate purposes and fund our working capital	79.84	10.01%	–	–	79.84	–	Not applicable



	Revised allocation of the net proceeds		After revision/ unutilized net proceeds as at 1 January 2023	Utilized net proceeds during the Reporting Period	Utilized net proceeds up to 30 June 2023	Unutilized net proceeds up to 30 June 2023	Expected timeline of full utilization of the unutilized net proceeds
	(RMB million)	(Approximate percentage)	(RMB million)	(RMB million)	(RMB million)	(RMB million)	
Zhuhai Derui New Factory Project Construction of the Shandong INT Innovative Medical Instruments Industrial Park	110.00	13.79%	-	-	110.00	-	Not applicable
Potential acquisitions	-	0.00%	-	-	-	-	Not applicable
Total	<u>797.62</u>	<u>100.00%</u>	<u>226.03</u>	<u>75.82</u>	<u>647.41</u>	<u>150.21</u>	

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

## EMPLOYEE REMUNERATION AND RELATIONS

As at 30 June 2023, the Group had a total of 1,532 employees, comparing to 1,632 employees as at 31 December 2022. The total cost of employees for the Reporting Period amounted to approximately RMB132.87 million (six-month period ended 30 June 2022: approximately RMB100.74 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 has adopted two share schemes, including the Share Incentive Scheme and the H Share Award and Trust Scheme to recognize the contributions of certain employees and help in retaining them for the Group's operation and further development. The Group also 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

During the Reporting Period, the trustee of the H Share Award and Trust Scheme repurchased 2,000 H shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") to satisfy the grant of awards pursuant to the H Share Award and Trust Scheme. No awards was granted as at 30 June 2023.

Save as disclosed above, 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 2023 and 31 December 2022, the Group had below significant investments (all of which are minority stake investments).

	At 30 June 2023					At 31 December 2022				
	Percentage	Cost of	Fair Value	Accumulated	Dividend	Percentage	Cost of	Fair Value	Accumulated	Dividend
	of interests	Investment		gain	Received	of interests	investment		gain	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(有限合夥) (the “Ruixin Fund”)	15.83	50,000	72,147	22,147	-	15.83	50,000	71,180	21,180	-
Shanghai Huaige Int Start-up Investment Limited Partnership (L.P.)* (上海懷格瑞泰創業投資合夥企業(有限合夥)) (the “Int Fund”)	25.00	50,000	61,357	11,357	-	25.00	50,000	57,671	7,671	-
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)) (the “Chengdu Huaige Fund”)	12.14	25,000	26,470	1,470	-	12.14	25,000	26,602	1,602	-
		<u>125,000</u>	<u>159,974</u>	<u>34,974</u>	<u>-</u>		<u>125,000</u>	<u>155,454</u>	<u>30,454</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.

The primary objective of the Chengdu Huaige Fund is venture investments in equity interests of early-stage or growth stage businesses in the healthcare and biotechnology sectors. The investment in the Chengdu Huaige Fund provides the Company with an opportunity to facilitate its strategic development in the healthcare and biotechnology and other related industries, enhance its competitiveness, and strengthen its market position.

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

## **MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

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

## **CONTINGENT LIABILITIES**

As at 30 June 2023 and 31 December 2022, the Group did not have any material contingent liabilities.

## **FINANCIAL INSTRUMENTS**

As at 30 June 2023, the Group did not enter into foreign forward contracts. As at 30 June 2023, the Group did not have any other outstanding hedge contracts or financial derivative instruments.

## **CAPITAL EXPENDITURE**

The capital expenditure of the Group for property, plant and equipment (the “**PPE**”), construction in progress, intangible assets, prepaid lease payments and deposits for PPE amounted to approximately RMB148.63 million for the Reporting Period.

## **FOREIGN EXCHANGE RISK**

During the Report Period, the Group’s operations were primarily based in the PRC. The Group’s assets, liabilities and transactions in the PRC are denominated in RMB, while overseas assets and transactions are mainly denominated in US Dollars. There were currency fluctuations among US Dollars, Euro, RMB and Hong Kong Dollars during the Reporting Period, the Group’s operational results and financial condition may be affected by changes in the exchange rates. As the Group reasonably arranges the currency structure, which effectively

reduces foreign exchange risk, the Directors believe that there is no significant foreign exchange risk to the Group at the current stage. Therefore, the Group had not implemented any formal hedging or other alternative policies to deal with such exposure during the Reporting Period. The Group will continuously monitor its foreign exchange exposure and will consider hedging of foreign currency risk should the need arise.

## **CHARGE ON GROUP ASSETS**

As at 30 June 2023, 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 2023 not provided for in the financial statements amounted to approximately RMB145.16 million (31 December 2022: approximately RMB162.08 million). As at 30 June 2023, the Group's outstanding capital commitment contracted for and not provided for in the financial statements amounted to approximately RMB64.70 million (31 December 2022: approximately RMB104.18 million).

## **MATERIAL EVENTS AFTER THE REPORTING PERIOD**

In July 2023, the trustee of the H Share Award and Trust Scheme repurchased 31,400 H shares of the Company on the market at an average prevailing market price of HKD24.52 (approximately equivalent to RMB22.58) and an aggregate consideration of approximately HKD770,000 (equivalent to approximately RMB709,000).

Save as disclosed above, there was no other material events that might affect the Group after the Reporting Period.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS**

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as its code of conduct for Directors' and Supervisors' securities transactions. Having made specific enquiry with the Directors and the Supervisors, all of the Directors and the Supervisors confirmed that they have complied with the required standards set out in the Model Code during the Reporting Period.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

During the Reporting Period, the Company has complied with all the code provisions set forth in the Corporate Governance Code contained in Appendix 14 of the Listing Rules, with the exception of code provision C.2.1 of the Corporate Governance Code that requires the roles of chairman and chief executive should be separate and should not be performed by the same individual. Dr. Liang Dongke is our chairman of the Board and the general manager (equivalent to the chief executive) of the Company. Dr. Liang has extensive experience in the medical devices industry and have served in the Company since its establishment. He is in charge of overall management, business, strategic development and scientific research and development of the Group. The Board considers that vesting the roles of chairman and general manager in the same person is beneficial to the management of the Group. The balance of power and authority is ensured by the operation of the Board, the Supervisors and our senior management of the Company, which comprises experienced and visionary individuals. The Board currently comprises two executive Directors (including Dr. Liang), 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.

## **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 Corporate Governance 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 INTERIM 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.

## **PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT**

The interim results announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) as well as the website of the Company ([www.kdl-int.com](http://www.kdl-int.com)). The Group's 2023 interim report will be dispatched to the Shareholders and will be published on the aforementioned websites in due course.

## **APPRECIATION**

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

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

Shanghai, the PRC  
18 August 2023

*As at the date of this announcement, the Board comprises Dr. Liang Dongke and Mr. Lin Sen as executive Directors, Mr. Zhang Weixin, Ms. Chen Hongqin, Dr. Song Yuan and Mr. Wang Ruiqin as non-executive Directors, and Mr. Jian Xigao, Mr. Hui Hung Kwan and Mr. Xu Congli as independent non-executive Directors.*

\* For identification purposes only