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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 2024**

FINANCIAL SUMMARY

	2024	2023	Change
	<i>RMB'000</i>	<i>RMB'000</i>	
Revenue	851,954	752,836	13.17%
Gross profit	537,662	438,070	22.73%
Profit for the year	190,049	153,228	24.03%
Earnings per share			
Basic (<i>in RMB</i>)	1.10	0.92	19.57%
Diluted (<i>in RMB</i>)	1.10	0.92	19.57%

* For identification purposes only

- The Group's revenue in the Reporting Period was approximately RMB851.95 million, representing an increase of approximately 13.17% or approximately RMB99.11 million as compared to approximately RMB752.84 million for the year ended 31 December 2023, 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 RMB773.33 million, representing an increase of approximately 15.23% or approximately RMB102.23 million as compared to approximately RMB671.10 million for the year ended 31 December 2023.
- During the Reporting Period, the Group's gross profit was approximately RMB537.66 million, as compared to approximately RMB438.07 million for the year ended 31 December 2023. Gross profit margin increased from approximately 58.19% to approximately 63.11% as compared to the year ended 31 December 2023. The Group's gross profit margin from interventional medical devices in the Reporting Period increase from approximately 64.90% to approximately 66.39% as compared to the year ended 31 December 2023.
- The Group's profit for the Reporting Period was approximately RMB190.05 million, representing an increase of approximately 24.03% as compared to approximately RMB153.23 million for the year ended 31 December 2023.
- The Group's basic earnings per share and diluted earnings per share in the Reporting Period was approximately RMB1.10 and RMB1.10, respectively, representing an increase of approximately 19.57% and 19.57% as compared to approximately RMB0.92 and RMB0.92 for the year ended 31 December 2023.
- The Board resolved not to declare any final dividend for the Reporting Period.

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**”, together with its subsidiaries, the “**Group**”, “**we**”, “**our**” or “**us**”) is pleased to announce the audited consolidated annual results of the Group for the year ended 31 December 2024 (the “**Reporting Period**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2024

(Expressed in Renminbi (“**RMB**”))

	Note	2024 RMB’000	2023 RMB’000
Revenue	3	851,954	752,836
Cost of sales		<u>(314,292)</u>	<u>(314,766)</u>
Gross profit		537,662	438,070
Other income	4	27,287	33,331
Distribution costs		(79,389)	(67,396)
Administrative expenses		(120,842)	(99,426)
Research and development expenses		(149,134)	(125,850)
Reversal/(recognition) of impairment losses on trade and other receivables		<u>625</u>	<u>(407)</u>
Profit from operations		216,209	178,322
Finance costs		(2,430)	(3,194)
Share of loss of an associate		<u>(395)</u>	<u>–</u>
Profit before taxation	5	213,384	175,128
Income tax	6	<u>(23,335)</u>	<u>(21,900)</u>
Profit for the year		190,049	153,228
Attributable to:			
Equity shareholders of the Company		191,914	156,457
Non-controlling interests		<u>(1,865)</u>	<u>(3,229)</u>
Profit for the year		<u>190,049</u>	<u>153,228</u>
Earnings per share (RMB)	7		
Basic (RMB)		<u>1.10</u>	<u>0.92</u>
Diluted (RMB)		<u>1.10</u>	<u>0.92</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME**
FOR THE YEAR ENDED 31 DECEMBER 2024
(Expressed in RMB)

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Profit for the year	<u>190,049</u>	<u>153,228</u>
Other comprehensive income for the year (after tax and reclassification adjustments)		
Item that will be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of an overseas subsidiary	<u>783</u>	<u>465</u>
Other comprehensive income for the year	<u>783</u>	<u>465</u>
Total comprehensive income for the year	<u><u>190,832</u></u>	<u><u>153,693</u></u>
Attributable to:		
Equity shareholders of the Company	192,697	156,922
Non-controlling interests	<u>(1,865)</u>	<u>(3,229)</u>
Total comprehensive income for the year	<u><u>190,832</u></u>	<u><u>153,693</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2024

(Expressed in RMB)

		31 December 2024	31 December 2023
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets			
Property, plant and equipment		811,263	789,083
Right-of-use assets		105,396	109,201
Intangible assets		168,739	130,374
Interests in associates		585	–
Certificate of deposits		40,106	31,447
Other non-current assets		52,674	52,560
Deferred tax assets		30,370	17,649
Financial assets measured at fair value through profit or loss (“ FVPL ”)	8	158,615	175,023
		1,367,748	1,305,337
Current assets			
Inventories		162,339	128,770
Trade and other receivables	9	118,881	125,193
Other current assets		56,399	35,648
Financial assets measured at FVPL		30,000	–
Cash and cash equivalents		521,954	423,668
Certificate of deposits and restricted bank deposits		2,560	11,010
		892,133	724,289
Current liabilities			
Trade and other payables	10	163,740	176,173
Contract liabilities		18,751	37,074
Loans and borrowings		227,261	79,123
Lease liabilities		900	–
Derivative financial instruments		–	491
Deferred income		2,290	1,550
Current taxation		21,514	22,418
		434,456	316,829
Net current assets		457,677	407,460
Total assets less current liabilities		1,825,425	1,712,797

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2024 (continued)

(Expressed in RMB)

	31 December 2024	31 December 2023
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current liabilities		
Lease liabilities	15,524	15,656
Deferred income	23,409	16,993
Deferred tax liabilities	—	1,770
	38,933	34,419
Net assets	1,786,492	1,678,378
Capital and reserves		
<i>11</i>		
Share capital	176,000	171,000
Reserves	1,598,227	1,478,241
Total equity attributable to equity shareholders of the Company	1,774,227	1,649,241
Non-controlling interests	12,265	29,137
Total equity	1,786,492	1,678,378

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**”).

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 following provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group’s financial statements:

- Amendments to HKAS 1, Presentation of financial statements — Classification of liabilities as current or non-current and amendments to HKAS 1, Presentation of financial statements — Non-current liabilities with covenants
- Amendments to HKFRS 16, *Leases* — *Lease liability in a sale and leaseback*
- Amendments to HKAS 7, Statement of cash flows and HKFRS 7, *Financial instruments: Disclosures* — *Supplier finance arrangements*

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

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2024 comprise the Company and its subsidiaries and the Group's interest in an associate.

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.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products		
— Sales of interventional medical devices		
Cardiovascular devices	662,220	608,231
Neurological and peripheral devices	108,018	59,721
Orthopaedics and other devices	3,095	3,145
	<hr/>	<hr/>
Subtotal	773,333	671,097
— Sales of medical accessories	32,357	26,673
— Agent business	39,473	44,163
— Moulds and others	3,943	8,385
	<hr/>	<hr/>
	849,106	750,318
	<hr/> <hr/>	<hr/> <hr/>
Revenue from other source		
Rental income	2,848	2,518
	<hr/>	<hr/>
	851,954	752,836
	<hr/> <hr/>	<hr/> <hr/>

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 2024 and 31 December 2023.

The Group recognised its revenue from contract with customers at point in time. 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:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Chinese Mainland	599,415	549,503
Europe	50,682	45,318
The United States	55,191	46,640
Other countries and regions	146,666	111,375
	<u>851,954</u>	<u>752,836</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 primary 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 endocardial 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".

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 2024 and 2023 is set out below:

	2024		
	Cardiovascular interventional business RMB'000	All others RMB'000	Total RMB'000
Revenue from external customers	736,802	115,152	851,954
Inter-segment revenue	<u>35,127</u>	<u>48,422</u>	<u>83,549</u>
Segment revenue	<u>771,929</u>	<u>163,574</u>	<u>935,503</u>
Segment net profit	<u>189,147</u>	<u>7,398</u>	<u>196,545</u>
	2023		
	Cardiovascular interventional business RMB'000	All others RMB'000	Total RMB'000
Revenue from external customers	625,952	126,884	752,836
Inter-segment revenue	<u>15,372</u>	<u>33,354</u>	<u>48,726</u>
Segment revenue	<u>641,324</u>	<u>160,238</u>	<u>801,562</u>
Segment net profit	<u>123,098</u>	<u>36,201</u>	<u>159,299</u>

(ii) *Reconciliation of revenue and segment profit*

	2024 RMB'000	2023 RMB'000
Revenue		
Segment revenue	935,503	801,562
Elimination of inter-segment revenue	<u>(83,549)</u>	<u>(48,726)</u>
Consolidated revenue	<u>851,954</u>	<u>752,836</u>
Profit		
Segment net profit	196,545	159,299
Elimination of inter-segment net profit	<u>(6,496)</u>	<u>(6,071)</u>
Consolidated net profit	<u>190,049</u>	<u>153,228</u>

4 OTHER INCOME

	2024 RMB'000	2023 RMB'000
Government grants (<i>note</i>)	26,599	16,064
Interest income	9,108	11,831
Net realised and unrealised (losses)/gains from fair value changes on financial assets/liabilities measured at FVPL	(8,028)	2,078
Foreign exchange gains	3,109	2,422
Impairment losses on intangible assets	(620)	–
Others	<u>(2,881)</u>	<u>936</u>
	<u>27,287</u>	<u>33,331</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:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
(a) Finance costs		
Interest on lease liabilities	768	741
Interest on loans and borrowings	<u>1,662</u>	<u>2,453</u>
	<u>2,430</u>	<u>3,194</u>
(b) Staff costs		
Salaries, wages and other benefits	233,641	200,555
Equity-settled share-based payment expenses	6,789	6,490
Contributions to defined contribution retirement plan	<u>29,435</u>	<u>24,889</u>
	<u>269,865</u>	<u>231,934</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.		

	2024	2023
	RMB'000	RMB'000
(c) Other items		
Depreciation and amortisation		
— property, plant and equipment	71,870	41,440
— right-of-use assets	3,805	3,837
— intangible assets	4,189	2,277
	79,864	47,554
(Reversal)/recognition of impairment losses on		
— trade and other receivables	(625)	407
— other current assets	—	1,473
Auditors' remuneration		
— audit services	3,000	3,000
— other services	1,055	1,600
Research and development costs [#]	189,931	179,313
Less: Costs capitalised into intangible assets	(40,797)	(53,463)
	149,134	125,850
Cost of inventories ^{##}	314,292	314,766

Notes:

[#] During the year ended 31 December 2024, research and development costs includes staff costs and depreciation and amortisation of RMB117,870,000 (2023: RMB99,906,000), which amount is also included in the respective total amounts disclosed separately above.

^{##} During the year ended 31 December 2024, cost of inventories includes staff costs and depreciation and amortisation expenses of RMB105,402,000 (2023: RMB87,764,000), 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:

	2024 RMB'000	2023 RMB'000
Current tax — PRC corporate income tax (“CIT”)	37,826	29,415
Deferred tax	(14,491)	(7,515)
Total	<u>23,335</u>	<u>21,900</u>

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

	2024 RMB'000	2023 RMB'000
Profit before taxation	213,384	175,128
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned (<i>note (i)</i>)	53,346	43,782
Effect of preferential tax rates (<i>notes (ii) & (iii)</i>)	(23,251)	(17,185)
Effect of super deduction on research and development expenses (<i>note (iv)</i>)	(20,033)	(14,138)
Effect of unused tax losses not recognised as deferred tax assets	11,614	5,844
Effect of tax rate changed in recognition of deferred tax	700	3,079
Others	959	518
Actual tax expenses	<u>23,335</u>	<u>21,900</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 (“HNTe”)

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

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

Shanghai Pukon Medical Instruments Co., Ltd. (“**Shanghai Pukon**”) 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. (“**Shanghai Puhui**”) 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.

Shanghai Puyue Medical Instruments Co., Ltd. (“**Shanghai Puyue**”) obtained its certificate of HNTE on 26 December 2024 and is subject to income tax at 15% for the three years ending 31 December 2026.

Shanghai INT Medical Instruments Automation Co., Ltd. obtained its certificate of HNTE on 26 December 2024 and is subject to income tax at 15% for the three years ending 31 December 2026.

Shanghai Qimu Medical Instruments Co., Ltd. (“**Shanghai Qimu**”) obtained its certificate of HNTE on 26 December 2024 and is subject to income tax at 15% for the three years ending 31 December 2026.

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 year ended 31 December 2024, certain subsidiaries of the Group are qualified as small and low profit enterprise and enjoyed a preferential tax rate of 5% (2023: 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.

Hong Kong Profits Tax

During the years ended 31 December 2024 and 2023, 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 RMB180,917,000 (2023: RMB151,882,000), and the weighted average number of shares of 164,507,000 (2023: 165,864,000) in issue during the year, calculated as follows:

Adjusted profit attributable to equity shareholders of the Company

	2024 RMB'000	2023 RMB'000
Profit attributable to equity shareholders	191,914	156,457
Effect of unvested restricted shares	<u>(10,997)</u>	<u>(4,575)</u>
Adjusted profit attributable to equity shareholders	<u>180,917</u>	<u>151,882</u>

Weighted average number of ordinary shares

	2024 '000	2023 '000
Issued ordinary shares at 1 January	171,000	168,000
Effect of restricted shares issued	5,000	3,000
Effect of unvested restricted shares	(10,000)	(5,000)
Effect of purchase of own shares	<u>(1,493)</u>	<u>(136)</u>
Weighted average number of ordinary shares at 31 December	<u>164,507</u>	<u>165,864</u>

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the adjusted profit attributable to equity shareholders of the Company of RMB187,703,000 (2023: RMB156,457,000), and the weighted average number of ordinary shares of 170,678,000 (2023: 170,864,000) in issue, calculated as follows.

Adjusted profit attributable to equity shareholders of the Company (diluted)

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Adjusted profit attributable to equity shareholders (basic)	180,917	151,882
Effect of contingently issuable restricted shares	6,786	4,575
	<hr/>	<hr/>
Adjusted profit attributable to ordinary equity shareholders (diluted)	187,703	156,457
	<hr/>	<hr/>

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)

	2024	2023
	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares in issue for the purpose of basic earnings per share	164,507	165,864
Effect of contingently issuable restricted shares	6,171	5,000
	<hr/>	<hr/>
Weighted average number of ordinary shares in issue for the purpose of diluted earnings per share	170,678	170,864
	<hr/>	<hr/>

The effect of outstanding employee share purchase plan (“ESPPs”) issued by the subsidiaries is anti-dilutive for the year ended 31 December 2024 and 2023, therefore is not included calculation of diluted earnings per share of the Company.

8 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 December 2024 RMB'000	31 December 2023 RMB'000
Non-current portion		
Unlisted units in investment funds		
— managed by Huaige Health	133,533	156,196
— managed by a third-party fund manager	18,082	11,827
	151,615	168,023
Unlisted equity investment	7,000	7,000
	158,615	175,023
Current portion		
Structured bank deposits	30,000	—

The non-current portion of financial assets measured 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 2024. 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 years ended 31 December 2024, the Company made capital contribution of RMB7.5 million to the fund (2023: RMB10.0 million).

The current portion of financial assets measured at FVPL mainly represent structured bank deposits placed at a bank in the PRC with floating return rates with maturity period within six months from the date of issue.

* *English translation is for identification purpose only.*

9 TRADE AND OTHER RECEIVABLE

	31 December 2024 RMB'000	31 December 2023 RMB'000
Trade and bills receivables (a)		
Bills receivable	–	295
Receivables from third parties	114,809	121,304
Receivables from related parties	920	2,625
Less: losses allowance on trade receivables	(656)	(1,305)
Trade and bills receivables, net	115,073	122,919
Others	3,853	2,295
Less: losses allowance on other receivables	(45)	(21)
Trade and other receivables, net	118,881	125,193

(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:

	31 December 2024 RMB'000	31 December 2023 RMB'000
Within 3 months	108,452	113,866
3 to 6 months	5,769	5,673
6 to 9 months	852	3,380
	115,073	122,919

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

10 TRADE AND OTHER PAYABLES

	31 December 2024 RMB'000	31 December 2023 RMB'000
Trade payables (i)	44,229	32,854
Payroll payables	45,909	40,869
Payables for purchase of property, plant and equipment	29,186	66,418
Amounts due to related parties	86	179
Rebates liabilities	6,962	6,888
Others	37,368	28,965
	<u>163,740</u>	<u>176,173</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:

	31 December 2024 RMB'000	31 December 2023 RMB'000
Within 3 months	39,618	25,912
Over 3 months but within 6 months	2,739	3,490
Over 6 months but within 1 year	98	1,611
Over 1 year	1,774	1,841
	<u>44,229</u>	<u>32,854</u>

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

11 CAPITAL, RESERVES AND DIVIDENDS

(i) Share capital

	2024		2023	
	<i>No. of shares</i> <i>(‘000)</i>	<i>RMB’000</i>	<i>No. of shares</i> <i>(‘000)</i>	<i>RMB’000</i>
Ordinary shares, issued and fully paid:				
At the beginning of the year	171,000	171,000	168,000	168,000
Domestic shares issued during the year (<i>note i</i>)	<u>5,000</u>	<u>5,000</u>	<u>3,000</u>	<u>3,000</u>
At 31 December	<u>176,000</u>	<u>176,000</u>	<u>171,000</u>	<u>171,000</u>
Representing:				
Domestic shares issued	71,787	71,787	66,787	66,787
H shares issued	<u>104,213</u>	<u>104,213</u>	<u>104,213</u>	<u>104,213</u>
Total ordinary shares issued at 31 December (<i>note ii</i>)	<u>176,000</u>	<u>176,000</u>	<u>171,000</u>	<u>171,000</u>

Notes:

- (i) The Company issued 5,000,000 domestic shares at a price of RMB12.00 per share to the participants under restricted share scheme during the year ended 31 December 2024, of which, RMB5,000,000 was recorded under share capital and the remaining of RMB55,000,000 was recorded under to capital reserve.
- (ii) As at 31 December 2024, the treasury shares of 1,692,800 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 2024, the Company repurchased its own shares on the Stock Exchange as follows:

Month/year	Number of H shares repurchased	Highest price paid per share <i>HKD</i>	Lowest price paid per share <i>HKD</i>	Aggregate price paid in <i>HKD'000</i>	Aggregate price paid in <i>RMB'000</i>
April 2024	800,000	26.00	26.00	20,875	<u>18,919</u>

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 <i>HKD</i>	Lowest price paid per share <i>HKD</i>	Aggregate price paid in <i>HKD'000</i>	Aggregate price paid in <i>RMB'000</i>
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	<u>20,505</u>
					<u>21,259</u>

(iii) Dividends

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Final dividend proposed after the end of the reporting period of nil per ordinary share (2023: RMB0.27 per ordinary share)	<u>–</u>	<u>47,520</u>

No dividends were proposed in respect of the year ended 31 December 2024 (2023: RMB0.27 per ordinary share).

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

	2024 RMB'000	2023 <i>RMB'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year, RMB0.27 per ordinary share (2023: RMB0.24 per ordinary share)	<u>47,520</u>	<u>40,320</u>

Pursuant to the shareholders' approval of the Company on 24 May 2024, a final cash dividend of RMB0.27 per share in respect of the year ended 31 December 2023 based on 176,000,000 ordinary shares totaling RMB47.5 million was declared and paid during the year ended 31 December 2024, of which, RMB0.4 million was subsequently received by the Group since the Trust holds 1,693,000 H shares and are treated as treasury shares.

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.

The China 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 2021, 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. In July 2024, National Healthcare Security Administration issued the “Notice on the 2.0 version of the grouping scheme based on Diagnosis Related Groups and Diagnosis-Intervention Packet payment, and the deepening of related work”, aiming to optimize the reform of medical insurance payment modes, refine the grouping standards and execution mechanisms based on Diagnosis Related Groups (DRG) and Diagnosis-Intervention Packet (DIP) payment, and promote the standardization and normalization of medical insurance payment through precise grouping, flexible exemption, and full process management. Therefore, 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 RMB851.95 million, representing an increase of approximately 13.17% or approximately RMB99.11 million as compared to approximately RMB752.84 million for the year ended 31 December 2023, 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 RMB773.33 million, representing an increase of approximately 15.23% or approximately RMB102.23 million as compared to approximately RMB671.10 million for the year ended 31 December 2023.

Comprehensive medical device registration certificates

During the Reporting Period, the Group has obtained 9 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, 2 CE certificates and 5 United States Food and Drug Administration (“FDA”) approvals. As at 31 December 2024, we have an aggregate of 33 NMPA registration certificates for Class III medical devices, 61 PMMPA registration certificates for Class II medical devices, 27 CE certificates and 25 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 2024, we had 406 registered patents, 215 patents under application and 21 registered software copyrights.

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 2024, our PRC distributors cover 23 (2023: 23) provinces, 4 (2023: 4) directly-administered municipalities and 5 (2023: 5) autonomous regions in the PRC, and covering 3,049 (2023: 2,660) domestic hospitals in the PRC. In addition, we had 281 (2023: 226) overseas customers covering over 86 (2023: 77) countries and regions.

ACTIVITIES REVIEW

Subsidiaries

As at 31 December 2024, the Group was comprised of 19 (2023: 16) wholly-owned or holding subsidiaries engaging in the design and development of medical devices used in fields including cardiovascular intervention or implantation, neurological intervention, ENT intervention, urinary intervention, and the design and development of equipment and moulds used for the production of medical devices.

Change of Company Name, Stock Short Name and Website

Reference is made to the announcement of the Company dated 16 January 2024 in relation to, among others, the change of the Company name, stock short name and the Company's website. The relevant approval, licenses and consents in relation to the 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” and the change of English name of the Company from “Shanghai Kindly Medical Instruments Co., Ltd.” to “Shanghai INT Medical Instruments Co., Ltd.” (the “**Change of Company Name**”) had been obtained and all filings and registration procedures in the PRC had been completed and the Administration for Market Regulation of Shanghai (上海市市場監督管理局) issued the business license dated 20 December 2023, and the Change of Company Name took effect on the same day. The Registrar of Companies in Hong Kong had issued the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company on 9 January 2024, confirming the registration of the new name of the Company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). With effect from 9:00 a.m. on 19 January 2024, the stock short name of the Company was changed from “康德萊醫械” to “瑛泰醫療” in Chinese and from “KDL MEDICAL” to “INT MEDICAL” in English for the purpose of trading in the H Shares on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The stock code of the Company on the Stock Exchange remains unchanged as “01501”. The website of the Company was changed from “www.kdl-int.com” to “www.int-medical.com”.

Acquisition of additional equity interest

Reference is made to the announcement of the Company dated 23 February 2024 in relation to the repurchase of equity interest in a non-wholly-owned subsidiary. On 23 February 2024, 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 (together, the “**Sellers**”), Shanghai Healing Medical Instruments Co., Ltd.* (上海翰凌醫療器械有限公司) (the “**Target Company**”) and the Company entered into a repurchase agreement, pursuant to which 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 would be repurchased by the Company from Huaige Int and approximately 1.2% equity interest in the Target Company would 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 would be owned as to approximately 61.36% by the Company. The Board considered that the Repurchases was to further optimize the equity structure of the Target Company and more effectively achieve the development strategy of the Company. The entering into the Repurchase Agreement was in the ordinary and usual course of business of the Group. As one or more of the applicable percentage ratios in

respect of the Repurchases did not exceed 5%, the Repurchases in aggregate were exempted from the reporting and announcement requirements under Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). The Repurchases took place on 29 March 2024 and the Target Company owned as to approximately 61.36% by the Company as at the date of this announcement.

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 had received approval dated 13 March 2024 from the China Securities Regulatory Commission (the “**CSRC Approval**”) in relation to the Company’s allotment and issuance of 5,000,000 new domestic shares under 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 CSRC Approval shall be effective for 12 months from 13 March 2024. The 5,000,000 new domestic shares issued and allotted to the Grantees on 29 March 2024 and the total number of issued shares of the Company increased to 176,000,000.

Revision of Annual Cap under the 2022 Medical Accessories and Molds Sales Framework Agreement

Reference is made to the announcement of the Company dated 19 August 2024. As the actual transaction amount of the transaction contemplated under the medical accessories and molds sales framework agreement dated 14 January 2022 entered into by and between the Company and Shanghai Kindly Enterprise Development Group Co., Ltd.* (上海康德萊企業發展集團股份有限公司) (“**KDL**”) (the “**2022 Medical Accessories and Molds Sales Framework Agreement**”) in 2024 might exceed the existing annual cap for the year ended 31 December 2024 thereunder (the “**Existing 2024 Annual Cap**”), the Board resolved to, among others, revised the Existing 2024 Annual Cap to RMB20 million accordingly to satisfy KDL’s need in the manufacturing process of their medical devices (the “**Revised 2024 Annual Cap**”). The Revised 2024 Annual Cap had been arrived at after arm’s length negotiations between the parties. The Directors (including the independent non-executive Directors) had confirmed that the revision of the Existing 2024 Annual Cap was fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Company, and was in the interests of the Company and the Shareholders as a whole. Save for the revision of the Existing 2024 Annual Cap, all other terms and conditions of the 2022 Medical Accessories and Molds Sales Framework Agreement remain unchanged. As at the date of the announcement of the Company dated 19 August 2024, KDL was one of the substantial

shareholders of the Company, which held approximately 24.35% equity interest in the Company. Pursuant to Rule 14A.07 of the Listing Rules, KDL is a connected person of the Company. As the highest of all applicable percentage ratios (other than the profits ratio) calculated for the purpose of Chapter 14A of the Listing Rules in respect of the continuing connected transaction contemplated under the 2022 Medical Accessories and Molds Sales Framework Agreement (after the adoption of the Revised 2024 Annual Cap) was higher than 0.1% but less than 5% on an annual basis, the transaction contemplated thereunder was subject to reporting, annual review and announcement requirements but exempted from the circular and independent shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

Renewal of the Continuing Connected Transaction

Reference is made to the announcement of the Company dated 19 August 2024 and the supplemental announcement of the Company dated 20 September 2024. As the 2022 Medical Accessories and Molds Sales Framework Agreement was expected to expire on 31 December 2024 and KDL and/or its subsidiaries or associated companies were expected to procure intervention medical devices and continue procurement of medical accessories and molds from the Company, the Board resolved to enter into the sales framework agreement dated 19 August 2024 by and between the Company and KDL (the “**2025–2027 Sales Framework Agreement**”) to update and renew the 2022 Medical Accessories and Molds Sales Framework Agreement for a term of three years effective from 1 January 2025 and the annual transaction amounts shall not exceed RMB20 million of each year. As KDL is a connected person of the Company under Chapter 14A of the Listing Rules, the transactions under 2025–2027 Sales Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratios (other than the profits ratio) calculated for the purpose of Chapter 14A of the Listing Rules for the transactions under the 2025–2027 Sales Framework Agreement were more than 0.1% but less than 5%, the transactions under the 2025–2027 Sales Framework Agreement was subject to reporting, annual review and announcement requirements but exempted from the circular and independent shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

Formation of Joint Venture

Reference is made to the announcement of the Company dated 28 November 2024. On 28 November 2024, the Company entered into the investment agreement (the “**First Investment Agreement**”) with Mr. Lin Sen, Dr. Song Yuan, and Mr. Wang Ruiqin in relation to the formation of Shanghai INT Asset Management Co., Ltd.* (上海瑛泰資產管理有限公司) (“**Shanghai INT Asset Management**”), a joint venture which will be primarily engaged in asset management. On the same day, the Company entered into the investment agreement (the

“**Second Investment Agreement**”) with Dr. Song Yuan, in relation to the formation of Shanghai INT Life Co., Ltd.* (上海瑛泰昇活商貿有限公司) (“**Shanghai INT Life**”), a joint venture which would be primarily engaged in the sale of cosmetics, supplements, and disposable medical products. Mr. Lin Sen is an executive Director and a member of senior management of the Company, Dr. Song Yuan is a non-executive Director, and Mr. Wang Ruiqin is a non-executive Director. Therefore, each of Mr. Lin Sen, Dr. Song Yuan, and Mr. Wang Ruiqin is a connected person of the Company under the Listing Rules. Accordingly, each of the formation of the Shanghai INT Asset Management and Shanghai INT Life constitutes connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more applicable percentage ratios in respect of the formation of Shanghai INT Asset Management and Shanghai INT Life (whether on standalone basis or when aggregated with each other) exceeded 0.1% but less than 5.0%, the formation of each of Shanghai INT Asset Management and Shanghai INT Life was only subject to the reporting and announcement requirements but was exempted from the circular and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

OUTLOOK FOR 2025

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 2025, we will (1) promote the synergistic development of the Group’s various businesses through strategic initiatives combining extensional mergers and acquisitions and endogenous growth to achieve high-quality sustainable development of the Group, (2) continue to expand the product pipeline, increase research and development investment, inject strong impetus into innovation and accelerate the development of core products and obtaining approvals for new products; (3) with the accumulation of brand awareness and the successive launch of new products, we will fully expand our market territory, increase product market share, strengthen the Company’s brand building, and further elevate its value; and (4) relying on the research and development center invested and constructed by the Group, deeply explore the potential of automation and large-scale production, and lay a solid foundation for efficient production.

FINANCIAL REVIEW

REVENUE

The Group’s revenue in the Reporting Period was approximately RMB851.95 million, representing an increase of approximately 13.17% or approximately RMB99.11 million as compared to approximately RMB752.84 million for the year ended 31 December 2023, 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 RMB773.33 million (2023: approximately RMB671.10 million), representing approximately 90.77% of the total revenue as compared to approximately 89.14% for the year ended 31 December 2023. The Group's revenue generated from sales of medical accessories was approximately RMB32.36 million (2023: approximately RMB26.67 million), representing approximately 3.80% (2023: approximately 3.54%) of the total revenue. The Group's revenue generated from agent business was approximately RMB39.47 million (2023: approximately RMB44.16 million), representing approximately 4.63% (2023: approximately 5.87%) of the total revenue.

Cost of Sales

The Group's cost of sales in the Reporting Period was approximately RMB314.29 million, basically the same as compared to approximately RMB314.77 million for the year ended 31 December 2023.

Gross Profit and Gross Profit Margin

During the Reporting Period, Group's gross profit was approximately RMB537.66 million, as compared to approximately RMB438.07 million for the year ended 31 December 2023. Gross profit margin increased from approximately 58.19% to approximately 63.11% as compared to the year ended 31 December 2023. The increase in gross profit margin was mainly due to improvement in capacity utilization and automation level, as well as the increase in the proportion of high gross profit margin products.

Other Income

During the Reporting Period, other income was approximately RMB27.29 million, representing a decrease of approximately 18.13% or approximately RMB6.04 million as compared to approximately RMB33.33 million for the year ended 31 December 2023. Net realised and unrealised losses from fair value changes on financial assets measured at fair value through profit or loss for the Reporting Period was approximately RMB8.03 million (net realised and unrealised gains from fair value changes on financial assets measured at fair value through profit or loss for 2023: approximately RMB2.08 million).

Finance Costs

During the Reporting Period, the finance cost was approximately RMB2.43 million as compared to approximately RMB3.19 million for the year ended 31 December 2023. The finance costs were interests arising from bank loans.

Distribution Costs

The distribution costs of the Group in the Reporting Period were approximately RMB79.39 million, increased by approximately 17.79% or approximately RMB11.99 million as compared to approximately RMB67.40 million for the year ended 31 December 2023. It constituted approximately 9.32% of the total revenue as compared to approximately 8.95% for the year ended 31 December 2023. The increase in distribution costs was primarily due to the expansion of the sales team and participation in overseas exhibitions.

Administrative Expenses

The administrative expenses of the Group in the Reporting Period were approximately RMB120.84 million, increased by approximately 21.54% or approximately RMB21.41 million as compared to approximately RMB99.43 million for the year ended 31 December 2023. 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 RMB189.93 million, of which approximately RMB40.80 million (2023: RMB53.46 million) was capitalised as intangible assets and the remaining approximately RMB149.13 million (2023: RMB125.85 million) was charged to profit or loss, representing an increase of 5.92% or RMB10.62 million as compared to approximately RMB179.31 million for the year ended 31 December 2023. 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 RMB23.34 million, representing an increase of approximately 6.58% or approximately RMB1.44 million as compared to approximately RMB21.90 million for the year ended 31 December 2023. The effective income tax rate was approximately 10.94% for the Reporting Period as compared to approximately 12.51 % for the year ended 31 December 2023. The decrease was due to the impact of the additional research and development expenses deduction policy.

Profit for the year

The Group's profit for the year in the Reporting Period was approximately RMB190.05 million, representing an increase of approximately 24.03% as compared to approximately RMB153.23 million for the year ended 31 December 2023.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has maintained a sound financial position during the Reporting Period. As at 31 December 2024, the Group's cash and bank balance amounted to approximately RMB521.95 million (2023: approximately RMB423.67 million). For the year ended 31 December 2024, net cash flow from operating activities of the Group amounted to approximately RMB225.54 million (2023: approximately RMB178.15 million).

The Group recorded total current assets of approximately RMB892.13 million as at 31 December 2024 (31 December 2023: approximately RMB724.29 million) and total current liabilities of approximately RMB434.46 million as at 31 December 2024 (31 December 2023: approximately RMB316.83 million). The current ratio (calculated by dividing the current assets by the current liabilities) of the Group was approximately 2.05 as at 31 December 2024 (31 December 2023: approximately 2.29).

BORROWINGS AND GEARING RATIO

As at 31 December 2024, the Group's loan of approximately RMB227.26 million was borrowed from banks in the PRC, as compared to approximately RMB79.12 million as at 31 December 2023. As such, the gearing ratio is 13.64% (2023: 5.65%).

CAPITAL STRUCTURE

Total equity attributable to equity shareholders of the Company amounted to approximately RMB1,774.23 million as at 31 December 2024 as compared to approximately RMB1,649.24 million as at 31 December 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 31 December 2024, the Company has utilized approximately RMB777.41 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		After revision/ unutilized net proceeds as at 1 January 2024		Utilized net proceeds during the Reporting Period	Utilized net proceeds up to 31 December 2024	Unutilized net proceeds up to 31 December 2024	Expected timeline of full utilization of the unutilized net proceeds
	(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%	–	–	328.38	–	–	Not applicable
Purchase additional and replacement of existing production equipment and automate production lines	110.07	13.80%	26.20	26.20	110.07	–	–	Not applicable
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%	56.54	36.33	136.12	20.21	–	December 2025
Total	<u>797.62</u>	<u>100.00%</u>	<u>82.74</u>	<u>62.53</u>	<u>777.41</u>	<u>20.21</u>	<u>–</u>	

As at the date of this announcement, the unutilized net proceeds has been deposited in bank accounts maintained by the Company. As at 31 December 2024, the Company has unutilized approximately RMB20.21 million of the net proceeds in Construction of the Shandong INT Innovative Medical Instruments Industrial Park, mainly due to the final payment of the construction has not been paid and will be paid by the end of 2025.

EMPLOYEE REMUNERATION AND RELATIONS

As at 31 December 2024, the Group had a total of 1,735 employees, comparing to 1,567 employees as at 31 December 2023. The total cost of employees for the Reporting Period amounted to approximately RMB269.87 million (2023: approximately RMB231.93 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 after employment 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 800,000 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 2024 under the H Share Award and Trust Scheme.

As at 31 December 2024, there is no treasury shares (as defined under the Listing Rules) held by the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the Reporting Period.

SIGNIFICANT INVESTMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 31 December 2024 and 31 December 2023, the Group had below significant investments.

	At 31 December 2024						At 31 December 2023					
	Percentage of interests %	Cost of investment RMB'000	Fair value RMB'000	Size relative to the Group's total assets %	Accumulated gain RMB'000	Dividend received RMB'000	Percentage of interests %	Cost of investment RMB'000	Fair value RMB'000	Size relative to the Group's total assets %	Accumulated gain RMB'000	Dividend received 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	54,696	2.42%	4,696	–	15.83	50,000	66,383	3.27	16,383	–
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	49,047	2.17%	14,436	15,389	25.00	50,000	62,051	3.06	12,051	–
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")	12.49	25,000	29,790	1.32%	4,790	–	12.14	25,000	27,762	1.37	2,762	–
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")	27.62	17,500	18,082	0.80%	582	–	31.06	10,000	11,827	0.58	1,827	–
		<u>142,500</u>	<u>151,615</u>	<u>6.71%</u>	<u>24,504</u>	<u>15,389</u>		<u>135,000</u>	<u>168,023</u>	<u>8.28</u>	<u>33,023</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 2024 and 2023, the Group did not have any material contingent liabilities.

FINANCIAL INSTRUMENTS

As at 31 December 2024, the Group did not enter into foreign forward contracts.

As at 31 December 2024, the Group did not have any other outstanding hedge contracts or financial derivate 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 RMB165.74 million for the Reporting Period (2023: approximately RMB231.20 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 2024, the Group did not have any charges on its assets.

CAPITAL COMMITMENT

The Group’s outstanding capital commitments authorized but not contracted for at 31 December 2024 not provided for in the financial statements amounted to approximately RMB202.15 million (2023: approximately RMB80.70 million). The Group’s outstanding capital commitment contracted for at 31 December 2024 not provided for in the financial statements amounted to approximately RMB89.05 million (2023: approximately RMB72.08 million).

MATERIAL EVENTS AFTER THE REPORTING PERIOD

Establishment of Limited Partnership

Reference is made to the announcement of the Company dated 27 February 2025 in relation to the establishment of a limited partnership. The Company entered into a partnership agreement with Shanghai Science & Technology Investment Co., Ltd.* (上海科技創業投資股份有限公司) (as the co-general partner and the Fund Manager), Shanghai Chenyao Xinchun Enterprise Management Service Co., Ltd.* (上海辰耀新晨企業管理服務有限公司) (as the co-general partner), Shanghai Venture Investment Co., Ltd.* (上海創業投資有限公司) (as a limited partner), Shanghai Xingjia Phase II Private Investment Fund Partnership (Limited Partnership)* (上海興嘉二期私募投資基金合夥企業 (有限合夥)) (as a limited partner), and Shanghai Jiangqiao Yihong Investment Development Co., Ltd.* (上海江橋億虹投資發展有限公司) (as a limited partner) in relation to the establishment of, and investment in, the Shanghai Chenyao Xinchun Private Investment Fund Partnership (Limited Partnership)* (上海辰耀新晨私募投資基金合夥企業 (有限合夥)) (the “**Chenyao Xinchun Fund**”). The Company shall participate in the Chenyao Xinchun Fund as a limited partner and make a capital commitment of RMB100.0 million.

Save as disclosed above, there were no other significant events 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 Issues (the “**Model Code**”) as set out in Appendix C3 of the Listing Rules as its code of conduct for Directors’ and 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 an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code 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 2024 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, 23 May 2025. 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 Tuesday, 23 April 2025 to Friday, 23 May 2025, 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 Monday, 22 April 2025.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) as well as the website of the Company (www.int-medical.com). The Group's 2024 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 2025

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*