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# KANGJI 康基

**Kangji Medical Holdings Limited**

**康基医疗控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 9997)**

## ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2024

The Board is pleased to announce the audited consolidated annual results of the Group for the year ended December 31, 2024, together with the comparative figures for the year ended December 31, 2023, as follows.

### FINANCIAL HIGHLIGHTS

	<b>Year ended December 31,</b>		
	<b>2024</b>	<b>2023</b>	<b>Changes</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>%</b>
<b>Revenue</b>	<b>1,008,610</b>	926,023	8.9
Gross profit	<b>797,649</b>	741,199	7.6
Profit attributable to owners of the parent	<b>581,438</b>	504,021	15.4
Non-HKFRS adjusted net profit attributable to owners of the parent	<b>561,815</b>	538,183	4.4
<b>Earnings per share</b>			
– Basic (RMB)	<b>49.45 cents</b>	43.08 cents	14.8
– Diluted (RMB)	<b>49.45 cents</b>	42.99 cents	15.0

For the year ended December 31, 2024, the Company realized revenue of RMB1,008.6 million, representing an increase of 8.9% as compared to 2023. The Group's increase in sales was mainly attributable to the increase in sales of disposable products.

The Group's net profit attributable to owners of the parent for the Reporting Period increased by 15.4% from RMB504.0 million in 2023 to RMB581.4 million in 2024. The increase was mainly attributable to the increase in revenue and other income and gains.

The Board has resolved to recommend the payment of the 2024 Final Dividend of RMB24 cents per Share for the year ended December 31, 2024.

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

*Year ended 31 December 2024*

		<b>2024</b>	<b>2023</b>
	<i>Notes</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>REVENUE</b>	5	<b>1,008,610</b>	926,023
Cost of sales		<u>(210,961)</u>	<u>(184,824)</u>
Gross profit		<b>797,649</b>	741,199
Other income and gains	5	<b>182,164</b>	155,365
Selling and distribution expenses		<b>(78,197)</b>	(69,842)
Administrative expenses		<b>(97,333)</b>	(100,269)
Research and development costs		<b>(82,083)</b>	(127,554)
Reversal of impairment/(impairment) on financial assets, net		<b>279</b>	(1,064)
Other expenses		<b>(15,149)</b>	(6,807)
Share of losses of associates		<b>(21,861)</b>	–
Finance costs	7	<u><b>(636)</b></u>	<u>(2,257)</u>
<b>PROFIT BEFORE TAX</b>	6	<b>684,833</b>	588,771
Income tax expense	8	<u><b>(113,556)</b></u>	<u>(136,476)</u>
<b>PROFIT FOR THE YEAR</b>		<u><b>571,277</b></u>	<u><b>452,295</b></u>
Attributable to:			
Owners of the parent		<b>581,438</b>	504,021
Non-controlling interests		<u><b>(10,161)</b></u>	<u>(51,726)</u>
		<u><b>571,277</b></u>	<u><b>452,295</b></u>

# **CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)**

*Year ended 31 December 2024*

		<b>2024</b>	<b>2023</b>
	<i>Note</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		<u>7,850</u>	<u>(2,951)</u>
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods		<u>7,850</u>	<u>(2,951)</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>		<u>7,850</u>	<u>(2,951)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><u>579,127</u></u>	<u><u>449,344</u></u>
Attributable to:			
Owners of the parent		589,288	501,070
Non-controlling interests		<u>(10,161)</u>	<u>(51,726)</u>
		<u><u>579,127</u></u>	<u><u>449,344</u></u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
Basic	10	<u><u>RMB49.45 cents</u></u>	<u><u>RMB43.08 cents</u></u>
Diluted	10	<u><u>RMB49.45 cents</u></u>	<u><u>RMB42.99 cents</u></u>

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

31 December 2024

		<b>2024</b>	<b>2023</b>
	<i>Notes</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>247,846</b>	220,874
Prepayment for property, plant and equipment		<b>116</b>	412
Right-of-use assets		<b>27,470</b>	64,904
Financial assets at fair value through profit or loss	13	<b>146,258</b>	141,718
Goodwill		–	167,209
Other intangible assets		–	284,694
Investments in associates	14	<b>377,797</b>	–
Deferred tax assets		<b>4,326</b>	3,318
Time deposits	15	<b>50,832</b>	–
<b>Total non-current assets</b>		<b>854,645</b>	883,129
<b>CURRENT ASSETS</b>			
Inventories		<b>108,219</b>	105,205
Trade receivables	11	<b>271,949</b>	225,534
Prepayments, other receivables and other assets	12	<b>100,413</b>	9,711
Financial assets at fair value through profit or loss	13	<b>115,706</b>	11,449
Cash and cash equivalents	15	<b>1,126,799</b>	2,676,588
		<b>1,723,086</b>	3,028,487
Assets of a disposal group classified as held for sale		<b>340,559</b>	352,202
<b>Total current assets</b>		<b>2,063,645</b>	3,380,689

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

31 December 2024

		2024	2023
	Note	RMB'000	RMB'000
<b>CURRENT LIABILITIES</b>			
Trade payables	16	41,142	34,146
Other payables and accruals		150,320	82,084
Lease liabilities		3,214	6,107
Deferred income		–	636
Tax payable		60,566	63,211
		<u>255,242</u>	<u>186,184</u>
Liabilities directly associated with the assets classified as held for sale		<u>5,362</u>	<u>4,640</u>
<b>Total current liabilities</b>		<u>260,604</u>	<u>190,824</u>
<b>NET CURRENT ASSETS</b>		<u>1,803,041</u>	<u>3,189,865</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2,657,686</u>	<u>4,072,994</u>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		301	37,883
Deferred tax liabilities		28,490	91,265
<b>Total non-current liabilities</b>		<u>28,791</u>	<u>129,148</u>
Net assets		<u>2,628,895</u>	<u>3,943,846</u>
<b>EQUITY</b>			
Equity attributable to owners of the parent			
Share capital		85	86
Reserves		2,628,810	3,649,676
		<u>2,628,895</u>	<u>3,649,762</u>
Non-controlling interests		<u>–</u>	<u>294,084</u>
<b>Total equity</b>		<u>2,628,895</u>	<u>3,943,846</u>

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
<b>CASH FLOWS FROM</b>		
<b>OPERATING ACTIVITIES</b>		
Profit before tax:	684,833	588,771
Adjustments for:		
Finance costs	636	2,257
Share of losses of associates	21,861	–
Bank interest income	(85,367)	(91,832)
Investment income from financial assets		
at fair value through profit or loss	(6,762)	(58)
Fair value gains on financial assets		
at fair value through profit or loss	(5,243)	(5,560)
Losses/(gains) on disposal of items		
of property, plant and equipment	292	(48)
Foreign exchange differences, net	12,981	3,095
Depreciation of property, plant and		
equipment	22,234	21,918
Depreciation of right-of-use assets	4,983	10,777
Amortisation of intangible assets	62	259
Impairment of trade receivables, net	(279)	1,064
Recognition of deferred income	(636)	(636)
Lease modification	34	(304)
Gains on deconsolidation of a subsidiary	(27,253)	–
Gains on investment in an associate	(1,806)	–
Share-based payment expense	6,654	8,623
	<b>627,224</b>	<b>538,326</b>
(Increase)/decrease in inventories	(19,547)	194
Increase in trade receivables	(35,281)	(74,224)
Decrease in prepayments, other receivables and		
other assets	2,795	7,098
Increase in trade payables	11,996	13,394
Increase in other payables and accruals	9,797	7,767
Cash generated from operations	596,984	492,555
Interest received	73,546	22,647
Income tax paid	(110,432)	(92,492)
Net cash flows from operating activities	<b>560,098</b>	<b>422,710</b>

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)***Year ended 31 December 2024*

	<b>2024</b> <b>RMB'000</b>	<b>2023</b> <b>RMB'000</b>
<b>CASH FLOWS FROM/(USED) IN INVESTING ACTIVITIES</b>		
Purchases of items of property, plant and equipment	<b>(55,293)</b>	(86,821)
Proceeds from disposal of items of property, plant and equipment	<b>696</b>	650
Purchases of items of intangible assets	<b>–</b>	(241)
Purchases of financial assets at fair value through profit or loss	<b>(2,113,906)</b>	(29,194)
Proceeds from sales of financial assets at fair value through profit or loss	<b>2,017,114</b>	29,238
Prepayment of leasehold lands	<b>(287)</b>	(854)
Interest received	<b>86,862</b>	31,386
Decrease/(increase) in time deposits with original maturity of over three months	<b>1,325,528</b>	(335,860)
Advance consideration for disposal of a subsidiary	<b>50,000</b>	–
Additional investments in associates	<b>(261,384)</b>	–
Deconsolidation of a subsidiary	<b>(8,829)</b>	–
Net cash flows from/(used) in investing activities	<b>1,040,501</b>	(391,696)

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)***Year ended 31 December 2024*

	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>		
Shares repurchased	(43,177)	(16,580)
Principal portion of lease payments	(5,010)	(10,603)
Dividend paid	(1,647,334)	(216,349)
	<hr/>	<hr/>
Net cash flows used in financing activities	(1,695,521)	(243,532)
	<hr/>	<hr/>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(94,922)	(212,518)
Cash and cash equivalents at beginning of year	1,520,397	1,738,963
Effect of foreign exchange rate changes, net	(5,057)	(6,048)
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>1,420,418</b>	1,520,397
	<hr/> <hr/>	<hr/> <hr/>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents as stated in the consolidated statement of financial position	1,177,631	2,676,588
Time deposits with original maturity of over three months when acquired	(52,487)	(1,453,055)
Cash and cash equivalents attributable to a disposal group classified as held for sale	295,274	296,864
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Cash and cash equivalents as stated in the consolidated statement of cash flows	<b>1,420,418</b>	1,520,397
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## NOTES TO FINANCIAL STATEMENTS

### 1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 12 February 2020. The registered office address of the Company is 71 Fort Street, PO Box 500, George Town, Grand Cayman, KY1-1106, Cayman Islands.

The Company acts as an investment holding company of the Group and also engaged in provision of investment consultation services during the year. During the year, the Company's subsidiaries were principally involved in the design, development, manufacture and sale of a comprehensive suite of minimally invasive surgical instruments and accessories.

The shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 29 June 2020 (“**Listing**”).

### 2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all 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. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, which have been measured at fair value. Disposal groups held for sale are stated at the lower of their carrying amounts and fair values less costs to sell. These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand except when otherwise indicated.

#### **Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

## **2. BASIS OF PREPARATION (CONTINUED)**

### **Basis of consolidation (Continued)**

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

### 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRS Accounting Standards for the first time for the current year's financial statements.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (the “2020 Amendments”)</i>
Amendments to HKAS 1 and	<i>Non-current Liabilities with Covenants (the “2022 Amendments”)</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The nature and the impact of the revised HKFRS Accounting Standards are described below:

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

### 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

The nature and the impact of the new and revised HKFRSs that are applicable to the Group are described below: (continued)

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

### 4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their products and only has one reportable operating segment. Management monitors the results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

#### Geographic information

##### (a) Revenue from external customers

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Mainland China	909,711	840,066
Other	98,899	85,957
Total revenue	<u>1,008,610</u>	<u>926,023</u>

The revenue information is based on the locations of the customers.

#### 4. OPERATING SEGMENT INFORMATION (CONTINUED)

##### Geographic information (Continued)

###### *(b) Non-current assets*

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Mainland China	703,829	737,831
Other	<u>232</u>	<u>262</u>
Total non-current assets	<u><u>704,061</u></u>	<u><u>738,093</u></u>

The non-current asset information above is based on the locations of assets and excludes financial instruments and deferred tax assets.

##### Information about a major customer

Revenue from continuing operations of approximately RMB152,371,000 (2023: RMB123,194,000) was derived from sales by the medical instruments segment to a single customer.

#### 5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Revenue from contracts with customers	<u><u>1,008,610</u></u>	<u><u>926,023</u></u>

## 5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

### Revenue from contracts with customers

#### (a) Disaggregated revenue information

	2024 RMB'000	2023 RMB'000
<b>Type of goods</b>		
Sale of medical instruments	<u>1,008,610</u>	<u>926,023</u>
<b>Geographical markets</b>		
Mainland China	909,711	840,066
Other	<u>98,899</u>	<u>85,957</u>
Total	<u>1,008,610</u>	<u>926,023</u>
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	<u>1,008,610</u>	<u>926,023</u>

The following table shows the amounts in the current reporting period of revenue recognised that was included in the contract liabilities at the beginning of the reporting period:

	2024 RMB'000	2023 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of medical instruments	<u>1,664</u>	<u>740</u>

#### (b) Performance obligation

Information about the Group's performance obligation is summarised below:

##### *Sale of medical instruments*

The performance obligation, which is part of a contract that has an original expected duration of one year or less, is satisfied upon acceptance of the goods and payment is generally due within one month, extending up to two to six months for certain customers.

## 5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

### Revenue from contracts with customers (Continued)

#### (b) Performance obligation (Continued)

An analysis of other income and gains is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>Other income</b>		
Government grants*	52,650	57,444
Bank interest income	85,367	91,832
Investment income from financial assets at fair value through profit or loss	6,762	58
Others	4,889	423
Total other income	<u>149,668</u>	<u>149,757</u>
<b>Gains</b>		
Gain on deconsolidation of a subsidiary	27,253	–
Fair value gains on financial assets at fair value through profit or loss	5,243	5,560
Gains on disposal of items of property, plant and equipment	–	48
Total gains	<u>32,496</u>	<u>5,608</u>
Total other income and gains	<u><u>182,164</u></u>	<u><u>155,365</u></u>

\* The government grants mainly represent subsidies received from the local governments for the purposes of compensation for expenses or for the purposes of giving immediate financial support to the Group. There are no unfulfilled conditions or contingencies relating to these grants.

## 6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Cost of inventories sold	204,392	182,223
Depreciation of property, plant and equipment*	22,234	21,918
Depreciation of right-of-use assets	4,983	10,777
Amortisation of intangible assets**	62	259
Impairment of trade receivables, net	(279)	1,064
Write-down of inventories to net realisable value****	6,569	2,601
Lease payments not included in the measurement of lease liabilities	2,272	737
Auditor's remuneration	2,750	2,750
Research and development costs	82,083	127,554
Government grants	(52,650)	(57,444)
Bank interest income	(85,367)	(91,832)
Investment income from financial assets at fair value through profit or loss	(6,762)	(58)
Foreign exchange losses	12,981	3,095
Losses/(gains) on disposal of items of property, plant and equipment	292	(48)
Fair value gains on financial assets at fair value through profit or loss	(5,243)	(5,560)
Gain on deconsolidation of a subsidiary	(27,253)	–
Employee benefit expense* (excluding directors' and chief executive's remuneration):		
Wages and salaries	128,921	121,604
Pension scheme contributions***	13,903	10,315
Staff welfare expenses	19,854	14,613
Share-based payment expense	5,308	7,220
Total	<u>167,986</u>	<u>153,752</u>

\* The depreciation of property, plant and equipment and employee benefit expense are included in "Cost of sales", "Selling and distribution expenses", "Administrative expenses" and "Research and development costs" on the face of the consolidated statement of profit or loss and other comprehensive income and in "Inventories" on the face of the consolidated statement of financial position.



## 6. PROFIT BEFORE TAX (CONTINUED)

The Group's profit before tax is arrived at after charging/(crediting): (Continued)

*\*\* The amortisation of intangible assets is included in "Administrative expenses" and "Research and development costs" on the face of the consolidated statement of profit or loss and other comprehensive income.*

*\*\*\* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.*

*\*\*\*\* The write-down of inventories to net realisable value is included in "Cost of sales" on the face of the consolidated statement of profit or loss and other comprehensive income.*

## 7. FINANCE COSTS

An analysis of finance costs is as follows:

	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
Interest on lease liabilities	<b><u>636</u></b>	<u>2,257</u>

## 8. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to any income tax in this jurisdiction.

Pursuant to the relevant tax law of the Hong Kong Special Administrative Region, Hong Kong profits tax has been provided at the rate of 16.5% (2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. The first HK\$2,000,000 (2023: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (2023: 16.5%).

Pursuant to the rules and regulations of Singapore, Singapore profits tax has been provided at the rate of 17% (2023: 17%) on the estimated assessable profits arising in Singapore during the year. No provision for Singapore profits tax has been made for the year ended 31 December 2024 as the Group did not generate any assessable profits arising in Singapore during the year (2023: Nil).

## 8. INCOME TAX (CONTINUED)

The provision for current income tax in Mainland China is based on the statutory rate of 25% of the assessable profits of certain PRC subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008, except for certain subsidiaries of the Group in Mainland China which are granted tax concessions and are taxed at preferential tax rates.

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations, preferential tax treatment is available to Hangzhou Kangji Medical Instrument Co., Ltd (“**Hangzhou Kangji**”), since it was recognised as a High and New Technology Enterprise and was entitled to a preferential tax rate of 15% (2023: 15%) during the year. Certain subsidiaries operating in Mainland China, were identified as a Small and Micro Enterprise and was entitled to a preferential tax rate of 5% (2023: 5%) during the year.

The income tax expense of the Group is analysed as follows:

	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
Current tax – Mainland China		
Charge for the year	<b>111,112</b>	114,799
Current tax – Hong Kong	<b>207</b>	114
Deferred tax	<b>2,237</b>	21,563
	<hr/>	<hr/>
Total tax charge for the year	<b>113,556</b>	136,476
	<hr/> <hr/>	<hr/> <hr/>

## 9. DIVIDENDS

On 27 May 2024, the final dividend of RMB41 cents per ordinary share and a special dividend of RMB99 cents per ordinary share, amounting to a total of approximately RMB1,692,326,000 was approved by the Company's shareholders at the annual general meeting and was fully paid on 18 July 2024.

The proposed final dividend of RMB24 cents per ordinary share for the year ended 31 December 2024 is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

## 10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent of RMB581,438,000 (2023: RMB504,021,000), and the weighted average number of ordinary shares of 1,175,750,040 (2023: 1,170,013,655) in issue during the year, as adjusted to reflect the shares held for share award arrangement and shares repurchased during the year.

The calculation of diluted earnings per share for the year ended 31 December 2024 does not assume the exercise of all dilutive potential ordinary shares arising from RSUs granted by the Company because the exercise price of these RSUs was higher than the average market price for shares for the year.

The calculation of the diluted earnings per share amount is based on the profit for the year ended 31 December 2023 attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares arising from RSUs granted by the Company.

The calculations of basic and diluted earnings per share are based on:

	<b>2024</b> <b>RMB'000</b>	2023 <b>RMB'000</b>
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	<u><b>581,438</b></u>	<u>504,021</u>
	<b>Number of share</b>	
	<b>2024</b>	2023
<b>Shares</b>		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation	<b>1,175,750,040</b>	1,170,013,655
Effect of dilution – weighted average number of ordinary shares arising from RSUs	<u>–</u>	<u>2,387,909</u>
Total	<u><b>1,175,750,040</b></u>	<u>1,172,401,564</u>

## 11. TRADE RECEIVABLES

	<b>2024</b> <b><i>RMB'000</i></b>	2023 <i>RMB'000</i>
Trade receivables	<b>275,750</b>	229,614
Impairment	<b>(3,801)</b>	(4,080)
	<hr/>	<hr/>
Net carrying amount	<b><u>271,949</u></b>	<b><u>225,534</u></b>

The Group's trading terms with its customers are mainly on credit. The credit period is generally one month, extending up to two to six months for certain customers. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancement over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	<b>2024</b> <b><i>RMB'000</i></b>	2023 <i>RMB'000</i>
Within 3 months	<b>208,292</b>	184,728
3 to 6 months	<b>38,720</b>	26,414
6 to 12 months	<b>21,768</b>	12,207
1 to 2 years	<b>3,169</b>	2,144
Over 2 years	<b>–</b>	41
	<hr/>	<hr/>
Total	<b><u>271,949</u></b>	<b><u>225,534</u></b>

## 12. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2024 RMB'000	2023 RMB'000
Prepayments	700	2,070
Other receivables	1,331	3,727
Prepaid expenses	1,963	3,914
Contribution receivable*	<u>96,419</u>	<u>—</u>
Total	<u><u>100,413</u></u>	<u><u>9,711</u></u>

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2024 and 2023, the loss allowance was assessed to be minimal.

\* In May 2024, a director, certain key management personnel and an employee exercised a total of 16,860,000 shares at the subscription price of RMB6.45 per share, resulting in a total cash consideration of RMB108,707,000. The cash consideration is required to be fully settled no later than the fifth anniversary of the exercised date.

## 13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 RMB'000	2023 RMB'000
<b>Current</b>		
Unlisted investments, at fair value	<u><u>115,706</u></u>	<u><u>11,449</u></u>

The current unlisted investments represented certain financial products issued by commercial banks. They were classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

### 13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>Non-current</b>		
Unlisted equity investments, at fair value		
Shenzhen Edge Medical Co., Ltd.	144,071	139,369
Wuxi Qingsong Medical and Health Industry Investment Partnership (Limited Partnership)	2,187	2,349
	<u>146,258</u>	<u>141,718</u>

The above investments were classified as financial asset at fair value through profit or loss as it was mandatorily designated as such.

### 14. INVESTMENTS IN ASSOCIATES

	2024 <i>RMB'000</i>
Share of net assets	239,509
Goodwill on acquisition	<u>138,288</u>
Total	<u><u>377,797</u></u>

Particulars of the material associate are as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group	Principal activities
Weijing Medical	Ordinary shares	PRC/ Mainland China	41.99%	Research and development of medical instruments

#### 14. INVESTMENT IN ASSOCIATES (CONTINUED)

On 20 March 2024, the Group lost control of Weijing Medical and accounted it as an investment in an associate using the equity method. The Group's shareholding in the associate was subsequently changed. As at 31 December 2024, the Group's shareholding in the associate was 41.99%.

The Group's shareholding in the above associate comprise completely equity shares held through a wholly-owned subsidiary of the Company.

#### 15. CASH AND CASH EQUIVALENTS

	<b>2024</b> <b>RMB'000</b>	<b>2023</b> <b>RMB'000</b>
Cash and bank balances	<b>825,490</b>	893,171
Time deposits	<b>352,141</b>	1,783,417
Subtotal	<b>1,177,631</b>	2,676,588
Less:		
Non-current time deposits	<b>(50,832)</b>	–
Cash and cash equivalents	<b>1,126,799</b>	2,676,588
Denominated in RMB	<b>634,793</b>	1,533,309
Denominated in US\$	<b>478,744</b>	1,135,716
Denominated in HK\$	<b>9,973</b>	6,677
Denominated in other currencies	<b>3,289</b>	886
Cash and cash equivalents	<b>1,126,799</b>	2,676,588

## 15. CASH AND CASH EQUIVALENTS (CONTINUED)

The RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods depending on the immediate cash requirements of the Group, and earn interest at the respective time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

## 16. TRADE PAYABLES

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 3 months	35,534	27,130
3 to 6 months	1,579	1,517
6 to 12 months	903	3,708
Over 12 months	<u>3,126</u>	<u>1,791</u>
Total	<u><u>41,142</u></u>	<u><u>34,146</u></u>

Trade payables are non-interest-bearing and are normally settled on 30 to 45 day terms.



## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS OVERVIEW AND OUTLOOK**

The Group is a leading medical devices platform specializing in minimally invasive surgery in China. Our mission is to enable physicians and improve health and wellness of patients through providing high performing, reliable and accessible products and services. The Group has also established a platform for laparoscopic surgical robots through our investment in Weijing Medical, where the Group's equity interest in Weijing Medical increased from 35% to approximately 41.99% during the Reporting Period. The Group intends to leverage its extensive sales and distribution resources, alongside its experiences and capabilities in manufacturing, clinical trials, and regulatory affairs in China, to support the development and commercialization of its surgical robots.

In 2024, hospitals experienced delays in the procurement of medical capital equipment and reusable products in China. However, the increasing adoption of minimally invasive surgeries and the continued growth in the volume of such procedures have driven demand for the Group's disposable products. During the Reporting Period, the Group achieved an increase in domestic revenue, primarily driven by increased sales of key disposable product categories, including disposable trocars, disposable electrocoagulation forceps, ultrasonic scalpels, staplers and other disposable products.

In October 2024, the results of a nationwide VBP for hemostatic tissue ligation clips, led by Fujian province, were announced. This initiative encompasses a wide range of products and extensive geographical coverage. The Group's complete portfolio of ligation clip products, including polymer ligation clips, titanium clips, absorbable clips, multi-fire ligation clips, and multi-fire titanium clips, were selected in this bid. We anticipate that this nationwide VBP will further increase our products' market penetration, advance import substitution efforts, and enable us to capture a larger market share. The implementation of this VBP began in Fujian in February 2025, and by the end of March 2025, more than 10 provinces in total will start to implement VBP, with other provinces expected to follow gradually.

During the Reporting Period, the Beijing-Tianjin-Hebei 3+N alliance began the gradual implementation of VBPs for surgical staplers and ultrasonic scalpels in February 2024. Additionally, the Group successfully secured a bid for ultrasonic scalpels under the Sichuan-Chongqing alliance's VBP. We expect the distribution model for these products to remain unchanged, with implementation already in progress in Chongqing and Sichuan, launched in September and December 2024, respectively. We also won the bid for the VBP of disposable trocars and staplers in Yunnan, and are currently awaiting notifications regarding the implementation timeline.

In January 2025, we successfully won the bid for the VBP of disposable trocars in Jilin and the VBP of ultrasonic scalpels in the Guangdong alliance. In March 2025, we also successfully won the bid for the VBP of staplers in the Chongqing alliance.

Outside of China, we maintained growth momentum in our export activities. In 2024, our customer base and geographical reach expanded significantly, allowing us to engage with over 180 customers across 80 countries and regions, compared to more than 120 customers in 56 countries and regions in 2023. Throughout the Reporting Period, we focused on enhancing our management of overseas distributors by refining our distributor network and optimizing our customer portfolio. Our strategy for portfolio optimization has proven effective, as new customers demonstrated larger volumes and stronger market development capabilities, resulting in a gradual increase in orders during the second half of the year. For the year ended December 31, 2024, the Group achieved an export sales of RMB98.9 million, representing a 15.1% year-over-year growth. The growth was primarily attributable to increased sales in the European market. We continued to allocate resources toward the overseas product registrations, enhancing product diversity in key markets while expanding our market access. This includes registering existing products in additional regions and accelerating CE applications for promising new products. During the Reporting Period, the Group added 57 new overseas product registrations, mainly in Latin America and Southeast Asia, partly through partnerships with international customers. We also prioritized team development by expanding our international sales team and focusing on attracting high-quality talent, along with providing ongoing professional skills training for existing members to enhance our team's overall competitiveness.

For the year ended December 31, 2024, the Group achieved revenue of RMB1,008.6 million, representing an increase of 8.9% from the previous year. The growth in revenue was mainly attributable to the increase in sales of disposable products. The Group's net profit attributable to owners of the parent for the year ended December 31, 2024 has increased by 15.4% from RMB504.0 million in 2023 to RMB581.4 million in 2024. The increase was mainly attributable to the increase in revenue and other income and gains.

## Research and Development

During the Reporting Period, the Group added 16 new product registrations in China, excluding renewals. As of December 31, 2024, the Group had a total of 108 domestic registrations with the National Medical Products Administration (NMPA), which included 17 for Class III medical devices, 56 for Class II medical devices, and 35 for Class I medical devices. In the Reporting Period, the Group obtained 34 new patent authorizations in China while Weijing Medical secured 79 new patent authorizations on a standalone basis.

The Group remains steadfast in expanding its investment in research and development, reinforcing its capabilities to sustain its competitive edge in the medical technology sector. By combining in-house innovation with strategic partnerships with leading medical institutions, we focus on advancing minimally invasive surgical solutions. These efforts are driven by a commitment to resolving critical clinical challenges, addressing unmet medical needs, and elevating satisfaction among healthcare professionals and patients. We value the feedback from clinical practitioners and actively integrate insights from them to refine product quality, optimize R&D efficiency, and deliver superior user experiences.

During the Reporting Period, the Group introduced the “Dialogue with Medical Experts” series, fostering direct knowledge exchange between renowned medical specialists and our engineering teams. These sessions ensure our product development aligns with real-world surgical practices and evolving clinical demands. 12 sessions were conducted in 2024, deepening collaboration across disciplines. Concurrently, the Group is advancing the R&D projects with premier domestic medical institutions, including a partnership with The First Affiliated Hospital of Wenzhou Medical University to co-develop an integrated ultrasonic and high-frequency electrosurgical platform. These initiatives underscore our dedication to translating clinical insights into innovative, patient-centered solutions.

During the Reporting Period, the Group expanded its product portfolio with significant advancements in closure devices. A key achievement was receiving the regulatory approval for an absorbable knotless suture, a Class III medical device. This innovative product eliminates manual knot-tying during suturing, enhancing surgical efficiency and simplifying complex procedures. Its outstanding biocompatibility allows gradual post-implantation absorption. While absorbable knotless sutures remain in early adoption stages in China’s import-dominated market, the Group foresees substantial growth opportunities for domestic alternatives. Another milestone was the approval of multi-fire ligation clips, also a Class III device, which enables continuous vessel and tissue ligation during laparoscopic surgery. This reduces the need for repeated instrument insertion and withdrawal, streamlining procedural workflows.

The Group also enriched its comprehensive hysteroscopic solutions with two additions, which are a rigid hysteroscope and a disposable electronic hysteroscope, providing surgeons with advanced tools for gynecological diagnostics and treatments. Additionally, the Group expanded its energy-based surgical portfolio with plasma energy platform and electrode, complementing its existing offering such as electrocoagulation forceps and ultrasonic scalpels. The plasma electrode technology minimizes thermal tissue damage while maintaining surgical precision, making it particularly suited for delicate procedures. This product's primary applications align with the Group's focus on urology and gynecology where the technology demonstrates significant clinical value and market potential.

In June 2024, the Group's new R&D building at its Hangzhou headquarters became operational. Equipped with upgraded facilities, it supports the Group's innovation and product development goals. The modern workspace enhances R&D capabilities, attracts skilled talent, and provides flexible space for specialized labs, including new equipment for IEC and high-frequency signal testing. Additionally, a newly constructed animal experiment center further boosts product development efficiency and quality.

Weijing Medical's four-arm surgical robotic system has completed multi-specialty human clinical trials in March 2024 and the registration application has been submitted to the NMPA during the Reporting Period. Regulatory approval is expected to be obtained in the second quarter of 2025. In terms of its single-port surgical robotic system, the design has been finalized, with type testing and animal trials scheduled for completion in 2025, and Weijing Medical aims to launch human clinical trials by the end of the year. In 2024, Weijing Medical initiated pre-commercialization preparations by hosting distributor briefings, conducting surgeon demonstrations, and participating in key industry events such as the Chinese Society of Pancreatology Annual Meeting, Chinese College of Surgeons Annual Conference, and World Robot Conference. It also collaborated with leading regional hospitals to implement standardized training programs for its robotic systems, fostering knowledge exchange in laparoscopic techniques and expanding access to advanced medical resources. During the Reporting Period, Weijing Medical secured a round of equity investment from an investment platform of Zhejiang Fuzhe Technology Limited (浙江富浙科技有限公司), a subsidiary of Zhejiang State-owned Capital Management Limited (浙江省國有資本運營有限公司), which provides resources to further advance Weijing Medical's R&D and commercialization efforts. Weijing Medical also entered into a strategic partnership with the Tonglu Economic Development Zone to establish a mass production facility for surgical robotic systems in Tonglu County of Hangzhou, which is expected to bolster its product development and production capacity.

## **Sales and Distribution**

In 2024, amid the rapid expansion of VBP policies and continued import substitution trend, we carefully aligned our strategies with market needs. Staying focused on our customer-centric approach, we refined the regional management practices and continued supporting academic initiatives to advance new surgical techniques in China. A key priority was promoting single-port laparoscopic surgery. We organized hands-on training, surgical video competitions, and specialty-specific seminars for gynecology, hepatobiliary, gastrointestinal, and breast surgery. Additionally, to foster knowledge sharing, we hosted workshops, live surgeries, and discussions for healthcare professionals nationwide.

In terms of distributor partnerships improvement, we restructured regional and product-line teams to enhance efficiency and responsiveness. By strengthening communication and upgrading training programs, we helped distributors better understand our products' features and applications, enabling them to provide stronger support to end users. These steps aim to strengthen sales performance and ensure progress toward annual goals.

## **Forward Looking**

Looking ahead, we maintain strong confidence in the Chinese market. Aging population and the increasing adoption of minimally invasive surgical procedures are expected to drive sustained growth in the minimally invasive surgical instruments and consumables sector. Meanwhile, China's accelerating healthcare reforms, including the expanded VBP initiatives, benefit the established domestic leaders in the medical device industry. To reinforce our market leadership, the Group will focus on fueling R&D innovation through deeper clinician-engineer collaborations and intensify the support of academic promotion to advance minimally invasive surgery adoption. These strategies are designed to sharpen our competitive advantage and grow our domestic market share. Internationally, we are strengthening our overseas commercial network to strategically position the company for long-term growth opportunities across global markets.

## FINANCIAL REVIEW

The following discussions are based on the financial information and notes set out in other sections of this announcement and should be read in conjunction with them.

### Revenue

	<b>For the year ended December 31,</b>		
	<b>2024</b>	<b>2023</b>	<b>Changes</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>%</b>
<b>Disposable products</b>			
Disposable trocars	<b>430,418</b>	394,441	9.1
Ligation clips	<b>234,940</b>	228,060	3.0
Disposable electrocoagulation forceps	<b>139,905</b>	122,552	14.2
Ultrasonic scalpels	<b>52,352</b>	38,000	37.8
Staplers	<b>9,017</b>	2,039	342.2
Other disposable products <sup>(1)(3)</sup>	<b>32,129</b>	19,855	61.8
<i>Sub-total</i>	<b>898,761</b>	804,947	11.7
<b>Reusable products</b>			
4K endoscopic camera systems	<b>24,534</b>	32,366	(24.2)
Other reusable products <sup>(2)</sup>	<b>85,315</b>	88,710	(3.8)
<i>Sub-total</i>	<b>109,849</b>	121,076	(9.3)
<b>Total</b>	<b>1,008,610</b>	<b>926,023</b>	<b>8.9</b>

Notes:

- (1) Other disposable products primarily include, among others, disposable suction and irrigation sets and retrieval bags.
- (2) Other reusable products primarily include reusable trocars and reusable forceps.
- (3) Revenue from sales of staplers and titanium clips was reported under other disposable products category in prior year. Comparative figures of such revenue have been re-presented to conform with current year's presentation.



The Group's revenue amounted to RMB1,008.6 million for the year ended December 31, 2024, representing an increase of 8.9% as compared to RMB926.0 million for the year ended December 31, 2023. The increase in revenue was primarily attributable to the increase in sales of disposable products including disposable trocars, disposable electrocoagulation forceps, ultrasonic scalpels, staplers and other disposable products.

### **Disposable Products**

The Group's disposable products include disposable trocars, ligation clips, disposable electrocoagulation forceps, ultrasonic scalpels, staplers and other disposable products. The Group's disposable products recorded revenue of RMB898.8 million for the year ended December 31, 2024, representing an increase of 11.7% as compared to RMB804.9 million for the year ended December 31, 2023. Such increase was attributable to the increase in sales of the Group's main disposable products including disposable trocars, ligation clips and electrocoagulation forceps, as well as newer products such as ultrasonic scalpels and staplers. During the Reporting Period, sales of disposable products accounted for 89.1% of the Group's total revenue as compared to 86.9% for the year ended December 31, 2023.

Disposable trocars recorded revenue of RMB430.4 million for the Reporting Period, representing an increase of 9.1% as compared with RMB394.4 million in 2023. Disposable trocars accounted for approximately 42.7% of the Group's total revenue during the Reporting Period as compared to approximately 42.6% in 2023. During the Reporting Period, sales of disposable trocars attributable to VBP regions including Shandong, Fujian, Hunan, Hebei and Guangdong provinces recorded better growth in 2024.

Ligation clips recorded revenue of RMB234.9 million for the Reporting Period, representing an increase of 3.0% as compared with RMB228.1 million in 2023. Ligation clips accounted for approximately 23.3% of the Group's total revenue during the Reporting Period. The slight growth in the sales of ligation clips was affected by the Fujian-led nationwide VBP concluded in the second half of 2024. As the outcome of such nationwide VBP of ligation clips is favourable to the Group, we expect such growth will be resumed in 2025.

Disposable electrocoagulation forceps recorded revenue of RMB139.9 million for the Reporting Period, which accounted for approximately 13.9% of the Group's total revenue for the Reporting Period as compared to 13.2% in 2023. Disposable electrocoagulation forceps continued to experience high growth in demand and recorded sales growth of 14.2% for the Reporting Period. As the use of disposable electrocoagulation forceps in minimally invasive surgery is still at a lower level, we consider that disposable electrocoagulation forceps still have high potential for sales growth.

Sales of the Group's newer disposable products such as ultrasonic scalpels and staplers were boosted by the effort in strengthening market development and seizing the demand from import substitution and VBPs. During the Reporting Period, sales of ultrasonic scalpels amounted to RMB52.4 million, representing an increase of 37.8% as compared to RMB38.0 million in 2023.

### **Reusable Products**

The Group's reusable products recorded revenue of RMB109.8 million for the year ended December 31, 2024, representing a decrease of 9.3% as compared with RMB121.1 million for the year ended December 31, 2023. Such decrease was mainly due to the cyclical purchasing needs of 4K endoscopic camera systems and reusable forceps.

### **Sales Channel**

Revenue from the domestic market for the Reporting Period increased by 8.3% as compared to that of 2023. The Group's business models in the domestic market include distributor model and non-distributor model (logistics partners + academic promotion), which is mainly used in the VBP provinces of disposable trocars.

For overseas markets, the Group's customers mainly include overseas ODM customers and overseas distributors. Revenue from overseas markets was approximately RMB98.9 million for the year ended December 31, 2024, representing an increase of 15.1% from the previous year. Growth of export sales was relatively good during the Reporting Period due to the Group's effort in expanding its customer bases in Asia and Europe. Revenue from overseas markets accounted for 9.8% of the Group's total revenue for the Reporting Period as compared to 9.3% in the previous year.



The following table sets forth the Group's revenue by geographic market and sales channel for the years indicated:

	<b>For the year ended December 31,</b>		
	<b>2024</b>	2023	Changes
	<b>RMB'000</b>	<b>RMB'000</b>	<b>%</b>
<b>Domestic</b>			
– Distributors	<b>800,363</b>	752,480	6.4
– Hospitals and other customers <sup>(1)</sup>	<b>109,348</b>	87,586	24.8
<i>Sub-total</i>	<b>909,711</b>	840,066	8.3
<b>Overseas</b>			
– ODM customers	<b>72,717</b>	68,739	5.8
– Distributors	<b>26,182</b>	17,218	52.1
<i>Sub-total</i>	<b>98,899</b>	85,957	15.1
<b>Total</b>	<b>1,008,610</b>	926,023	8.9

*Note:*

- (1) Other customers include sales of disposable trocars under non-distributor (logistics partner + academic promotion partner) model in the VBP provinces.

## **Cost of Sales**

Cost of sales during the Reporting Period mainly consisted of raw materials, direct labor costs and manufacturing costs.

For the year ended December 31, 2024, the Group's cost of sales was RMB211.0 million, representing an increase of 14.1% as compared with RMB184.8 million for the year ended December 31, 2023. The increase in cost of sales was generally in line with the Group's revenue.

The following table sets forth the breakdown of the Group's cost of sales by nature for the years indicated:

	For the year ended December 31,			
	2024		2023	
	Amount	% of total	Amount	% of total
	<i>RMB'000 (except percentages)</i>			
Raw materials	105,623	50.0	94,396	51.1
Direct labor costs	54,370	25.8	45,208	24.5
Manufacturing costs <sup>(1)</sup>	50,968	24.2	45,220	24.4
<b>Total</b>	<b>210,961</b>	<b>100.0</b>	<b>184,824</b>	<b>100.0</b>

*Note:*

- (1) Manufacturing costs primarily include utilities costs, overhead expenses and depreciation of manufacturing equipment.

### Gross Profit and Gross Margin

The Group's gross profit increased by 7.6% to RMB797.6 million for the year ended December 31, 2024 from RMB741.2 million for the year ended December 31, 2023, due to an increase in sales.

The Group's gross profit margin was 79.1% for the year ended December 31, 2024, which remained stable as compared to the gross profit margin at 80.0% for the year ended December 31, 2023. Specifically, the contribution from newer products such as ultrasonic scalpels and staplers increased during the Reporting Period, whereby these products have a lower gross profit margin than that of the other existing disposable products due to characteristics of these types of products.

The following table sets forth the breakdown of the Group's gross profit and gross profit margin by product type for the years indicated:

	For the year ended December 31,			
	2024		2023	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	<i>RMB'000 (except percentages)</i>			
Disposable products	734,808	81.8%	671,710	83.4%
Reusable products	62,841	57.2%	69,489	57.4%
<b>Total</b>	<b>797,649</b>	<b>79.1%</b>	<b>741,199</b>	<b>80.0%</b>

### Other Income and Gains

Other income and gains for the year ended December 31, 2024 was RMB182.2 million, while for the year ended December 31, 2023, it was RMB155.4 million. The increase was primarily due to the gain arising from the deconsolidation of Weijing Medical of RMB27.3 million in March 2024 which was non-recurring in nature as further explained in the section headed "Investment in Weijing Medical" below.

### Selling and Distribution Expenses

Selling and distribution expenses were RMB78.2 million for the year ended December 31, 2024, representing an increase of 12.0% as compared with RMB69.8 million for the year ended December 31, 2023. The increase was primarily due to (i) the increase in staff costs for sales personnel along with the expansion of sales and marketing team; and (ii) the increase in marketing-related expenses such as exhibitions and academic promotional activities.

### Administrative Expenses

Administrative expenses amounted to RMB97.3 million for the year ended December 31, 2024, representing a decrease of 2.9% as compared with RMB100.3 million for the year ended December 31, 2023. The decrease was mainly due to the decrease in the administrative expenses incurred by Weijing Medical which was consolidated by the Group, which was partially offset by the increase in staff costs for administrative personnel.

## **Research and Development Expenses**

Research and development expenses for the year ended December 31, 2024 was RMB82.1 million, representing a decrease of 35.6% as compared with RMB127.6 million for the year ended December 31, 2023. Such decrease was mainly due to the decrease in the research and development expenses incurred by Weijing Medical which was consolidated by the Group, and was partially offset by the increase in research and development expenses at the Group's headquarters due to the increase in R&D department headcount and project portfolio.

## **Other Expenses**

Other expenses primarily consist of donation and foreign exchange loss. During the Reporting Period, the Group recorded other expenses of RMB15.1 million, which was primarily attributable to foreign exchange loss arising from the currency fluctuation of USD against RMB.

## **Investment in Weijing Medical**

Reference is made to the Company's announcements dated January 18, 2022 and March 20, 2024 in relation to the equity investment and deconsolidation of Weijing Medical. On March 20, 2024, the shareholders of Weijing Medical had approved certain amendments to the articles of association and the change in board composition of Weijing Medical. As a result, Kangji Hong Kong ceased to be able to appoint a majority of members on the board of directors of Weijing Medical, and lost control over Weijing Medical. Upon the aforementioned change in board composition becoming effective, Weijing Medical had ceased to be a subsidiary of the Company and the financial results of Weijing Medical was no longer consolidated into the consolidated financial statements of the Company. As at the completion date of Weijing Medical's deconsolidation, the Group recorded a gain of RMB27.3 million, which was calculated based on the difference between the fair value of the Group's retained interest in Weijing Medical, as estimated with the assistance of an independent professional valuer, and the Group's share of the carrying value of the assets and liabilities of Weijing Medical. Weijing Medical was accounted for as an investment in an associate in the consolidated financial statements of the Company since then.

During the Reporting Period, the Group made certain follow-on acquisitions of equity interests in Weijing Medical for an aggregate cash consideration of RMB73.5 million from the then existing shareholders of Weijing Medical, who are independent third parties of the Company to the best of the Directors' knowledge and belief. In December 2024, Weijing Medical completed the equity financing where a third party investor subscribed for approximately 5.7% equity interests in Weijing Medical in a consideration of RMB90 million. Upon the completion of the aforementioned acquisitions and subscription of equity interest, as at December 31, 2024, the Group held as to (i) approximately 41.99% equity interest in Weijing Medical and (ii) approximately 23% equity interest in its associate, which in turn held as to approximately 8% equity interest in Weijing Medical. Furthermore, the Group paid RMB188 million to Weijing Medical during the Reporting Period to settle all the remaining contingent consideration upon fulfillment of the conditions satisfied by Weijing Medical as stipulated in the relevant investment agreements.

As at December 31, 2024, the Group's carrying value in relation to its investment in Weijing Medical was approximately RMB377.8 million, representing approximately 12.9% of the Group's total assets. Therefore, the investment in Weijing Medical is considered the Group's significant investment. No market fair value was available for this private investment as at December 31, 2024.

The principal activities of Weijing Medical is the research and development of, and production of surgical robotic products and instruments for laparoscopic surgery in China. The Group treated its holding of equity interest in Weijing Medical as a long-term investment since February 2022 which is in line with the principal businesses and strategic footprint and medium to long term growth of the Group.

During the Reporting Period, Weijing Medical remained in the product development phase. Consequently, it generated no revenue and incurred a net loss for the period. The Group recognised a share of Weijing Medical's loss amounting to RMB21.9 million proportionate to its share of equity interest in Weijing Medical, for the period from the completion date of Weijing Medical's deconsolidation to December 31, 2024. No dividends were distributed by Weijing Medical during the Reporting Period.

### **Income Tax Expenses**

Income tax expenses were RMB113.6 million for the year ended December 31, 2024, representing a decrease of 16.8% as compared with RMB136.5 million for the year ended December 31, 2023. The decrease in income tax expenses was primarily due to the decrease in dividend withholding tax in relation to the one-off special dividend declared in prior year.

### **Non-HKFRS Adjusted Net Profit for the Year**

To supplement the Group's audited consolidated statement of profit or loss and other comprehensive income which is presented in accordance with HKFRS, we also use adjusted net profit as a non-HKFRS measures, which are not required by, or presented in accordance with, HKFRS. We believe that the presentation of non-HKFRS measures when shown in conjunction with the corresponding HKFRS measures provides useful information to investors and management in facilitating a comparison of the Group's operating performance from period to period by eliminating potential impacts of certain non-operational or one-off expenses as detailed below. Such non-HKFRS measure allows investors to consider metrics used by management in evaluating the Group's performance.

The following table shows the Group's adjusted net profit for the Reporting Period and its reconciliation to profit for the years indicated:

	<b>For the year ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Profit for the year attributable to owners of the parent</b>	<b>581,438</b>	<b>504,021</b>
Add/(Less):		
Fair value gains on financial assets at fair value through profit or loss <sup>(1)</sup>	<b>(5,243)</b>	<b>(5,560)</b>
Foreign exchange difference <sup>(2)</sup>	<b>12,981</b>	<b>3,095</b>
Share-based payment expenses <sup>(3)</sup>	<b>6,654</b>	<b>8,623</b>
Investment income from short-term financial products <sup>(4)</sup>	<b>(6,762)</b>	<b>(58)</b>
Gain on deconsolidation of Weijing Medical <sup>(5)</sup>	<b>(27,253)</b>	<b>–</b>
PRC withholding tax associated with special dividend <sup>(6)</sup>	<b>–</b>	<b>28,062</b>
<b>Non-HKFRS adjusted net profit for the year attributable to owners of the parent</b>	<b>561,815</b>	<b>538,183</b>
<b>Non-HKFRS adjusted earnings per share</b>		
– Basic (RMB)	<b>47.78 cents</b>	<b>46.00 cents</b>
– Diluted (RMB)	<b>47.78 cents</b>	<b>45.90 cents</b>

Notes:

- (1) Fair value gains on financial assets at fair value through profit or loss is non-operational in nature which mainly arises from the change in fair value of the Group's unlisted equity investments for the years indicated, the amount of which may not directly correlate with the underlying performance of the Group's business operations.
- (2) Foreign exchange difference is non-operational in nature which mainly arises from the currency fluctuation of USD against RMB for the years indicated, the amount of which may not directly correlate with the underlying performance of the Group's business operations.
- (3) Share-based payment expenses are non-operational expenses arising from granting RSUs and pre-IPO share options to the Group's senior management and employees, the amount of which may not directly correlate with the underlying performance of the Group's business operations, and is also affected by non-operating performance related factors that are not closely or directly related to the Group's business activities.

- (4) Investment income from short-term financial products purchased mainly for hedging foreign currency fluctuations is non-operational in nature which is affected by the currency fluctuation of USD against RMB for the years indicated, the amount of which may not directly correlate with the underlying performance of the Group's business operations.
- (5) Gain on deconsolidation of Weijing Medical was non-recurring in nature, the amount of which may not directly correlate with the underlying performance of the Group's business operations.
- (6) PRC withholding tax associated with special dividend is a one-off expense in relation to the special dividend of RMB99 cents per Share in celebration of the 20th anniversary of the Group's establishment and in recognition of the Shareholders' long-term support.

The use of the non-HKFRS measures has limitations as an analytical tool, and it should not be considered in isolation from, or as a substitute for or superior to analysis of, the Group's results of operations or financial condition as reported under HKFRS. In addition, the non-HKFRS financial measure may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures presented by other companies.

## **Liquidity and Capital Resources**

During the Reporting Period, the Group financed its operations and other capital expenditure requirements primarily through cash generated from its operations and proceeds from the Company's initial public offering on the Stock Exchange on June 29, 2020.

As of December 31, 2024, the Group had cash and cash equivalents of RMB1,472.9 million (including RMB295.3 million recorded in assets classified as held for sale), as compared with RMB2,973.5 million (including RMB296.9 million recorded in assets classified as held for sale) as of December 31, 2023; and short term financial products of RMB115.7 million (recorded in financial assets at fair value through profit or loss), as compared to RMB11.4 million as of December 31, 2023. The net decrease in cash and cash equivalents of RMB1,500.6 million was primarily due to the payment of dividend to Shareholders.

As at December 31, 2024, most of the Group's cash and cash equivalents were denominated in RMB, USD and HKD.

## **Net Current Assets**

The Group had net current assets of RMB1,803.0 million as of December 31, 2024, representing a decrease of RMB1,386.9 million as compared with RMB3,189.9 million as of December 31, 2023. The decrease in net current assets was primarily due to the declaration and distribution of final dividend for the year ended December 31, 2023 and special dividend in aggregate amount of RMB1,663.9 million paid to the Shareholders in July 2024.



## Foreign Exchange Exposure

During the Reporting Period, the Group's operations were primarily based in Mainland China. Assets, liabilities and transactions in the PRC are mainly denominated in RMB, while overseas assets and transactions are mainly denominated in USD. We are exposed to foreign currency risks, primarily including account receivables, account payables and cash balances that are denominated in a foreign currency, i.e., a currency other than our functional currency. For the year ended December 31, 2024, the Group recorded an exchange loss of RMB13.0 million, as compared to an exchange loss of RMB3.1 million for the year ended December 31, 2023, primarily attributable to the currency fluctuation of USD against RMB during the Reporting Period.

The Group has been actively monitoring and overseeing its foreign exchange risks and mitigating its potential risk exposure with the use of short-term financial products should the need arise.

## Capital Expenditure

For the year ended December 31, 2024, the Group's total capital expenditure amounted to approximately RMB65.1 million, which was primarily used in purchasing machinery and equipment and construction of buildings. The Group's capital expenditure for the year ended December 31, 2023 was approximately RMB82.5 million.

The following table sets forth our net capital expenditures for the years indicated:

	<b>For the year ended December 31,</b>	
	<b>2024</b>	2023
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Plant and machinery	14,379	8,250
Construction in progress	23,605	50,505
Furniture and fixtures	9,779	3,348
Motor vehicles	130	1,312
Buildings	16,680	15,825
Leasehold improvements	194	2,141
Intangible assets	—	241
Land use rights	287	854
<b>Total</b>	<b>65,054</b>	<b>82,476</b>

## Charge of Assets/Pledge of Assets

As of December 31, 2024, the Group did not have any charge of assets or pledge of assets.



## **Borrowings**

As of December 31, 2024, the Group did not have any outstanding bank loans and other borrowings. The Group monitors capital using a gearing ratio, which is debt divided by total assets. Debt includes trade payables, other payables and accruals, and lease liabilities. As of December 31, 2024, the gearing ratio of the Group was 6.7% (as of December 31, 2023: 3.8%).

## **Contingent Liabilities**

As of December 31, 2024, the Group did not have any outstanding contingent liabilities.

## **Material Acquisitions and Disposals and Significant Investments**

Please see the section headed “Investment in Weijing Medical” above for further details in respect of the Group’s significant investment in Weijing Medical during the Reporting Period.

Save for the aforementioned, the Group did not hold any significant investments, or have any other material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

Reference is made to the Company’s announcement dated December 29, 2023 in relation to the disposal of Hangzhou Kangji Qipu Medical Instrument Co., Ltd. by Hangzhou Kangji. By way of update, during the Reporting Period and up to the date of this announcement, the purchaser has paid the Company a non-refundable sum of RMB50 million as part of the consideration pursuant to the terms of the equity transfer agreement for this disposal. As additional time is needed by the purchaser to settle the remaining consideration, the disposal is expected to complete in the first half of 2025.

## **Future Plans for Material Investments and Capital Assets**

The Group intends to utilize the net proceeds raised from the Company’s global offering to pursue strategic investment and to fund acquisition of capital assets for the Group’s expansion in the manner set out in the Prospectus and as further explained in section headed “Use of Proceeds from the Global Offering” below. Save as disclosed in this announcement, the Group did not have any plan for material investments and capital assets.

## Employee and Remuneration Policy

As of December 31, 2024, the Group had 1,007 employees (December 31, 2023: 1,003 employees). Total staff remuneration expenses, including remuneration of the Directors and share-based payment expenses for the year ended December 31, 2024, amounted to RMB173.4 million (for the year ended December 31, 2023: RMB163.1 million).

The remuneration committee of the Company is responsible for reviewing the Company's emolument policy and structure for all remuneration of the Directors and senior management of the Company. The remuneration of Directors and senior management is determined with reference to the salaries of comparable companies and their experience, duties and performance. The remuneration of other employees is determined with reference to performance, skills, qualifications and experience of the staff concerned and in accordance with the prevailing industry practice.

In recognition of the contributions of the Directors, senior management and employees and to incentivize them to further promote the Group's development, the Company adopted the pre-IPO share option plan and the RSU plan on May 6, 2020. During the Reporting Period, (i) a total of 1,000,000 RSUs were granted to the Group's senior management, (ii) a total of 16,860,000 RSUs were exercised by the grantees and (iii) a total of 7,425,000 RSUs were cancelled. As of December 31, 2024, a total of 3,525,000 RSUs previously granted remained outstanding under the RSU plan.

## USE OF PROCEEDS FROM THE GLOBAL OFFERING

In connection with the Company's global offering, 225,397,500 Shares of US\$0.00001 each were issued at a price of HK\$13.88 per Share for a total cash consideration of approximately HK\$2,952.5 million (equivalent to RMB2,697.1 million), after deducting underwriting commissions and related fees and expenses (the **"IPO Proceeds"**). As at December 31, 2023, the Company had an unutilized net proceeds of approximately RMB1,802.4 million (the **"2023 Unutilized Net Proceeds"**). The Company announced the change in the use of the 2023 Unutilized Net Proceeds in its annual results announcement for the year ended December 31, 2023 (the **"FY2023 Results Announcement"**) on March 20, 2024 and further announced the extension of the expected timeframe for using the utilized net proceeds in its interim results announcement for the six months ended June 30, 2024 (the **"1H2024 Results Announcement"**) on August 20, 2024.

The net proceeds from the global offering of the Company (adjusted on a pro rata basis based on the actual net proceeds) have been and will be utilized in that same manner, proportion and the expected timeframe as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus and as amended in the section headed "Use of Proceeds from the Global Offering and Change in Use of Proceeds" in the FY2023 Results Announcement and the section headed "Use of Proceeds from the Global Offering and Extension of the Expected Timeframe for Use of Proceeds" in the 1H2024 Results Announcement.

The table below sets out the planned and revised planned applications of the IPO Proceeds, the revised planned applications of the 2023 Unutilized Net Proceeds and the actual accrued usage up to, and the unutilized net proceeds as at, December 31, 2024:

Use of proceeds	Planned applications of the IPO Proceeds <sup>(1)</sup> (RMB million)	Revised planned application of the IPO Proceeds <sup>(1)(2)</sup> (RMB million)	Revised planned applications of the 2023 Unutilized Net Proceeds <sup>(3)</sup> (RMB million)		Utilization during the year ended December 31, 2024 (%) (RMB million)	Actual accrued usage up to December 31, 2024 (RMB million)	Unutilized net proceeds as at December 31, 2024 (RMB million)	Expected timeframe for using the unutilized net proceeds (from the date of listing) <sup>(4)(5)</sup>
<b>For expanding production capacity and strengthening manufacturing capabilities, including:</b>								
to expand production capacity of current products and further automate existing production lines	249.9	264.3	216.3	12.0	55.6	55.6	160.7	within three to five years
to build up production capabilities for pipeline products	260.1	275.1	144.2	8.0	31.6	31.6	112.6	within six years
<b>For funding R&amp;D activities, including:</b>								
to establish R&D centers <sup>(4)</sup>	433.5	458.5	90.1	5.0	18.1	18.1	72.0	within four to six years
for development and expansion of product pipeline	204.0	215.8	180.3	10.0	54.0	54.0	126.3	within five to six years
<b>For investing in sales and marketing activities, including:</b>								
to be used in domestic sales and marketing activities <sup>(2)</sup>	382.5	404.5	180.3	10.0	40.2	40.2	140.1	within four to five years
to increase overseas sales	127.5	134.9	90.1	5.0	8.8	8.8	81.3	within three to five years
<b>For funding potential strategic investment and acquisitions</b>	637.5	674.3	360.5	20.0	261.5	261.5	99.0	within five years
<b>For working capital and general corporate purposes</b>	255.0	269.7	540.6	30.0	540.6	540.6	–	within four to six years
<b>Total</b>	<b>2,550.0</b>	<b>2,697.1</b>	<b>1,802.4</b>	<b>100.0</b>	<b>1,010.4</b>	<b>1,010.4</b>	<b>792.0</b>	

*Notes:*

- (1) By excluding the underwriting commissions and related fees and expenses, the actual net proceeds planned for applications amounted to RMB2,697.1 million. Net proceeds were received in HK\$ and translated to RMB for application planning. Please refer to the section headed “Future Plans and Use of Proceeds” in the Prospectus for further details of the original planned applications.
- (2) On March 25, 2021, the Board resolved to change the location of the sales and marketing center to be established from the Group’s headquarters to Beijing, which is in line with the Group’s latest business strategy and does not deviate from the originally planned application of the net proceeds as described in the Prospectus.
- (3) On March 20, 2024, the Board had resolved to change the use of the 2023 Unutilized Net Proceeds, which is in line with the Group’s business strategy, and will not result in any material adverse impact on the business and financial performance of the Group. Further details of reasons for such change in use of proceeds, please refer to the section headed “Use of Proceeds from the Global Offering and Change in Use of Proceeds” in the FY2023 Results Announcement.
- (4) On August 20, 2024, the Board had determined to extend another two years in the expected timeframe for the full utilization of the unutilized net proceeds in respect of the establishment of R&D centers, and accordingly, the full utilization of such amount allocated has been extended to within four to six years from the date of Listing. Further details of reasons for such change in use of proceeds, please refer to the section headed “Use of Proceeds from the Global Offering and Extension of the Expected Timeframe for Use of Proceeds” in the 1H2024 Results Announcement.
- (5) The expected timeframe to use the unutilized net proceeds is prepared based on the best estimate made by the Group, which is subject to change according to the current and future development of the market condition.

## **OTHER INFORMATION**

### **Compliance with the CG Code**

The Company is committed to maintaining high standard of corporate governance to safeguard the interests of its Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the code provisions of the CG Code as set out in Appendix C1 to the Listing Rules as its own code of corporate governance.

The Board is of the view that the Company has complied with all applicable code provisions of the CG Code during the Reporting Period, except for a deviation from the code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer of the Company are not separate and are both performed by Mr. ZHONG Ming. The Company has a professional management team to monitor the operations of the subsidiaries. The Board considers that vesting the roles of chairman and chief executive officer in the same person is more efficient in the direction and management of the Company and does not impair the balance of power and authority of the Board and the management of the business of the Group. The Board will review the corporate governance structure and practices from time to time and shall make necessary arrangements when the Board considers appropriate.

### **Compliance with the Model Code for Securities Transactions**

The Company has adopted the Guidelines for Securities Transactions by Directors (the “**Written Guidelines**”) on no less exacting terms than the Model Code set out in Appendix C3 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors.

Having made specific enquiry of all Directors, all of them have confirmed that they have complied with the Model Code and the Written Guidelines during the Reporting Period. No incident of non-compliance of the Written Guidelines by the employees who are likely to be in possession of inside information of the Company was noted by the Company.

### **Purchase, Sale or Redemption of the Listed Securities of the Company**

The Company repurchased a total of 7,907,500 Shares (2023: 2,261,000) on the Stock Exchange at an aggregate consideration of approximately HK\$47.2 million (excluding brokerage fees and taxes) during the year ended December 31, 2024 (2023: approximately HK\$18.8 million) at price ranging from HK\$4.96 to HK\$7.08. 7,988,000 Shares were cancelled during the year ended December 31, 2024. The Company repurchased a total of 410,000 Shares during the period from January 1, 2025 to the date of this announcement. As at the date of this announcement, the Company has 1,208,804,000 Shares outstanding.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed interest in any of the Company’s listed Shares (including sale of treasury shares) during the year ended December 31, 2024. As at December 31, 2024, the Company did not hold any treasury shares.

## **Annual General Meeting**

The AGM of the Company will be held on Friday, May 23, 2025. The notice of the AGM will be sent to the Shareholders at least 21 days before the AGM.

## **Final Dividend**

The Board has resolved to recommend the payment of the 2024 Final Dividend of RMB24 cents per Share for the year ended December 31, 2024.

The proposed 2024 Final Dividend will be payable on or about Wednesday, July 16, 2025 to the Shareholders whose names appear on the register of members of the Company on Wednesday, June 4, 2025, subject to the approval of the Shareholders at the AGM.

The 2024 Final Dividend will be payable in cash to each Shareholder in RMB or HKD (to be converted from RMB at the exchange rate to be announced by the People's Bank of China on or about Friday, May 23, 2025). Shareholders will be given the option of electing to receive all (but not part, save in the case of HKSCC Nominees Limited, which may elect to receive part of its entitlement in RMB) of the 2024 Final Dividend in RMB. The relevant dividend currency election form will be despatched to the Shareholders as soon as practicable after the record date of Wednesday, June 4, 2025. Further details with respect to dividend currency election will be announced in due course.

## **Closure of Register of Members**

- (a) For the purpose of determining the Shareholders who are entitled to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, May 20, 2025 to Friday, May 23, 2025, both days inclusive. In order to qualify for attending and voting at the AGM, all transfer documents should be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, May 19, 2025. Shareholders whose names appear on the register of members of the Company on Friday, May 23, 2025 will be entitled to attend and vote at the AGM.

- (b) For determining the entitlement to the proposed 2024 Final Dividend subject to the approval by the Shareholders at the AGM, the register of members of the Company will be closed from Thursday, May 29, 2025 to Wednesday, June 4, 2025, both days inclusive. In order to qualify for the proposed 2024 Final Dividend, all transfer documents should be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, May 28, 2025.

## **Review of Annual Results**

The Audit Committee consists of two independent non-executive Directors, Mr. CHEN Weibo and Mr. JIANG Feng, and one non-executive Director, Ms. CAI Li. The chairman of the Audit Committee is Mr. CHEN Weibo. The Audit Committee has reviewed the annual results of the Group for the year ended December 31, 2024 and has recommended for the Board's approval thereof.

The Audit Committee has reviewed together with the management the accounting principles and policies adopted by the Group and the consolidated financial statements for the year ended December 31, 2024. The Audit Committee considered that the annual results are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

This annual results announcement is based on the audited consolidated financial statements of the Group for the year ended December 31, 2024.

## **Events after the Reporting Period**

No significant event has occurred since the end of the Reporting Period and up to the date of this announcement.

## **Publication of Annual Results and Annual Report**

This announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.kangjimedical.com](http://www.kangjimedical.com)). The annual report for the year ended December 31, 2024 containing all the information in accordance with the requirements under the Listing Rules will be despatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.



## APPRECIATION

The Board would like to express its sincere gratitude to the Shareholders, management team, employees, business partners and customers of the Group for their support and contribution to the Group.

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“AGM”	annual general meeting of the Company
“Audit Committee”	the audit committee of the Board
“Board”	the board of Directors of the Company
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“China” or “PRC”	People’s Republic of China, excluding, for the purposes of this announcement and for geographical reference only and except where the context requires otherwise, Hong Kong, Macau and Taiwan
“Company”	Kangji Medical Holdings Limited (康基医疗控股有限公司), a company incorporated under the laws of the Cayman Islands with limited liability on February 12, 2020, and, except where the context otherwise requires, all of its subsidiaries
“Director(s)”	the director(s) of the Company
“Global Offering”	the Hong Kong public offering and the international offering of the Company
“Group”, “we”, “us” or “our”	the Company and all of its subsidiaries or, where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries, the businesses operated by such subsidiaries or their predecessors (as the case may be)
“Hangzhou Kangji”	Hangzhou Kangji Medical Instrument Ltd.* (杭州康基醫療器械有限公司), a limited liability company established in the PRC on August 24, 2004



“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Kangji Hong Kong”	Kangji Medical (Hong Kong) Limited, a wholly-owned subsidiary of the Company established under the laws of Hong Kong
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange on June 29, 2020
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange. For the avoidance of doubt, the Main Board excludes the Growth Enterprise Market of the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
“ODM”	original design manufacture
“Prospectus”	the Company’s prospectus dated June 16, 2020
“R&D”	research and development
“Reporting Period”	the year from January 1, 2024 to December 31, 2024
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“RSU”	the restricted share unit plan of the Company as adopted on May 6, 2020
“Share(s)”	ordinary shares in the share capital of the Company of US\$0.00001 each

“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$” or “USD”	United States dollar(s), the lawful currency of the United States of America
“VBP”	volume-based procurement
“Weijing Medical”	Hangzhou Weijing Medical Robot Co., Ltd.* (杭州唯精醫療機器人有限公司), a limited liability company established in the PRC on December 28, 2021
“2024 Final Dividend”	the final dividend for the year ended December 31, 2024
“%”	per cent.

By order of the Board  
**Kangji Medical Holdings Limited**  
**ZHONG Ming**  
*Chairman*

Hangzhou, PRC, March 24, 2025

*As at the date of this announcement, the Board comprises Mr. ZHONG Ming, Ms. SHENTU Yinguang and Mr. YIN Zixin as executive Directors; Ms. CAI Li as non-executive Director; and Mr. JIANG Feng, Mr. GUO Jian and Mr. CHEN Weibo as independent non-executive Directors.*

\* *For identification purpose only*