

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024**

	Six-month period ended 30 June		Change
	2024	2023	
	<i>RMB'000</i>	<i>RMB'000</i>	
Revenue	392,322	339,764	15.47%
Gross profit	246,768	200,350	23.17%
Profit for the period	99,178	80,505	23.19%
Earnings per share			
Basic (<i>in RMB</i>)	0.58	0.48	20.83%
Diluted (<i>in RMB</i>)	0.58	0.47	23.40%

* For identification purposes only

- The Group's revenue in the Reporting Period was approximately RMB392.32 million, representing an increase of approximately 15.47% or approximately RMB52.56 million as compared to approximately RMB339.76 million for the six-month period ended 30 June 2023. The increase was mainly due to the growth in sales volume of interventional medical devices and the growth in sale volume of medical accessories. The Group's revenue generated from sales of interventional medical devices in the Reporting Period was approximately RMB345.48 million (six-month period ended 30 June 2023: RMB289.93 million), representing an increase of 19.16% as compared to those of the six-month period ended 30 June 2023, and the revenue generated from sales of medical accessories in the Reporting Period was approximately RMB26.74 million (six-month period ended 30 June 2023: RMB20.39 million), representing an increase of 31.14% as compared to those of the six-month period ended 30 June 2023. In addition to the existing self-made products, the agent business contributed revenue of RMB14.82 million during the Reporting Period (six-month period ended 30 June 2023: RMB28.57 million), representing a decrease of 48.13% as compared to those of the six-month period ended 30 June 2023.
- During the Reporting Period, the Group's gross profit margin increased from 58.97% to 62.90%. The Group's gross profit was approximately RMB246.77 million, as compared to approximately RMB200.35 million for the six-month period ended 30 June 2023. The increase was mainly due to the increase in volume of sales of the interventional medical devices.
- The Group's profit for the Reporting Period was approximately RMB99.18 million, representing an increase of approximately 23.19% as compared to approximately RMB80.51 million for the six-month period ended 30 June 2023, which changes were in line with the growth of gross profit.
- The Group's basic earnings per share in the Reporting Period was RMB0.58, as compared to RMB0.48 for the six-month period ended 30 June 2023. The Group's diluted earnings per share in the Reporting Period was RMB0.58, as compared to RMB0.47 for the six-month period ended 30 June 2023.
- The Board resolved not to declare any interim 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**”) announces the unaudited interim results of the Company and its subsidiaries (collectively, the “**Group**”, “**we**”, “**our**” or “**us**”) for the six-month period ended 30 June 2024 (the “**Reporting Period**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024 (Unaudited)

(Expressed in Renminbi (“**RMB**”))

	Note	Six months ended 30 June	
		2024 RMB’000 (unaudited)	2023 RMB’000 (unaudited)
Revenue	3	392,322	339,764
Cost of sales		<u>(145,554)</u>	<u>(139,414)</u>
Gross profit		246,768	200,350
Other income	4	23,941	22,794
Distribution costs		(33,607)	(33,021)
Administrative expenses		(55,219)	(36,389)
Research and development expenses		(70,754)	(64,593)
Reversal of impairment losses		<u>652</u>	<u>481</u>
Profit from operations		111,781	89,622
Finance costs	5(a)	<u>(1,032)</u>	<u>(1,205)</u>
Profit before taxation	5	110,749	88,417
Income tax	6	<u>(11,571)</u>	<u>(7,912)</u>
Profit for the period		<u>99,178</u>	<u>80,505</u>
Attributable to:			
Equity shareholders of the Company		100,538	80,502
Non-controlling interests		<u>(1,360)</u>	<u>3</u>
Profit for the period		<u>99,178</u>	<u>80,505</u>
Earnings per share (RMB)	7		
Basic (RMB)		<u>0.58</u>	<u>0.48</u>
Diluted (RMB)		<u>0.58</u>	<u>0.47</u>

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

FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2024 (Unaudited)

(Expressed in RMB)

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Profit for the period	<u>99,178</u>	<u>80,505</u>
Other comprehensive income for the period (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>249</u>	<u>1,049</u>
Other comprehensive income	<u>249</u>	<u>1,049</u>
Total comprehensive income for the period	<u><u>99,427</u></u>	<u><u>81,554</u></u>
Attributable to:		
Equity shareholders of the Company	100,787	81,551
Non-controlling interests	<u>(1,360)</u>	<u>3</u>
Total comprehensive income for the period	<u><u>99,427</u></u>	<u><u>81,554</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024 (Unaudited)

(Expressed in RMB)

		At 30 June 2024	At 31 December 2023
	<i>Note</i>	RMB'000 (unaudited)	RMB'000 (audited)
Non-current assets			
Property, plant and equipment		802,152	789,083
Intangible assets		143,951	130,374
Right-of-use assets		107,299	109,201
Certificate of deposits		10,106	31,447
Other non-current assets		52,524	52,560
Financial assets at fair value through profit or loss		185,163	175,023
Deferred tax assets		17,395	17,649
		1,318,590	1,305,337
Current assets			
Inventories		153,686	128,770
Trade and other receivables	8	79,128	125,193
Other current assets		48,804	35,648
Cash and cash equivalents		330,640	423,668
Certificate of deposits and pledged deposits		34,974	11,010
		647,232	724,289

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AS AT 30 JUNE 2024 (Unaudited)

(Expressed in RMB)

		At 30 June 2024 <i>RMB'000</i> (unaudited)	At 31 December 2023 <i>RMB'000</i> (audited)
	<i>Note</i>		
Current liabilities			
Trade and other payables	9	148,447	176,173
Contract liabilities		30,699	37,074
Loans and borrowings		51,543	79,123
Derivative financial instruments		–	491
Deferred income		1,618	1,550
Current taxation		7,499	22,418
		<u>239,806</u>	<u>316,829</u>
Net current assets		<u>407,426</u>	<u>407,460</u>
Total assets less current liabilities		<u>1,726,016</u>	<u>1,712,797</u>
Non-current liabilities			
Lease liabilities		16,035	15,656
Deferred income		16,458	16,993
Deferred tax liabilities		2,417	1,770
		<u>34,910</u>	<u>34,419</u>
NET ASSETS		<u>1,691,106</u>	<u>1,678,378</u>
CAPITAL AND RESERVES	10		
Share capital		176,000	171,000
Reserves		1,502,655	1,478,241
Total equity attributable to equity shareholders of the Company		<u>1,678,655</u>	<u>1,649,241</u>
Non-controlling interests		<u>12,451</u>	<u>29,137</u>
TOTAL EQUITY		<u>1,691,106</u>	<u>1,678,378</u>

NOTES

1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), including compliance with Hong Kong Accounting Standard (“**HKAS**”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). It has been reviewed by the audit committee of the Company and was authorised for issue on 19 August 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of the interim financial report in conformity with HKAS34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Shanghai INT Medical Instruments Co., Ltd. (the “**Company**”) and its subsidiaries (together, the “**Group**”) since the 2023 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA.

The financial information relating to the financial year ended 31 December 2023 that is included in the interim financial report as comparative information does not constitute the Company’s annual consolidated financial statements for that financial year but is derived from those financial statements. The Company’s annual consolidated financial statements for the year ended 31 December 2023 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 18 March 2024.

2 CHANGES IN ACCOUNTING POLICIES

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

- Amendments to HKAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current* (“**2020 amendments**”)
- Amendments to HKAS 1, *Presentation of financial statements: Non-current liabilities with covenants* (“**2022 amendments**”)
- 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 in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 REVENUE AND SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group’s most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified one reportable segment, the cardiovascular interventional business, which is primarily engaged in sales, manufacture, research and development of cardiovascular interventional medical devices as well as related moulds and accessories. Other segments, which are currently engaged in research and development of other interventional and implantable medical devices, such as neurological interventional medical devices and endocardia implantable medical devices, etc are combined in all other segments.

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

(a) Disaggregation of revenue

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

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from contracts with customers within the scope of HKFRS15 (note)		
Disaggregated by major products		
— Sales of interventional medical devices		
<i>Cardiovascular devices</i>	268,414	208,539
<i>Non-cardiovascular devices</i>	77,062	81,388
Subtotal	345,476	289,927
— Sales of medical accessories	26,743	20,387
— Agent business	14,818	28,569
— Moulds and others	3,728	848
	390,765	339,731
Revenue from other source		
Rental income	1,557	33
	392,322	339,764

During the six months ended 30 June 2024 and 2023, the Group recognised its revenue from contract with customers within the scope of HKFRS15 at point in time.

Note: During the six months ended 30 June 2024, the management reclassified the disaggregation of revenue from contracts with customers by major products. Therefore, the management made the necessary adjustments of comparative figures.

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

(a) Disaggregation of revenue (CONTINUED)

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

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Chinese Mainland	279,623	267,569
Europe	28,248	18,240
The United States	21,157	15,964
Other countries and regions	63,294	37,991
	392,322	339,764

The geographical location of customers is based on the location at which the customers operate. All of the non-current assets of the Group are physically located in Chinese Mainland.

(b) Segment reporting

(i) Segment results

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

	Six months ended 30 June 2024		
	Cardiovascular interventional business	All others	Total
	RMB'000	RMB'000	RMB'000
Revenue from external customers	343,842	48,480	392,322
Inter-segment revenue	10,858	21,579	32,437
Segment revenue	354,700	70,059	424,759
Segment net profit	95,487	6,724	102,211

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (CONTINUED)

(i) Segment results (CONTINUED)

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

(ii) Reconciliation of segment profit

	Six months ended 30 June	
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Revenue		
Segment revenue	424,759	362,981
Elimination of inter-segment revenue	<u>(32,437)</u>	<u>(23,217)</u>
Consolidated revenue	<u>392,322</u>	<u>339,764</u>
Profit		
Segment net profit	102,211	84,250
Elimination of inter-segment net profit	<u>(3,033)</u>	<u>(3,745)</u>
Consolidated net profit	<u>99,178</u>	<u>80,505</u>

4 OTHER INCOME

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Government grants (<i>note</i>)	7,810	5,913
Interest income from bank deposits	4,248	6,278
Net realised and unrealised gains from financial instruments at fair value through profit or loss	8,131	4,520
Foreign exchange gains	2,029	4,077
Others	1,723	2,006
	23,941	22,794

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

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
(a) Finance costs		
Interest on lease liabilities	379	370
Interest on loans and borrowings	653	835
	1,032	1,205
(b) Other items		
Depreciation and amortisation		
— property, plant and equipment	38,287	18,130
— right-of-use assets	1,902	1,936
— intangible assets	1,945	845
Reversal of impairment loss on trade and other receivables	(652)	(481)
Impairment loss on capitalised development costs	620	—
Research and development costs (<i>note</i>)	85,931	86,537
Less: Costs capitalised into intangible assets	(15,177)	(21,944)
	70,754	64,593

5 PROFIT BEFORE TAXATION (CONTINUED)

(b) Other items (CONTINUED)

Note: During the period ended 30 June 2024, research and development costs includes depreciation, amortisation and impairment loss on capitalised development costs of RMB7.5 million (six months ended 30 June 2023: RMB3.7 million), which amount is also included in the respective total amounts disclosed separately above.

6 INCOME TAX

	<u>Six months ended 30 June</u>	
	<u>2024</u>	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax-the People's Republic of China (the "PRC") corporate income tax ("CIT")	10,670	12,496
Deferred tax	901	(4,584)
Total	<u>11,571</u>	<u>7,912</u>

PRC CIT

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

(ii) High and New Technology Enterprise ("HNTE")

According to the PRC income tax law and its relevant regulations, entities that qualified as HNTE are entitled to a preferential income tax rate of 15%. The Company and certain subsidiaries are qualified as HNTE and are subject to income tax at the rate of 15% for the six months ended 30 June 2024 and 2023.

The 15% preferential tax rate applicable to HNTE is subject to renewal approval jointly by the relevant authorities, upon expiry of the three-year grant period, according to the then prevailing income tax regulations.

(iii) Small and Micro Enterprise ("SME")

According to the PRC income tax law and its relevant regulations issued in 2019 and renewed policy issued in 2023, entities that qualified as SME are entitled to a preferential income tax rate of 5% for taxable income less than RMB3,000,000.

During the periods ended 30 June 2024 and 2023, certain subsidiaries of the Group are qualified as small and low profit enterprise and enjoyed a preferential tax rate of 5%, whereas applicable.

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

6 INCOME TAX (CONTINUED)

Hong Kong profit tax

During the six months ended 30 June 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 Hong Kong Dollar ("HKD") 2 million or 16.50% of the taxable profit exceeding HKD2 million.

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the adjusted profit attributable to ordinary equity shareholders of the parent of RMB94.8 million (six months ended 30 June 2023: RMB79.5 million) and the weighted average of 164,707,000 ordinary shares (2023: 166,000,000 shares) in issue during the interim period.

The profit attributable to unvested restricted domestic shares issued by the Company and the number of these shares have been excluded from the calculation of basic earnings per share.

(b) Diluted earnings per share

For the six months ended 30 June 2024, there are no dilutive potential ordinary shares, and therefore, the amounts of diluted earnings per share are the same as basic earnings per share. The unvested restricted domestic shares which subject to performance condition issued by the Company is anti-dilutive for the period.

For the six months ended 30 June 2023, the calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the parent of RMB80.5 million and the weighted average number of ordinary shares of 169,000,000 shares. The unvested restricted domestic shares which subject to performance condition and did not yet achieve at the end of the period were excluded from the calculation of dilutive earnings per share for the period.

The effect of outstanding employee share purchase plan issued by the subsidiaries is anti-dilutive for the six months ended 30 June 2024 and 2023, therefore is not included in the calculation of diluted earnings per share of the Company.

8 TRADE AND OTHER RECEIVABLES

	At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
Receivables from third parties	70,862	121,599
Receivables from related parties	4,137	2,625
Less: losses allowance on trade receivables	<u>(642)</u>	<u>(1,305)</u>
Trade and bills receivables, net	74,357	122,919
Deposit for construction project	403	403
Others	4,400	1,892
Less: losses allowance on other receivables	<u>(32)</u>	<u>(21)</u>
Trade and other receivables, net	<u><u>79,128</u></u>	<u><u>125,193</u></u>

(a) Ageing analysis

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

	At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
Within 3 months	67,438	113,866
3 to 6 months	4,928	5,673
6 to 9 months	<u>1,991</u>	<u>3,380</u>
	<u><u>74,357</u></u>	<u><u>122,919</u></u>

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

9 TRADE AND OTHER PAYABLES

	At 30 June	At 31 December
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	37,018	32,854
Payroll payables	30,048	40,869
Payables for purchase of property, plant and equipment	50,705	66,418
Amounts due to related parties	220	179
Others	30,456	35,853
	<hr/>	<hr/>
Total trade and other payables	148,447	176,173
	<hr/> <hr/>	<hr/> <hr/>

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

(a) Ageing analysis

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

	At 30 June	At 31 December
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	33,982	25,912
3 to 6 months	1,283	3,490
6 months to 1 year	78	1,611
Over 1 year	1,675	1,841
	<hr/>	<hr/>
	37,018	32,854
	<hr/> <hr/>	<hr/> <hr/>

10 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

	30 June 2024		31 December 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 period/year	171,000	171,000	168,000	168,000
Shares issued during the period/year (<i>note</i>)	5,000	5,000	3,000	3,000
At the end of the period/year	<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 the end of the period/year	<u>176,000</u>	<u>176,000</u>	<u>171,000</u>	<u>171,000</u>

Note: The Company issued 5,000,000 shares at a price of RMB12.00 per share to the participants under restricted share scheme during the six months period ended 30 June 2024, of which, RMB5 million was recorded under share capital and the remaining of RMB55 million was charged to capital reserve.

10 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(b) Purchase of own shares

During the six months ended 30 June 2024, the Company repurchased its own shares on The Stock Exchange of Hong Kong Limited as follows:

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

During the year ended 31 December 2023, the Company repurchased its own shares on The Stock Exchange of Hong Kong Limited as follows:

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

(c) Dividends

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

	<u>Six months ended 30 June</u>	
	<u>2024</u>	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Final dividend in respect of the previous financial year, approved and paid during the interim period, 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 six months ended 30 June 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.

11 ACQUISITION OF INTERESTS IN SUBSIDIARIES

During the six months ended 30 June 2024, the Company entered into below equity interest transfer agreements with the non-controlling shareholders to acquire additional equity interest in its subsidiaries.

- (a) On 18 January 2024, the Company, the individual shareholders, Shanghai Qimu Medical Instruments Co., Ltd.* 上海七木醫療器械有限公司 (“**Shanghai Qimu**”) and Shanghai Puhui Medical Instruments Co., Ltd.* 上海璞慧醫療器械有限公司 (“**Shanghai Puhui**”) entered into equity interest transfer agreements. Pursuant to these agreements, the Company agreed to purchase a total of approximately 36.67% equity interest in Shanghai Qimu and 4.70% equity interest in Shanghai Puhui at a total consideration of RMB15.1 million and RMB3.8 million, respectively.
- (b) On 23 February 2024, the Company, Int Fund and Mr. Ke Wei (柯偉) and Shanghai Healing entered into an equity interest transfer agreement. Pursuant to this agreement, the Company agreed to purchase a total of approximately 5.00% equity interest in Shanghai Healing from the Int Fund and Mr. Ke Wei at a total consideration of RMB60.1 million. As disclosed in the Company’s annual financial statements for the year ended 31 December 2023, Int Fund and Mr. Ke Wei (柯偉) have been granted certain preferred rights (include anti-dilution right, liquidation preferences and valuation adjustment rights) in accordance with the shareholder agreement. Upon the completion of this transaction, both Int Fund and Mr. Ke Wei will cease to be shareholders of Shanghai Healing and all preferred rights granted to them are terminated automatically.

The consideration of above transactions was determined with reference to the comparable market transactions during the period. These transactions were completed during the six months ended 30 June 2024. As at 30 June 2024, the Company’s equity interests in Shanghai Qimu, Shanghai Puhui, Shanghai Healing were 90.00%, 58.96%, 61.36%, respectively (31 December 2023: 53.33%, 54.26%, 56.36%, respectively).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

We are a leading Chinese cardiovascular interventional device manufacturer as well as one of the few medical device groups that cover the entire industry chain from design and development of mold and equipment, product injection, product assembly, product packaging to sterilisation in the PRC. Our major products are primarily used for cardiovascular surgeries.

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

The Group’s revenue in the Reporting Period was approximately RMB392.32 million, representing an increase of approximately 15.47% or approximately RMB52.56 million as compared to approximately RMB339.76 million for the six-month period ended 30 June 2023.

Comprehensive medical device registration certificates

During the Reporting Period, the Group has obtained 5 National Medical Products Administration of China (“NMPA”) registration certificates for Class III medical devices, 7 Provincial and Municipal Medical Products Administration (“PMMPA”) registration certificates for Class II medical devices, 2 CE certificates and 2 United States Food and Drug Administration (“FDA”) approvals. As at 30 June 2024, we have an aggregate of 30 NMPA registration certificates for Class III medical devices, 55 PMMPA registration certificates for Class II medical devices, 25 CE certificates and 20 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 30 June 2024, we had 364 registered patents, 199 patents under application and 16 registered software copyrights.

Extensive distribution and sales network

We have an extensive distribution network and have developed and maintained stable relationships with our distributors. As at 30 June 2024, our PRC distributors cover 23 (31 December 2023: 23) provinces, 4 (31 December 2023: 4) directly-administered municipalities and 5 (31 December 2023: 5) autonomous regions in the PRC, and covering 2,795 (31 December 2023: 2,660) domestic hospitals in the PRC. In addition, we had 255 (31 December 2023: 226) overseas customers covering over 83 (31 December 2023: 77) countries and regions.

ACTIVITIES REVIEW

Subsidiaries

As at 30 June 2024, the Group had 17 (31 December 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 production of medical devices.

Change of Company name, stock short name and Company's website

Reference is made to the announcement of the Company dated 16 January 2024 in relation to, among others, the change of Company name, stock short name and Company's website. The Board announced that, following the approval of, among others, the proposed change of Company name and the proposed amendments to the articles of association of the Company by the shareholders of the Company (the “**Shareholders**”) at the 2023 first extraordinary general meeting, the relevant approval, licenses and consents have been obtained and all filings and registration procedures in the PRC have 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 the existing 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 existing English name of the Company from “Shanghai Kindly Medical Instruments Co., Ltd.” to “Shanghai INT Medical Instruments Co., Ltd.” took effect on the same day. The Registrar of Companies in Hong Kong 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 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. The stock code of the Company on the Stock Exchange remained 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 will be repurchased by the Company from Huaige Int and approximately 1.2% equity interest in the Target Company will be repurchased by the Company from Mr. Ke Wei (柯偉) at the total consideration of RMB60,081,753.42 (the “**Repurchases**”). Upon completion of the Repurchases, the Target Company will be owned as to approximately 61.36% by the Company. The Board considered that the Repurchases is 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 does not exceed 5%, the Repurchases in aggregate are exempted from the reporting and announcement requirements under Chapter 14 of 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 has 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.

OUTLOOK FOR THE SECOND HALF OF 2024

The Group will continue to deeply develop various fields of medical devices, and orderly promote the Company's strategic planning and business layout. Looking forward to the second half of 2024, we will (1) fully leverage on our brand recognition and sales distribution network to further expand our market share, in particular our overseas market and strengthen the Company's brand building and enhance brand value; (2) further develop the product pipeline, allocate more resources for research and development, further progress on the research and development of the core product pipeline and obtaining approvals for new products; and (3) further enhance automation and scale production.

FINANCIAL REVIEW

Revenue

The Group's revenue in the Reporting Period was approximately RMB392.32 million, representing an increase of approximately 15.47% or approximately RMB52.56 million as compared to approximately RMB339.76 million for the six-month period ended 30 June 2023. The increase was mainly due to the growth in sales volume of interventional medical devices and the growth in sale volume of medical accessories.

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 RMB345.48 million (six-month period ended 30 June 2023: RMB289.93 million), representing an increase of 19.16% as compared to those of the six-month period ended 30 June 2023, and the revenue generated from sales of medical accessories in the Reporting Period was approximately RMB26.74 million (six-month period ended 30 June 2023: RMB20.39 million), representing an increase of 31.14% as compared to those of the six-month period ended 30 June 2023. In addition to the existing self-made products, the agent business contributed revenue of RMB14.82 million during the Reporting Period (six-month period ended 30 June 2023: RMB28.57 million), representing a decrease of 48.13% as compared to those of the six-month period ended 30 June 2023.

Cost of Sales

The Group's cost of sales in the Reporting Period was approximately RMB145.55 million, representing an increase of approximately 4.40% or approximately RMB6.14 million as compared to approximately RMB139.41 million for the six-month period ended 30 June 2023.

Gross Profit and Gross Profit Margin

During the Reporting Period, the Group's Gross profit margin increased from 58.97% for the six-month period ended 30 June 2023 to 62.90% for the six-month period ended 30 June 2024. The Group's gross profit was approximately RMB246.77 million, as compared to approximately RMB200.35 million for the six-month period ended 30 June 2023. The increase was mainly due to the increase in volume of sales of the interventional medical devices.

Other Income

During the Reporting Period, other income of the Group was approximately RMB23.94 million, representing a increase of approximately 5.05% or approximately RMB1.15 million as compared to approximately RMB22.79 million for the six-month period ended 30 June 2023.

Finance Costs

During the Reporting Period, the finance cost of the Group was approximately RMB1.03 million as compared to approximately RMB1.21 million for the six-month period ended 30 June 2023. The finance costs were interests arising from bank loans and lease liabilities.

Distribution Costs

The distribution costs of the Group in the Reporting Period were approximately RMB33.61 million, increased by approximately 1.79% or approximately RMB0.59 million as compared to approximately RMB33.02 million for the six-month period ended 30 June 2023. It constituted 8.57% of the total revenue as compared to 9.72% for the six-month period ended 30 June 2023.

Administrative Expenses

The administrative expenses of the Group in the Reporting Period were approximately RMB55.22 million, increased by approximately 51.74% or approximately RMB18.83 million as compared to approximately RMB36.39 million for the six-month period ended 30 June 2023, due to depreciation, amortization, additional taxes and fees for the research and development center in Shanghai.

Research and Development Expenses

The total research and development expenses of the Group during the Reporting Period was approximately RMB85.93 million (for the six months ended 30 June 2023: RMB86.53 million), of which, expensed research and development expenditure was approximately RMB70.75 million (for the six months ended 30 June 2023: RMB64.59 million), and capitalized research and development expenditure was approximately RMB15.18 million (for the six months ended 30 June 2023: RMB21.94 million). The rise of expensed research and development expenditure 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 Group's income tax expenses in the Reporting Period was approximately RMB11.57 million, representing an increase of approximately 46.27% or approximately RMB3.66 million as compared to approximately RMB7.91 million for the six-month period ended 30 June 2023. The effective income tax rate was 10.45% for the Reporting Period as compared to 8.95% for the six-month period ended 30 June 2023. It was mainly due to the consumption of tax shield.

Profit for the period

The Group's profit for the Reporting Period was approximately RMB99.18 million, representing an increase of approximately 23.19% as compared to approximately RMB80.51 million for the six-month period ended 30 June 2023, which changes were in line with the growth of gross profit.

LIQUIDITY AND FINANCIAL RESOURCES

The Group has maintained a sound financial position during the Reporting Period. As at 30 June 2024, the Group's cash and cash equivalents amounted to approximately RMB330.64 million (31 December 2023: RMB423.67 million). For the six-month period ended 30 June 2024, net cash flow from operating activities of the Group amounted to approximately RMB104.82 million (six-month period ended 30 June 2023: RMB66.19 million).

The Group recorded total current assets of approximately RMB647.23 million as at 30 June 2024 (31 December 2023: approximately RMB724.29 million) and total current liabilities of approximately RMB239.81 million as at 30 June 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 2.70 as at 30 June 2024 (31 December 2023: approximately 2.29).

BORROWINGS AND GEARING RATIO

The Group has approximately RMB51.54 million loan borrowed from bank in the PRC as at 30 June 2024. As such, the gearing ratio is 4.00% (31 December 2023: 5.65%).

CAPITAL STRUCTURE

Total equity attributable to equity shareholders of the Company amounted to approximately RMB1,678.66 million as at 30 June 2024 as compared to approximately RMB1,649.24 million as at 31 December 2023.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six-month period ended 30 June 2024.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

Upon completion of the Global Offering, the Company raised net proceeds of approximately RMB797.62 million (after deducting the listing fees and other expenses). As at 30 June 2024, the Company has utilized approximately RMB749.12 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 <i>(RMB million)</i>		After revision/ unutilized net proceeds as at 1 January 2024 <i>(RMB million)</i>	Utilized net proceeds during the Reporting Period <i>(RMB million)</i>	Utilized net proceeds up to 30 June 2024 <i>(RMB million)</i>	Unutilized net proceeds up to 30 June 2024 <i>(RMB million)</i>	Expected timeline of full utilization of the unutilized net proceeds
	<i>(Approximate percentage)</i>						
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	10.33	94.20	15.87	December 2024
Expand our distribution network and coverage, collaborate with local distributors and intensify our marketing efforts	13.00	1.63%	–	–	13.00	–	Not applicable
General corporate purposes and fund our working capital	79.84	10.01%	–	–	79.84	–	Not applicable
Zhuhai Derui New Factory Project	110.00	13.79%	–	–	110.00	–	Not applicable
Construction of the Shandong INT Innovative Medical Instruments Industrial Park	156.33	19.60%	56.54	23.91	123.70	32.63	December 2024
Total	797.62	100.00%	82.74	34.24	749.12	48.50	

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

EMPLOYEE REMUNERATION AND RELATIONS

As at 30 June 2024, the Group had a total of 1,727 employees, comparing to 1,567 employees as at 31 December 2023. The total cost of employees for the Reporting Period amounted to approximately RMB147.92 million (six-month period ended 30 June 2023: approximately RMB132.87 million). The Group provides employees with competitive remuneration and benefits, and the Group's remuneration policies are formulated according to the assessment of individual performance and are periodically reviewed. The Group has adopted three share schemes, including the Share Incentive Scheme, the 2023 Share Incentive Scheme and the H Share Award and Trust Scheme to recognize the contributions of certain employees and help in retaining them for the Group's operation and further development. The Group also provides training programs to employees, including new hire training for new employees and continuing technical training primarily for our research and development team to enhance their skill and knowledge.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Reporting Period, the trustee of the H Share Award and Trust Scheme repurchased 800,000 (during the year ended 31 December 2023: approximately 892,800) H Shares on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") to satisfy the grant of awards pursuant to the H Share Award and Trust Scheme. No awards was granted as at 30 June 2024.

As at 30 June 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 30 June 2024 and 31 December 2023, the Group had below significant investments (all of which are minority stake investments).

	At 30 June 2024					At 31 December 2023				
	Percentage of interests %	Cost of Investment RMB'000	Fair Value RMB'000	Accumulated gain RMB'000	Dividend Received RMB'000	Percentage of interests %	Cost of investment RMB'000	Fair Value RMB'000	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	68,094	18,094	-	15.83	50,000	66,383	16,383	-
Shanghai Huaige Int Start-up Investment Limited Partnership (L.P.)* (上海懷格瑛泰創業投資合夥企業(有限合夥)) (the “Int Fund”)	25.00	50,000	64,291	14,291	-	25.00	50,000	62,051	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”)	12.14	25,000	31,852	6,852	-	12.14	25,000	27,762	2,762	-
Hainan Renze Zhenzhi Venture Capital Fund Partnership Enterprise (Limited Partnership)* (海南仁澤真寄創業投資基金合夥企業(有限合夥)) (the “Hainan Renze Fund”)	31.06	12,500	13,926	1,426	-	31.06	10,000	11,827	1,827	-
		<u>137,500</u>	<u>178,163</u>	<u>40,663</u>	<u>-</u>		<u>135,000</u>	<u>168,023</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 in the Reporting Period.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

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

CONTINGENT LIABILITIES

As at 30 June 2024 and 31 December 2023, the Group did not have any material contingent liabilities.

FINANCIAL INSTRUMENTS

As at 30 June 2024, the Group did not have any financial derivative instruments (31 December 2023: approximately RMB0.49 million).

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 RMB82.28 million for the Reporting Period.

FOREIGN EXCHANGE RISK

During the Report Period, the Group’s operations were primarily based in the PRC. The Group’s assets, liabilities and transactions in the PRC are denominated in RMB, while overseas assets and transactions are mainly denominated in US Dollars. There were currency fluctuations among US Dollars, Euro, RMB and Hong Kong Dollars during the Reporting Period, the Group’s operational results and financial condition may be affected by changes in the exchange rates. As the Group reasonably arranges the currency structure, which effectively reduces foreign exchange risk, the Directors believe that there is no significant foreign exchange risk to the Group at the current stage. Therefore, the Group had not implemented any formal hedging or other alternative policies to deal with such exposure during the Reporting Period. The Group will continuously monitor its foreign exchange exposure and will consider hedging of foreign currency risk should the need arise.

CHARGE ON GROUP ASSETS

As at 30 June 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 30 June 2024 not provided for in the financial statements amounted to approximately RMB49.70 million (31 December 2023: RMB80.70 million). The Group’s outstanding capital commitment contracted for at 30 June 2024 not provided for in the financial statements amounted to approximately RMB73.59 million (31 December 2023: RMB72.08 million).

MATERIAL EVENTS AFTER THE REPORTING PERIOD

There were no material 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 Issuers (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 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), 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 unaudited interim results for the Reporting Period and confirms that the applicable accounting principles, standards and requirements have been complied with, and that adequate disclosures have been made. The Audit Committee has also discussed the risk management, internal control and financial reporting matters.

INDEPENDENT REVIEW OF INTERIM FINANCIAL REPORT

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

PUBLICATION OF THE INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) as well as the website of the Company (www.int-medical.com). The Group’s 2024 interim report will be made available to the Shareholders and will be published on the aforementioned websites in due course.

APPRECIATION

Lastly, I would like to thank all the staff and the management team for their hard work during the Reporting Period. I would also like to express heartfelt gratitude to all of our users and business partners on behalf of the Group, and wish for their continuous support in the future. We will keep working closely with the 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
19 August 2024

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

* *For identification purposes only*