

**IPO FACT SHEET**
**Shanghai Kindly Medical Instruments Co., Ltd. (1501)**
**ISSUE STATISTICS**

<b>Offer Size:</b>	HK\$804m – HK\$832m
<b>Placement Tranche:</b>	40m H Shares
<b>Price:</b>	HK\$20.10 – HK\$20.80
<b>Board lot:</b>	200
<b>Entry fee:</b>	HK\$4,201.92
<b>Historical PE</b>	48.5x – 50.2x
<b>Net tangible asset per share:</b>	HK\$7.06 – HK\$7.23
<b>Market Cap (post-IPO):</b>	HK\$3,216m – HK\$3,328m
<b>Open:</b>	28 Oct 2019
<b>Close:</b>	12.00 noon on 31 Oct 2019
<b>Trading:</b>	08 Nov 2019
<b>Sponsor:</b>	BOCOM International (Asia) Limited

Year ended 31 Dec	(RMB'000)	yoy % chg
Revenue		
2017	137,551	29.2%
2018	203,059	47.6%
Profit for the year/period		
2017	40,770	19.9%
2018	58,236	42.8%

**BACKGROUND**

- The Group is a leading Chinese cardiovascular interventional device manufacturer.
- Their major products are primarily used for cardiovascular surgeries, in particular PCI procedures, including inflation device, introducer set, guidewire, pressure bandage, Y connector pack, pressure extension tube, manifold and angiography catheter.
- According to Frost & Sullivan, they ranked first in the PRC PCI supporting device market among domestic brands (seventh among all brands with a 3.1% market share), and second in the PRC coronary interventional device market among domestic brands (tenth among all brands with a 1.8% market share), both in terms of sales revenue in 2018.
- As of the Latest Practicable Date, they had 62 registered patents, 75 patents under application and five registered software. In addition, they had obtained 15 NMPA registration certificates for Class III medical devices and 12 Shanghai MPA registration certificates for Class II medical devices. As of the Latest Practicable Date, they had 28 CE approved products and 10 FDA approved products.

**BUSINESS STRATEGIES**

- Expand production capacity to meet growing market demand.
- Continue to develop and commercialize existing pipeline products, as well as to further expand their product offerings.
- Pursue strategic acquisitions and partnerships in start-up projects and distributors.
- Consolidate cooperation with doctors, hospitals and research institutions to enhance their research and development capabilities.

**COMPETITIVE STRENGTHS**

- Leading market position for cardiovascular interventional devices in China with strong reputation and market recognition.
- Established leader in fast-growing medical device market in China that benefits from favorable policies.
- Strong in-house research and development capabilities to expand their product lines and enter into new intervention areas.
- Broad portfolio covering major medical devices necessary for cardiovascular interventional surgeries.
- Established marketing and distribution network covering major regions across China and around the world.
- Visionary and dedicated management team supported by energetic and cohesive talent pool.

#### KEY RISKS

- The medical device industry is highly regulated in China and other countries where their products are exported.
- The medical device industry in China is rapidly evolving and highly competitive.
- They are dependent on sales of interventional medical devices.
- They may not be able to maintain or renew all the permits, licenses and certificates required for their business, and if they fail any inspections, examinations, audits or reviews by the relevant regulatory authorities, their reputation will be damaged and they may be subject to fines or other penalties.
- Aspects of the impending healthcare reform in China may adversely affect their business. If the Chinese government decides to impose stronger price controls over their products, their results of operations would be materially and adversely affected.
- They may be unable to effectively manage their network of distributors.
- They may not be able to develop and successfully market new and advanced products in a timely manner or at all and they may not be able to price their new products at a favorable level.

#### DIVIDEND POLICY

- Company's accumulated profit to be distributed in cash for fiscal years 2019 and 2020 is expected to be not less than 30% of the annual distributable profit.

#### USE OF PROCEEDS

	HK mn	As a percentage of gross proceeds from the Invitation
Set up a research and development center and an additional production facility in Jiading, Shanghai, including HK\$64.8 million for intending to acquire a new plot of land with 13,330 square meters, obtaining relevant approvals and designing, and HK\$127.4 million for constructing the foundation and structures of new facilities on the land and HK\$61.7 million for furnishing of such new facilities.	253.9	34.1%
Develop and commercialize existing pipeline products to further expand their product offerings.	107.2	14.4%
Purchase additional and replacement of existing production equipment and automate production lines.	102.7	13.8%
Expand their distribution network and coverage, collaborate with local distributors and intensify their marketing efforts.	64.8	8.7%
Fund potential strategic investments including acquisition, partnership and license-in.	145.9	19.6%
General corporate purposes and fund their working capital.	70.0	9.4%
<b>Total:</b>	<b>744.5</b>	<b>100.0%</b>

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