



Honliv Healthcare Management Group Company Limited

宏力醫療管理集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 9906

INTERIM REPORT 2025





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DEFINITIONS

In this interim report, unless the context otherwise requires, the following expressions shall have the following meanings.

"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of Directors
"Chairman"	the chairman of our Board
"China" or "PRC"	the People's Republic of China, which, for the purpose of this interim report and for geographical reference only, excludes Hong Kong, Macau and Taiwan
"Company" or "our Company"	Honliv Healthcare Management Group Company Limited (宏力醫療管理集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 6 January 2016
"Concert Party Agreement"	the concert party agreement between Mr. Qin Yan, Mr. Qin Hongchao, Sunny Rock and Rubrical Investment dated 10 December 2019
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Corporate Governance Code"	the "Corporate Governance Code" as contained in Appendix C1 to the Listing Rules (in effect as of 30 June 2025)
"Director(s)"	the director(s) of the Company or any one of them
"Global Offering"	the global offering of the Shares, details of which are set forth in the Prospectus
"Group", "our Group", "our", "we", or "us"	our Company and its subsidiaries or, where the context so requires in respect of the period before our Company became the holding company of our present subsidiaries, the present subsidiaries of our Company and the businesses carried on by such subsidiaries or (as the case may be) their predecessors
"Henan Honliv Hospital" or "the Hospital" or "our Hospital"	Henan Honliv Hospital Co., Ltd.* (河南宏力醫院有限公司), a limited liability company established in the PRC on 24 May 2004
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK dollars" or "HKD" or "HK\$"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Independent Third Party" or "Independent Third Parties"	a person or entity who is not a connected person of the Company under the Listing Rules
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange

DEFINITIONS

"Listing Date"	13 July 2020, on which the Shares were listed and from which dealings therein were permitted to take place on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
"Model Code"	the "Model Code for Securities Transactions by Directors of Listed Issuers" as set out in Appendix C3 to the Listing Rules
"Prospectus"	the prospectus of the Company dated 24 June 2020
"Reporting Period"	the six months ended 30 June 2025
"RMB"	Renminbi, the lawful currency of the PRC
"Rubrical Investment"	Rubrical Investment Limited, a company incorporated in the BVI on 17 November 2015, wholly owned by Mr. Qin Hongchao, and a Controlling Shareholder and hence a connected person of the Company
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	share(s) with par value of HK\$0.0001 each in the share capital of our Company
"Shareholder(s)"	holder(s) of the Share(s)
"Share Option Scheme"	the share option scheme adopted by the written resolutions of the Shareholders of the Company passed on 17 June 2020
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subsidiaries"	has the meaning ascribed thereto in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
"Substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Sunny Rock"	Sunny Rock Capital Limited, a company incorporated in the BVI on 17 November 2015, wholly owned by Mr. Qin Yan, a Controlling Shareholder, and hence a connected person of the Company
"US dollars" or "USD" or "US\$"	United States dollars, the lawful currency of the United States of America
"%"	per cent

* Denotes English translation of the Chinese names of companies, entities, laws or regulation and is provided for identification purposes only

CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS:

Mr. Qin Yan (秦岩) (*President and Chairman*)
Mr. Wang Zhongtao (王忠濤)
Ms. Li Yanhong (李艷紅)

NON-EXECUTIVE DIRECTOR:

Mr. Qin Hongchao (秦紅超)

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Mr. Zhao Chun (趙淳)
Mr. Sun Jigang (孫冀剛)
Mr. Jiang Tianfan (江天帆)

AUDIT COMMITTEE

Mr. Sun Jigang (孫冀剛) (*Chairman*)
Mr. Zhao Chun (趙淳)
Mr. Jiang Tianfan (江天帆)

REMUNERATION COMMITTEE

Mr. Jiang Tianfan (江天帆) (*Chairman*)
Mr. Zhao Chun (趙淳)
Mr. Sun Jigang (孫冀剛)

NOMINATION COMMITTEE

Mr. Zhao Chun (趙淳) (*Chairman*)
Mr. Sun Jigang (孫冀剛)
Mr. Jiang Tianfan (江天帆)
Ms. Li Yanhong (李艷紅)
(appointed on 28 March 2025)

REGISTERED OFFICE

Campbells Corporate Services Limited
Floor 4, Willow House
Cricket Square
Grand Cayman KY1-9010
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 8, Bo Ai Road (South)
Changyuan County
Henan Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1922, 19/F, Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

AUTHORISED REPRESENTATIVES

Mr. Qin Yan (秦岩)
Ms. Yeung Siu Lam (楊兆琳)

JOINT COMPANY SECRETARIES

Ms. Wang Xiaoyang (王曉陽)
Ms. Yeung Siu Lam (楊兆琳)

AUDITOR

PricewaterhouseCoopers
*Certified Public Accountants and
Registered Public Interest Entity Auditor*
22/F, Prince's Building
Central
Hong Kong

LEGAL ADVISER

As to Hong Kong law:
O'Melveny & Myers
31/F, AIA Central
1 Connaught Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Campbells Corporate Services Limited
Floor 4, Willow House
Cricket Square
Grand Cayman KY1-9010
Cayman Islands

CORPORATE INFORMATION

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre, 183 Queen's Road East, Wan Chai
Hong Kong

PRINCIPAL BANKERS

In Hong Kong:

Standard Chartered Bank (Hong Kong) Limited
Standard Chartered Bank Building
4–4A Des Voeux Road Central
Hong Kong

In the PRC:

Industrial and Commercial Bank of China Limited,
Changyuan County Branch
111 Gui Ling Avenue
Changyuan County
Xinxiang City
Henan Province
PRC

COMPANY WEBSITE

www.honlivhp.com

STOCK CODE

9906

LISTING DATE

13 July 2020

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW AND PROSPECTS

In accordance with the latest policy guidance and market dynamics, the private hospital industry will exhibit a development trend of concurrent “quality upgrading” and “structural optimization”, facing both unprecedented opportunities and severe challenges. On the one hand, policy dividends continue to be released, technological empowerment becomes increasingly remarkable, and the development paths of specialization, digitization, and high — end orientation are more distinct. On the other hand, challenges such as stricter medical insurance cost control, intensified talent competition, and the expansion of public hospitals cannot be overlooked.

Policy aspect: The focus has shifted from relaxed market access to equal emphasis on regulation and support. Requirements such as DRG/DIP payment reforms, rating management, and international certification have raised the industry’s access threshold. Meanwhile, policies encouraging differentiated positioning have provided private hospitals with room to avoid direct competition with public hospitals.

Market aspect: The shift from homogeneous competition to differentiated development is underway. Driven by consumption upgrading and aging demographics, demand for high-end medical services and integrated medical-nursing care is growing rapidly. The integration of internet-based healthcare with traditional services is deepening, while regional development is expanding from coastal agglomerations to the central and western regions.

Technical aspect: Digital transformation has shifted from an option to a necessity. Smart medical technologies such as AI-assisted diagnosis, surgical robots, and electronic medical record systems have become core competitive edges. Technological empowerment not only improves efficiency and quality but also expands service boundaries and innovation horizons.

Capital aspect: The investment logic has shifted from scale expansion to value-based healthcare. Capital now favors tracks such as specialized chain operations, emerging specialties, and smart healthcare, imposing higher requirements on compliance capabilities, technological barriers, and brand effects.

In the face of such a complex landscape, the Group will formulate a systematic strategic response plan to seize opportunities amid changes:

Specialized Deep Cultivation Strategy: Under the general hospital model, focus on advantageous specialized fields to build differentiated competitiveness.

Intelligent Transformation Strategy: Take digitalization as the core driver to enhance medical quality and operational efficiency, and increase the application of technologies such as AI, big data, and telemedicine in phases.

Brand Building Strategy: Integrate brand development with the improvement of medical quality through international certifications like JCI/DNV, participation in public health events, and transparent operations.

Talent System Innovation Strategy: Seize the opportunity of relaxed policies on multi-site practice for physicians to build a more open physician cooperation network.

Social Responsibility Enhancement Strategy: Proactively participate in public health services, counterpart support, and public welfare undertakings, integrating social responsibility into the institution’s development strategy.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group will view current challenges from a strategic perspective and convert pressures into impetus for transformation and upgrading. It will proactively integrate into the overall development landscape, continuously enhance its service standards and management capabilities. Against the backdrop of the country's sustained efforts to advance the Healthy China initiative and encourage the development of social medical services, the Group will pinpoint its positioning, strengthen its internal capabilities, and achieve a fundamental shift from quantitative expansion to qualitative improvement, ultimately gaining patients' recognition, society's respect, and market success.

BUSINESS REVIEW

For the six months ended 30 June 2025, the Group's consolidated revenue was RMB346.8 million, representing a decrease of RMB68.4 million or 16.5% as compared with the consolidated revenue of RMB415.2 million for the six months ended 30 June 2024.

For the six months ended 30 June 2025, the number of outpatient visits of the Group was 717,563, representing a decrease of 31,158 visits or 4.2% as compared with 748,721 outpatient visits for the six months ended 30 June 2024.

For the six months ended 30 June 2025, the number of inpatient visits of the Group was 22,811, representing a decrease of 6,407 visits or 21.9% as compared with 29,218 inpatient visits for the six months ended 30 June 2024.

The decrease in the number of outpatient visits as well as inpatient visits is mainly due to the following reasons:

1. The overall number of patients has decreased due to comprehensive social factors. For example, the decline in the number of women of childbearing age and changes in fertility intentions have led to a reduction in the number of newborns.
2. Under the new medical reform policies, some patients have shifted their medical treatment to primary-level institutions. For instance, the registration of chronic disease patients has been distributed among various hospitals in the region.
3. As the medical industry is undergoing a transformation from extensive operation to refined management, the hospital has adopted various effective measures to ensure the sustainable development of its services to the greatest extent.
4. In response to changes in medical demand, a variety of specialized clinics have been set up to develop towards the direction of "small-scale, specialization and excellence". For example, the Vertigo Center and VTE Prevention and Treatment Center have met patients' medical needs.
5. Clinical departments have closely cooperated with disease census activities. For example, the thoracic surgery department has taken free lung nodule census as a key measure to achieve early detection and treatment, resulting in a counter-trend growth in the number of outpatient visits and inpatient visits.
6. Based on the characteristics of diseases, the development ideas have been adjusted. On the premise of ensuring medical quality, the ratio of outpatient services to inpatient visits in the specialty has been adjusted, leading to a significant increase in the number of outpatient visits.

MANAGEMENT DISCUSSION AND ANALYSIS

Hospital Services

Henan Honliv Hospital provides hospital services on behalf of the Group. During the Reporting Period:

1. The total number of inpatient visits amounted to 22,811 (as of 30 June 2024: 29,218), representing a year-on-year decrease of 21.9%.
2. The average cost per inpatient visit amounted to RMB5,269.5 (as of 30 June 2024: RMB6,498.2), representing a year-on-year decrease of 18.9%.
3. The total number of outpatient visits amounted to 717,563 (as of 30 June 2024: 748,721), representing a year-on-year decrease of 4.2%.
4. The average cost per outpatient visit amounted to RMB310.4 (as of 30 June 2024: RMB300.4), representing a year-on-year increase of 3.3%.

The following table sets out certain key operating information of the Group's hospital services for the periods indicated:

	as of 30 June		
	2025	2024	Changes%
Outpatient visits	717,563	748,721	-4.2
Average cost per outpatient visit (RMB)	310.4	300.4	3.3
Inpatient visits	22,811	29,218	-21.9
Average cost per inpatient visit (RMB)	5,269.5	6,498.2	-18.9
Number of beds in operation as of the end of the relevant period	1,500	1,500	0
Average length of stay per inpatient visit (days)	9.7	8.8	10.2
Number of surgeries	5,733	6,316	-9.2

Revenue and Operational Analysis

I. Impact of the Macro Industry Environment

The current healthcare industry is facing unprecedented systemic challenges, with social medical institutions confronting particularly severe difficulties, which have directly impacted hospital operational performance.

1. Industry-wide downturn: The number of private hospitals shutting down nationwide in the first half of 2025 has exceeded 1,000, including several tertiary hospitals.
2. Impact of medical insurance policy reforms: The reform of DRG/DIP payment methods has exerted a profound influence on the revenue structure of hospitals.
3. Squeezing effect from regional hospital competition: The coverage rate of county-level compact medical alliances has surpassed 90%. Despite social medical institutions being part of these alliances, the public hospital-led alliances have accelerated the concentration of patients into the public hospital system.

MANAGEMENT DISCUSSION AND ANALYSIS

II. *Analysis of Changes in Revenue Structure*

1. Shrinkage in inpatient revenue: Inpatient revenue has decreased due to the dual decline in the number of inpatient visits and the average cost per visit. This is mainly because the hospital has taken active adjustments after the medical insurance DRG/DIP payment reform restricted reimbursement quotas.
2. Relatively stable outpatient revenue: Outpatient services have performed relatively steadily, as they are less affected by medical insurance policies and restrictions.

The changes in the revenue structure reflect the hospital's passive adjustments and active responses in the current medical environment.

III. *Cost and Operational Pressures*

Cost and operational pressures are significant factors contributing to the decline in performance.

1. Continuous rise in rigid costs: Rigid costs such as taxes, equipment updates, and salaries are constantly increasing.
2. Room for improvement in management efficiency: Refined management needs to be strengthened, and adjustments to the business structure need to adapt to policy changes.

IV. *Despite the various difficulties encountered in hospital operations, the Company has still adopted multiple measures to stabilize the patient source, ensure the normal operation of the hospital, and continuously seek breakthroughs:*

1. Guided by medical insurance policies and taking the construction of smart hospitals as a platform, analyze the different demands of outpatient and inpatient patients, and carry out refined classified diagnosis and treatment.
2. Carry out various quality control activities with medical safety as the main line to improve medical quality.
3. Expand service areas and deeply integrate into national general health service activities.
4. Set up specialized clinics for minor, sophisticated and specialized diseases to meet the medical needs of sub-healthy groups.
5. Continuously carry out various forms of medical service cooperation, establish multiple cooperation mechanisms such as online and offline, to make up for shortcomings.
6. Continuously tap the potential of nursing services, make up for the shortcomings in nursing services, and transform passive nursing services into active ones.
7. Continuously use various social media platforms to establish professional medical information release channels, effectively disseminate professional knowledge and enhance brand image.

MANAGEMENT DISCUSSION AND ANALYSIS

Continue to carry out research activities based on clinical practice, so as to facilitate the high-quality development of the hospital

As a medical institution committed to serving human health, the Group has continuously explored in the fields of medical research and hospital management. In the first half of 2025, hospitals under the Group applied for 30 new technologies and projects, including 13 new technologies and 17 new projects. All 13 new technologies have passed the review of the Ethics Committee. In addition, medical staff published 30 papers, among which 1 was an SCI article.

Pharmaceutical sales

The Group's pharmaceutical sales primarily come from direct sales of pharmaceuticals to patients. Pharmaceutical sales revenue for the Reporting Period was RMB138.8 million (for the six months ended 30 June 2024: RMB164.7 million), representing a year-on-year decrease of 15.8%.

FINANCIAL REVIEW

Revenues and Costs

During the Reporting Period, we generated our revenue from: (i) the provision of treatments and general healthcare services, including the sales of medical consumables and the provision of ancillary hospital services; (ii) the sales of pharmaceuticals to our patients, including both inpatients and outpatients; and (iii) the provision of postnatal care services. The following table sets forth the breakdown of our revenue for the period indicated:

	Six months ended 30 June			
	2025		2024	
	(RMB'000) (Unaudited)	% of revenue	(RMB'000) (Unaudited)	% of revenue
Treatments and general healthcare services	204,171	58.9%	250,041	60.2%
Pharmaceutical sales	138,774	40.0%	164,739	39.7%
Postnatal care services	3,875	1.1%	398	0.1%
Total	346,820	100.0%	415,178	100.0%

Revenue generated from the operation of Henan Honliv Hospital accounts for a large majority of our revenue. Revenue from our hospital can also be further categorised by source into revenue from the provision of healthcare services to inpatients and outpatients and revenue from the provision of postnatal care services. The following table sets forth a breakdown of revenue of our hospital by source for the period indicated:

	Six months ended 30 June			
	2025		2024	
	(RMB'000) (Unaudited)	% of revenue	(RMB'000) (Unaudited)	% of revenue
Outpatient healthcare services	222,742	64.2%	224,915	54.2%
Inpatient healthcare services	120,203	34.7%	189,865	45.7%
Postnatal care services	3,875	1.1%	398	0.1%
Total	346,820	100.0%	415,178	100.0%

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth a breakdown of the number of patient visits and the average spending per patient visit by segment for the periods indicated:

	Six months ended 30 June	
	2025 (Unaudited)	2024 (Unaudited)
Outpatient visits	717,563	748,721
Average spending per outpatient visit (RMB)	310.4	300.4
Inpatient visits	22,811	29,218
Average spending per inpatient visit (RMB)	5,269.5	6,498.2
Number of beds in operation as of the end of the relevant period	1,500	1,500

Our revenue from treatments and general healthcare services, pharmaceutical sales and postnatal care services in aggregate decreased by 16.5% from RMB415.2 million for the six months ended 30 June 2024 to RMB346.8 million for the six months ended 30 June 2025. The decrease in revenue was mainly attributable to the decrease in outpatient and inpatient visits and average spending per inpatient visit.

Our revenue from inpatient healthcare services decreased by 36.7% from RMB189.9 million for the six months ended 30 June 2024 to RMB120.2 million for the six months ended 30 June 2025. The decrease in revenue from inpatient healthcare services was mainly attributable to the decrease in inpatient visits and the average spending per inpatient visit, as well as the decrease in the estimated settlement rate of the inpatient services revenue subject to the determination of the medical insurance bureau.

Our revenue from outpatient healthcare services decreased by 1.0% from RMB224.9 million for the six months ended 30 June 2024 to RMB222.7 million for the six months ended 30 June 2025. The slight decrease in revenue from outpatient healthcare services was mainly attributable to the decrease in outpatient visits, which offset an increase in the average spending per outpatient visit.

Cost of Sales

Our cost of sales consists primarily of employee benefit expenses for doctors and other medical professionals, the cost of pharmaceuticals, the cost of medical consumables, the expenses on depreciation and amortisation, utility expenses, maintenance costs, office expenses and other costs.

Our cost of sales decreased by 12.4% from RMB343.6 million for the six months ended 30 June 2024 to RMB301.0 million for the six months ended 30 June 2025, mainly due to (i) a decrease in the cost of pharmaceuticals by RMB22.8 million for the six months ended 30 June 2025 as compared with the six months ended 30 June 2024; (ii) a decrease in employee benefits expenses by RMB13.5 million for the six months ended 30 June 2025 as compared with the six months ended 30 June 2024; (iii) a decrease in the cost of medical consumables by RMB9.2 million for the six months ended 30 June 2025 as compared with the six months ended 30 June 2024; and (iv) an increase in depreciation and amortisation expenses for the six months ended 30 June 2025 by RMB3.6 million as compared with the six months ended 30 June 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross Profit and Gross Profit Margin

Our gross profit decreased by 36.1% from RMB71.6 million for the six months ended 30 June 2024 to RMB45.8 million for the six months ended 30 June 2025, and our gross profit margin decreased from 17.3% for the six months ended 30 June 2024 to 13.2% for the six months ended 30 June 2025, which was mainly due to a slight decline in revenue and an increase in fixed costs such as depreciation and amortisation.

Other Expenses

Our other expenses consisted of depreciation of our investment properties. Our other expenses remained stable during the Reporting Period.

Administrative Expenses

Our administrative expenses primarily consisted of employee benefits expenses for administrative personnel, expenses on depreciation and amortisation, utility expenses, maintenance and office expenses and other expenses.

Our administrative expenses increased by 8.3% from RMB38.7 million for the six months ended 30 June 2024 to RMB41.9 million for the six months ended 30 June 2025, which was mainly due to the increase in employee benefit expenses and depreciation and amortisation expenses.

Net Finance Costs

Our net finance costs increased from RMB3.7 million for the six months ended 30 June 2024 to RMB4.2 million for the six months ended 30 June 2025, which was mainly due to the increase in foreign exchange losses during the Reporting Period.

Income Tax Credit/(Expense)

Our income tax expense decreased from RMB7.8 million for the six months ended 30 June 2024 to an income tax credit of RMB0.1 million for the six months ended 30 June 2025, which was mainly due to a decrease in our profit before tax and a recognition of deferred income tax assets in relation to the tax losses to the extent to be utilized in the coming five years.

(Loss)/Profit for the Period and Net (Loss)/Profit Margin

For the foregoing reasons, our profit for the period decreased from RMB20.3 million for the six months ended 30 June 2024 to the loss for the period of RMB0.7 million for the six months ended 30 June 2025. Our net profit margin and net loss margin for the six months ended 30 June 2024 and the six months ended 30 June 2025 was 4.9% and -0.2%, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

DISCUSSION OF ITEMS IN THE INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

Net Current Assets

Our net current assets increased by 142.0% from RMB4.6 million as at 31 December 2024 to RMB11.1 million as at 30 June 2025, such increase was mainly due to net cash generated from operating activities exceeding net cash used in financing activities.

Inventories

Our inventories decreased by 54.6% from RMB39.6 million as of 31 December 2024 to RMB18.0 million as of 30 June 2025, which was mainly due to the fact that the inventories reserved for the Spring Festival at the end of 2024 had been used up.

Trade Receivables

Our trade receivables decreased by 54.3% from RMB63.8 million as of 31 December 2024 to RMB29.1 million as of 30 June 2025, which was mainly due to the settlement of receivables from the medical insurance bureau.

Other Receivables and Prepayments

Our other receivables and prepayments decreased from RMB22.5 million as at 31 December 2024 to RMB1.6 million as at 30 June 2025. The balance during the Reporting Period decreased by RMB20.9 million, which was mainly due to the cash received during the Reporting Period from the transaction of sale of land-use rights entered into in 2024.

Indebtedness

Our borrowings decreased from RMB173.5 million as of 31 December 2024 to RMB134.9 million as of 30 June 2025. The balance during the Reporting Period decreased by RMB38.6 million, which was mainly due to partial repayment of borrowings during the Reporting Period.

Trade Payables

Our trade payables decreased from RMB100.7 million as of 31 December 2024 to RMB96.0 million as of 30 June 2025. The balance during the Reporting Period decreased by RMB4.7 million, which was mainly due to the increased payment during the Reporting Period.

Accruals, Other Payables and Provisions

Our accruals, other payables and provisions decreased from RMB107.8 million as of 31 December 2024 to RMB93.3 million as of 30 June 2025. The balance during the Reporting Period decreased by RMB14.5 million, which was mainly due to the increased payment of employee salaries and benefits during the Reporting Period.

Contingent Liabilities

As of 30 June 2025, we did not have any contingent liabilities or guarantees that would have a material effect on the Group's financial position or operations.

Lease Liabilities

As of 30 June 2025, the balance of our lease liabilities in respect of leased properties was approximately RMB1.1 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and Capital Resources

The following table sets forth information relating to the consolidated statements of cash flows for the period indicated:

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Net cash generated from operating activities	80,653	57,341
Net cash generated from/(used in) investing activities	9,022	(22,975)
Net cash used in financing activities	(61,346)	(13,962)
Net increase in the balance of cash and cash equivalents	28,329	20,404

Net Cash Flow Generated from Operating Activities

Our net cash flow generated from operating activities increased from RMB57.3 million for the six months ended 30 June 2024 to RMB80.7 million for the six months ended 30 June 2025, which was mainly due to the settlement of receivables from the medical insurance bureau during the Reporting Period.

Net Cash Flow Generated from/(Used in) Investing Activities

Our net cash flow generated from investing activities increased from an outflow of RMB23.0 million for the six months ended 30 June 2024 to an inflow of RMB9.0 million for the six months ended 30 June 2025, which was mainly due to the receipt of RMB19.1 million from the sale of land-use rights during the six months ended 30 June 2025.

Net Cash Flow Used in Financing Activities

Our net cash flow used in financing activities increased from RMB14.0 million for the six months ended 30 June 2024 to RMB61.3 million for the six months ended 30 June 2025. The increase was mainly due to (i) repayment of bank borrowings of RMB32.6 million during the Reporting Period, and (ii) an increase of approximately RMB17.4 million in the purchase of existing shares under the RSU Scheme compared to the previous period.

Financial Instruments

Our financial instruments consist of trade receivables, other receivables, cash and cash equivalents, bank borrowings, trade payables and other payables. The management of the Company manages and monitors these exposures to ensure that effective measures are implemented in a timely manner.

Exposure to Fluctuation in Exchange Rates

We deposit certain of our financial assets in foreign currencies, which mainly involve risks of fluctuations in the exchange rate of HKD and USD against RMB. We are exposed to foreign exchange risks accordingly.

We did not use any derivative financial instruments to hedge against our exposure to currency risks during the six months ended 30 June 2025. The management of the Company manages the currency risks by closely monitoring the movement of the foreign currency rates, and will consider hedging against significant foreign currency exposures should such need arise.

Liability-to-Asset Ratio

As of 30 June 2025, our liability-to-asset ratio (total liabilities divided by total assets) was 37.3% (as of 31 December 2024: 40.6%).

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 30 June 2025, the interests and short positions of Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) to be and were entered in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, are as follows:

(i) The Company

Name of Director	Long/Short Positions	Nature/ Capacity of Interest	Number of Shares/ underlying Shares held	Percentage of Shareholding ⁽¹⁾
Mr. Qin Yan	Long Position	Interest in a controlled corporation ⁽²⁾	310,788,450	51.80%
	Long Position	Interest held jointly with another person ⁽⁴⁾	73,595,050	12.27%
Mr. Qin Hongchao	Long Position	Interest in a controlled corporation ⁽³⁾	73,595,050	12.27%
	Long Position	Interest held jointly with another person ⁽⁴⁾	310,788,450	51.80%

(ii) Associated Corporations (within the meaning of the SFO)

Name of Director	Name of Associated Corporation	Nature/Capacity of Interest	Class of Shares in which interested	Number of Shares held	Percentage of Shareholding ⁽⁵⁾
Mr. Qin Yan	Sunny Rock Capital Limited	Beneficial Owner ⁽²⁾	Ordinary	1	100%

Notes:

(1) As at 30 June 2025, the Company issued 600,000,000 Shares.

(2) Sunny Rock, a company wholly-owned by Mr. Qin Yan, holds 310,788,450 Shares of the Company. Accordingly, Mr. Qin Yan is deemed to be interested in such Shares held by Sunny Rock by virtue of Part XV of the SFO.

(3) Rubrical Investment, a company wholly-owned by Mr. Qin Hongchao, holds 73,595,050 Shares of the Company. Accordingly, Mr. Qin Hongchao is deemed to be interested in such Shares held by Rubrical Investment by virtue of Part XV of the SFO.

(4) Mr. Qin Yan, Mr. Qin Hongchao, Sunny Rock, and Rubrical Investment are concert parties under the Concert Party Agreement. Therefore, under the SFO, each of Mr. Qin Yan, Mr. Qin Hongchao, Sunny Rock, and Rubrical Investment is deemed to be interested in the aggregate equity interests of all the concert parties.

(5) As at 30 June 2025, Sunny Rock issued 1 share.

OTHER INFORMATION

Save as disclosed above, as at 30 June 2025, none of the Directors or chief executives of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN SHARES AND UNDERLYING SHARES

To the best knowledge of Directors, as at 30 June 2025, the following persons (other than Directors or chief executives of the Company), are directly or indirectly, interested in 5% or more of the interests or short positions in the Shares and the underlying Shares of the Company, which were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein:

Name of Shareholder	Long/Short Positions	Nature/ Capacity of Interest	Number of Shares/ underlying Shares held	Percentage of Shareholding ⁽¹⁾
Cao Jinming	Long Position	Interest of spouse ⁽²⁾	384,383,500	64.06%
Rubrical Investment	Long Position	Beneficial owner	73,595,050	12.27%
	Long Position	Parties acting in concert/ Interest in controlled corporations ⁽⁴⁾	310,788,450	51.80%
Sun Mingyan	Long Position	Interest of spouse ⁽³⁾	384,383,500	64.06%
Sunny Rock	Long Position	Beneficial owner	310,788,450	51.80%
	Long Position	Parties acting in concert/ Interest in controlled corporations ⁽⁴⁾	73,595,050	12.27%
HWABAO TRUST CO., LTD.	Long Position	Trustee	50,888,000	8.48%
HWABAO OVERSEAS INVESTMENT SERIES 2 NO 42-16 QDII SINGLE MONEY TRUST	Long Position	Trustee	50,888,000	8.48%
Changyuan City Investment Group Co., Ltd.*	Long Position	Beneficial owner	50,888,000	8.48%
TCT (BVI) Limited	Long Position	Nominee to the Trustee ⁽⁵⁾	48,874,000	8.15%
THE CORE TRUST COMPANY LIMITED	Long Position	Trustee ⁽⁶⁾	48,874,000	8.15%

Notes:

(1) As at 30 June 2025, the Company issued 600,000,000 Shares.

(2) Ms. Cao Jinming is the spouse of Mr. Qin Hongchao, and is deemed to be interested in the same number of Shares by virtue of the SFO.

(3) Ms. Sun Mingyan is the spouse of Mr. Qin Yan, and is deemed to be interested in the same number of Shares by virtue of the SFO.

(4) Mr. Qin Yan, Mr. Qin Hongchao, Sunny Rock, and Rubrical Investment are concert parties under the Concert Party Agreement. Therefore, under the SFO, each of Mr. Qin Yan, Mr. Qin Hongchao, Sunny Rock, and Rubrical Investment is deemed to be interested in the aggregate equity interests of all the concert parties.

(5) Vita Boost Limited and Planet Hive Limited (the nominees to the trustee of the share incentive scheme of the Company) are wholly owned by TCT (BVI) Limited which hold 29,998,000 Shares and 18,876,000 Shares, respectively.

(6) TCT (BVI) Limited is wholly owned by THE CORE TRUST COMPANY LIMITED (the trustee of the share incentive scheme of the Company).

* English translation is for identification purpose only.

OTHER INFORMATION

Save as disclosed above, as at 30 June 2025, no other interests or short positions in the Shares or underlying Shares of the Company were recorded in the register which is required to be kept under section 336 of the SFO.

SHARE INCENTIVE SCHEMES

Share Option Scheme

The Company has conditionally approved and adopted the Share Option Scheme on 17 June 2020, which will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted. The following is a summary of the principal terms of the Share Option Scheme.

(a) Purpose

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. The Directors consider the Share Option Scheme, with its broadened basis of participation, will enable the Group to reward the employees, the Directors and other selected participants for their contributions to the Group. Given that the Directors are entitled to determine the performance targets to be achieved as well as the minimum period that an option must be held before an option can be exercised on a case by case basis, and that the exercise price of an option cannot in any event fall below the price stipulated in the Listing Rules or such higher price as may be fixed by the Directors, it is expected that grantees of an option will make an effort to contribute to the development of the Group so as to bring about an increased market price of the Shares in order to capitalize on the benefits of the options granted.

(b) Who may join

The Directors may, at their absolute discretion, invite any person belonging to any of the following classes of participants, who the Board considers, in its sole discretion, have contributed or will contribute to the Group, to take up options to subscribe for Shares:

- (i) any directors (including executive Directors, non-executive Directors and independent non-executive Directors) and employees of any member of the Group; and
- (ii) any advisers, consultants, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners, service providers of any member of the Group.

For the purposes of the Share Option Scheme, the options may be granted to any company wholly-owned by one or more persons belonging to any of these classes of participants. For the avoidance of doubt, the grant of any options by the Company for the subscription of Shares or other securities of the Group to any person who falls within any of these classes of participants shall not, by itself, unless the Directors otherwise so determine, be construed as a grant of option under the Share Option Scheme.

The eligibility of any of these class of participants to the grant of any option shall be determined by the Directors from time to time on the basis of the Directors' opinion as to the participant's contribution to the development and growth of the Group.

(c) Maximum number of Shares

- (i) The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Group shall not in aggregate exceed 30% of the issued share capital of the Company.

OTHER INFORMATION

- (ii) The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Group shall not in aggregate exceed 10% of the Shares in issue on the day on which trading of the Shares commence on the Stock Exchange, such 10% limit representing 60,000,000 Shares (the “**General Scheme Limit**”), but excluding any Shares which may be issued upon the exercise of the Over-allotment Option.
- (iii) Subject to paragraph (i) above and without prejudice to paragraph (iv) below, the Company may issue a circular to its Shareholders and seek approval of its Shareholders in a general meeting to extend the General Scheme Limit provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Group shall not exceed 10% of the Shares in issue as of the date of approval of the limit and, for the purpose of calculating the limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option scheme of the Group) previously granted under the Share Option Scheme and any other share option scheme of the Group will not be counted. The circular sent by the Company to its Shareholders shall contain, among other information, the information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.
- (iv) Subject to paragraph (i) above and without prejudice to paragraph (iii) above, the Company may seek separate Shareholders’ approval in a general meeting to grant options beyond the General Scheme Limit or, if applicable, the extended limit referred to in paragraph (iii) above to participants specifically identified by the Company before such approval is sought. In such event, the Company must send a circular to its Shareholders containing a general description of the specified participants, the number and terms of options to be granted, the purpose of granting options to the specified participants with an explanation as to how the terms of the options serve such purpose and such other information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.

(d) Maximum entitlement of each participant

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Company (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being (the “**Individual Limit**”). Any further grant of options in aggregate in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to the Shareholders and the Shareholders’ approval in general meeting of the Company with such participant and his close associates (or his associates if the participant is a connected person) abstaining from voting. The number and terms (including the exercise price) of options to be granted to such participant must be fixed before Shareholders’ approval and the date of Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under note (1) to Rule 17.03(9) of the Listing Rules.

(e) Grant of options to connected persons

Any grant of options under the Share Option Scheme to a Director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of the options).

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Where any grant of options to a substantial Shareholder of the Company or an independent non-executive Director or any of their respective associates would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the Shares in issue; and
- (ii) having an aggregate value, based on the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet the date of the offer of grant, in excess of HK\$5 million (or such other higher amount as may from time to time be specified by the Stock Exchange);

such further grant of options must be approved by the Shareholders in a general meeting. The Company must send a circular to its Shareholders. The grantee, his associates and all core connected persons of the Company must abstain from voting in favor of the relevant resolution at such general meeting. Any vote taken at the general meeting to approve the grant of such options must be taken on a poll. Any change in the terms of options granted to a substantial shareholder or an independent non-executive Director or any of their respective associates must be approved by the Shareholders in a general meeting.

(f) Subscription price for Shares and consideration for the option

The subscription price per Share under the Share Option Scheme will be a price determined by the Directors, but shall not be less than the highest of:

- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a Business Day;
- (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations for the five Business Days immediately preceding the date of the offer of grant (provided that in the event that any option is proposed to be granted within a period of less than five Business Days after the trading of the Shares first commences on the Stock Exchange, the new issue price of the Shares for the Global Offering shall be used as the closing price for any Business Day falling within the period before Listing); and
- (iii) the nominal value of a Share on the date of grant.

A nominal consideration of HK\$1.00 is payable upon acceptance of the grant of an option.

As of the date of this interim report, no options had been granted or agreed to be granted, exercised, cancelled or lapsed by the Company under the Share Option Scheme.

2022 RSU Scheme

The Company has adopted the 2022 RSU Scheme by a board resolution on 22 August 2022. The following is a summary of the principal terms of the 2022 RSU Scheme.

(a) Purpose of the 2022 RSU Scheme

The purposes of the 2022 RSU Scheme are to recognize and motivate the contributions made by Participants of the 2022 RSU Scheme (as defined below) and give incentives thereto in order to retain them, as well as to attract suitable personnel for further development of the Group.

OTHER INFORMATION

(b) **Participants**

Participants of the 2022 RSU Scheme includes employees or officers (including executive, non-executive and independent non-executive Directors) of the Group, including any prospective employees (who receives the Grant as an inducement to join the Group) (collectively, the **"Participant(s)"**).

(c) **Awards**

The 2022 RSU Scheme is subject to the administration of the 2022 ESOP scheme management committee (the **"Committee"**) as appointed by the Board. The Committee may at any time during the term of the 2022 RSU Scheme make an offer of the grant (the **"Grant(s)"**) of an award (the **"Award(s)"**) of conditional rights to either Shares or equivalent value of cash (the **"RSU(s)"**) to any selected Participant at its absolute discretion. A Grant shall be made to a Participant by a notice of Grant setting out, among other things, the terms and conditions of such Grant. Any Grant to any Director, chief executive or substantial shareholder of the Group must first be approved by the independent non-executive Directors of the Company. If a Participant accepts the Grant, he/she is required to sign the acceptance notice and return it to the Company within the period specified and in a manner prescribed in the notice of Grant. Each Participant shall pay RMB1.00 as the award price to accept the Awards granted to such Participant.

(d) **Term**

The 2022 RSU Scheme shall remain valid and effective until the termination date, which shall be on the earlier of (i) the expiry of the period of 10 years from 22 August 2022; or (ii) such date of early termination as determined by the Board or Committee, provided that no further RSUs will be offered after such termination but in all other respects the provisions of the 2022 RSU Scheme shall remain in full force and effect in respect of RSUs which are granted during the life of the 2022 RSU Scheme and which remain unvested immediately prior to the termination of the operation of the 2022 RSU Scheme.

(e) **Vesting**

Subject to compliance with the requirements of the Listing Rules, the Committee has the sole discretion to determine, adjust and re-determine if deemed necessary or desirable by the Committee, the vesting period and vesting conditions for any grant of Award(s) to a Participant who accepts a Grant (the **"Grantee"**) in accordance with the terms of the 2022 RSU Scheme. All of such vesting conditions (including payment of any exercise price) and periods (including the vesting date) shall be set out in the relevant notice of Grant issued to each Grantee. The Committee may determine at its sole discretion, the exercise price as may be applicable to each RSU.

For the purposes of vesting of the RSU(s), the Committee may direct and procure the trustee (the **"Trustee"**) of the 2022 RSU Scheme to release from the underlying trust (the **"Trust"**) of the 2022 RSU Scheme the RSU(s) to the Grantee by transferring the number of the RSUs to the Grantee in such manner as determined by it from time to time, subject to the restrictions disclosed below. The Committee will send a vesting notice to the relevant Grantee and upon receiving such notice, the Grantee must execute certain documents set out in such notice for the purposes of vesting of the RSU(s). The Committee shall thereafter inform the Trustee of the number of the RSU(s) or the amount of cash equivalent being transferred, paid and/or released to the Grantee in the manner as determined by the Committee.

An unvested RSU shall lapse and be cancelled automatically upon certain events, including the termination of the Grantee's employment or service with the Company. The Committee may in its absolute discretion decide that any RSU shall not be cancelled or determined subject to such conditions or limitations as the Committee may decide. In certain circumstances such as when the Grantee's employment or services with the Group is terminated for cause, the Company shall have a right to instruct the Trustee to repurchase the Shares from the Grantee at the higher of (1) the par value of the Shares on the date the RSUs were granted; and (2) the exercise price (if any) paid by the Grantee for vesting of the relevant RSUs.

OTHER INFORMATION

(f) *Restriction on Grant of Awards*

A Grant must not be made after inside information has come to the Company's knowledge until such inside information has been announced in accordance with the requirements of the Listing Rules. In particular, no Award may be granted during the period commencing one month immediately preceding the earlier of:

- (i) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (ii) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement. Such period will cover any period of delay in the publication of a results announcement.

Where any Award is proposed to be granted to a Director of any members of the Group, it shall not be granted on any day on which the financial results of the Company are published and during the period of:

- (i) sixty (60) days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (ii) thirty (30) days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

In the course of administering the 2022 RSU Scheme, the Committee will also comply with the applicable provisions of the Model Code and applicable rules on insider dealing. The Committee who is in possession of unpublished inside information shall not give instructions to the Trustee to acquire any Shares for the Scheme.

(g) *Maximum Limit*

The aggregate amount of existing Shares to be purchased by the Trustee under the Scheme shall not exceed 5% of the Company's total issued share capital as of 22 August 2022 (being no more than 30,000,000 Shares). The Shares acquired for the share pool will be funded out of the Company's resources. The maximum number of Shares which may be subject to an Award or Awards to a selected Participant shall not in aggregate exceed 1% of the total issued share capital of the Company as of 22 August 2022.

At no time shall the Trustee be holding more than 10% of the total number of Shares in issue from time to time. The Shares held by the Trustee will be regarded as public float unless the Trustee becomes a core connected person of the Company or would otherwise cease to be regarded as a member of the public under the Listing Rules.

As of the date of this interim report, no RSUs had been granted under the 2022 RSU Scheme.

2023 RSU Scheme

The Company has adopted the 2023 RSU Scheme by a board resolution on 9 May 2023. The following is a summary of the principal terms of the 2023 RSU Scheme.

(a) *Purpose of the 2023 RSU Scheme*

The purposes of the 2023 RSU Scheme are to recognize and motivate the contributions made by Participants of the 2023 RSU Scheme (as defined below) and give incentives thereto in order to retain them, as well as to attract suitable personnel that promotes the growth of any Acquired Entity (defined below).

OTHER INFORMATION

(b) **Participants**

Participants of the 2023 RSU Scheme includes employees of any entity(ies) or hospital(s) to be acquired by the Group since the adoption of the 2023 RSU Scheme until the expiry of the term of the 2023 RSU Scheme (“**Acquired Entity(ies)**”) (collectively, the “**Participant(s)**”).

(c) **Awards**

The 2023 RSU Scheme is subject to the administration of the 2023 Restricted Share Unit Scheme management committee (the “**Committee**”) as appointed by the Board. The Committee may at any time during the term of the 2023 RSU Scheme make an offer of the grant (the “**Grant(s)**”) of an award (the “**Award(s)**”) of conditional rights to either Shares or equivalent value of cash (the “**RSU(s)**”) to any selected Participant at its absolute discretion. A Grant shall be made to a Participant by a notice of Grant setting out, among other things, the terms and conditions of such Grant. Any Grant to any Director, chief executive or substantial shareholder of the Group must first be approved by the independent non-executive Directors of the Company. If a Participant accepts the Grant, he/she is required to sign the acceptance notice and return it to the Company within the period specified and in a manner prescribed in the notice of Grant. Each Participant shall pay RMB1.00 as the award price to accept the Awards granted to such Participant.

(d) **Term**

The 2023 RSU Scheme shall remain valid and effective until the termination date, which shall be on the earlier of (i) the expiry of the period of 10 years from 9 May 2023; or (ii) such date of early termination as determined by the Board or Committee, provided that no further RSUs will be offered after such termination but in all other respects the provisions of the 2023 RSU Scheme shall remain in full force and effect in respect of RSUs which are granted during the life of the 2023 RSU Scheme and which remain unvested immediately prior to the termination of the operation of the 2023 RSU Scheme.

(e) **Vesting**

Subject to compliance with the requirements of the Listing Rules, the Committee has the sole discretion to determine, adjust and re-determine if deemed necessary or desirable by the Committee, the vesting period and vesting conditions for any grant of Award(s) to a Participant who accepts a Grant (the “**Grantee**”) in accordance with the terms of the 2023 RSU Scheme. All of such vesting conditions (including payment of any exercise price) and periods (including the vesting date) shall be set out in the relevant notice of Grant issued to each Grantee. The Committee may determine at its sole discretion, the exercise price as may be applicable to each RSU.

For the purposes of vesting of the RSU(s), the Committee may direct and procure the trustee (the “**Trustee**”) of the 2023 RSU Scheme to release from the underlying trust (the “**Trust**”) of the 2023 RSU Scheme the RSU(s) to the Grantee by transferring the number of the RSUs to the Grantee in such manner as determined by it from time to time, subject to the restrictions disclosed below. The Committee will send a vesting notice to the relevant Grantee and upon receiving such notice, the Grantee must execute certain documents set out in such notice for the purposes of vesting of the RSU(s). The Committee shall thereafter inform the Trustee of the number of the RSU(s) or the amount of cash equivalent being transferred, paid and/or released to the Grantee in the manner as determined by the Committee.

An unvested RSU shall lapse and be cancelled automatically upon certain events, including the termination of the Grantee’s employment or service with the Company. The Committee may in its absolute discretion decide that any RSU shall not be cancelled or determined subject to such conditions or limitations as the Committee may decide. In certain circumstances such as when the Grantee’s employment or services with the Group is terminated for cause, the Company shall have a right to instruct the Trustee to repurchase the Shares from the Grantee at the higher of (1) the par value of the Shares on the date the RSUs were granted; and (2) the exercise price (if any) paid by the Grantee for vesting of the relevant RSUs.

OTHER INFORMATION

(f) **Restriction on Grant of Awards**

A Grant must not be made after inside information has come to the Company's knowledge until such inside information has been announced in accordance with the requirements of the Listing Rules. In particular, no Award may be granted during the period commencing one month immediately preceding the earlier of:

- (i) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
- (ii) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement. Such period will cover any period of delay in the publication of a results announcement.

Where any Award is proposed to be granted to a Director of any members of the Group, it shall not be granted on any day on which the financial results of the Company are published and during the period of:

- (i) sixty (60) days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (ii) thirty (30) days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

In the course of administering the 2023 RSU Scheme, the Committee will also comply with the applicable provisions of the Model Code and applicable rules on insider dealing. The Committee who is in possession of unpublished inside information shall not give instructions to the Trustee to acquire any Shares for the Scheme.

(g) **Maximum Limit**

The aggregate amount of existing Shares to be purchased by the Trustee under the Scheme shall not exceed 5% of the Company's total issued share capital as of 9 May 2023 (being no more than 30,000,000 Shares). The Shares acquired for the share pool will be funded out of the Company's resources. The maximum number of Shares which may be subject to an Award or Awards to a selected Participant shall not in aggregate exceed 1% of the total issued share capital of the Company as of 9 May 2023.

At no time shall the Trustee be holding more than 10% of the total number of Shares in issue from time to time. The Shares held by the Trustee will be regarded as public float unless the Trustee becomes a core connected person of the Company or would otherwise cease to be regarded as member of the public under the Listing Rules.

As of the date of this interim report, no RSUs had been granted under the 2023 RSU Scheme.

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USE OF PROCEEDS

In connection with the Global Offering, 150,000,000 Shares with a nominal value of HK\$0.0001 each were issued at a price of HK\$2.10 per Share, raising net proceeds of approximately HK\$264.8 million, after deduction of the underwriting fees and related expenses by the Company in connection with the Global Offering.

The following table sets out the utilisation of the net proceeds of the Global Offering and the unutilised amounts as at 30 June 2025:

Business objective	Percentage of total disclosed in the Prospectus %	Planned use of net proceeds as described in the Prospectus HK\$ million	Utilised net proceeds as at 30 June 2025 HK\$ million	Unutilised net proceeds as at 30 June 2025 HK\$ million	Expected timeline for unutilised net proceeds
Finance the ramp up of the Company's first-phase building	29.5	78.0	78.0	0.0	By the end of 2021
Expand the Company's business by acquiring hospitals	26.1	69.2	0.0	69.2	By the end of 2025
Repay the Company's general borrowings, particularly the outstanding loans from two banks with an aggregate principal amount of RMB63.0 million	15.0	39.8	39.8	0.0	By the end of 2023
Working capital and other general corporate purposes	10.0	26.5	26.5	0.0	By June 2021
Purchase medical equipment and improve and upgrade the Company's information technology systems	8.0	21.3	21.3	0.0	By June 2023
Employee recruitment and training	5.0	13.3	13.3	0.0	By June 2023
Construct a postnatal care centre	6.3	16.7	16.7	0.0	By the end of 2023
Total	100	264.8	195.6	69.2	

Note:

The timeline is based on the Company's estimation of its business needs as of the date of this announcement and is subject to change so long as it is deemed to be in the best interests of the Company and to the extent permitted by applicable laws and regulations. Except for the change above, there is no other change in use of the net proceeds.

During the Reporting Period, no proceeds from the Global Offering were utilized.

As at 30 June 2025, the net proceeds from the Global Offering not yet utilised were deposited into short-term demand deposits in the Company's account at one of the receiving banks as disclosed in the Prospectus.

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PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public at the date of this announcement as required under the Listing Rules.

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

During the Reporting Period, the Company repurchased a total of 8,962,000 Shares on the Stock Exchange in February 2025 at an aggregate consideration of approximately HK\$18.90 million. The lowest and highest price paid for each Share was HK\$2.0974 and HK\$2.1301 respectively.

Save as disclosed, during the six months ended 30 June 2025, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSALS

The Group did not make any significant investment or material acquisitions or disposals of subsidiaries, associated companies or joint ventures during the Reporting Period.

MATERIAL EVENTS AFTER THE REPORTING PERIOD

As at the date of this report, there were no material events after the Reporting Period.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Throughout the Reporting Period, save as the code provision addressed below, the Company has complied with all the applicable code provisions as set out in Part 2 of the Corporate Governance Code.

Code provision C.2.1 of Part 2 of the Corporate Governance Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

The roles of chairman and chief executive officer of the Company are held by Mr. Qin Yan who has extensive experience in the industry. The Board believes that Mr. Qin Yan can provide the Company with strong and consistent leadership that allows for effective and efficient planning and implementation of business decisions and strategies.

The Board considers that this structure will not impair the balance of power and authority between the Board and the management 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 BY DIRECTORS

The Company has adopted the Model Code as its code of conduct regarding securities transactions by Directors. Having made specific enquiry, all the Directors confirmed that they had complied with the requirements as set out in the Model Code during the Reporting Period.

CONTINUING DISCLOSURE OBLIGATION PURSUANT TO THE LISTING RULES

Save as disclosed in this interim report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

OTHER INFORMATION

DISCLOSURE OF DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

There are no changes to the Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Our company has appointed Ms. Li Yanhong as executive Director on 11 December 2024. Ms. Li confirmed that she (i) obtained the legal advice referred to under Rule 3.09D of the Hong Kong Listing Rules on 22 November 2024 prior to her appointment becoming effective; and (ii) understood her obligations as a director of a listed issuer under the Hong Kong Listing Rules.

REVIEW BY THE AUDIT COMMITTEE

The Audit Committee consists of 3 independent non-executive Directors, namely Mr. Sun Jigang (chairman), Mr. Zhao Chun and Mr. Jiang Tianfan.

The Group's interim results for the six months ended 30 June 2025 have been reviewed by all members of the Audit Committee. Based on such review, the Audit Committee was of the opinion that the Group's unaudited interim results were prepared in accordance with applicable accounting standards.

In addition, the Company's independent auditor, PricewaterhouseCoopers, has performed an independent review of the Group's interim financial information 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" as issued by the Hong Kong Institute of Certified Public Accountants.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2025.

EMPLOYEES AND REMUNERATION POLICIES

The total number of employees was approximately 1,844 as at 30 June 2025 (30 June 2024: 1,953). For the six months ended 30 June 2025, the staff cost (including Directors' remuneration in the form of salaries and other benefits) was approximately RMB107.2 million (six months ended 30 June 2024: approximately RMB118.1 million).

Remuneration is determined with reference to the qualification, experience and work performance, whereas the payment of discretionary bonus is generally subject to work performance, the financial performance of the Group in that particular year and general market conditions.

The Company has adopted the 2022 Restricted Share Unit Scheme on 22 August 2022 (further details of which are set forth in the Company's announcements dated 22 August 2022 and 23 August 2022), and the 2023 Restricted Share Unit Scheme on 9 May 2023 (further details of which are set forth in the Company's announcement dated 9 May 2023) (collectively, the "**RSU Schemes**"). During the Reporting Period, no restricted share units had been awarded under the RSU Schemes.

On behalf of the Board

Honliv Healthcare Management Group Company Limited

Qin Yan

Chairman

29 August 2025

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

**To the Board of Directors of
Honliv Healthcare Management Group Company Limited**
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 28 to 50, which comprises the interim condensed consolidated balance sheet of Honliv Healthcare Management Group Company Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2025 and the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” as issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” as issued by the HKICPA. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” as issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” as issued by the HKICPA.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 29 August 2025

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Six months ended 30 June	
	Notes	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Revenue	5	346,820	415,178
Cost of sales		(301,019)	(343,557)
Gross profit		45,801	71,621
Administrative expenses		(41,914)	(38,689)
Reversal of net impairment losses/ (net impairment losses) on financial assets		209	(320)
Other income		265	572
Other expenses		(67)	(67)
Other losses — net	6	(805)	(1,284)
Operating profit		3,489	31,833
Finance income		154	516
Finance costs		(4,352)	(4,262)
Finance costs — net	7	(4,198)	(3,746)
(Loss)/profit before income tax		(709)	28,087
Income tax credit/(expense)	8	33	(7,824)
(Loss)/profit for the period and total comprehensive (loss)/ income for the period		(676)	20,263
(Loss)/profit for the period and total comprehensive (loss)/ income for the period attributable to:			
Owners of the Company		(673)	20,042
Non-controlling interests		(3)	221
		(676)	20,263
(Loss)/earnings per share for (loss)/profit attributable to the equity holders of the Company (expressed in RMB per share)			
Basic and diluted (loss)/earnings per share	9	(0.00)*	0.04

* The amount stated above was less than RMB0.01.

The above interim condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

		30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
	Notes		
ASSETS			
Non-current assets			
Property, plant and equipment	11	496,591	525,001
Right-of-use assets	12	54,490	56,498
Intangible assets	13	1,927	1,764
Deferred income tax assets	14	4,270	4,205
Investment properties		1,488	1,554
Total non-current assets		558,766	589,022
Current assets			
Inventories	15	17,962	39,569
Trade receivables	16	29,127	63,757
Other receivables and prepayments	17	1,582	22,514
Amounts due from related parties	18	512	643
Cash and cash equivalents	19	286,780	258,498
Total current assets		335,963	384,981
Total assets		894,729	974,003
EQUITY			
Equity attributable to the owners of the Company			
Share capital		52	52
Reserves		325,882	343,318
Retained earnings		228,962	229,635
Subtotal		554,896	573,005
Non-controlling interests		5,915	5,918
Total equity		560,811	578,923

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

		30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
	Notes		
LIABILITIES			
Non-current liabilities			
Borrowings	22	7,271	12,883
Deferred income		1,761	1,794
Total non-current liabilities		9,032	14,677
Current liabilities			
Trade payables	20	96,020	100,666
Accruals, other payables and provisions	21	93,260	107,827
Current income tax liabilities		6,796	8,749
Borrowings	22	127,662	160,567
Lease liabilities		1,148	2,594
Total current liabilities		324,886	380,403
Total liabilities		333,918	395,080
Total equity and liabilities		894,729	974,003

The above interim condensed consolidated balance sheet should be read in conjunction with the accompanying note.

The financial information on pages 28 to 50 were approved by the Board of Directors on 29 August 2025 and were signed on its behalf.

Qin Yan

Wang Zhongtao

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the owners of the Company				Non-controlling interests	Total equity
	Share capital	Reserves	Retained earnings	Sub-total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(Unaudited)						
Balance at 1 January 2025	52	343,318	229,635	573,005	5,918	578,923
Comprehensive loss						
— Loss for the period	—	—	(673)	(673)	(3)	(676)
Transactions with owners						
— Acquisition of shares for the employee share scheme (note 9 (a)(i))	—	(17,436)	—	(17,436)	—	(17,436)
Balance at 30 June 2025	52	325,882	228,962	554,896	5,915	560,811
(Unaudited)						
Balance at 1 January 2024	52	339,921	201,881	541,854	5,593	547,447
Comprehensive income						
— Profit for the period	—	—	20,042	20,042	221	20,263
Balance at 30 June 2024	52	339,921	221,923	561,896	5,814	567,710

The above interim condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Cash generated from operations	82,485	67,839
Interest received	154	472
Income taxes paid	(1,986)	(10,970)
Net cash generated from operating activities	80,653	57,341
Cash flows from investing activities		
Payments for purchase of property, plant and equipment	(9,416)	(21,506)
Payments for purchase of intangible assets	(654)	(1,469)
Proceeds from disposal of right-of-use assets	19,092	–
Net cash generated from/(used in) investing activities	9,022	(22,975)
Cash flows from financing activities		
Borrowings from banks and other financial institutions	78,400	111,000
Repayments of borrowings from banks and other financial institutions	(116,917)	(119,890)
Acquisition of shares for the employee share scheme	(17,436)	–
Principal elements of lease payments	(1,444)	(810)
Interests paid	(3,949)	(4,262)
Net cash used in financing activities	(61,346)	(13,962)
Net increase in cash and cash equivalents	28,329	20,404
Cash and cash equivalents at the beginning of the period	258,498	239,755
Effects of exchange rate changes on cash and cash equivalents	(47)	44
Cash and cash equivalents at end of the period	286,780	260,203

The above interim condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1 GENERAL INFORMATION

Honliv Healthcare Management Group Company Limited (the “Company”) was incorporated in the Cayman Islands on 6 January 2016 as an exempted company with limited liability under the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Campbells Corporate Services Limited, Floor 4, Willow House, Cricket Square, Grand Cayman KY1-9010, Cayman Islands.

The Company is an investment holding company and together with its subsidiaries (the “Group”), are principally engaged in the ownership, operation and management of hospitals in the People’s Republic of China (the “PRC”).

The ordinary shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited on 13 July 2020.

The interim condensed consolidated financial information is presented in Renminbi (“RMB”) and rounded to nearest thousand yuan, unless otherwise stated.

2 BASIS OF PRESENTATION AND ACCOUNTING POLICIES

This interim condensed consolidated financial information for the six months ended 30 June 2025 has been prepared in accordance with Hong Kong Accounting standard 34 “Interim Financial Reporting” as issued by the Hong Kong Institute of Certified Public Accountants.

The interim condensed consolidated financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, this interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2024, which have been prepared in accordance with HKFRS Accounting Standards, and any public announcements made by the Company during the six months ended 30 June 2025.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards for the current reporting period.

(a) New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The adoption of these new and amended standards does not have significant impact on the financial performance and positions of the Group and also the presentation of this interim financial information.

(b) Impact of standards issued but not yet applied by the Group

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 30 June 2025 reporting period and have not been early adopted by the Group. These standards, amendments and interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

3 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segment and making strategic decisions. The chief operating decision-makers have been identified as the executive directors.

The Group has only one operating segment during the six months ended 30 June 2025 and 2024, so no segment information was presented.

No geographical information is presented as all of the Group's revenue is derived from activities in the PRC, and the Group's operations and non-current assets are mainly located in the PRC.

4 FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's financial statements as at 31 December 2024.

There have been no changes in the risk management policies since year end.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

4 FINANCIAL RISK MANAGEMENT (Continued)**4.2 Liquidity risk**

The Group aims to maintain sufficient cash and cash equivalents to meet operating capital requirements.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year <i>RMB'000</i>	Between 1 and 2 years <i>RMB'000</i>	Between 2 and 5 years <i>RMB'000</i>	Total contractual cash flows <i>RMB'000</i>	Carrying amount <i>RMB'000</i>
At 30 June 2025					
Borrowings	131,160	6,933	364	138,457	134,933
Trade payables	96,020	–	–	96,020	96,020
Accruals, other payables and provisions (excluding accrued employee benefits and duty and other tax payable) (note 21)	63,808	–	–	63,808	63,808
Lease liabilities	1,148	–	–	1,148	1,148
	292,136	6,933	364	299,433	295,909
At 31 December 2024					
Borrowings	164,267	13,370	–	177,637	173,450
Trade payables	100,666	–	–	100,666	100,666
Accruals, other payables and provisions (excluding accrued employee benefits and duty and other tax payable) (note 21)	69,555	–	–	69,555	69,555
Lease liabilities	2,594	–	–	2,594	2,594
	337,082	13,370	–	350,452	346,265

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

5 REVENUE

The Group's revenue represents the amount received and receivable from provision of treatments and general healthcare service, pharmaceutical sales and postnatal care service. Details are as follows:

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Nature of revenue recognition		
Treatments and general healthcare service	204,171	250,041
Pharmaceutical sales	138,774	164,739
Postnatal care service	3,875	398
	346,820	415,178
Timing of revenue recognition		
At a point in time	252,448	282,710
Over time	94,372	132,468
	346,820	415,178

For the six months ended 30 June 2025, the nominal amount of residential inpatient services revenue preliminarily recorded by the Group, before any variable adjustments to the final settlement, was approximately RMB69,270,000, which is expected to be finally confirmed by the medical insurance bureau in 2026. The Group established a possible range (from 77.33% to 100.00%) of estimated settlement rates with different scenarios. After further considering the threshold in HKFRS 15 for variable consideration, i.e., highly probable that the revenue recognised will not be reversed, the Group applied an estimated settlement rate of 86.00% (for the year ended 31 December 2024: 93.36%) to record the residential inpatient services revenue.

Based on the historical final settlement outcome of the residential inpatient services revenue as determined by the medical insurance bureau in May 2025, the 2024 actual final settlement rate for the Group was 90.46% (2023: 98.04%). The difference between the final settlement rate and the previously estimated rate has led to a RMB5,037,000 reduction in inpatient services revenue for the six months ended 30 June 2025 (for the six months ended 30 June 2024: increase in inpatient services revenue of RMB4,776,000).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

6 OTHER LOSSES — NET

	Six months ended 30 June	
	2025	2024
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Losses of medical compensation	801	1,273
Net losses on disposal of plant and equipment	4	9
Others	—	2
	805	1,284

7 FINANCE COSTS — NET

	Six months ended 30 June	
	2025	2024
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Finance costs:		
Interest expense on bank borrowings	2,696	2,886
Interest expense on other borrowings	1,231	1,299
Interest expense on lease liabilities	22	77
Net foreign exchange losses	403	—
Total finance costs	4,352	4,262
Finance income:		
Interest income	(154)	(472)
Net foreign exchange gains	—	(44)
Total finance income	(154)	(516)
Finance costs — net	4,198	3,746

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

8 INCOME TAX CREDIT/(EXPENSE)

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Current income tax		
— PRC corporate income tax	(32)	(7,184)
Deferred income tax	65	(640)
	33	(7,824)

(a) Cayman Islands income tax

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

(b) PRC Corporate Income Tax

Subsidiaries established and operated in Mainland China are subject to PRC corporate income tax at the rate of 25%.

(c) Hong Kong profits tax

Hong Kong profits tax rate is 16.5% for the six months ended 30 June 2025 and 2024. No Hong Kong profits tax was provided for as there was no estimated assessable profit that was subject to Hong Kong profits tax during the six months ended 30 June 2025 and 2024.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

9 (LOSS)/EARNINGS PER SHARE**(a) Basic (loss)/earnings per share**

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of outstanding ordinary shares in issue during the six months ended 30 June 2025. Treasury shares held for the 2022 restricted share unit scheme and the 2023 restricted share unit scheme (together, the “employee share scheme”) are excluded from the weighted average number of outstanding ordinary shares in issue for purposes of calculating basic (loss)/earnings per share.

	Six months ended 30 June	
	2025 (Unaudited)	2024 (Unaudited)
(Loss)/profit attributable to owners of the Company (RMB'000)	(673)	20,042
Weighted average number of ordinary shares in issue (in thousands) (i)	541,968	549,214
Basic (loss)/earnings per share (in RMB)	(0.00)*	0.04

* The amount stated above was less than RMB0.01.

(i) During the six months ended 30 June 2025, 8,962,000 shares were repurchased for the purpose of the employee share scheme (six months ended 30 June 2024: Nil) with amounts of RMB17,436,000 (six months ended 30 June 2024: Nil). As of 30 June 2025, the accumulated number of shares repurchased by an independent trustee for the purpose of the employee share scheme was 59,748,000 (31 December 2024: 50,786,000). As of 30 June 2025, no shares were granted under the employee share scheme.

(b) Diluted (loss)/earnings per share

Diluted (loss)/earnings per share were the same as basic (loss)/earnings per share as the Group had no potential dilutive shares during the six months ended 30 June 2025 and 2024.

10 DIVIDENDS

The board of directors of the Company does not resolve to declare an interim dividend for the six months ended 30 June 2025 (30 June 2024: Nil).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

11 PROPERTY, PLANT AND EQUIPMENT

	Buildings, structures and leasehold improvements <i>RMB'000</i>	Machinery and equipment <i>RMB'000</i>	Office equipment and furniture fixtures <i>RMB'000</i>	Vehicles <i>RMB'000</i>	Total <i>RMB'000</i>
(Audited)					
At 31 December 2024					
Cost	601,399	351,351	48,674	21,394	1,022,818
Accumulated depreciation	(215,296)	(222,898)	(39,185)	(20,438)	(497,817)
Net book amount	386,103	128,453	9,489	956	525,001
(Unaudited)					
Six months ended 30 June 2025					
Opening net book amount	386,103	128,453	9,489	956	525,001
Additions	–	7,410	577	1,257	9,244
Disposals	–	(3)	(1)	–	(4)
Depreciation charge	(17,934)	(17,781)	(1,774)	(161)	(37,650)
Closing net book amount	368,169	118,079	8,291	2,052	496,591
(Unaudited)					
At 30 June 2025					
Cost	601,399	356,620	47,152	19,142	1,024,313
Accumulated depreciation	(233,230)	(238,541)	(38,861)	(17,090)	(527,722)
Net book amount	368,169	118,079	8,291	2,052	496,591

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

12 LEASES

Right-of-use assets

	Office RMB'000	Land use rights RMB'000	Total RMB'000
(Audited)			
At 31 December 2024			
Cost	5,015	90,358	95,373
Accumulated depreciation and amortisation	(3,503)	(35,372)	(38,875)
Net book amount	1,512	54,986	56,498
(Unaudited)			
Six months ended 30 June 2025			
Opening net book amount	1,512	54,986	56,498
Depreciation and amortisation	(1,065)	(943)	(2,008)
Closing net book amount	447	54,043	54,490
(Unaudited)			
At 30 June 2025			
Cost	5,015	90,358	95,373
Accumulated depreciation and amortisation	(4,568)	(36,315)	(40,883)
Net book amount	447	54,043	54,490

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

13 INTANGIBLE ASSETS

	Computer software RMB'000
(Audited)	
At 31 December 2024	
Cost	6,637
Accumulated amortisation	(4,873)
Net book amount	1,764
(Unaudited)	
Six months ended 30 June 2025	
Opening net book amount	1,764
Additions	668
Amortisation	(505)
Closing net book amount	1,927
(Unaudited)	
At 30 June 2025	
Cost	7,305
Accumulated amortisation	(5,378)
Net book amount	1,927

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

14 DEFERRED INCOME TAX

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Deferred tax assets:		
— Deferred tax assets to be recovered within 12 months	4,382	4,583
— Deferred tax assets to be recovered after 12 months	—	—
	4,382	4,583
Deferred tax liabilities:		
— Deferred tax assets to be recovered within 12 months	(112)	(378)
— Deferred tax assets to be recovered after 12 months	—	—
	(112)	(378)

The movements in deferred income tax assets and deferred income tax liabilities during the period are as follows:

	Deferred tax assets — Provision for impairment loss RMB'000	Deferred tax assets — Revenue variable consideration RMB'000	Deferred tax assets — Deductible tax losses RMB'000	Deferred tax assets — Leases liabilities RMB'000	Deferred tax liabilities — Right-of-use assets RMB'000	Total RMB'000
(Unaudited)						
At 1 January 2025	441	2,885	629	628	(378)	4,205
Credited/(charged) to income tax expense	(50)	(461)	671	(361)	266	65
At 30 June 2025	391	2,424	1,300	267	(112)	4,270

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

15 INVENTORIES

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Pharmaceuticals	15,893	37,448
Medical consumables and others	2,069	2,121
	17,962	39,569

16 TRADE RECEIVABLES

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Trade receivables	30,688	65,520
Less: allowance for impairment of trade receivables	(1,561)	(1,763)
Trade receivables — net	29,127	63,757

As at 30 June 2025 and 31 December 2024, the ageing analysis of the trade receivables based on demand note date was as follows:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Up to 3 months	27,058	62,782
3 to 6 months	1,714	477
6 months to 1 year	309	653
1 to 2 years	83	273
2 to 3 years	731	1,335
Over 3 years	793	—
	30,688	65,520

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

17 OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Prepayments of utilities expenses	1,235	2,318
Other receivables	347	20,196
	1,582	22,514

On 11 July 2024, Honliv Hospital entered into a “Contract for Reservation and Acquisition of State-owned Construction Land Use Right” (the “Land Reservation Contract”) with the Changyuan City Resource Security and Land Reserve Centre. Pursuant to the terms of the Contract, Honliv Hospital sold a land use right with an area of 79,548.39 square metres. The net book value of the land use right immediately prior to the transaction was RMB17,791,917, and it was sold for a contract price of RMB19,091,614. The proceeds for the land transfer have been received by the Group in January 2025 and presented under “proceeds from disposal of right-of-use assets” in the investing activities of the interim condensed consolidated statement of cash flows for the six months ended 30 June 2025.

18 BALANCES WITH RELATED PARTIES

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Amounts due from related parties		
Henan Honliv Yishenghuo Co., Ltd.	512	423
Henan Guxiang No.9 Catering Co., Ltd.	—	220
	512	643

19 CASH AND CASH EQUIVALENTS

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Cash at banks and other financial institutions	283,992	255,711
Cash on hand	2,788	2,787
	286,780	258,498

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

20 TRADE PAYABLES

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Trade payables	96,020	100,666
	96,020	100,666

As at 30 June 2025 and 31 December 2024, the ageing analysis of the trade payables based on demand note date was as follows:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Up to 3 months	76,070	77,431
3 to 6 months	13,888	15,406
6 months to 1 year	1,291	2,839
1 to 2 years	871	1,260
2 to 3 years	1,218	421
Over 3 years	2,682	3,309
	96,020	100,666

21 ACCRUALS, OTHER PAYABLES AND PROVISIONS

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Deposit from customers (a)	56,644	60,891
Accrued employee benefits	27,224	35,976
Payables for plant and equipment	2,577	2,419
Duty and other tax payable	2,228	2,296
Others	4,587	6,245
	93,260	107,827

- (a) When customers place deposits with the Group before the Group renders the services, this will give rise to a contract liability, even though the customer deposits are refundable when the contract with the customer is cancelled or early terminated. The Group presented the customer deposits under the line item of "Accruals, other payables and provisions" on the interim condensed consolidated statement of balance sheet.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

22 BORROWINGS

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Current		
Short-term bank borrowings		
— Secured borrowings (a)	75,400	108,000
— Bank credit borrowings (b)	29,000	29,000
	104,400	137,000
Other borrowings		
— Secured borrowings (c)	23,262	23,567
	127,662	160,567
Non-current		
Other borrowings		
— Secured borrowings (c)	7,271	12,883
Total borrowings	134,933	173,450

(a) Bank borrowings of the Group which are secured by the following:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Property, plant and equipment and investment properties of the Group (i)	75,400	108,000

The secured bank borrowings of the Group for the six months ended 30 June 2025 carried annual interest rates ranging from 3.82% to 4.07% (for the six months ended 30 June 2024: from 4.17% to 4.35%).

(i) Certain secured bank borrowings with additional guarantees are as follows:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Guaranteed by Henan Honliv Group Co., Ltd., Qin Yan and his close family members	49,000	79,000

As of 30 June 2025, the Group pledged equity interests of Honliv Hospital with a value of RMB79,000,000 as additional security for the bank borrowings in an aggregate amount of RMB49,000,000.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

22 BORROWINGS (Continued)

(b) Bank credit borrowings:

The annual interest rate of bank credit borrowings of the Group for the six months ended 30 June 2025 is 4.20% (for the six months ended 30 June 2024: 4.20%).

(c) Other borrowings:

(i) Other borrowings are secured by the machinery and equipment of the Group with additional guarantees are as follows:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Guaranteed by Qin Yan and his close family members	30,533	36,450

Other borrowings for the six months ended 30 June 2025 carried weighted average annual interest rates ranging from 6.07% to 7.26% (for the six months ended 30 June 2024: from 7.55% to 8.81%). As at 30 June 2025, the other borrowings amount of RMB30,533,000 (as at 31 December 2024: RMB36,450,000) were secured by the Group's machinery and equipment with the net book amount of RMB55,920,000 (as at 31 December 2024: RMB55,546,000).

(ii) The maturity of other borrowings is as follows:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Maturity of other borrowings		
No later than 1 year	23,262	23,567
Later than 1 year and no later than 2 years	6,909	12,883
Later than 2 year and no later than 5 years	362	–
	30,533	36,450

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

23 COMMITMENTS

Capital commitments

The following is the details of capital expenditure contracted but not provided in the consolidated financial statements:

	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Contracted but not provided for		
— Property, plant and equipment	15,906	20,323

24 RELATED PARTY TRANSACTIONS

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are under common control or joint control within the families of Mr. Qin Yan and Mr. Qin Hongchao (together, the “Controlling Shareholders”). Members of key management and their close family member of the Group are also considered as related parties.

The directors of the Company are of the view that the following parties that had transactions or balances with the Group are related parties:

Name	Relationship with the Group
Henan Honliv Group Co., Ltd. (河南省宏力集團有限公司)	Entity controlled by a close family member of the Controlling Shareholders
Henan Honliv School (河南省宏力學校有限公司)	Entity controlled by a close family member of the Controlling Shareholders
Henan Honliv General Aviation Co., Ltd. (河南宏力通用航空有限公司)	Entity controlled by a close family member of the Controlling Shareholders
Henan Guxiang No.9 Catering Co., Ltd. (河南省谷香九號餐飲有限公司)	Entity's key management is one of the Controlling Shareholders of the Company
Henan Honliv Yishenghuo Co., Ltd. (河南省宏力一生活有限公司)	Entity controlled by one of the Controlling Shareholders

The following significant transactions were carried out between the Group and its related parties. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

24 RELATED PARTY TRANSACTIONS (Continued)**(a) Transactions with related parties****Continuing transactions**

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Premises rental services provided to related parties		
— Henan Honliv Yishenghuo Co., Ltd.	86	86
— Henan Guxiang No.9 Catering Co., Ltd.	—	52
	86	138
Sales of medical materials to related parties		
— Henan Honliv School	17	14
	103	152
Receipt of rental services from related parties		
— Henan Honliv School	290	290
Purchase of goods from related parties		
— Henan Guxiang No.9 Catering Co., Ltd.	116	—
	406	290

(i) The Group provided parking space to Henan Honliv General Aviation Co., Ltd. on a free basis for the six months ended 30 June 2025 and 30 June 2024.

(ii) Certain bank borrowings of the Group were guaranteed by related parties. Details of which are disclosed in the note 22 above.

(b) Period/Year-end balances arising from sales of services

Balances with related parties as at 30 June 2025 and 31 December 2024 were disclosed in note 18.

(c) Key management compensation

Key management includes directors (executive and non-executive) and senior managements. The compensation paid or payable to key management for employee services is shown below:

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Wages and salaries	1,656	1,504
Contributions to pension plans	22	17
Welfare and other expenses	558	551
	2,236	2,072