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**Shanghai INT Medical Instruments Co., Ltd.\***

**上海瑛泰醫療器械股份有限公司**

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

**(Stock Code: 1501)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**FINANCIAL SUMMARY**

	<b>2023</b>	2022	<b>Change</b>
	<b><i>RMB'000</i></b>	<i>RMB'000</i>	
Revenue	<b>752,836</b>	585,883	28.50%
Gross profit	<b>438,070</b>	332,486	31.76%
Profit for the year	<b>153,228</b>	133,833	14.50%
Earnings per share			
Basic ( <i>in RMB</i> )	<b>0.92</b>	0.79	16.46%
Diluted ( <i>in RMB</i> )	<b>0.92</b>	0.78	17.95%

\* For identification purposes only

- The Group's revenue in the Reporting Period was approximately RMB752.84 million, representing an increase of approximately 28.50% or approximately RMB166.96 million as compared to approximately RMB585.88 million for the year ended 31 December 2022, due to the increase in market demand for the Group's products and the increase of number of the Group's new customers. The Group's revenue generated from sales of interventional medical devices in the Reporting Period was approximately RMB671.10 million, representing an increase of approximately 32.76% or approximately RMB165.62 million as compared to approximately RMB505.48 million for the year ended 31 December 2022.
- During the Reporting Period, the Group's gross profit was approximately RMB438.07 million, as compared to approximately RMB332.49 million for the year ended 31 December 2022. Gross profit margin increased from approximately 56.75% to approximately 58.19% as compared to the year ended 31 December 2022. The Group's gross profit margin from interventional medical devices in the Reporting Period decreased from approximately 65.40% to approximately 64.90% as compared to the year ended 31 December 2022.
- The Group's profit for the Reporting Period was approximately RMB153.23 million, representing an increase of approximately 14.50% as compared to approximately RMB133.83 million for the year ended 31 December 2022.
- The Group's basic earnings per share and diluted earnings per share in the Reporting Period was approximately RMB0.92 and RMB0.92, as compared to approximately RMB0.79 and RMB0.78 for the year ended 31 December 2022, respectively.
- The Board recommended the payment of a final dividend of RMB0.27 per share (equivalent to HK\$0.30 per share) (inclusive of applicable tax) for the year ended 31 December 2023.

The board (the “**Board**”) of directors (the “**Directors**”) of Shanghai INT Medical Instruments Co., Ltd.\* (上海瑛泰醫療器械股份有限公司) (the “**Company**”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”, “**we**”, “**our**” or “**us**”) for the year ended 31 December 2023 (the “**Reporting Period**”).

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**  
*(Expressed in Renminbi (“RMB”))*

	<i>Note</i>	<b>2023</b> <b>RMB’000</b>	2022 <i>RMB’000</i>
<b>Revenue</b>	3	<b>752,836</b>	585,883
Cost of sales		<u><b>(314,766)</b></u>	<u>(253,397)</u>
<b>Gross profit</b>		<b>438,070</b>	332,486
Other income	4	<b>33,331</b>	34,042
Distribution costs		<b>(67,396)</b>	(56,394)
Administrative expenses		<b>(99,426)</b>	(64,289)
Research and development expenses		<b>(125,850)</b>	(99,634)
Recognition of impairment losses on trade and other receivables		<u><b>(407)</b></u>	<u>(925)</u>
<b>Profit from operations</b>		<b>178,322</b>	145,286
Finance costs		<u><b>(3,194)</b></u>	<u>(818)</u>
<b>Profit before taxation</b>	5	<b>175,128</b>	144,468
Income tax	6	<u><b>(21,900)</b></u>	<u>(10,635)</u>
<b>Profit for the year</b>		<b>153,228</b>	133,833
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>156,457</b>	131,713
Non-controlling interests		<u><b>(3,229)</b></u>	<u>2,120</u>
<b>Profit for the year</b>		<u><b>153,228</b></u>	<u>133,833</u>
<b>Earnings per share (RMB)</b>	7		
Basic (RMB)		<u><b>0.92</b></u>	<u>0.79</u>
Diluted (RMB)		<u><b>0.92</b></u>	<u>0.78</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME**  
*FOR THE YEAR ENDED 31 DECEMBER 2023*  
*(Expressed in RMB)*

	<b>2023</b>	2022
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Profit for the year</b>	<u><b>153,228</b></u>	<u>133,833</u>
<b>Other comprehensive income for the year</b> <b>(after tax and reclassification adjustments)</b>		
Item that will be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of an overseas subsidiary	<u><b>465</b></u>	<u>1,890</u>
<b>Other comprehensive income for the year</b>	<u><b>465</b></u>	<u>1,890</u>
<b>Total comprehensive income for the year</b>	<u><u><b>153,693</b></u></u>	<u><u>135,723</u></u>
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>156,922</b>	133,603
Non-controlling interests	<u><b>(3,229)</b></u>	<u>2,120</u>
<b>Total comprehensive income for the year</b>	<u><u><b>153,693</b></u></u>	<u><u>135,723</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2023

(Expressed in RMB)

	<i>Note</i>	<b>31 December 2023 RMB'000</b>	31 December 2022 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment		<b>789,083</b>	633,671
Right-of-use assets		<b>109,201</b>	115,943
Intangible assets		<b>130,374</b>	69,920
Certificate of deposits		<b>31,447</b>	–
Other non-current assets		<b>52,560</b>	28,369
Deferred tax assets		<b>17,649</b>	15,036
Financial assets at fair value through profit or loss	8	<b>175,023</b>	162,454
		<b>1,305,337</b>	1,025,393
<b>Current assets</b>			
Inventories		<b>128,770</b>	154,277
Trade and other receivables	9	<b>125,193</b>	79,531
Other current assets		<b>35,648</b>	39,867
Cash and cash equivalents		<b>423,668</b>	518,266
Certificate of deposits and pledged deposits		<b>11,010</b>	10,000
		<b>724,289</b>	801,941
<b>Current liabilities</b>			
Trade and other payables	10	<b>176,173</b>	127,386
Contract liabilities		<b>37,074</b>	65,453
Loans and borrowings		<b>79,123</b>	32,683
Lease liabilities		–	201
Derivative financial instruments		<b>491</b>	–
Deferred income		<b>1,550</b>	1,345
Current taxation		<b>22,418</b>	12,597
		<b>316,829</b>	239,665
<b>Net current assets</b>		<b>407,460</b>	562,276
<b>Total assets less current liabilities</b>		<b>1,712,797</b>	1,587,669

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2023 (continued)

(Expressed in RMB)

	<i>Note</i>	<b>31 December 2023 RMB'000</b>	31 December 2022 RMB'000
<b>Non-current liabilities</b>			
Lease liabilities		<b>15,656</b>	15,944
Deferred income		<b>16,993</b>	10,949
Deferred tax liabilities		<b>1,770</b>	6,672
		<u><b>34,419</b></u>	<u>33,565</u>
<b>Net assets</b>		<u><b>1,678,378</b></u>	<u>1,554,104</u>
<b>Capital and reserves</b>			
	<i>11</i>		
Share capital		<b>171,000</b>	168,000
Reserves		<b>1,478,241</b>	1,344,015
		<u><b>1,649,241</b></u>	<u>1,512,015</u>
<b>Total equity attributable to equity shareholders of the Company</b>		<b>1,649,241</b>	1,512,015
<b>Non-controlling interests</b>		<b>29,137</b>	42,089
		<u><b>1,678,378</b></u>	<u>1,554,104</u>
<b>Total equity</b>		<u><b>1,678,378</b></u>	<u>1,554,104</u>

## NOTES

### 1 STATEMENT OF COMPLIANCE

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

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. The Group has applied the following new and amended HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- HKFRS 17, *Insurance contracts*
- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to HKAS 1, *Presentation of financial statements and HKFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies*
- Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to HKAS 12, *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 the following amendments, 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 HKAS 1, Presentation of financial statements and HKFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies*

The amendments require entities to disclose material accounting policy information and provide guidance on applying the concept of materiality to accounting policy disclosure. The Group has revisited the accounting policy information it has been disclosing and considered it is consistent with the amendments.

*Amendments to HKAS 12, 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 HKAS 12.

## **2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

The consolidated financial statements for the year ended 31 December 2023 comprise the Company and its subsidiaries.

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



### 3 REVENUE AND SEGMENT REPORTING

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

#### (a) Disaggregation of revenue

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Disaggregated by major products		
— Sales of interventional medical devices		
Cardiovascular devices	608,231	483,059
Neurological and peripheral devices	59,721	19,755
Orthopaedics and other devices	3,145	2,670
	<u>671,097</u>	<u>505,484</u>
Subtotal	671,097	505,484
— Sales of medical accessories	26,673	16,851
— Agent business	44,163	50,325
— Moulds and others	8,385	12,952
	<u>750,318</u>	<u>585,612</u>
<b>Revenue from other source</b>		
Rental income	2,518	271
	<u>752,836</u>	<u>585,883</u>

The Group's customer base is diversified. There is no individual customer with whom transactions have exceeded 10% of the Group's revenue for the years ended 31 December 2023 and 2022.

The Group recognised its revenue from contract with customers at point in time in accordance with the accounting policies. The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its sales contracts for medical devices, accessories and moulds, as the Group will be entitled to those revenue when it satisfies the remaining performance obligations under the contracts sales that had an original expected duration of one year or less.

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

	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Chinese Mainland	<b>549,503</b>	437,344
Europe	<b>45,318</b>	46,922
The United States	<b>46,640</b>	28,161
Other countries and regions	<b>111,375</b>	73,456
	<b><u>752,836</u></b>	<u>585,883</u>

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**

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 accessories, moulds and medical 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.

*(i) Segment results, assets and liabilities*

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

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

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

Information regarding the Group's segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2023 and 2022 is set out below:

	<b>2023</b>		
	<b>Cardiovascular interventional business RMB'000</b>	<b>All others RMB'000</b>	<b>Total RMB'000</b>
<b>Revenue from external customers</b>	<b>625,952</b>	<b>126,884</b>	<b>752,836</b>
Inter-segment revenue	<u>15,372</u>	<u>33,354</u>	<u>48,726</u>
<b>Segment revenue</b>	<b><u>641,324</u></b>	<b><u>160,238</u></b>	<b><u>801,562</u></b>
<b>Segment net profit</b>	<b><u>123,098</u></b>	<b><u>36,201</u></b>	<b><u>159,299</u></b>
	<hr/> <b>2022</b> <hr/>		
	<b>Cardiovascular interventional business RMB'000</b>	<b>All others RMB'000</b>	<b>Total RMB'000</b>
<b>Revenue from external customers</b>	489,704	96,179	585,883
Inter-segment revenue	<u>7,350</u>	<u>37,083</u>	<u>44,433</u>
<b>Segment revenue</b>	<b><u>497,054</u></b>	<b><u>133,262</u></b>	<b><u>630,316</u></b>
<b>Segment net profit</b>	<b><u>84,920</u></b>	<b><u>54,257</u></b>	<b><u>139,177</u></b>

(ii) *Reconciliation of revenue and segment profit*

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>Revenue</b>		
Segment revenue	<b>801,562</b>	630,316
Elimination of inter-segment revenue	<u>(48,726)</u>	<u>(44,433)</u>
<b>Consolidated revenue</b>	<u><b>752,836</b></u>	<u>585,883</u>
<b>Profit</b>		
Segment net profit	<b>159,299</b>	139,177
Elimination of inter-segment net profit	<u>(6,071)</u>	<u>(5,344)</u>
<b>Consolidated net profit</b>	<u><b>153,228</b></u>	<u>133,833</u>

**4 OTHER INCOME**

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Government grants ( <i>note</i> )	<b>16,064</b>	11,008
Interest income	<b>11,831</b>	13,408
Net unrealised gains from fair value changes on financial assets/liabilities measured at fair value through profit or loss	<b>2,078</b>	7,360
Foreign exchange gains	<b>2,422</b>	2,536
Others	<u><b>936</b></u>	<u>(270)</u>
	<u><b>33,331</b></u>	<u>34,042</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 the 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:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>(a) Finance costs</b>		
Interest on lease liabilities	741	705
Interest on loans and borrowings	<u>2,453</u>	<u>113</u>
	<u><u>3,194</u></u>	<u><u>818</u></u>
<b>(b) Staff costs</b>		
Salaries, wages and other benefits	200,555	164,853
Equity-settled share-based payment expenses	6,490	3,107
Contributions to defined contribution retirement plan	<u>24,889</u>	<u>22,707</u>
	<u><u>231,934</u></u>	<u><u>190,667</u></u>

- (i) Pursuant to the relevant labour rules and regulations in the PRC, the Company and its subsidiaries in the PRC participate in defined contribution retirement benefit schemes (the “Schemes”) organised by the local government authorities whereby the Company and its subsidiaries in the PRC are required to make contributions to the Schemes based on certain percentages of the eligible employee’s salaries. The local government authorities are responsible for the entire pension obligations payable to the retired employees. The Group has no other obligations for payments of retirement and other post-retirement benefits of employees other than the contributions described above.
- (ii) Staff costs includes remuneration of directors and senior management.

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
<b>(c) Other items</b>		
Depreciation and amortisation		
— property, plant and equipment	<b>41,440</b>	30,321
— right-of-use assets	<b>3,837</b>	5,764
— intangible assets	<b>2,277</b>	992
	<b>47,554</b>	37,077
Impairment losses on		
— trade and other receivables	<b>407</b>	925
— other current assets	<b>1,473</b>	–
Auditors' remuneration		
— audit services	<b>3,000</b>	2,600
— other services	<b>1,600</b>	85
Research and development costs ( <i>note (i)</i> )	<b>179,313</b>	140,941
Less: Costs capitalised into intangible assets	<b>(53,463)</b>	(41,307)
	<b>125,850</b>	99,634
Cost of inventories ( <i>note (ii)</i> )	<b>314,766</b>	253,397

*Notes:*

- (i) During the year ended 31 December 2023, research and development costs includes staff costs and depreciation and amortisation of RMB99,906,000 (2022: RMB76,492,000), which amount is also included in the respective total amounts disclosed separately above.
- (ii) During the year ended 31 December 2023, cost of inventories includes staff costs and depreciation and amortisation expenses of RMB87,764,000 (2022: RMB84,600,000), which amount is also included in the respective total amounts disclosed separately above.

## 6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Current tax-PRC corporate income tax (“CIT”)	29,415	13,037
Deferred tax	<u>(7,515)</u>	<u>(2,402)</u>
Total	<u><u>21,900</u></u>	<u><u>10,635</u></u>

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Profit before taxation	175,128	144,468
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned ( <i>note (i)</i> )	43,782	36,117
Effect of preferential tax rates ( <i>notes (ii) &amp; (iii)</i> )	(17,185)	(8,388)
Effect of super deduction on research and development expenses ( <i>note (iv)</i> )	(14,138)	(21,832)
Effect of unused tax losses not recognised as deferred tax assets	5,844	6,137
Effect of super deduction on fixed assets procurement ( <i>note (v)</i> )	–	(3,015)
Effect of tax rate changed in recognition of deferred tax	3,079	–
Others	<u>518</u>	<u>1,616</u>
Actual tax expenses	<u><u>21,900</u></u>	<u><u>10,635</u></u>

Notes:

#### PRC CIT

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

(ii) High and New Technology Enterprise (“HNTTE”)

According to the PRC income tax law and its relevant regulations, entities that qualified as HNTTE are entitled to a preferential income tax rate of 15%. The Company obtained its renewed certificate of HNTTE on 15 November 2022 and is subject to income tax at 15% for the three years ending 31 December 2024.

Zhuhai Derui Medical Instruments Co., Ltd. obtained its renewed certificate of HNTE on 22 December 2022 and is subject to income tax at 15% for the three years ending 31 December 2024.

Shanghai Pukon Medical Instruments Co., Ltd. obtained its renewed certificate of HNTE on 15 November 2023 and is subject to income tax at 15% for the three years ending 31 December 2025.

Shanghai Puhui Medical Instruments Co., Ltd. obtained its certificate of HNTE on 15 November 2023 and is subject to income tax at 15% for the three years ending 31 December 2025.

The 15% preferential tax rate applicable to HNTE is subject to renewal approval 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 years ended 31 December 2023, certain subsidiaries of the Group are qualified as small and low profit enterprise and enjoyed a preferential tax rate of 5% (2022: 2.5%), whereas applicable.

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

(v) According to the PRC income tax law and its relevant regulations issued in 2022, entities that qualified as HNTE are entitled to an additional 100% of qualified equipment newly purchased from 1 October 2022 to 31 December 2022, which is allowed to be deducted from taxable income.

### **Hong Kong Profits Tax**

During the years ended 31 December 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 HKD2,000,000 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 adjusted profit attributable to equity shareholders of the Company of RMB151,882,000 (2022: RMB130,145,000), and the weighted average number of shares of 165,864,000 (2022: 166,000,000) in issue during the year, calculated as follows:

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

	2023 '000	2022 '000
Issued ordinary shares at 1 January	168,000	166,000
Effect of restricted shares issued	3,000	2,000
Effect of unvested restricted shares	(5,000)	(2,000)
Effect of purchase of own shares	(136)	–
	<u>165,864</u>	<u>166,000</u>
Weighted average number of ordinary shares at 31 December	<u>165,864</u>	<u>166,000</u>

### (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 RMB156,457,000 (2022: RMB131,713,000), and the weighted average number of ordinary shares of 170,864,000 (2022: 169,000,000) in issue.

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

#### *Weighted average number of ordinary shares (diluted)*

	2023 '000	2022 '000
Weighted average number of ordinary shares in issue for the purpose of basic earnings per share	165,864	166,000
Effect of contingently issuable restricted shares	5,000	3,000
	<u>170,864</u>	<u>169,000</u>
Weighted average number of ordinary shares in issue for the purpose of diluted earnings per share	<u>170,864</u>	<u>169,000</u>

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

## 8 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>31 December 2023 RMB'000</b>	31 December 2022 RMB'000
<b>Non-current portion</b>		
Unlisted units in investment funds		
— managed by Huaige Health	<b>156,196</b>	155,454
— managed by a third party fund manager	<b>11,827</b>	—
	<b>168,023</b>	155,454
Unlisted equity investment	<b>7,000</b>	7,000
	<b>175,023</b>	162,454

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

Since 2020, the Company invested in three unlisted funds managed by Ningbo Huaige Health Investment Management Partnership (Limited Partnership)\* (Chinese name as 寧波懷格健康投資管理合夥企業(有限合夥), “**Huaige Health**”), together with other limited partners. The primary objectives of these unlisted funds are investment in equity interest of entities in the life science, healthcare and biotechnology sectors in the PRC. Total capital commitment of the Company to these funds managed by Huaige Health was RMB150 million in aggregate, of which RMB125 million was paid as at 31 December 2023. Detailed information is disclosed in the Company’s announcements dated 19 March 2020, 29 April 2020, 18 August 2022 and 23 August 2022 and the circular dated 22 May 2020.

In 2023, the Company invested in another unlisted fund managed by an independent third party fund manager. The primary objective is investments in equity interests of the enterprises in the medical and healthcare sectors both domestically and internationally. Total capital commitment of the Company to this unlisted fund is RMB50 million. During the year ended 31 December 2023, the Company made capital contribution of RMB10 million to the fund.

\* *English translation is for identification purpose only.*

## 9 TRADE AND OTHER RECEIVABLES

	<b>31 December 2023 RMB'000</b>	31 December 2022 RMB'000
<b>Trade and bills receivables (a)</b>		
Receivables from third parties	<b>121,599</b>	69,155
Receivables from related parties	<b>2,625</b>	3,734
Less: losses allowance on trade receivables	<b>(1,305)</b>	(1,508)
	<hr/>	<hr/>
Trade and bills receivables, net	<b>122,919</b>	71,381
Deposits for construction project	<b>403</b>	5,454
Others	<b>1,892</b>	2,696
Less: losses allowance on other receivables	<b>(21)</b>	–
	<hr/>	<hr/>
Trade and other receivables, net	<b>125,193</b>	79,531
	<hr/> <hr/>	<hr/> <hr/>

### (a) Ageing analysis

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

	<b>31 December 2023 RMB'000</b>	31 December 2022 RMB'000
Within 3 months	<b>113,866</b>	64,166
3 to 6 months	<b>5,673</b>	5,225
6 to 9 months	<b>3,380</b>	1,990
	<hr/>	<hr/>
	<b>122,919</b>	71,381
	<hr/> <hr/>	<hr/> <hr/>

Trade receivables are generally due within 30 to 120 days from the date of billing.

## 10 TRADE AND OTHER PAYABLES

	<b>31 December 2023 RMB'000</b>	31 December 2022 RMB'000
Trade payables (i)	<b>32,854</b>	36,376
Payroll payables	<b>40,869</b>	34,109
Payables for purchase of property, plant and equipment	<b>66,418</b>	37,886
Amounts due to related parties	<b>179</b>	37
Rebates liabilities	<b>6,888</b>	3,013
Others	<b>28,965</b>	15,965
	<b><u>176,173</u></b>	<u>127,386</u>

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

	<b>31 December 2023 RMB'000</b>	31 December 2022 RMB'000
Within 3 months	<b>25,912</b>	30,474
Over 3 months but within 6 months	<b>3,490</b>	2,287
Over 6 months but within 1 year	<b>1,611</b>	2,697
Over 1 year	<b>1,841</b>	918
	<b><u>32,854</u></b>	<u>36,376</u>

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

## 11 CAPITAL, RESERVES AND DIVIDENDS

### (i) Share capital

	2023		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 year	<b>168,000</b>	<b>168,000</b>	166,000	166,000
Domestic shares issued during the year ( <i>note i</i> )	<u><b>3,000</b></u>	<u><b>3,000</b></u>	<u>2,000</u>	<u>2,000</u>
At 31 December	<u><b>171,000</b></u>	<u><b>171,000</b></u>	<u>168,000</u>	<u>168,000</u>
<b>Representing:</b>				
Domestic shares issued	<b>66,787</b>	<b>66,787</b>	63,787	63,787
H shares issued	<u><b>104,213</b></u>	<u><b>104,213</b></u>	<u>104,213</u>	<u>104,213</u>
Total ordinary shares issued at 31 December ( <i>note ii</i> )	<u><b>171,000</b></u>	<u><b>171,000</b></u>	<u>168,000</u>	<u>168,000</u>

#### Notes:

- (i) The Company issued 3,000,000 domestic shares at a price of RMB12.00 per share to the participants under the share award scheme during the year ended 31 December 2023, of which, RMB3,000,000 was recorded under share capital and the remaining of RMB33,000,000 was charged to capital reserve.
- (ii) As at 31 December 2023, the treasury shares of 892,800 do not carry the right to vote, which are included in the above ordinary shares.

**(ii) Purchase of own shares**

During the year ended 31 December 2023, the Company repurchased its own shares on the Stock Exchange as follows:

Month/year	Number of H shares repurchased	Highest price paid per share HKD	Lowest price paid per share HKD	Aggregate price paid in HKD'000	Aggregate price paid in RMB'000
June 2023	2,000	24.75	24.00	49	45
July 2023	31,400	23.30	24.92	770	709
November 2023	859,400	26.00	26.00	22,344	20,505
					<u>21,259</u>

**(iii) Dividends**

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

	2023 RMB'000	2022 RMB'000
Final dividend proposed after the end of the reporting period of RMB0.27 per ordinary share (2022: RMB0.24 per ordinary share)	<u>47,520</u>	<u>40,320</u>

On 18 March 2024, the directors of the Company proposed a final dividend for the year ended 31 December 2023 of RMB0.27 per ordinary share, which has not been recognised as a liability at 31 December 2023.

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

	2023 RMB'000	2022 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year, RMB0.24 per ordinary share (2022: RMB0.26 per ordinary share)	<u>40,320</u>	<u>43,680</u>

Pursuant to the shareholders' approval of the Company held 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 with total amount of RMB40,320,000 was paid in 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. 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. In 2022, the State Council issued “the 14th Five-Year Plan for National Medical Security”, further promoting the normalization and institutionalization of centralized volume procurement, and continuously expanding the scope of centralized volume procurement of high-value medical consumables. National Healthcare Security Administration issued the “Notice on Issuing the Three-year Action Plan for the Reform of DRG/DIP Payment Mode”, aiming to establish a national unified, top-down linkage and internal and external coordination of payment mechanism, and continue to expand the coverage area of DRG/DIP payment mode. 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 normalized DRG/DIP competition in the future.

The Group’s revenue in the Reporting Period was approximately RMB752.84 million, representing an increase of approximately 28.50% or approximately RMB166.96 million as compared to approximately RMB585.88 million for the year ended 31 December 2022, due to the increase of market demand for the Group’s products and the increase of the number of new customers of the Group. The Group’s revenue generated from sales of interventional medical devices in the Reporting Period was approximately RMB671.10 million, representing an increase of approximately 32.76% or approximately RMB165.62 million as compared to approximately RMB505.48 million for the year ended 31 December 2022.

## **Comprehensive medical device registration certificates**

During the Reporting Period, the Group has obtained 6 National Medical Products Administration of China (“NMPA”) registration certificates for Class III medical devices and 13 Provincial and Municipal Medical Products Administration (“PMMPA”) registration certificates for Class II medical devices. As at 31 December 2023, we have an aggregate of 35 NMPA registration certificates for Class III medical devices, 38 PMMPA registration certificates for Class II medical devices, 36 European CE certificates and 18 FDA 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 31 December 2023, we had 334 registered patents, 208 patents under application and 9 registered software.

## **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 2023, our PRC distributors cover 23 (2022: 23) provinces, 4 (2022: 4) directly-administered municipalities and 5 (2022: 5) autonomous regions in the PRC, and covering 2,660 (2022: 2,317) domestic hospitals in the PRC. In addition, we had 226 (2022: 207) overseas customers covering over 77 (2022: 58) countries and regions.

## **ACTIVITIES REVIEW**

### **Subsidiaries**

As at 31 December 2023, the Group had 16 (2022: 14) 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.



## **Change in Use of Unutilized Net Proceeds**

Reference is made to the announcement of the Company dated 3 March 2023 in relation to the change in use of unutilized net proceeds from the global offering of H shares of the Company (the “**Net Proceeds**”). As at 3 March 2023, the Company has utilized approximately RMB585.86 million of the Net Proceeds and the unutilized Net Proceeds amounted to approximately RMB211.76 million (the “**Unutilized Net Proceeds**”).

Having considered the Group’s business needs and efficiency in utilization of the Net Proceeds, the Board resolved on 3 March 2023 to change the use of the Unutilized Net Proceeds designated for “potential acquisitions” to “set up a research and development center and an additional production facility in Jiading, Shanghai”.

The Board considers the increase of planned use of net proceeds in setting up research and development center and additional production facility in Jiading, Shanghai beneficial to accelerate the completion of the project and the progress of the Company’s research and development pipeline, and the re-allocation of the Unutilized Net Proceeds would not impede or otherwise adversely affect the Group’s product portfolio or business operation. The Board confirms that there is no material change in the business nature of the Group and considered that the proposed change in the use of the Unutilized Net Proceeds will not have any material adverse impact on the operations of the Group and is in the best interests of the Company and its shareholders (the “**Shareholders**”) as a whole.

## **Change in 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 at the annual general meeting of the Company on 18 May 2023 (the “**2022 AGM**”). The term of KPMG Huazhen LLP commenced 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.

### **Adoption of the 2023 Share Incentive Scheme and Proposed Grant of Restricted Shares under the 2023 Share Incentive Scheme**

Reference are made to the announcements of the Company dated 29 August 2023, 24 November 2023 and 19 December 2023, the circular of the Company dated 16 October 2023 and the supplemental circular of the Company dated 30 November 2023, in relation to, among others, the adoption of the 2023 employee share incentive scheme of Shanghai INT Medical Instruments Co., Ltd.\* (上海瑛泰醫療器械股份有限公司員工股權激勵計劃(2023年)) (the “**2023 Share Incentive Scheme**”). The proposed adoption of the 2023 Share Incentive Scheme was approved by the Shareholders at the extraordinary general meeting of the Company held on 19 December 2023 (the “**2023 First EGM**”). For the principal terms of the 2023 Share Incentive Scheme, please refer to the circular of the Company dated 16 October 2023. The 2023 Share Incentive Scheme involves issue of new domestic shares of the Company and therefore constitutes a share scheme as defined and regulated under Chapter 17 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The Board proposed to grant 5,000,000 restricted shares under the 2023 Share Incentive Scheme to 17 grantees, including Dr. Liang Dongke, Mr. Lin Sen and Dr. Song Yuan (collectively the “**Conditional Grantees**”). As the proposed grant to each of the Conditional Grantees (the “**Conditional Grant**”) would result in the shares issued and to be issued in respect to all awards to granted to him/her in a 12-month period up to and including the date of such grant, represent over 0.1% of the shares of the Company in issue, the Conditional Grant is subject to the approval by the independent shareholders of the Company. The Conditional Grant was approved by the independent shareholders of the Company at the 2023 First EGM.

As at 31 December 2023, the Company has not made any grant to any participant under the 2023 Share Incentive Scheme.

## **Allotment and Issuance of Award Shares under the Share Incentive Scheme**

Reference is made to the announcement of the Company dated 24 October 2023 in relation to the allotment and issuance of award shares to 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))(collectively, the “**Share Incentive Platforms**”) and Dr. Liang Dongke. The Company has received approval dated 17 October 2023 from the China Securities Regulatory Commission (the “**CSRC**”) (the “**CSRC Approval**”) in relation to the Company’s allotment and issuance of 3,000,000 new domestic shares under the share incentive scheme approved at the extraordinary general meeting of the Company on 17 December 2020 (the “**Share Incentive Scheme**”). The CSRC Approval shall be effective for 12 months from 17 October 2023. The 3,000,000 new domestic shares issued and allotted to the Share Incentive Platforms and Dr. Liang Dongke on 6 November 2023 and the total number of issued shares of the Company increased to 171,000,000.

## **Change of Company Name**

Reference is made to the announcement of the Company dated 29 August 2023 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 2023 First EGM. The Company has completed the registration with the authorities in the PRC and has carried out necessary filing procedures with the Companies Registry in Hong Kong and has completed 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 the market recognition of the Company’s own brand, and will be aligned with the Company’s future strategic development plan. As such, the Board, including the independent non-executive Directors, considers that the Change of Company Name is in the interest of the Company and the Shareholders as a whole.

## **Amendments to the Articles of Association**

References are made to the announcement of the Company dated 10 April 2023 and the circular of the Company dated 14 April 2023, in relation to the amendments to the articles of association of the Company (the “**Articles of Association**”).

On 17 February 2023, the State Council issued the Decision of the State Council to Repeal Certain Administrative Regulations and Documents\* (《國務院關於廢止部分行政法規和文件的決定》) and the CSRC issued the Trial Measures of Overseas Securities Offering and Listing by Domestic Companies\* (《境內企業境外發行證券和上市管理試行辦法》) (the “**Trial Measures**”) and related guidelines, which came into effect on 31 March 2023. Meanwhile, the Mandatory Provisions for Companies Listing Overseas\* (《到境外上市公司章程必備條款》) (the “**Mandatory Provisions**”) set forth in Zheng Wei Fa (1994) No. 21 file issued on 27 August 1994 by the State Council Securities Policy Committee and the State Commission for Restructuring the Economic System and the Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies\* (《國務院關於股份有限公司境外募集股份及上市的特別規定》) issued on 4 August 1994 by the State Council were repealed on the effective date of the Trial Measures. PRC issuers shall formulate their articles of association with reference to the Guidelines on Articles of Association of Listed Companies\*(《上市公司章程指引》) (the “**Guidelines**”) issued by the CSRC in place of the Mandatory Provisions. In light of the above, the Stock Exchange also proposed certain amendments to the Listing Rules in the Consultation Paper on Rule Amendments Following Mainland China Regulation Updates and Other Proposed Rule Amendments Relating to PRC Issuers issued on 24 February 2023.

The Board thus proposed to, by reference to the PRC Company Law, the Guidelines and other regulations, make adaptations to the Articles of Association, mainly including additions, deletions and adjustments to the relevant articles to reflect the repeal of the Mandatory Provisions and the provisions of the Trial Measures and certain housekeeping changes. The proposed amendments to the Articles of Association have taken effect after approval by the Shareholders at the 2022 AGM, the class meeting of holders of the H shares of the Company and the class meeting of holders of domestic shares of the Company held on 18 May 2023 and the consequential amendments to the Listing Rules in light of the regulation changes in the PRC became effective.

References are made to the announcement of the Company dated 29 August 2023 and the circular of the Company dated 16 October 2023, in relation to, among others, the amendments to the Articles of Association. The Company proposed to make certain amendments to the Articles of Association in relation to, among other things, (i) the adoption of the 2023 Share Incentive Scheme, as the registered capital of the Company will be increased due to the issuance and allotment of the restricted shares under the 2023 Share Incentive Scheme; and (ii) the Proposed Change of Company Name. The aforesaid amendments to the Articles of Association were approved by the Shareholders at the 2023 First EGM.

## **OUTLOOK FOR 2024**

The Group will continue to deeply develop various fields of medical devices, and orderly promote the Company's strategic planning and business layout. Looking forward to 2024, we will (1) further develop the product pipeline, allocate more resources for research and development, further progress on the research and development of the 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 the Company's brand building and enhance brand value; and (3) fully use of the Group's investment in the research and development center to further enhance automation and scale production.

## **FINANCIAL REVIEW**

### **REVENUE**

The Group's revenue in the Reporting Period was approximately RMB752.84 million, representing an increase of approximately 28.50% or approximately RMB166.96 million as compared to approximately RMB 585.88 million for the year ended 31 December 2022, due to the increase in market demand for the Group's products and the increase of 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 RMB671.10 million (2022: approximately RMB505.48 million), representing approximately 89.14% of the total revenue as compared to approximately 86.28% for the year ended 31 December 2022. The Group's revenue generated from sales of medical accessories was approximately RMB26.67 million (2022: approximately RMB16.85 million), representing approximately 3.54% (2022: approximately 2.88%) of the total revenue. The Group's revenue generated from agent business was approximately RMB44.16 million (2022: approximately RMB50.33 million), representing approximately 5.87% (2022: approximately 8.59%) of the total revenue.

## **Cost of Sales**

The Group's cost of sales in the Reporting Period was approximately RMB314.77 million, representing an increase of approximately 24.22% or approximately RMB61.37 million as compared to approximately RMB253.40 million for the year ended 31 December 2022, which changes were in line with the growth of revenue during the Reporting Period.

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

During the Reporting Period, the Group's gross profit was approximately RMB438.07 million, as compared to approximately RMB332.49 million for the year ended 31 December 2022. Gross profit margin increased from approximately 56.75% to approximately 58.19% as compared to the year ended 31 December 2022. The increase in gross profit margin was mainly due to the increase in the sales share of products with higher gross profit margin.

## **Other Income**

During the Reporting Period, other income was approximately RMB33.33 million, representing a decrease of approximately 2.09% or approximately RMB0.71 million as compared to approximately RMB34.04 million for the year ended 31 December 2022. Net unrealised gains from fair value changes on financial assets and liabilities measured at fair value through profit or loss for the Reporting Period was approximately RMB2.08 million (2022: approximately RMB7.36 million).

## **Finance Costs**

During the Reporting Period, the finance cost was approximately RMB3.19 million as compared to approximately RMB0.82 million for the year ended 31 December 2022. The finance costs were interests arising from bank loan and lease liabilities.

## **Distribution Costs**

The distribution costs of the Group in the Reporting Period were approximately RMB67.40 million, increased by approximately 19.51% or approximately RMB11.01 million as compared to approximately RMB56.39 million for the year ended 31 December 2022. It constituted approximately 8.95% of the total revenue as compared to approximately 9.63% for the year ended 31 December 2022. The increase in distribution costs was primarily due to: (1) the sales team was expanded; and (2) the exhibition promotions in the PRC and overseas.

## **Administrative Expenses**

The administrative expenses of the Group in the Reporting Period were approximately RMB99.43 million increased by approximately 54.66% or approximately RMB35.14 million, as compared to approximately RMB64.29 million for the year ended 31 December 2022. The rise was mainly due to the increase in payroll and depreciation and amortisation.

## **Research and Development Expenses**

The research and development expenses of the Group in the Reporting Period were approximately RMB179.31 million, of approximately RMB53.46 million (2022: approximately RMB41.31 million) was capitalised as intangible assets and the remaining approximately RMB125.85 million (2022: approximately RMB99.63 million) was charged to profit or loss, representing an increase of approximately 27.22% or approximately RMB38.37 million as compared to approximately RMB140.94 million for the year ended 31 December 2022. The rise was primarily due to the Group's continued development and commercialisation of the existing pipeline products, as well as new products of the Group.

## **Income Tax Expenses**

The income tax expenses in the Reporting Period was approximately RMB21.90 million, representing an increase of approximately 105.83% or approximately RMB11.26 million as compared to approximately RMB10.64 million for the year ended 31 December 2022. The effective income tax rate was approximately 12.51% for the Reporting Period as compared to approximately 7.36% for the year ended 31 December 2022. The increase was due to effect of deferred income tax in 2023.

## **Profit for the year**

The Group's profit for the year in the Reporting Period was approximately RMB153.23 million, representing an increase of approximately 14.50% as compared to approximately RMB133.83 million for the year ended 31 December 2022.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group has maintained a sound financial position during the Reporting Period. As at 31 December 2023, the Group's cash and bank balance amounted to approximately RMB423.67 million (2022: approximately RMB518.27 million). For the year ended 31 December 2023, net cash flow from operating activities of the Group amounted to approximately RMB178.15 million (2022: approximately RMB180.46 million).

The Group recorded total current assets of approximately RMB724.29 million as at 31 December 2023 (31 December 2022: approximately RMB801.94 million) and total current liabilities of approximately RMB316.83 million as at 31 December 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 2.29 as at 31 December 2023 (31 December 2022: approximately 3.35).

## **BORROWINGS AND GEARING RATIO**

As at 31 December 2023, the Group's loan of approximately RMB79.12 million was borrowed from banks in the PRC, as compared to approximately RMB32.68 million as at 31 December 2022. As such, the gearing ratio is 5.65% (2022: 3.14%).

## **CAPITAL STRUCTURE**

Total equity attributable to equity shareholders of the Company amounted to approximately RMB1,649.24 million as at 31 December 2023 as compared to approximately RMB1,512.02 million as at 31 December 2022.

## **FINAL DIVIDEND**

The Board recommended the payment of a final dividend of RMB0.27 per share (equivalent to HK\$0.30 per share) (inclusive of applicable tax) (the "**Proposed Final Dividend**") for the year ended 31 December 2023 (2022: RMB0.24 per share). Subject to the approval of the Proposed Final Dividend by the Shareholders at the annual general meeting of the Company (the "**AGM**") to be held on Friday, 24 May 2024, the Proposed Final Dividend will be distributed on or about Friday, 28 June 2024 to the Shareholders whose names appear on the register of members of the Company on Thursday, 6 June 2024 (the "**Record Date**").

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



In accordance with the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) which was passed by the Standing Committee of the National People's Congress on 16 March 2007 and amended on 24 February 2017 and 29 December 2018 (the latest amendment which has taken effect on the even date), and its implementation regulations which came into effect on 1 January 2008, the Company is required to withhold and pay enterprise income tax at the rate of 10% on behalf of the non-resident enterprise Shareholders whose names appear on the register of members for H shares when distributing the cash dividends. Any H shares not registered under the name of an individual Shareholder, including HKSCC Nominees Limited, other nominees, agents or trustees, or other organizations or groups, shall be deemed as shares held by non-resident enterprise Shareholders. Therefore, on this basis, enterprise income tax shall be withheld from dividends payable to such Shareholders. If holders of H shares intend to change its Shareholder status, please enquire about the relevant procedures with your agents or trustees. The Company will strictly comply with the law or the requirements of the relevant government authority and withhold and pay enterprise income tax on behalf of the relevant Shareholders based on the register of members for H shares as of the Record Date.

If the individual holders of H shares are Hong Kong or Macau residents or residents of the countries (regions) which had an agreed tax rate of 10% for the cash dividends to them with the PRC under the relevant tax agreement, the Company should withhold and pay individual income tax on behalf of the relevant Shareholders at a rate of 10%. Should the individual holders of H shares be residents of the countries which had an agreed tax rate of less than 10% with the PRC under the relevant tax agreement, the Company shall withhold and pay individual income tax on behalf of the relevant Shareholders at a rate of 10%. In that case, if the relevant individual holders of H shares wish to reclaim the extra amount withheld due to the application of 10% tax rate, the Company can apply for the relevant agreed preferential tax treatment provided that the relevant Shareholders submit the evidence required by the notice of the tax agreement to Computershare Hong Kong Investor Services Limited. The Company will assist with the tax refund after the approval of the competent tax authority. Should the individual holders of H shares be residents of the countries which had an agreed tax rate of over 10% but less than 20% with the PRC under the tax agreement, the Company shall withhold and pay the individual income tax at the agreed actual rate in accordance with the relevant tax agreement. In the case that the individual holders of H shares are residents of the countries which had an agreed tax rate of 20% with the PRC, or which has not entered into any tax agreement with the PRC, or otherwise, the Company shall withhold and pay the individual income tax at a rate of 20%.

Shareholders are recommended to consult their tax advisers regarding the tax implication in the PRC, Hong Kong and other tax implications arising from their holding and disposal of H shares.

## 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 31 December 2023, the Company has utilized approximately RMB714.88 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		After revision/ unutilized		Utilized	Utilized	Unutilized	Expected timeline of full utilization of the unutilized net proceeds
			net proceeds as at 1 January 2023	net proceeds during the Reporting Period	net proceeds up to 31 December 2023	net proceeds up to 31 December 2023		
	(RMB million)	percentage)	(RMB million)	(RMB million)	(RMB million)	(RMB million)	(RMB million)	
Set up a research and development center and an additional production facility in Jiading, Shanghai	328.38	41.17%	56.39	56.39	328.38	–	–	Not applicable
Purchase additional and replacement of existing production equipment and automate production lines	110.07	13.80%	52.72	26.52	83.87	26.20	–	December 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
Zhuhai Derui New Factory Project	110.00	13.79%	–	–	110.00	–	–	Not applicable
Construction of the Shandong INT Innovative Medical Instruments Industrial Park	156.33	19.60%	116.92	60.38	99.79	56.54	–	December 2024
Potential acquisitions	–	0.00%	–	–	–	–	–	Not applicable
<b>Total</b>	<b>797.62</b>	<b>100.00%</b>	<b>226.03</b>	<b>143.29</b>	<b>714.88</b>	<b>82.74</b>		

As at the date of this announcement, the net proceeds from the global offering had not yet been fully utilized and all of the net proceeds has been deposited into short-term deposits in the bank account maintained by the Group.

## **EMPLOYEE REMUNERATION AND RELATIONS**

As at 31 December 2023, the Group had a total of 1,567 employees, comparing to 1,632 employees as at 31 December 2022. The total cost of employees for the Reporting Period amounted to approximately RMB231.93 million (2022: approximately RMB190.67 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 three share schemes, including the Share Incentive Scheme, the 2023 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 892,800 H shares on the Stock Exchange to satisfy the grant of awards pursuant to the H Share Award and Trust Scheme. No awards was granted as at 31 December 2023 under the H Share Award and Trust Scheme.

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 31 December 2023 and 31 December 2022, the Group had below significant investments.

	At 31 December 2023						At 31 December 2022					
	Percentage of interests	Cost of investment	Fair value	Size relative to the Group's total assets	Accumulated gain	Dividend received	Percentage of interests	Cost of investment	Fair value	Size relative to the Group's total assets	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(有限合夥) (the "Ruixin Fund")	15.83	50,000	66,383	3.27	16,383	-	15.83	50,000	71,180	3.90	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	62,051	3.06	12,051	-	25.00	50,000	57,671	3.16	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	27,762	1.37	2,762	-	12.14	25,000	26,602	1.46	1,602	-
Hainan Renze Zhenzhi Venture Capital Fund Partnership Enterprise (Limited Partnership)* (海南仁澤真奇創業投資基金合夥企業(有限合夥)) (the "Hainan Renze Fund")	31.06	10,000	11,827	0.58	1,827	-	-	-	-	-	-	-
		<u>135,000</u>	<u>168,023</u>	<u>8.28</u>	<u>33,023</u>	<u>-</u>		<u>125,000</u>	<u>155,454</u>	<u>8.52</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.

The primary objective of the Hainan Renze Fund is investments in equity interest of entities in the medical and health field, including biotechnology, innovative drugs, medical services and medical devices, and the main investment stage is the Pre-IPO stage.

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

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

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

## **CONTINGENT LIABILITIES**

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

## **FINANCIAL INSTRUMENTS**

As at 31 December 2023, the Group did not enter into foreign forward contracts (2022: nil). These foreign currency forward contracts are not hedge accounted.

As at 31 December 2023, the Group derivative financial instruments liabilities amounted to approximately RMB0.49 million for the Reporting Period (2022: nil).

## **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 RMB231.20 million for the Reporting Period (2022: approximately RMB301.06 million).

## **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 31 December 2023, the Group did not have any material charges on its assets.

## **CAPITAL COMMITMENT**

The Group’s outstanding capital commitments authorized but not contracted for at 31 December 2023 not provided for in the financial statements amounted to approximately RMB80.70 million (2022: approximately RMB162.08 million). The Group’s outstanding capital commitment contracted but not realized for at 31 December 2023 not provided for in the financial statements amounted to approximately RMB72.08 million (2022: approximately RMB104.18 million).

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

### **Repurchase of Equity Interest in Non-wholly Owned Subsidiary**

On 23 February 2024, the Company, Shanghai Huaige Int Venture Investment Partnership (Limited Partnership)\* 上海懷格瑛泰創業投資合夥企業（有限合夥）（“**Huaige Int**”） and Mr. Ke Wei (柯偉) (collectively, the “**Sellers**”) and Shanghai Healing Medical Instruments Co., Ltd.\* 上海翰凌醫療器械有限公司 (the “**Target Company**”) entered into an equity interest transfer repurchase agreement (the “**Repurchase Agreement**”). Pursuant to the Repurchase Agreement, the Company agreed to repurchase a total of approximately 5.0% equity interest in the Target Company from the Sellers, among which approximately 3.8% equity interest in the Target Company will be repurchased by the Company from Huaige Int and approximately 1.2% equity interest in the Target Company will be repurchased by the Company from Mr. Ke Wei (柯偉) at the total consideration of RMB60,081,753.42 (the “**Repurchases**”). Upon completion of the Repurchases, the Target Company will be owned as to approximately 61.36% by the Company. As at the date of this announcement, the Repurchases not yet completed.

Further details are set out in the announcements of the Company dated 23 February 2024 and 4 March 2024.

### **Allotment and Issuance of Domestic Shares under the 2023 Share Incentive Scheme**

Reference is made to the announcement of the Company dated 15 March 2024 in relation to the allotment and issuance of 5,000,000 domestic shares to Dr. Liang Dongke, Mr. Lin Sen, Dr. Song Yuan, Mr. Wang Ruiqin and 13 other employees of the Company (the “**Grantees**”). The Company has received approval dated 13 March 2024 from the CSRC (the “**2024 CSRC Approval**”) in relation to the Company’s allotment and issuance of 5,000,000 new domestic shares under the 2023 Share Incentive Scheme. The 2024 CSRC Approval shall be effective for 12 months from 13 March 2024. The Company will apply to the China Securities and Depository and Clearing Limited for approval of allotting 5,000,000 new domestic shares to the Grantees (the “**2024 Proposed Allotment**”) in due time within the validity period approved by the CSRC. Upon completion of the 2024 Proposed Allotment, the total number of issued shares of the Company will be 176,000,000, and all the award shares under the 2023 Share Incentive Scheme will be fully issued.

## **Change of Company Website**

The website of the Company has changed from “www.kdl-int.com” to “www.int-medical.com” with effect from 18 March 2024. All announcements, notices or other documents submitted by the Company for publication on the website of the Stock Exchange will also be published on this new website of the Company.

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

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the “**Model Code**”) as set out in Appendix C3 of the Listing Rules as its code of conduct for Directors’ and the supervisors of the Company’s (the “**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 as 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 C1 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 (same as a chief executive) of the Company. Dr. Liang has extensive experience in the medical devices industry and have served in the Company since its establishment. He is in charge of overall management, business, strategic development and scientific research and development of the Group. The Board considers that vesting the roles of chairman and general manager in the same person is beneficial to the management of the Group. The balance of power and authority is ensured by the operation of the Board, the Supervisors and our senior management of the Company, which comprises experienced and visionary individuals. The Board currently comprises two executive Directors (including Dr. Liang Dongke), 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 C1 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 audited consolidated annual results for the Reporting Period and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made. The Audit Committee has also discussed the auditing, internal control and financial reporting matters.

## **SCOPE OF WORK OF KPMG**

The financial figures in respect of the preliminary announcement of the Group's annual results for the year ended 31 December 2023 have been compared by the Company's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by KPMG.

## **ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS**

The AGM will be held on Friday, 24 May 2024. For the purpose of determining the identity of the Shareholders who are entitled to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 24 April 2024 to Friday, 24 May 2024, both days inclusive, during which period no transfer of shares of the Company will be effected. All transfers accompanied by the relevant share certificates must be lodged with the Company's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for the holders of H shares), or the Company's registered office at Block 2, No. 925 Jin Yuan Yi Road, Jiading District, Shanghai, PRC (for the holders of domestic shares), by no later than 4:30 p.m. on Tuesday, 23 April 2024.

For the purpose of determining the identity of the Shareholders who are entitled to receive the Proposed Final Dividend, the register of members of the Company will be closed from Monday, 3 June 2024 to Thursday, 6 June 2024, both days inclusive, during which period no transfer of shares of the Company will be effected. All transfer accompanied by the relevant share certificates must be lodged with the Company's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H shares), or the Company's registered office at Block 2, No. 925 Jin Yuan Yi Road Jiading District, Shanghai, PRC (for holders of domestic shares), no later than 4:30 p.m. on Friday, 31 May 2024.

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

The annual 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.int-medical.com](http://www.int-medical.com)). The Group's 2023 annual report 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 INT Medical Instruments Co., Ltd.\***  
上海瑛泰醫療器械股份有限公司  
**Dr. Liang Dongke**  
*Chairman*

Shanghai, the PRC  
18 March 2024

*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*