



弘和仁愛

HOSPITAL CORPORATION

弘和仁愛醫療集團有限公司
Hospital Corporation of China Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code: 3869



2025

INTERIM REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Chen Shuai (陳帥) *(Chairman and Acting Chief Executive Officer)*
Mr. Pu Chengchuan (蒲成川)
Ms. Pan Jianli (潘建麗)

Non-executive Directors

Ms. Liu Lu (劉路)
Ms. Wang Nan (王楠)

Independent Non-executive Directors

Mr. Dang Jinxue (党金雪)
Mr. Shi Luwen (史錄文)
Mr. Zhou Xiangliang (周向亮)

AUDIT COMMITTEE

Mr. Zhou Xiangliang (周向亮) *(Chairman)*
Mr. Dang Jinxue (党金雪)
Mr. Shi Luwen (史錄文)

REMUNERATION COMMITTEE

Mr. Dang Jinxue (党金雪) *(Chairman)*
Mr. Pu Chengchuan (蒲成川)
Mr. Zhou Xiangliang (周向亮)

NOMINATION COMMITTEE

Mr. Chen Shuai (陳帥) *(Chairman)*
Ms. Pan Jianli (潘建麗)
Mr. Dang Jinxue (党金雪)
Mr. Shi Luwen (史錄文)
Mr. Zhou Xiangliang (周向亮)

COMPANY SECRETARY

Ms. Ho Wing Yan (何詠欣) *(ACG, HKACG (PE))*

AUTHORISED REPRESENTATIVES

Mr. Chen Shuai (陳帥)
Ms. Ho Wing Yan (何詠欣) *(ACG, HKACG (PE))*

LISTING INFORMATION AND STOCK CODE

The Stock Exchange of Hong Kong Limited
(the “**Stock Exchange**”)
Stock Code: 3869

HEAD OFFICE IN THE PEOPLE’S REPUBLIC OF CHINA

Hospital Corporation of China Limited (the “**Company**”, together with its subsidiaries, the “**Group**”, “**we**”, “**our**” and “**us**”)
4th Floor, Air China Century Plaza
No.40, Xiaoyun Road, Chaoyang District, Beijing
The People’s Republic of China (“**PRC**”)

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 10, 70/F
Two International Finance Centre
No. 8 Finance Street
Central
Hong Kong

REGISTERED OFFICE

Maples Corporate Services Limited
PO Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

COMPANY'S WEBSITE

www.hcclhealthcare.com

AUDITOR

KPMG

*Public Interest Entity Auditor registered in accordance
with the Accounting and Financial Reporting Council
Ordinance*

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
Wanchai, Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square, Grand Cayman
KY1-1102, Cayman Islands

FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue	743,044	719,503
– Hospital management services	25,309	62,025
– General hospital services	712,237	651,702
– Sales of pharmaceutical products	4,294	4,427
– Other	1,204	1,349
Adjusted gross profit ⁽¹⁾	154,981	161,804
Adjusted net profit ⁽²⁾	70,584	87,334
Adjusted gross profit margin	20.9%	22.5%
Adjusted net profit margin	9.5%	12.1%
Adjusted items		
Expenses of share-based awards	–	(370)
Interest expenses on convertible bonds and gain on modification of convertible bonds and foreign exchange losses, net ⁽²⁾⁽ⁱ⁾	(105,965)	54,586
Depreciation and amortisation of identifiable assets identified in acquisitions ⁽²⁾⁽ⁱⁱ⁾	7,929	9,550
Revenue	743,044	719,503
Gross profit ⁽¹⁾	147,052	152,624
Net profit ⁽²⁾	168,620	23,568
Basic earnings/(losses) per share (in RMB)	1.13	(0.15)

Notes:

- (1) The gross profit of the Group for the six months ended 30 June 2025 (the “**Reporting Period**”) amounted to approximately RMB147.1 million. Adjusted gross profit is calculated as the gross profit for the Reporting Period, excluding the impact from the expenses of share-based awards and depreciation and amortisation of identifiable assets identified in acquisitions.
- (2) The Group recorded a net profit of approximately RMB168.6 million during the Reporting Period. The adjusted net profit (the “**Adjusted Net Profit**”) is calculated as the profit for the Reporting Period excluding the impact from certain items which are considered as non-operating by the management, including (i) the interest expenses on convertible bonds of approximately RMB59.2 million, gain on modification of convertible bonds of approximately RMB165.2 million and foreign exchange losses of approximately RMB0.5 million mainly arising from cash and cash equivalents and other foreign currency assets and liabilities; (ii) depreciation and amortisation of identifiable assets identified in acquisitions of approximately RMB7.9 million. For the calculation of the Adjusted Net Profit, tax impacts of the adjusted items were not considered.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

The Group is a healthcare services technology group driven by dual engines of industrial investment and scientific operations. As of 30 June 2025, the Group focuses on the healthcare service market in the Yangtze River Delta region of China, providing safe, efficient and professional medical services to residents through the management and operation in the vicinity of the comprehensive medical institutions owned, managed and founded by the Group (the “**Group Hospital(s)**”). In the current environment of intensified competition and stricter regulations in the healthcare service market, the Group is unwavering in its commitment to lead the Group Hospitals down a path of scientific and standardized management that meets industry requirements. We will focus more on differentiated development, enhance our capabilities in specialized treatment, strengthen talent acquisition and training efforts, promote the application of new technologies such as artificial intelligence, and actively explore innovative business models.

In the first half of 2025, the Group further optimized our asset quality and expanded our business scale, achieving a total revenue of approximately RMB743.0 million, which represents a year-on-year increase of approximately 3.3%. During the Reporting Period, the profit amounted to approximately RMB168.6 million, after excluding the impact of non-operational factors such as interest expenses on convertible bonds, gains from the revision to the terms of convertible bonds and amortization of intangible assets. The adjusted operating profit was approximately RMB70.6 million, reflecting a year-on-year decrease of approximately 19.2%. This decrease was primarily due to industry policy impacts such as reforms in medical insurance payment methods and the construction of Compact County Medical and Health Alliances. Although the quality of medical services at Group Hospitals has steadily improved, related medical service revenue and profit still experienced a decline.

Deepening the construction of core competitiveness in hospitals

Group Hospitals are the core resource for building our healthcare service technology group and serve as the research and practice base for our general medical management model. Through our long-term scientific operations, Group Hospitals have withstood the successive impacts of the COVID-19 pandemic and China's ongoing domestic healthcare reform policies, gaining recognition from both the market and government authorities for their medical service quality and sense of social responsibility. In light of the increasingly competitive healthcare market, we remain committed to the management baseline of legal practice and standardized operations. We closely align with the market demands, policy guidelines, and individual advantages of the regions where our Group Hospitals are located, exploring specialist clinics and brand strategies that suit their development.

As the reform of China's healthcare service system deepens—particularly reforms in medical insurance payment methods and the construction of Compact County Medical and Health Alliances—the traditional business model of medical services has been significantly impacted, making the transformation of non-public comprehensive medical groups urgent. At the same time, with the initiation of new efforts to rectify malpractice in pharmaceutical procurement and medical services, a healthy market competition order is being rebuilt, which is beneficial to non-public medical institutions with stable business scales, standardized management systems, and specialized clinics. From the perspective of the general medical service business in the first half of the year, the business scale of our Group Hospitals is under pressure; however, the revenue structure and management efficiency have been further improved and the level of reasonable diagnosis and treatment has significantly enhanced, laying a solid foundation for innovation in the Group's business model.

Strong financial stability

In the first half of 2025, the Group reached a consensus with Vanguard Glory Limited (“**Vanguard Glory**”) and Hony Capital Fund VIII (Cayman), L.P. (“**Hony Fund VIII**”) separately, to extend the maturity dates of the Vanguard Glory Convertible Bonds and the Hony Fund VIII Convertible Bonds to 30 September 2027, as described in the section headed “Connected Transaction in Relation to Extension of Maturity Date of Convertible Bonds” of this report. This extension allows the Company to defer significant cash outflows and provides greater financial flexibility in allocating operational funds for business operations and development, without incurring additional financing costs for immediate repayments. Moreover, given the uncertainty in the economic environment and fierce competition in the industry, the holding of sufficient funds will safeguard the Company’s ability to cope with complex environments and meet potential investment needs, particularly in areas of internal development such as equipment maintenance and upgrades, as well as talent recruitment and training.

Prospects in the second half of this year

In the second half of 2025, the Group will actively seek innovative business model opportunities, responding to local policy guidance for Group Hospitals. We will leverage our technological and brand advantages to promote convenient and beneficial services such as healthy weight management outpatient services, family doctor programs and medical accompaniment services. Additionally, we will explore the possibility of establishing regional hospital medical consortium and expand collaborations with advanced service providers related to precision medicine, focusing on the provision of supplementary services for families of patients within the public basic healthcare system.

FINANCIAL REVIEW

Results of Operations

During the Reporting Period, our revenue was approximately RMB743.0 million, representing an increase of approximately 3.3% when compared with approximately RMB719.5 million of the six months ended 30 June 2024 (the “**Corresponding Period of Previous Year**”), which was mainly attributable to the increase in the revenue of general hospital services from individual patients.

Our adjusted gross profit was approximately RMB155.0 million for the Reporting Period, excluding the impacts of expenses of share-based awards and depreciation and amortisation of identifiable assets identified in acquisitions, representing a decrease of approximately 4.2% when compared with approximately RMB161.8 million for the Corresponding Period of Previous Year. This is mainly attributable to the increase in employee benefit of the hospital expenses and the cost of inventories.

We recorded administrative expenses of approximately RMB62.4 million for the Reporting Period, representing an increase of approximately 25.7% when compared with approximately RMB49.6 million for the Corresponding Period of Previous Year, which is primarily due to the growth of business scale.

MANAGEMENT DISCUSSION AND ANALYSIS

We recorded adjusted operating profit (excluding the impacts of expenses of share-based awards and depreciation and amortisation of identifiable assets identified in acquisitions) of approximately RMB102.5 million for the Reporting Period, representing a decrease of approximately RMB20.5 million from approximately RMB123.0 million for the Corresponding Period of Previous Year. This is mainly attributable to the decrease in the gross profit.

For the Reporting Period, we have recorded an adjusted net profit of approximately RMB70.6 million, representing a decrease of approximately 19.2% when compared to the adjusted net profit of approximately RMB87.3 million of the Corresponding Period of Previous Year. Without taking into account the impact of the adjusted items, such a decrease was mainly due to the decrease of the gross profit.

LIQUIDITY AND CAPITAL RESOURCES

As at 30 June 2025, our total equity was approximately RMB727.3 million (as at 31 December 2024: approximately RMB576.6 million). As at 30 June 2025, we had current assets of approximately RMB1,019.7 million (as at 31 December 2024: approximately RMB1,099.1 million) and current liabilities of approximately RMB668.4 million (as at 31 December 2024: approximately RMB1,809.9 million). As at 30 June 2025, our current ratio was approximately 1.53, as compared with approximately 0.61 as at 31 December 2024.

Our current assets decrease by approximately RMB79.4 million from approximately RMB1,099.1 million as at 31 December 2024 to approximately RMB1,019.7 million as at 30 June 2025, primarily due to a decrease in cash and cash equivalents and financial assets at fair value through profit or loss. Our current liabilities decreased by approximately RMB1,141.5 million from approximately RMB1,809.9 million as at 31 December 2024 to approximately RMB668.4 million as at 30 June 2025, primarily due to the decrease in convertible bonds.

Our primary uses of cash in the Reporting Period were for working capital, term deposits and payment for financial assets at fair value through profit or loss. We financed our liquidity requirements mainly with cash flows generated from our operating activities. As at 30 June 2025, we had bank borrowings of approximately RMB63.1 million. Of our borrowings, approximately RMB43.1 million bear interest at a fixed rate of 3.0%, RMB20.0 million bear interest at a fixed rate of 2.6% (as at 31 December 2024: approximately RMB82.1 million), and we had cash and cash equivalents of approximately RMB612.4 million (as at 31 December 2024: approximately RMB714.1 million).

As at 30 June 2025 and 31 December 2024, the Group's borrowings were repayable as follows:

	Bank borrowings	
	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Within 1 year	<u>63,100</u>	<u>82,100</u>

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2025, the net gearing ratio, calculated based on the borrowing balance divided by the total assets, of the Company is approximately 2.5%. The directors of the Company (the “**Director(s)**”) believed that, after taking into account the financial resources available to us, we had sufficient working capital to meet our needs. Save as disclosed in this report, as at 30 June 2025, the Group did not have any other material contingent liabilities or guarantees.

As at the end of the Reporting Period, the Group did not use financial instruments for hedging purposes.

On 13 September 2024, the Company entered into a guarantee agreement (the “**2024 Nanyang Guarantee Agreement**”) with Nanyang Commercial Bank (China) Limited Beijing Branch* (南洋商業銀行(中國)有限公司北京分行) (the “**Nanyang Bank**”), pursuant to which (i) the guarantee agreement dated 3 November 2023 entered into between the Company and Nanyang Bank shall be superseded by the 2024 Nanyang Guarantee Agreement and (ii) the Company agreed to provide a corporate guarantee for Zhejiang Jinhua Guangfu Oncological Hospital* (浙江金華廣福腫瘤醫院) (“**Jinhua Guangfu Hospital**”) in favour of Nanyang Bank in connection with the repayment obligations of Jinhua Guangfu Hospital up to a maximum outstanding amount of RMB104.0 million (the “**2024 Nanyang Corporate Guarantee**”). As at 30 June 2025, the 2024 Nanyang Corporate Guarantee remained effective.

On 13 September 2024, the Company, Tibet Honghe Zhiyuan Business Management Co., Ltd.* (西藏弘和志遠企業管理有限公司) (“**Tibet Honghe Zhiyuan**”), a wholly-owned subsidiary of the Company, and Zhejiang Honghe Zhiyuan Medical Technology Co., Ltd.* (浙江弘和致遠醫療科技有限公司) (“**Zhiyuan Medical**”), which is indirectly owned as to 75% by the Company, entered into a guarantee agreement (the “**2024 CCB Guarantee Agreement**”) with China Construction Bank Corporation Jinhua Branch* (中國建設銀行股份有限公司金華分行) (“**China Construction Bank**”), pursuant to which the Company, Tibet Honghe Zhiyuan and Zhiyuan Medical agreed to provide a joint liability guarantee for Jinhua Guangfu Hospital in favour of China Construction Bank in connection with the repayment obligations of Jinhua Guangfu Hospital up to a maximum outstanding amount of RMB173.0 million. On 13 September 2024, Impeccable Success Limited (“**Impeccable Success**”), a wholly-owned subsidiary of the Company, entered into a pledge agreement with China Construction Bank (the “**CCB Pledge Agreement**”), pursuant to which Impeccable Success agreed to pledge its 75% equity interests in Zhiyuan Medical to China Construction Bank as security for the repayment obligations of Jinhua Guangfu Hospital up to a maximum outstanding amount of RMB66.66 million. For the avoidance of doubt, the financial assistance provided by the Group in favour of China Construction Bank, as contemplated under the 2024 CCB Guarantee Agreement and the CCB Pledge Agreement (the “**CCB Financial Assistance**”), will not exceed a maximum outstanding amount of RMB173.0 million. As at 30 June 2025, the CCB Financial Assistance remained effective.

MANAGEMENT DISCUSSION AND ANALYSIS

On 13 September 2024, the Company entered into a credit loan agreement with Jinhua Guangfu Hospital (the “**2024 Credit Loan Agreement**”), pursuant to which the Company has conditionally agreed to grant a revolving loan credit limit of RMB150.0 million to Jinhua Guangfu Hospital at an interest rate of 3.69% per annum, for an availability period from the effective date of the 2024 Credit Loan Agreement to 30 September 2027. Accordingly, the loan agreement entered into between the Company and Jinhua Guangfu Hospital on 24 July 2019, pursuant to which the Company granted a principal amount of RMB80.0 million to Jinhua Guangfu Hospital (the “**2019 Loan Agreement**”), and the loan agreement entered into between Tibet Honghe Zhiyuan and Jinhua Guangfu Hospital on 20 November 2020 (as supplemented by the supplemental loan agreement in 2023), pursuant to which Tibet Honghe Zhiyuan grant a maximum principal amount of RMB20.0 million to Jinhua Guangfu Hospital (the “**2020 Loan Agreement**”) were superseded upon the entering into of the 2024 Credit Loan Agreement. The outstanding principal amounts granted under the 2019 Loan Agreement and the revolving loan credit limit granted under the 2020 Loan Agreement were counted towards the revolving loan credit limit granted under the 2024 Credit Loan Agreement. As at 30 June 2025, the outstanding principal amount of the 2024 Credit Loan Agreement was RMB100.0 million. The loan drawdown under the 2024 Credit Loan Agreement shall be repayable on the expiry date of the term of such loan, which shall be one year from the relevant drawdown date, and if such date is not a business day (a day (excluding Saturday, Sunday or public holiday) on which banks in the PRC are generally open for normal banking business, the “**Business Day(s)**”), it should be the first Business Day immediately following such repayment date. The accrued interest of such loan must be repaid at the same time. If the loan is not repaid on time, penalty interest and compound interest will be charged from the date as for an overdue loan. According to the 2024 Credit Loan Agreement, Jinhua Guangfu Hospital may make early repayments with the Company’s consent. Jinhua Guangfu Hospital shall notify the Company of the repayment amount and repayment date five Business Days in advance. Interest on the early repayment will be calculated based on the actual loan period. On the agreed early repayment date, Jinhua Guangfu Hospital shall pay the principal and interest as specified by the Company.

According to Rule 14.22 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), the Stock Exchange will aggregate a series of transactions and treat them as if there were one transaction if they are all completed within a 12-month period or are otherwise related. Since the transactions contemplated under the 2024 Nanyang Guarantee Agreement, the 2024 CCB Guarantee Agreement, the CCB Pledge Agreement and the 2024 Credit Loan Agreement constitute financial assistance provided by the Group to Jinhua Guangfu Hospital, the transactions contemplated under the 2024 Nanyang Guarantee Agreement, the 2024 CCB Guarantee Agreement, the CCB Pledge Agreement and the 2024 Credit Loan Agreement are required to be aggregated pursuant to Rule 14.22 of the Listing Rules.

As the highest applicable percentage ratio in respect of the transactions contemplated under the 2024 Nanyang Guarantee Agreement, the 2024 CCB Guarantee Agreement, the CCB Pledge Agreement and the 2024 Credit Loan Agreement, when aggregate, is more than 25% but less than 100%, the entering into of the 2024 Nanyang Guarantee Agreement, the 2024 CCB Guarantee Agreement, the CCB Pledge Agreement and the 2024 Credit Loan Agreement and the transactions contemplated thereunder constitute a major transaction of the Company and shall be subject to the reporting, announcement, circular and shareholders’ approval requirements under Chapter 14 of the Listing Rules.

MANAGEMENT DISCUSSION AND ANALYSIS

In addition, as the assets ratio as defined under Rule 14.07(1) of the Listing Rules in respect of the transactions contemplated under the 2024 Nanyang Guarantee Agreement, the 2024 CCB Guarantee Agreement, the CCB Pledge Agreement and the 2024 Credit Loan Agreement, when aggregate, is more than 8%, the transactions contemplated under the 2024 Nanyang Guarantee Agreement, the 2024 CCB Guarantee Agreement, the CCB Pledge Agreement and the 2024 Credit Loan Agreement also constitute advance to an entity by the Group under Rule 13.13 of the Listing Rules and will together give rise to a general disclosure obligation of the Company under Rule 13.13 and Rule 13.15 of the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, shareholders' approval may be obtained by written shareholders' approval without convening a general meeting. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no shareholders or any of their respective associates has a material interest in each of the 2024 Nanyang Guarantee Agreement, the 2024 CCB Guarantee Agreement, the CCB Pledge Agreement and the 2024 Credit Loan Agreement and the transactions contemplated thereunder. Accordingly, no shareholder would be required to abstain from voting if a general meeting is required to be convened to approve the entering into of the 2024 Nanyang Guarantee Agreement, the 2024 CCB Guarantee Agreement, the CCB Pledge Agreement and the 2024 Credit Loan Agreement and the transactions contemplated thereunder.

As the Company has obtained the written approval from Vanguard Glory, which is directly interested in 97,000,000 shares (representing approximately 70.19% of the issued share capital of the Company) on 13 September 2024, the Company is not required to convene an extraordinary general meeting for the purpose of approving the entering into of the 2024 Nanyang Guarantee Agreement, the 2024 CCB Guarantee Agreement, the CCB Pledge Agreement and the 2024 Credit Loan Agreement and the transactions contemplated thereunder in accordance with Rule 14.44 of the Listing Rules.

A circular containing, among other things, (i) further details of the 2024 Nanyang Guarantee Agreement, the 2024 CCB Guarantee Agreement, the CCB Pledge Agreement and the 2024 Credit Loan Agreement and the transactions contemplated thereunder; and (ii) other information as required under the Listing Rules, was dispatched to the shareholders for their information on 25 September 2024.

For details, please refer to the announcements of the Company dated 24 July 2019, 20 November 2020, 27 September 2022, 11 November 2022, 3 November 2023, 14 November 2023 and 13 September 2024 and the circular of the Company dated 25 September 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Disclosable transaction in relation to the acquisition of the entire equity interest of Cixi Honghe Property Management Company Limited

On 20 May 2025, Cixi Honghe Medical Management Company Limited* (慈溪弘和醫療管理有限公司) (the “**Purchaser**”), an indirect non-wholly owned subsidiary of the Company, entered into an equity transfer agreement (the “**Equity Transfer Agreement**”) with Cixi Honghe Hospital* (慈溪弘和醫院) (the “**Seller**”). Pursuant to the Equity Transfer Agreement, the Seller agreed to sell, and the Purchaser agreed to acquire, the entire equity interest in the Cixi Honghe Property Management Company Limited* (慈溪弘和物業管理有限公司) (the “**Target Company**”) at a consideration of RMB49.47 million. Upon completion of the acquisition of the entire equity interest in the Target Company and the transactions contemplated under the Equity Transfer Agreement, the Target Company shall become a subsidiary of the Company, the financial results of which will be consolidated into the consolidated financial statements of the Group. Please refer to the announcement published by the Company on 20 May 2025.

Save as disclosed in this report, the Group did not undertake any material acquisitions and disposals of subsidiaries, associates and joint ventures from 1 January 2025 until 30 June 2025.

CONNECTED TRANSACTION IN RELATION TO EXTENSION OF MATURITY DATE OF CONVERTIBLE BONDS

On 12 June 2025, in accordance with the terms and conditions of the convertible bonds with an aggregate principal amount of HKD468.0 million issued by the Company to Vanguard Glory on 5 March 2018 (the “**Vanguard Glory Convertible Bonds**”), the Company and Vanguard Glory entered into a deed of amendment (the “**Vanguard Glory Deed of Amendment**”) to extend the maturity date of the Vanguard Glory Controvertible Bonds (the “**Vanguard Glory Alteration of Terms**”).

Pursuant to the Vanguard Glory Alteration of Terms, the maturity date of the Vanguard Glory Convertible Bonds has been extended from 30 September 2025 to 30 September 2027.

Save as revised by the Vanguard Glory Alteration of Terms, all of the terms and conditions of the Vanguard Glory Convertible Bonds remain unchanged and in full force.

On 12 June 2025, in accordance with the terms and conditions of the convertible bonds with an aggregate principal amount of approximately HKD773.9 million issued by the Company to Hony Fund VIII on 7 August 2018 (the “**Hony Fund VIII Convertible Bonds**”), the Company and Hony Fund VIII entered into the deed of amendment (the “**Hony Fund Deed of Amendment**”) to extend the maturity date of the Hony Fund VIII Convertible Bonds (the “**Hony Fund Alteration of Terms**”).

Pursuant to the Hony Fund Alteration of Terms, the maturity date of the Hony Fund VIII Convertible Bonds has been extended from 30 September 2025 to 30 September 2027.

MANAGEMENT DISCUSSION AND ANALYSIS

Save as revised by the Hony Fund Alteration of Terms, all of the terms and conditions of the Hony Fund VIII Convertible Bonds remain unchanged and in full force.

As at the date of this report, the respective principal amount of the Vanguard Glory Convertible Bonds and the Hony Fund VIII Convertible Bonds remains outstanding in full, and Vanguard Glory and Hony Fund VIII has not exercised its respective conversion rights.

At the extraordinary general meeting of the Company convened on 30 June 2025, among other things, the Vanguard Glory Deed of Amendment, the Vanguard Glory Alteration of Terms contemplated thereunder, the Hony Fund Deed of Amendment and the Hony Fund Alteration of Terms contemplated thereunder have been approved by the independent shareholders.

Further details, please refer to the announcements of the Company dated 12 June 2025 and 30 June 2025 and the circular of the Company dated 13 June 2025.

SIGNIFICANT INVESTMENTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As of 30 June 2025, the Group did not have any significant investments or future plans for material investments or capital assets.

EXPOSURE TO FOREIGN EXCHANGE RISK

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

As at 30 June 2025, the Group was exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to USD and HKD.

The Group mainly operates in the PRC with most of its transactions settled in RMB. Foreign exchange rate risk arises when recognized assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Group did not use any derivative financial instruments to hedge foreign exchange risk. The Group will constantly review the economic situation and its foreign exchange risk profile, and will consider appropriate hedging measures in the future, as may be necessary.

MANAGEMENT DISCUSSION AND ANALYSIS

PLEDGE OF ASSETS

On 13 September 2024, the Company, Tibet Honghe Zhiyuan and Zhiyuan Medical provided a joint liability guarantee for Jinhua Guangfu Hospital in favour of China Construction Bank in connection with the repayment obligations of Jinhua Guangfu Hospital up to a maximum outstanding amount of RMB173.0 million. Impeccable Success has pledged its paid-up equity interests in Zhiyuan Medical to China Construction Bank as security for the repayment obligations of Jinhua Guangfu Hospital up to a maximum outstanding amount of RMB66.66 million. For the avoidance of doubt, the financial assistance provided by the Group in favor of China Construction Bank mentioned above will not exceed a maximum outstanding amount of RMB173.0 million. As at 30 June 2025, the principal amount of loan balance of Jinhua Guangfu Hospital was RMB120.2 million.

On 13 September 2024, the Company provided a corporate guarantee for Jinhua Guangfu Hospital in favor of Nanyang Bank in connection with the repayment obligations up to a maximum outstanding amount of RMB104.0 million. As at 30 June 2025, the principle amount of loan balance of Jinhua Guangfu Hospital was RMB60.0 million.

Jiande Hospital of Traditional Chinese Medicine Co., Ltd.* (建德中醫院有限公司) (“**Jiande Hospital**”) entered into three one-year loan agreements with Agricultural Bank of China Jiande Branch. As at 30 June 2025, the outstanding amount of the loans was RMB43.1 million. These bank loans were secured by trade receivables held by Jiande Hospital.

On 17 April 2025, Jiande Hospital entered into a one-year loan agreement with Bank of Communications Jiande Branch. As at 30 June 2025, the outstanding amount of this loan was RMB20.0 million. This bank loan was guaranteed by Jiande Dajia Chinese Medicines Pharmaceutical Technology Co., Ltd.* (建德大家中醫藥科技有限公司) (“**DJ Pharmaceutical Technology**”).

Save as disclosed in this report, as at 30 June 2025, the Group did not have any other pledged assets.

INTERIM DIVIDEND

The board of Directors (the “**Board**”) has resolved not to declare any interim dividend for the six months ended 30 June 2025.

HUMAN RESOURCES

As at 30 June 2025, we had a total of 1,839 employees (as at 30 June 2024: 1,491). The increase of employee was mainly due to the growth of business scale. We provide wages, employee-related insurance and employee benefits to our employees. Remuneration packages for our employees mainly consist of base salary, welfare and bonus. For the six months ended 30 June 2025, the total employee benefits expenses (including Directors' remuneration) were approximately RMB244.0 million (for the six months ended 30 June 2024: approximately RMB215.1 million).

We set performance targets for our employees based on their position and department, and regularly review their performance. The results of these reviews are used in their salary determinations, bonus awards and promotion appraisals. As required by PRC laws and regulations, our employees participate in several government-run benefit programs, including but not limited to retirement benefit programs, housing provident fund, medical insurance and other employee social insurance programs. The Company has adopted certain share-based payment schemes for the purpose of, among others, providing incentive and rewards to eligible persons with outstanding performance and contributions to the Group.

We provide ongoing training for our employees. Our doctors and other medical professionals regularly receive technical training in their relevant fields. Our administrative and management staff also receive systematic training on management skills and business operations.

EVENTS AFTER THE REPORTING PERIOD

The Group had no significant events after 30 June 2025 and up to the date of this report.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 June 2025, the interests or short positions of our Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) which were required (i) 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 (ii) to be entered into the register required to be kept by the Company pursuant to Section 352 of the SFO, or (iii) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix C3 to the Listing Rules were as follows:

Long positions in the Shares and underlying Shares of the Company

Name of Director	Capacity/Nature of interest	Number of Shares or underlying Shares	Approximate percentage of shareholding interest ⁽²⁾
Ms. Liu Lu	Interest in controlled corporation	9,090,400 ⁽¹⁾	6.58%

Notes:

(1) Ms. Liu Lu is one of the general partners of Hefei Kangyang Capital Management Partnership (Limited Partnership) (合肥康養資本管理合夥企業(有限合夥)) (“Hefei Kangyang LP”), which holds 55% of the equity interest in Anhui Zhong'an Health Investment Management Co., Ltd. (安徽中安健康投資管理有限公司) (“Anhui Zhong'an”). Anhui Zhong'an is the general partner of Anhui Zhong'an Health Elderly Care Services Industry Investment Partnership (Limited Partnership) (安徽省中安健康養老服務產業投資合夥企業(有限合夥)) (“Anhui Zhong'an LP”), which is a limited partnership formed under the laws of the PRC as an investment vehicle and holds approximately 6.58% of the issued share capital of the Company. Ms. Liu Lu is a director of Anhui Zhong'an.

(2) As at 30 June 2025, the total number of issued shares of the Company was 138,194,000.

Save as disclosed above, as of 30 June 2025, so far as is known to the Directors, none of the Directors or the chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified pursuant to Divisions 7 and 8 of Part XV of the SFO or to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2025, the following persons (other than the Directors and chief executives of the Company) had or were deemed or taken to have an interest and/or short position in the shares or the underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept by the Company under Section 336 of the SFO, or who was, directly or indirectly, interested in 5% or more of the issued Shares of the Company:

Long positions in the Shares and underlying Shares of the Company

Name of Shareholder	Capacity/Nature of interest	Number of Shares or underlying Shares of the Company	Approximate percentage of shareholding interest ⁽⁶⁾
Vanguard Glory ⁽¹⁾	Beneficial owner	123,000,000	89.01%
Hony Capital Fund V, L.P. ⁽²⁾	Interest in controlled corporation	123,000,000	89.01%
Hony Capital Fund V GP, L.P. ⁽²⁾	Interest in controlled corporation	123,000,000	89.01%
Hony Capital Fund V GP Limited ⁽²⁾	Interest in controlled corporation	123,000,000	89.01%
Hony Group Management Limited ⁽²⁾⁽³⁾	Interest in controlled corporation	161,693,985	117.01%
Hony Managing Partners Limited ⁽²⁾⁽³⁾	Interest in controlled corporation	161,693,985	117.01%
Exponential Fortune Group Limited ⁽²⁾⁽³⁾	Interest in controlled corporation	161,693,985	117.01%
Hony Fund VIII ⁽³⁾	Beneficial owner	38,693,985	28.00%
Hony Capital Fund VIII GP (Cayman), L.P. ⁽³⁾	Interest in controlled corporation	38,693,985	28.00%
Hony Capital Fund VIII GP (Cayman) Limited ⁽³⁾	Interest in controlled corporation	38,693,985	28.00%
Mr. Zhao John Huan ⁽⁴⁾	Interest in controlled corporation	161,693,985	117.01%
Anhui Zhong'an LP ⁽⁵⁾	Beneficial owner	9,090,400	6.58%
Anhui Zhong'an ⁽⁵⁾	Interest in controlled corporation	9,090,400	6.58%
Hefei Kangyang LP ⁽⁵⁾	Interest in controlled corporation	9,090,400	6.58%
Anhui Chuanggu Equity Investment Fund Management Co., Ltd. (安徽創谷股權投資基金管理有限公司) ⁽⁵⁾	Interest in controlled corporation	9,090,400	6.58%
Mr. Niu Yang ⁽⁵⁾	Interest in controlled corporation	9,090,400	6.58%

CORPORATE GOVERNANCE AND OTHER INFORMATION

- (1) Vanguard Glory is a wholly-owned subsidiary of Hony Fund V, L.P. and holds (a) 97,000,000 shares of the Company and (b) convertible bonds issued by the Company, which can be converted into 26,000,000 shares of the Company and represent approximately 18.81% of the issued share capital of the Company as of 30 June 2025. For further details, please refer to the section headed “Convertible Bonds” in this report.
- (2) Hony Capital Fund V, L.P. is an exempted limited partnership formed under the laws of the Cayman Islands as an investment vehicle. The general partner of Hony Capital Fund V, L.P. is Hony Capital Fund V GP, L.P., whose general partner is Hony Capital Fund V GP Limited. Hony Capital Fund V GP Limited is wholly owned by Hony Group Management Limited, 80% equity interest of which is held by Hony Managing Partners Limited, which in turn is wholly owned by Exponential Fortune Group Limited. Exponential Fortune Group Limited is held as to 49% by Mr. Zhao John Huan. Mr. Zhao John Huan is a director of Hony Capital Fund V GP Limited, Hony Group Management Limited, Hony Managing Partners Limited and Exponential Fortune Group Limited.
- (3) Hony Capital Fund VIII (Cayman), L.P. is an exempted limited partnership formed under the laws of the Cayman Islands as an investment vehicle. The general partner of Hony Capital Fund VIII (Cayman), L.P. is Hony Capital Fund VIII GP (Cayman), L.P., whose general partner is Hony Capital Fund VIII GP (Cayman) Limited. Hony Capital Fund VIII GP (Cayman) Limited is wholly-owned by Hony Group Management Limited, 80% equity interest of which is held by Hony Managing Partners Limited, which in turn is wholly-owned by Exponential Fortune Group Limited. Exponential Fortune Group Limited is held as to 49% by Mr. Zhao John Huan. Mr. Zhao John Huan is a director of Hony Capital Fund VIII GP (Cayman) Limited, Hony Group Management Limited, Hony Managing Partners Limited and Exponential Fortune Group Limited.
- (4) Mr. Zhao John Huan is deemed to be interested in a total of 161,693,985 shares of the Company that are held by his controlled corporations, Vanguard Glory and Hony Fund VIII. Vanguard Glory holds 97,000,000 shares of the Company and holds convertible bonds issued by the Company that can be converted into 26,000,000 shares of the Company. Hony Fund VIII holds convertible bonds issued by the Company that can be converted into 38,693,985 shares of the Company. For further details, please refer to the section headed “Convertible Bonds” in this report.
- (5) Anhui Zhong'an LP is a limited partnership formed under the laws of the PRC as an investment vehicle. The general partner of Anhui Zhong'an LP is Anhui Zhong'an, which is jointly held as to 55% by Hefei Kangyang LP and as to 45% by Anhui Chuanggu Equity Investment Fund Management Co. Ltd. (安徽創谷股權投資基金管理有限公司). Mr. Niu Yang is one of the general partners of Hefei Kangyang LP. Ms. Liu Lu is a director of Anhui Zhong'an.
- (6) As at 30 June 2025, the total number of issued shares of the Company was 138,194,000.

CONVERTIBLE BONDS

Vanguard Glory Convertible Bonds

In view of the Group's substantial need to fund our future acquisitions, the Company and Vanguard Glory, a shareholder holding 70.19% of the Company's issued share capital, entered into a subscription agreement on 25 January 2018, pursuant to which, on 5 March 2018, the Company issued and Vanguard Glory subscribed for Vanguard Glory Convertible Bonds in the aggregate principal amount of HKD468.0 million with an initial conversion price of HKD18.00 per conversion share. The Vanguard Glory Convertible Bonds will mature three years upon their issuance or may be converted into 26,000,000 ordinary shares of the Company (assuming the conversion rights are exercised in full and subject to adjustment). Upon maturity, the Company will redeem all outstanding Vanguard Glory Convertible Bonds at its principal amount.

On 17 December 2020, in accordance with the terms and conditions of the Vanguard Glory Convertible Bonds, the Company and Vanguard Glory entered into a deed of amendment to alter certain terms of the Vanguard Glory Convertible Bonds, pursuant to which, (i) the maturity date of the Vanguard Glory Convertible Bonds shall be extended from 5 March 2021 to 29 December 2023; and (ii) in the event that the shares of the Company cease to be listed or admitted to trading on the Stock Exchange, each bondholder shall have the right, at such bondholder's option, to require the Company to redeem, in whole or in part (i.e. rather than in whole only), such bondholder's Vanguard Glory Convertible Bonds. The alteration of certain terms of the Vanguard Glory Convertible Bonds was approved by the independent shareholders at the extraordinary general meeting of the Company held on 22 February 2021 and was approved by the Stock Exchange subsequently.

On 6 June 2023, the Company and Vanguard Glory entered into the deed of amendment in relation to the alteration of certain terms of the Vanguard Glory Controvertible Bonds, pursuant to which, the maturity date of the Vanguard Glory Convertible Bonds shall be extended from 29 December 2023 to 30 September 2025, subject to and effective from fulfillment of the conditions precedent. The alteration of certain terms of the Vanguard Glory Convertible Bonds was approved by the independent shareholders at the extraordinary general meeting of the Company held on 31 July 2023 and was approved by the Stock Exchange subsequently.

On 12 June 2025, the Company and Vanguard Glory entered into the Vanguard Glory Deed of Amendment, as described in the section headed "Connected Transaction in Relation to Extension of Maturity Date of Convertible Bonds" of this report. Pursuant to the Vanguard Glory Alteration of Terms, the maturity date of the Vanguard Glory Convertible Bonds shall be extended from 30 September 2025 to 30 September 2027, subject to and effective from fulfillment of the conditions precedent. The Vanguard Glory Alteration of Terms was approved by the independent shareholders at the extraordinary general meeting of the Company held on 30 June 2025 and was approved by the Stock Exchange subsequently.

Save as revised by the alteration of terms above, all of the terms and conditions of the Vanguard Glory Convertible Bonds remain unchanged and in full force.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Please refer to the announcements of the Company dated 25 January 2018, 17 December 2020, 22 February 2021, 6 June 2023, 31 July 2023, 12 June 2025 and 30 June 2025, and the circular of the Company dated 29 January 2021, 7 July 2023 and 13 June 2025 for further details.

The market price of the Company's shares on 25 January 2018, being the date on which the terms of the issuance of the Vanguard Glory Convertible Bonds were determined, was HKD15.00 per share.

The net proceeds from the Vanguard Glory Convertible Bonds, after deducting all related costs and expenses, was approximately HKD467.0 million. The net proceeds of approximately HKD405.0 million were used to acquire Cixi Hongai Medical Management Co., Ltd. ("**Cixi Hongai**") in March 2018. The amount of the net proceeds approximately HKD62.0 million were used for hospital management businesses by the Group as of 31 December 2023. The Directors believe that it is fair and reasonable, and in the interests of the Company and its shareholders as a whole.

As at 30 June 2025, none of the Vanguard Glory Convertible Bonds has been converted into shares of the Company.

Dilution Impact on Earnings per Share

As calculated based on profit attributable to owners of the Company of approximately RMB153.7 million for the six months ended 30 June 2025, basic earnings per share amounted to RMB1.13 and diluted earnings per share of the Company amounted to RMB0.24.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Based on the implied internal rate of returns of the Vanguard Glory Convertible Bonds, the Company's share prices at the future dates at which it would be equally financially advantageous for the holders of the Vanguard Glory Convertible Bonds to convert were as follows:

Date	30 September 2027 (HKD per Share)
Share price	<u>18.0</u>

Hony Fund VIII Convertible Bonds

On 29 May 2018, the Company and Hony Fund VIII entered into a share purchase agreement (the “**Share Purchase Agreement**”) in relation to the sale and purchase of the entire equity interest in Oriental Ally Holdings Limited (“**Oriental Ally**”), a company incorporated in the British Virgin Islands with limited liability and owned by Hony Fund VIII, at a consideration of RMB630.0 million (equivalent to approximately HKD773.9 million).

Oriental Ally is an investment holding company, which directly owns 100% of the equity interest in Impeccable Success, which in turn directly owns 75% of the equity interest in Zhiyuan Medical (collectively referred to as the “**Target Group**”). The Target Group is principally engaged in the provision of management and consultation services to hospital (Jinhua Guangfu Hospital) in the PRC.

On 7 August 2018, the acquisition was completed, and Oriental Ally became a subsidiary of the Company. The Company directly holds 100% of the equity interest in Oriental Ally. Through Oriental Ally, the Company indirectly holds 75% of the equity interest in Zhiyuan Medical. The remaining 25% equity interest held by Hony Kangshou Management Consulting (Shanghai) Co., Ltd. shall be recognised as a non-controlling interest. The consideration was satisfied by the issuance of Hony Fund VIII Convertible Bonds in the aggregate principal amount of approximately HKD773.9 million by the Company to Hony Fund VIII on the completion date of the acquisition pursuant to the Share Purchase Agreement. On 7 August 2018, the Hony Fund VIII Convertible Bonds were issued in registered form in the denomination of HKD1.00 each provided that in no event shall any Hony Fund VIII Convertible Bonds be transferred, exchanged, converted or purchased in an aggregate principal amount less than HKD1.00. The Hony Fund VIII Convertible Bonds will mature five years from their issuance or may be converted into 38,693,985 ordinary shares of the Company (assuming the conversion rights are exercised in full and subject to adjustment) at the holder's option at the conversion price of HKD20.00 per conversion share (subject to adjustment to the conversion price). Upon maturity, the Company will redeem all outstanding Hony Fund VIII Convertible Bonds at its principal amount.

The market price of the Company's shares on 29 May 2018, being the date on which the terms of the issuance of the Hony Fund VIII Convertible Bonds were determined, was HKD20.10 per share.

CORPORATE GOVERNANCE AND OTHER INFORMATION

On 6 June 2023, the Company and Hony Fund VIII entered into the deed of amendment in relation to the alteration of certain terms of the Hony Fund VIII Convertible Bonds, pursuant to which, the maturity date of the Hony Fund VIII Convertible Bonds shall be extended from 7 August 2023 to 30 September 2025, subject to and effective from fulfillment of the conditions precedent. All votes on all the proposed resolutions as set out in the notice of extraordinary general meeting dated 7 July 2023 were taken by poll at the extraordinary general meeting dated 31 July 2023 and was approved by the Stock Exchange subsequently.

On 12 June 2025, the Company and Hony Fund VIII entered into the Hony Fund Deed of Amendment, as described in the section headed “Connected Transaction in Relation to Extension of Maturity Date of Convertible Bonds” of this report. Pursuant to the Hony Fund Alteration of Terms, the maturity date of the Hony Fund VIII Convertible Bonds shall be extended from 30 September 2025 to 30 September 2027, subject to and effective from fulfillment of the conditions precedent. The Hony Fund Alteration of Terms was approved by the independent shareholders at the extraordinary general meeting of the Company held on 30 June 2025 and was approved by the Stock Exchange subsequently.

Save as revised by the alteration of terms above, all of the terms and conditions of the Hony Fund VIII Convertible Bonds remain unchanged and in full force.

As at 30 June 2025, none of the Hony Fund VIII Convertible Bonds has been converted into shares of the Company.

Please refer to the announcements of the Company dated 29 May 2018, 6 June 2023, 31 July 2023, 12 June 2025 and 30 June 2025, and the circulars of the Company dated 24 June 2018, 7 July 2023 and 13 June 2025 for further details.

Dilution Impact on Earnings per Share

As calculated based on profit attributable to owners of the Company of approximately RMB153.7 million for the six months ended 30 June 2025, basic earnings per share amounted to RMB1.13 and diluted earnings per share of the Company amounted to RMB0.24.

Based on the implied internal rate of returns of the Hony Fund VIII Convertible Bonds, the Company's share prices at the future dates at which it would be equally financially advantageous for the holders of the Hony Fund VIII Convertible Bonds to convert were as follows:

Date	30 September 2027 (HKD per Share)
Share price	<u>20.0</u>

Leap Wave Convertible Bonds

In view of the Group's need for further financing to fund our future acquisitions, on 21 December 2018 and 16 January 2019, the Company and Leap Wave Limited ("**Leap Wave**") entered into a subscription agreement and an amendment agreement respectively, pursuant to which the Company agreed to issue and Leap Wave agreed to subscribe for convertible bonds in the aggregate principal amount of HKD800.0 million at a total consideration equal to the aggregate principal amount of the convertible bonds (the "**Leap Wave Convertible Bonds**"). On 27 February 2019, the Leap Wave Convertible Bonds were issued in registered form in the denomination of HKD1.00 each. The Leap Wave Convertible Bonds will mature five years from their issuance or may be converted into 40,000,000 ordinary shares of the Company (assuming the conversion rights are exercised in full and subject to adjustment) at the holder's option at the conversion price of HKD20.00 per conversion share (subject to adjustment to the conversion price). Upon maturity, the Company shall redeem in whole the Leap Wave Convertible Bonds with the redemption amount calculated in accordance with the following formula: principal amount of outstanding convertible bonds + principal amount of outstanding convertible bonds $\times$ 6% $\times$ 5.

The market price of the Company's shares on 16 January 2019, being the date on which the terms of the issuance of the Leap Wave Convertible Bonds were determined, was HKD16.18 per share.

On 12 August 2021, in accordance with the terms and conditions of the Leap Wave Convertible Bonds, the Company and Leap Wave entered into the Leap Wave Deed of Amendment (the "**Leap Wave Deed of Amendment**") in relation to early redemption (the "**Early Redemption**"), subject to and effective from the fulfilment of certain conditions precedent.

The alteration of terms contemplated under the Leap Wave Deed of Amendment was approved by the shareholders at the extraordinary general meeting of the Company held on 8 October 2021 and was approved by the Stock Exchange subsequently.

The terms of Leap Wave Convertible Bonds has been amended as follows:

- (i) The existing arrangements with respect to early redemption shall be replaced in entirety with the following:

With prior written consent of the Company and the Bondholder, the outstanding Convertible Bonds may be redeemed in whole by the Company prior to the Maturity Date at the mutually agreed early redemption amount (the "**Early Redemption Amount**") calculated in accordance with the following formula:

Early Redemption Amount = Principal amount of the outstanding Convertible Bonds as of the redemption date $\times$ 98%.

CORPORATE GOVERNANCE AND OTHER INFORMATION

- (ii) The following payment arrangements with respect to early redemption shall be added:

Company may pay the Early Redemption Amount to the Bondholder in instalments. The detailed instalment schedules shall be agreed between the Company and the Bondholder and set out in the redemption notice to be served by the Company to the Bondholder. No interest shall accrue on any unpaid Early Redemption Amount during the instalment period, unless where the Company fails to pay the agreed instalments on the corresponding payment dates, default interest (i.e. 5% per annum) shall accrue on the overdue amount in accordance with the existing terms of the Convertible Bonds.

On 15 October 2021, the Company has served a redemption notice to Leap Wave to request for early redemption on all outstanding Leap Wave Convertible Bonds in the principal amount of HKD800.0 million, pursuant to which, the Company will pay the early redemption amount, being HKD784.0 million, to Leap Wave in accordance with the following payment schedule:

Payment dates	Instalment amount (HKD in millions)
20 October 2021	550
31 July 2022	120
31 July 2023	114
Total Early Redemption Amount:	784

As at 31 July 2023, the Company has paid HKD695.0 million to Leap Wave, and HKD89.0 million remain unpaid (the “**Remaining Early Redemption Amount**”). Given the uncertainty in economic environment and fierce competition in the medical industry, to safeguard the health of the Company’s financial cash flow, on 31 July 2023, the Company has served a written notice to Leap Wave stating that the payment of the Remaining Early Redemption Amount and interests are intended to be paid in two instalments that an amount of HKD39.0 million shall be paid on or before 31 July 2024 and an amount of HKD50.0 million shall be paid on or before 31 July 2025. Interests shall be calculated based on the actual number of days accrued from the date on which such sum being due and payable to the date on which the full amount of such sum has been duly paid by the Company and on the basis of 360 days per year in accordance with the convertible bonds instrument executed by the Company on 27 February 2019 as revised by the Leap Wave Deed of Amendment.

As at 30 June 2025, the Remaining Early Redemption Amount has been fully paid, the Leap Wave Convertible Bonds has been cancelled in whole and the Company has been discharged from all of the obligations under and in respect of the Leap Wave Convertible Bonds.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Dilution Effect of the Conversion of the Vanguard Glory Convertible Bonds and the Hony Fund VIII Convertible Bonds

Set out below is the dilution effect on equity interest of the substantial shareholders upon the full conversion of the outstanding Vanguard Glory Convertible Bonds and the outstanding Hony Fund VIII Convertible Bonds.

Substantial Shareholders	As at 30 June 2025		Immediately upon full conversion of the Vanguard Glory Convertible Bonds and the Hony Fund VIII Convertible Bonds	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Vanguard Glory	97,000,000	70.19	123,000,000	60.62
Hony Fund VIII	0	0.00	38,693,985	19.07
Anhui Zhong'an LP	9,090,400	6.58	9,090,400	4.48

Note: the shareholding structure is shown for illustration purpose only and may not be exhaustive. Pursuant to the conversion restrictions under the terms and conditions of the above convertible bonds, their respective conversion rights may only be exercised to the extent that, immediately after such conversion, the Company will continue to be able to satisfy the public float requirements under the Listing Rules.

SHARE-BASED PAYMENT SCHEMES

(a) Share Incentive Scheme

On 24 October 2017, Vanguard Glory entered into a share incentive scheme (the “**Share Incentive Scheme**”) with certain members of management (collectively referred to as the “**Share Incentive Grantees**” and each a “**Share Incentive Grantee**”). Pursuant to the Share Incentive Scheme, Vanguard Glory granted 6,412,201 share awards to the Share Incentive Grantees entitling them to subscribe for shares held by Vanguard Glory at an exercise price of HKD14.35 per share, subject to certain lock-up restrictions.

In 2018, two of the Share Incentive Grantees resigned and the Company agreed with one of the grantees that all of the share awards granted by Vanguard Glory to him would remain in effect after his resignation. Further, as agreed by the Company, 25% of the share awards granted by Vanguard Glory to another grantee would be free to be executed after her resignation, and the remaining 75% locked-up notional shares granted to her lapsed. The share-based compensation expenses in relation to the share awards granted to the resigned Share Incentive Grantee for the year ended 31 December 2018 was recognised as capital reserve upon her resignation.

In 2019, two of the Share Incentive Grantees resigned and as agreed by the Company, 50% of the share awards granted by Vanguard Glory to one of the grantees would be released from the lock-up restrictions after his resignation, while the remaining 50% locked-up notional shares granted to him lapsed. The share-based compensation expenses in relation to the share awards granted to the resigned Share Incentive Grantee for the year ended 31 December 2019 were recognised as capital reserve upon his resignation. Further, pursuant to the Share Incentive Scheme, the share awards granted to another grantee who has resigned which had not been exercised will be terminated and the remaining locked-up notional shares granted to him shall lapse.

In 2021, the remaining 50% of the shared awards granted by Vanguard Glory has been released from the lock-up restrictions.

(b) Post-IPO Share Appreciation Rights Scheme

We adopted a post-IPO share appreciation rights scheme (the “**Post-IPO SARs Scheme**”) on 13 December 2016 to enable the Company to grant post-IPO share appreciation rights (the “**Post-IPO SARs**”) to Post-IPO SARs Eligible Participants (as defined below) as rewards or returns for their contribution or potential contribution to the Company and/or any of its subsidiaries. The Post-IPO SARs Scheme does not involve the grant of options over new securities of the Company. Under the Post-IPO SARs Scheme, directors, employees, advisors, consultants, distributors, contractors, customers, suppliers, agents, business partners, joint venture partners and service providers of the Company or any of its subsidiaries (the “**Post-IPO SARs Eligible Participants**”) who, in the sole opinion of the Board, have contributed to the Company and/or any of its subsidiaries will be entitled to receive cash payments determined based on the appreciation of the notional shares over a specified period pursuant to the Post-IPO SARs Scheme. The Post-IPO SARs Eligible Participants who accepted the offer do not have any voting rights and rights to dividends entitled by the shareholders of the Company.

Details of the Post-IPO SARs Scheme were set out in the Prospectus. Since the Listing Date and up to the date of this report, no Post-IPO SARs had been granted under the Post-IPO SARs Scheme.

(c) Share Award Scheme

The Company has adopted a share award scheme of the Company (the “**Share Award Scheme**”) for a term of 10 years from 18 January 2021.

The following classes of participants (the “**SAS Eligible Participants**”) are eligible for participation in the Share Award Scheme: (a) directors (including executive directors and non-executive directors) of the Company or any of its subsidiaries; (b) employees (including full-time and part-time), officers, agents or consultants of the Company or any of its subsidiaries; and (c) core management members of any hospital owned, managed and/or founded by the Group.

The Board or any committee delegated with the power and authority by the Board to administer the Share Award Scheme (the “**SAS Administration Body**”) may, from time to time, at its absolute discretion select any SAS Eligible Participant (the “**SAS Selected Participant**”) to be entitled to receive a grant of award of Shares (the “**Share Award**”), either Shares subject to vesting criteria or restrictions or Shares granted directly to the SAS Selected Participants which the SAS Administration Body determines to be vested immediately upon acceptance without any vesting conditions, under the Share Award Scheme. The Share Award Scheme will be funded solely by the existing Shares and will not be funded by any new Shares.

CORPORATE GOVERNANCE AND OTHER INFORMATION

The eligibility of any of the SAS Eligible Participant to a Share Award and/or the number of Shares to be granted shall be determined by the SAS Administration Body, taking into consideration matters such as the contribution of the relevant SAS Eligible Participant to the profits of the Group and the general financial condition of the Group. After the SAS Administration Body has determined the number of Shares to be granted and/or the SAS Selected Participants, it shall notify the trustee of the trust set up under the Share Award Scheme (the “**SAS Trustee**”) and (if the SAS Selected Participants are identified) issue the grant letter to the SAS Selected Participants.

The purposes of the Share Award Scheme are (i) to encourage or facilitate the holding of Shares by the SAS Eligible Participants; (ii) to encourage and retain the SAS Eligible Participants to work with the Group; and (iii) to provide additional incentive for the SAS Eligible Participants to achieve performance goals, with a view to achieving the objectives of increasing the value of the Company and aligning the interests of the SAS Eligible Participants with the shareholders through ownership of Shares.

The Share Award Scheme offers a different form of incentive as compared to the Post-IPO SARs Scheme of the Company, since SAS Eligible Participants will be entitled to receive Shares upon vesting of the Share Awards under the Share Award Scheme, while the Post-IPO SARs Eligible Participants will only be entitled to receive cash payments determined based on the appreciation of the notional Shares over a specified period under the Post-IPO SARs Scheme. Given the difference in nature of the reward under the Share Award Scheme and the Post-IPO SARs Scheme, the Company believes that the Share Award Scheme will impose less pressure on the Group’s cash flow position and enable the Company to prevent substantive cash outflow while allowing additional incentives to the Participants to contribute to the Group in the foreseeable future.

The remaining life of the Share Award Scheme is six years. No payment is required on acceptance of the Share Awards and for the Share Awarded.

Since the adoption of the Share Award Scheme on 18 January 2021 and up to the date of this interim report, no Share Award has been granted, vested, lapsed or cancelled pursuant to the Share Award Scheme.

As of 1 January 2025 and 30 June 2025, the number of shares available for grant under the scheme mandate of the Share Award Scheme was 13,819,400 (representing approximately 10% of the issued shares of the Company as at the date of this interim report). There is no service provider sublimit being defined under the Share Award Scheme.

The aggregated maximum number of Shares that the SAS Trustee may purchase must not exceed 10% of the Company’s share capital in issue from time to time, i.e. 13,819,400 Shares (representing approximately 10% of the issued shares of the Company as at the date of this interim report).

CORPORATE GOVERNANCE AND OTHER INFORMATION

As at 30 June 2025, the SAS Trustee has purchased 1,697,600 Shares pursuant to the Share Award Scheme, representing approximately 1.23% of the issued shares of the Company as at the date of this report. The remaining number of Shares which may be purchased by the SAS Trustee is 12,121,800, representing approximately 8.77% of the issued shares of the Company as at the date of this report.

Where any grant of Share Awards to a SAS Eligible Participant would result in the shares issued and to be issued in respect of all share awards granted to such person (excluding any share awards lapsed in accordance with the terms of the scheme) in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the shares of the Company in issue, such grant must be separately approved by shareholders of the Company in general meeting with such SAS Eligible Participant and his/her close associates (or associates if the participant is a connected person) abstaining from voting. The Company must send a circular to the shareholders.

The vesting period for Share Awards shall not be less than 12 months, which is subject to the Board discretion.

Further details of the Share Award Scheme were set out in the announcement of the Company dated 18 January 2021.

PUBLIC FLOAT

Based on information that was publicly available to the Company and to the best knowledge of the Board, as at the date of this report, the Company maintained the public float requirement as prescribed under the Listing Rules of not less than 25%.

CHANGES TO DIRECTORS' INFORMATION

The Directors confirm that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions as set out in the Corporate Governance Code (the “CG Code”) contained in Appendix C1 to the Listing Rules. Except for as disclosed below, the Board considers that, during the Reporting Period, the Company has complied with the applicable code provisions set out in the CG Code. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Shan Guoxin has resigned as the chief executive officer of the Company (“**Chief Executive Officer**”) and Mr. Zhao John Huan has resigned as the chairman of the Board with effect from 23 June 2020. On the same date, Mr. Chen Shuai (“**Mr. Chen**”) has been appointed as the chairman of the Board and the acting Chief Executive Officer. Mr. Chen will only serve as the acting Chief Executive Officer until the Board appoints a new Chief Executive Officer. The Board is in the course of identifying suitable candidate to fill the position of Chief Executive Officer in order to comply with provision C.2.1 of the CG Code again, and believes that the appointment of Mr. Chen as the acting Chief Executive Officer will ensure the normal operation of the Company in the meantime and is in the interests of the Company and its shareholders as a whole.

COMPLIANCE WITH MODEL CODE

The Company has adopted a code of conduct regarding the transactions of securities of the Company by the Directors and the relevant employees (who likely possess inside information of the Company) (the “**Securities Dealing Code**”) on terms no less stringent than the required standard set out in the Model Code as set out in Appendix C3 to the Listing Rules. Having made specific enquiries with all Directors and relevant employees of the Company, the Company confirms that all Directors and relevant employees of the Company have complied with the Model Code and the Securities Dealing Code during the Reporting Period.

AUDIT COMMITTEE

The unaudited results and the interim financial information of the Group for the Reporting Period have been reviewed by the Audit Committee. The Audit Committee consists of three independent non-executive Directors, namely Mr. Zhou Xiangliang (Chairman), Mr. Shi Luwen and Mr. Dang Jinxue. The Audit Committee is of the opinion that such financial information complies with applicable accounting standards, the Listing Rules and all other applicable legal requirements.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY’S LISTED SECURITIES

Save as disclosed in this report, during the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities (including sale of treasury shares (as defined under the Listing Rules)). As at the end of the Reporting Period, the Company did not hold any treasury shares (as defined under the Listing Rules).

FINANCIAL INFORMATION

The Group’s interim results for the six months ended 30 June 2025 have not been audited but have been reviewed by the Group’s external auditor, KPMG, and by the Audit Committee.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2025 – unaudited
(Expressed in Renminbi ("RMB"))

		Six months ended 30 June	
	Notes	2025 RMB'000	2024 RMB'000 (restated)
Revenue	4	743,044	719,503
Cost of revenue		<u>(595,992)</u>	<u>(566,879)</u>
Gross profit		147,052	152,624
Other income	5	9,866	10,979
Selling expenses		(17)	(160)
Administrative expenses		<u>(62,373)</u>	<u>(49,638)</u>
Operating profit		94,528	113,805
Finance income/(costs)	6(a)	<u>106,719</u>	<u>(54,289)</u>
Profit before taxation	6	201,247	59,516
Income tax	7	<u>(32,627)</u>	<u>(35,948)</u>
Profit for the period		<u>168,620</u>	<u>23,568</u>
Attributable to:			
Owners of the Company		153,717	(20,647)
Non-controlling interests		<u>14,903</u>	<u>44,215</u>
Profit for the period		<u>168,620</u>	<u>23,568</u>
Earnings/(losses) per share:			
– Basic earnings/(losses) per share (in RMB)	8(a)	<u>1.13</u>	<u>(0.15)</u>
– Diluted earnings/(losses) per share (in RMB)	8(b)	<u>0.24</u>	<u>(0.15)</u>

The notes on pages 38 to 59 form part of this interim financial report.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2025 – unaudited
(Expressed in Renminbi ("RMB"))

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
		(restated)
Profit for the period	168,620	23,568
Other comprehensive income for the period (after tax):		
Item that will not be subsequently reclassified to profit or loss		
– Remeasurement of defined benefit plan obligations	27	(4,227)
Item that may be subsequently reclassified to profit or loss		
– Exchange differences on translation of financial statements into presentation currency	16,098	(5,750)
	<u>16,125</u>	<u>(9,977)</u>
Total comprehensive income for the period	184,745	13,591
Attributable to:		
Owners of the Company	169,815	(26,397)
Non-controlling interests	14,930	39,988
Total comprehensive income for the period	184,745	13,591

The notes on pages 38 to 59 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2025 – unaudited
(Expressed in RMB)

	Notes	30 June 2025 RMB'000	31 December 2024 RMB'000 (restated)	1 January 2024 RMB'000 (restated)
Non-current assets				
Property and equipment	9	184,807	170,801	183,004
Right-of-use assets	9	74,702	42,079	43,433
Intangible assets		1,134,337	1,141,844	1,152,245
Amounts due from related parties	11(a)	120,944	120,944	160,944
Other non-current assets		3,778	–	–
Deferred tax assets		8,310	8,378	8,165
		<u>1,526,878</u>	<u>1,484,046</u>	<u>1,547,791</u>
Current assets				
Inventories		16,272	31,123	51,425
Trade receivables	10	143,674	131,263	133,652
Other receivables, deposits and prepayments		23,280	6,434	13,581
Amounts due from related parties	11(a)	113,185	116,901	80,932
Financial assets measured at fair value through profit or loss ("FVPL")	17	18,881	62,244	94,156
Term deposits		91,716	36,719	50,708
Restricted bank deposits		307	312	2,828
Cash and cash equivalents	12	612,410	714,120	523,027
		<u>1,019,725</u>	<u>1,099,116</u>	<u>950,309</u>
Current liabilities				
Trade payables	13	130,611	155,148	150,543
Contract liabilities		1,078	821	4,570
Accruals, other payables and provisions	14	399,835	460,889	441,062
Amounts due to related parties	11(b)	38,653	7,875	7,690
Borrowings		63,100	82,100	82,100
Convertible bonds	15	–	1,059,371	–
Lease liabilities		3,631	2,660	1,783
Current taxation		31,537	41,061	36,662
		<u>668,445</u>	<u>1,809,925</u>	<u>724,410</u>
Net current assets/(liabilities)		<u>351,280</u>	<u>(710,809)</u>	<u>225,899</u>
Total assets less current liabilities		<u>1,878,158</u>	<u>773,237</u>	<u>1,773,690</u>

The notes on pages 38 to 59 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – CONTINUED

as at 30 June 2025 – unaudited
(Expressed in RMB)

	Notes	30 June 2025 RMB'000	31 December 2024 RMB'000 (restated)	1 January 2024 RMB'000 (restated)
Non-current liabilities				
Lease liabilities		18,241	7,154	7,237
Other payables	14	5,936	–	45,310
Convertible bonds	15	936,774	–	929,191
Defined benefit plan obligations		60,802	58,775	44,649
Deferred tax liabilities		129,113	130,685	147,142
		<u>1,150,866</u>	<u>196,614</u>	<u>1,173,529</u>
NET ASSETS				
		<u>727,292</u>	<u>576,623</u>	<u>600,161</u>
CAPITAL AND RESERVES				
Share capital		123	123	123
Reserves		<u>508,347</u>	<u>338,532</u>	<u>387,929</u>
Total equity attributable to owners of the Company				
		<u>508,470</u>	<u>338,655</u>	<u>388,052</u>
Non-controlling interests		<u>218,822</u>	<u>237,968</u>	<u>212,109</u>
TOTAL EQUITY				
		<u>727,292</u>	<u>576,623</u>	<u>600,161</u>

The notes on pages 38 to 59 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2025 – unaudited
(Expressed in RMB)

	Attributable to owners of the Company						Attributable to non-controlling interests		Total equity
	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Treasury shares RMB'000	Exchange reserve RMB'000 (restated)	Accumulated losses RMB'000 (restated)	Sub-total RMB'000 (restated)	interests RMB'000	
Balance at 31 December 2023	123	435,304	875,958	(8,000)	–	(924,291)	379,094	212,109	591,203
Change of functional currency (Note 3(b))	–	–	–	–	(39,866)	48,824	8,958	–	8,958
Balance at 1 January 2024 (restated)	123	435,304	875,958	(8,000)	(39,866)	(875,467)	388,052	212,109	600,161
Changes in equity for the six months ended 30 June 2024:									
(Loss)/profit for the period	–	–	–	–	–	(20,647)	(20,647)	44,215	23,568
Remeasurement of defined benefit plan obligations	–	–	–	–	–	–	–	(4,227)	(4,227)
Exchange differences on translation of financial statements into presentation currency	–	–	–	–	(5,750)	–	(5,750)	–	(5,750)
Total comprehensive income	–	–	–	–	(5,750)	(20,647)	(26,397)	39,988	13,591
Balance at 30 June 2024 and 1 July 2024 (restated)	123	435,304	875,958	(8,000)	(45,616)	(896,114)	361,655	252,097	613,752
Changes in equity for the six months ended 31 December 2024:									
(Loss)/profit for the period	–	–	–	–	–	(5,442)	(5,442)	8,203	2,761
Remeasurement of defined benefit plan obligations	–	–	–	–	–	–	–	(5,834)	(5,834)
Exchange differences on translation of financial statements into presentation currency	–	–	–	–	(14,803)	–	(14,803)	–	(14,803)
Total comprehensive income	–	–	–	–	(14,803)	(5,442)	(20,245)	2,369	(17,876)
Transfer to PRC statutory reserves	–	–	16,131	–	–	(16,131)	–	–	–
Purchase of own shares	–	–	–	(2,755)	–	–	(2,755)	–	(2,755)
Dividends declared to non-controlling interests of subsidiaries	–	–	–	–	–	–	–	(16,498)	(16,498)
	–	–	16,131	(2,755)	–	(16,131)	(2,755)	(16,498)	(19,253)
Balance at 31 December 2024 (restated)	123	435,304	892,089	(10,755)	(60,419)	(917,687)	338,655	237,968	576,623

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – CONTINUED

for the six months ended 30 June 2025 – unaudited
(Expressed in RMB)

	Attributable to owners of the Company						Attributable to non-controlling interests		Total equity
	Share capital	Share premium	Other reserves	Treasury shares	Exchange reserve	Accumulated losses	Sub-total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2025 (restated)	123	435,304	892,089	(10,755)	(60,419)	(917,687)	338,655	237,968	576,623
Changes in equity for the six months ended 30 June 2025:									
Profit for the period	-	-	-	-	-	153,717	153,717	14,903	168,620
Remeasurement of defined benefit plan obligations	-	-	-	-	-	-	-	27	27
Exchange differences on translation of financial statements into presentation currency	-	-	-	-	16,098	-	16,098	-	16,098
Total comprehensive income	-	-	-	-	16,098	153,717	169,815	14,930	184,745
Dividends declared to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	(34,076)	(34,076)
Balance at 30 June 2025	123	435,304	892,089	(10,755)	(44,321)	(763,970)	508,470	218,822	727,292

The notes on pages 38 to 59 form part of this interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2025 – unaudited
(Expressed in RMB)

		Six months ended 30 June	
	Notes	2025 RMB'000	2024 RMB'000
Operating activities			
Cash generated from operations		86,914	85,939
Income tax paid		(43,655)	(30,957)
Net cash generated from operating activities		43,259	54,982
Investing activities			
Payments for property and equipment and intangible assets		(13,650)	(9,579)
Proceeds from disposal of property and equipment		3	–
Payments for purchase of financial assets measured at FVPL		(116,500)	(40,000)
Proceeds from disposal of financial assets measured at FVPL		159,863	52,263
Placement of term deposits		(127,716)	(50,713)
Redemption of term deposits		72,719	50,708
Assets acquisition through acquisition of a subsidiary		(19,758)	–
Interest received		2,696	2,779
Net cash (used in)/generated from investing activities		(42,343)	5,458
Financing activities			
Proceeds from borrowings		20,000	39,000
Repayment of borrowings		(39,000)	(39,000)
Capital elements of lease payments		(2,719)	(849)
Interest elements of lease payments		(376)	(266)
Dividends paid to non-controlling interests of subsidiaries		(29,185)	–
Settlement of redeemed bonds		(50,076)	(36,084)
Interest paid		(1,198)	(1,371)
Net cash used in financing activities		(102,554)	(38,570)
Net (decrease)/increase in cash and cash equivalents		(101,638)	21,870
Cash and cash equivalents at 1 January	12	714,120	523,027
Effects of foreign exchange rate changes		(72)	156
Cash and cash equivalents at 30 June	12	612,410	545,053

The notes on pages 38 to 59 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

1 GENERAL INFORMATION

Hospital Corporation of China Limited (the “Company”) was incorporated in the Cayman Islands on 21 February 2014 as an exempted company with limited liability under the Companies Law (Cap.22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands.

The Company, together with its subsidiaries (collectively referred to as the “Group”), is principally engaged in the (i) operation and management of hospitals; (ii) provision of management services, supply chain services and other ancillary services to hospitals; and (iii) sale of pharmaceutical products in the People’s Republic of China (the “PRC”).

The ordinary shares of the Company were listed on The Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 16 March 2017.

2 BASIS OF PREPARATION

This interim financial report for the six months ended 30 June 2025 has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange, including compliance with International Accounting Standard (“IAS”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (the “IASB”). It was authorised for issue on 27 August 2025.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2024 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRS Accounting Standards.

The interim financial information is unaudited, but has been reviewed by KPMG in accordance with International Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the International Auditing and Assurance Standards Board. KPMG’s independent review report to the Board of Directors is included on page 60.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

3 CHANGES IN ACCOUNTING POLICIES

(a) New and amended standards adopted by the Group

The Group has applied the amendments to IAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability*, issued by the IASB to this interim financial report for the current accounting period. The amendments do not have a material impact on this interim report as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(b) Change in accounting policy in respect of the functional currency of the Company

The Company voluntarily made a change in accounting policy regarding its functional currency. As an investment holding company, the Company previously adopted RMB as its functional currency due to its subsidiaries' primary operations are in Chinese Mainland. As the Company's operations have substantively become and its operating and financing transactions are mainly denominated in Hong Kong Dollars ("HKD"), the Company has adopted HKD as its functional currency, effective from 1 January 2025. The impact of this change in accounting policy has been applied retrospectively and comparative figures have been restated accordingly.

The amounts of the adjustment for each affected financial statement line items for the current and prior periods are as follow:

Consolidated Statement of Financial Position	31 December		31 December		1 January		1 January
	2024		2024		2024		2024
	Previously				Previously		
	reported	Change	Restated		reported	Change	Restated
	RMB'000	RMB'000	RMB'000		RMB'000	RMB'000	RMB'000
Convertible bonds	1,060,315	(944)	1,059,371		938,149	(8,958)	929,191
Exchange reserve	-	(60,419)	(60,419)		-	(39,866)	(39,866)
Accumulated losses	(979,050)	61,363	(917,687)		(924,291)	48,824	(875,467)

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

3 CHANGES IN ACCOUNTING POLICIES – *continued*

(b) Change in accounting policy in respect of the functional currency of the Company – *continued*

	Six months ended 30 June 2024		Six months ended 30 June 2024
	Previously reported RMB'000	Change RMB'000	Restated RMB'000
Consolidated Statement of Profit or Loss			
Finance costs, net	(52,360)	(1,929)	(54,289)
Profit for the period	<u>25,497</u>	<u>(1,929)</u>	<u>23,568</u>
Earnings/(losses) per share:			
– Basic earnings/(losses) per share (in RMB)	(0.14)	(0.01)	(0.15)
– Diluted earnings/(losses) per share (in RMB)	<u>(0.14)</u>	<u>(0.01)</u>	<u>(0.15)</u>
Consolidated Statement of Profit or Loss and Other Comprehensive Income			
Item that may be subsequently reclassified to profit or loss			
– Exchange differences on translation of financial statements into presentation currency	–	(5,750)	(5,750)
Other comprehensive income for the period	(4,227)	(5,750)	(9,977)
Total comprehensive income for the period	<u>21,270</u>	<u>(7,679)</u>	<u>13,591</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING

(a) Segment reporting

The Group manages its operations by businesses lines (services and products). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments.

(i) *General hospital services*

Revenue from this segment is derived from the provision of hospital services, including outpatient and inpatient services.

(ii) *Hospital management services*

Revenue from this segment is derived from the provision of comprehensive management services to hospitals, including operation management services, supply chain services and other ancillary services.

(iii) *Sales of pharmaceutical products*

Revenue from this segment is mainly derived from the sales of pharmaceutical products by the Group's retail pharmacies.

(b) Segment results, assets and liabilities

The Group assesses the performance of the operating segments based on a measure of earnings before interests, income tax, depreciation and amortisation ("EBITDA"), which is measured consistently with the Group's profit/loss before tax except that depreciation, amortisation, finance income and costs and other unallocated expenses and losses are excluded from such measurement.

Segment assets exclude unallocated head office and corporate assets as these assets are managed on a group basis. Segment liabilities exclude convertible bonds and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Inter-segment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

The following is an analysis of the Group's revenue and results, and assets and liabilities by reportable operating segments.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

4 REVENUE AND SEGMENT INFORMATION – continued

(b) Segment results, assets and liabilities – continued

	General hospital services RMB'000	Hospital management services RMB'000	Sales of pharmaceutical products RMB'000	Elimination RMB'000	Unallocated RMB'000	Total RMB'000
Six months ended 30 June 2025						
Segment revenue	712,519	207,563	4,294	(182,536)	1,204	743,044
Inter-segment revenue	(282)	(182,254)	-	182,536	-	-
Revenue from external customers	<u>712,237</u>	<u>25,309</u>	<u>4,294</u>	<u>-</u>	<u>1,204</u>	<u>743,044</u>
Timing of revenue recognition						
– At a point in time	298,731	24,285	4,294	-	289	327,599
– Over time	<u>413,506</u>	<u>1,024</u>	<u>-</u>	<u>-</u>	<u>915</u>	<u>415,445</u>
	<u>712,237</u>	<u>25,309</u>	<u>4,294</u>	<u>-</u>	<u>1,204</u>	<u>743,044</u>
EBITDA	12,389	122,127	329	173	-	135,018
Depreciation	(21,932)	(2,514)	(18)	-	(450)	(24,914)
Amortisation	(4,241)	(2,979)	-	-	(550)	(7,770)
Finance (costs)/income	<u>(956)</u>	<u>25</u>	<u>(12)</u>	<u>-</u>	<u>107,662</u>	<u>106,719</u>
Unallocated losses					(7,806)	(7,806)
(Loss)/profit before taxation	<u>(14,740)</u>	<u>116,659</u>	<u>299</u>	<u>173</u>	<u>98,856</u>	<u>201,247</u>
As at 30 June 2025						
Segment assets	834,719	621,725	6,497	(101,710)	387,920	1,749,151
Goodwill	<u>110,079</u>	<u>687,373</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>797,452</u>
Total assets	<u>944,798</u>	<u>1,309,098</u>	<u>6,497</u>	<u>(101,710)</u>	<u>387,920</u>	<u>2,546,603</u>
Total liabilities	<u>502,125</u>	<u>331,955</u>	<u>3,717</u>	<u>(98,570)</u>	<u>1,080,084</u>	<u>1,819,311</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

4 REVENUE AND SEGMENT INFORMATION – continued

(b) Segment results, assets and liabilities – continued

	General hospital services RMB'000	Hospital management services RMB'000	Sales of pharmaceutical products RMB'000	Elimination RMB'000	Unallocated RMB'000 (restated)	Total RMB'000 (restated)
Six months ended 30 June 2024						
Segment revenue	651,702	190,080	4,427	(128,055)	1,349	719,503
Inter-segment revenue	–	(128,055)	–	128,055	–	–
Revenue from external customers	<u>651,702</u>	<u>62,025</u>	<u>4,427</u>	<u>–</u>	<u>1,349</u>	<u>719,503</u>
Timing of revenue recognition						
– At a point in time	286,057	54,449	4,427	–	–	344,933
– Over time	<u>365,645</u>	<u>7,576</u>	<u>–</u>	<u>–</u>	<u>1,349</u>	<u>374,570</u>
	<u>651,702</u>	<u>62,025</u>	<u>4,427</u>	<u>–</u>	<u>1,349</u>	<u>719,503</u>
EBITDA	73,841	79,819	498	(3,446)	–	150,712
Depreciation	(20,138)	(1,920)	(18)	–	(377)	(22,453)
Amortisation	(4,681)	(3,895)	–	–	(418)	(8,994)
Finance (costs)/income	<u>(832)</u>	<u>329</u>	<u>(11)</u>	<u>–</u>	<u>(53,775)</u>	<u>(54,289)</u>
Unallocated losses					<u>(5,460)</u>	<u>(5,460)</u>
Profit/(loss) before taxation	<u>48,190</u>	<u>74,333</u>	<u>469</u>	<u>(3,446)</u>	<u>(60,030)</u>	<u>59,516</u>
As at 30 June 2024						
Segment assets	839,375	593,877	6,408	(163,523)	471,612	1,747,749
Goodwill	<u>58,495</u>	<u>687,373</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>745,868</u>
Total assets	<u>897,870</u>	<u>1,281,250</u>	<u>6,408</u>	<u>(163,523)</u>	<u>471,612</u>	<u>2,493,617</u>
Total liabilities	<u>372,159</u>	<u>179,158</u>	<u>2,817</u>	<u>(159,712)</u>	<u>1,485,443</u>	<u>1,879,865</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

5 OTHER INCOME

Six months ended 30 June	
	2025
	RMB'000
	2024
	RMB'000
Government grants and subsidies	9,008
Net fair value gain on financial assets measured at FVPL	535
Others	323
	<u>9,866</u>
	<u>10,979</u>

6 PROFIT BEFORE TAXATION

(a) Finance income/(costs)

Six months ended 30 June	
	2025
	RMB'000
	2024
	RMB'000
	(restated)
Interest income on bank deposits	1,796
Interest income on loans to a related party	1,750
Gain on modification of convertible bonds (Note 15)	165,179
Interest expenses on convertible bonds (Note 15)	(59,162)
Interest expenses on bank borrowings	(1,198)
Finance expenses on redeemed bonds	(573)
Others	(1,073)
	<u>106,719</u>
	<u>(54,289)</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

6 PROFIT BEFORE TAXATION – continued

(b) Staff costs

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Wages, salaries, bonuses and other benefits	222,747	198,591
Defined benefit obligations	2,094	1,551
Contributions to defined contribution retirement plans	19,134	14,955
	<u>243,975</u>	<u>215,097</u>

(c) Other items

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Cost of inventories	<u>348,437</u>	<u>347,265</u>
Depreciation charge:		
– owned property and equipment	22,646	20,740
– right-of-use assets	<u>2,268</u>	<u>1,713</u>
	24,914	22,453
Amortisation of intangible assets	<u>7,770</u>	<u>8,994</u>
	<u>32,684</u>	<u>31,447</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

7 INCOME TAX

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Current income tax:		
– PRC Corporate Income Tax	34,131	37,617
Deferred income tax	(1,504)	(1,669)
	<u>32,627</u>	<u>35,948</u>

(a) The Cayman Islands and the British Virgin Islands (the “BVI”) Income Tax

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

(b) Hong Kong Profits Tax

Hong Kong Profits Tax rate was 16.5% for the period ended 30 June 2025 (six months ended 30 June 2024: 16.5%). No Hong Kong Profit Tax was provided for as there was no estimated assessable profit that are subject to Hong Kong Profits Tax for the period ended 30 June 2025 and 2024.

(c) PRC Corporate Income Tax

Subsidiaries established and operating in the PRC are subject to the PRC Corporate Income Tax at the rate of 25% for the six months ended 30 June 2025 (six months ended 30 June 2024: 25%).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

8 EARNINGS/(LOSSES) PER SHARE

(a) Basic earnings/(losses) per share

Basic earnings/(losses) per share is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2025 and 2024.

	Six months ended 30 June	
	2025	2024 (restated)
Profit/(loss) attributable to the owners of the Company (RMB'000)	<u>153,717</u>	<u>(20,647)</u>
Issued ordinary shares at 1 January (in '000)	138,194	138,194
Effect of shares held as treasury shares (in '000)	<u>(1,698)</u>	<u>(1,079)</u>
Weighted average number of ordinary shares in issue (in '000)	<u>136,496</u>	<u>137,115</u>
Basic earnings/(losses) per share (in RMB)	<u>1.13</u>	<u>(0.15)</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

8 EARNINGS/(LOSSES) PER SHARE – continued

(b) Diluted earnings/(losses) per share

Diluted earnings/(losses) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the period ended 30 June 2024, the Group's potential dilutive ordinary shares are from convertible bonds issued. The potential dilutive ordinary shares were not included in the calculation of diluted losses per share as their inclusion would be anti-dilutive. Accordingly, diluted losses per share for the period ended 30 June 2024 is the same as basic losses per share. The calculation of diluted earnings per share for the period ended 30 June 2025 was set out below.

	Six months ended 30 June 2025 RMB'000
Profit attributable to the owners of the Company	153,717
Add: Interest expenses on convertible bonds (Note 15)	59,162
Less: Gain on modification of convertible bonds (Note 15)	(165,179)
Profit used to determine diluted earnings per share	47,700
Weighted average number of ordinary shares in issue (in '000)	136,496
Adjustment for calculation of diluted earnings per share	
– Deemed conversion of convertible bonds (in '000)	64,694
Weighted average number of ordinary shares in issue and potential dilutive ordinary shares (in '000)	201,190
Diluted earnings per share (in RMB)	0.24

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

9 PROPERTY AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INTANGIBLE ASSETS

(a) Assets acquisition through acquisition of a subsidiary

On 20 May 2025, the Group entered into an equity transfer agreement to acquire 100% equity interest in Cixi Honghe Property Management Company Limited ("Cixi Honghe Property") at a total consideration of RMB49,470,000. The majority of the assets of Cixi Honghe Property are the buildings and land leased to the Group immediately prior to the acquisition, and accordingly, the Group's management consider the acquisition is an acquisition of assets. The cost of the acquisition has been allocated to the identifiable assets acquired, mainly represented by land use rights of RMB20,114,000 and buildings of RMB24,927,000.

(b) Right-of-use assets

During the six months ended 30 June 2025, in addition to the land use rights acquired mentioned in Note 9(a), the Group also entered into a number of lease agreements for use of office premises, and recognised the additions to right-of-use assets of RMB14,777,000 (six months ended 30 June 2024: RMB2,476,000).

(c) Acquisitions and disposals of owned assets

During the six months ended 30 June 2025, in addition to the buildings acquired mentioned in Note 9(a), the Group acquired items of property and equipment with a cost of RMB11,630,000 (six months ended 30 June 2024: RMB10,900,000).

Items of property and equipment with a net book value of RMB213,000 were disposed of during the six months ended 30 June 2025 (six months ended 30 June 2024: RMB66,000), resulting in a loss on disposal of RMB210,000 (six months ended 30 June 2024: RMB66,000).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

10 TRADE RECEIVABLES

	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Trade receivables	144,371	131,960
Less: loss allowance	(697)	(697)
	<u>143,674</u>	<u>131,263</u>

As at 30 June 2025, the ageing analysis based on invoice date of the trade receivables and net of loss allowance, is as follows:

	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Within 90 days	126,272	108,221
91 – 180 days	15,531	14,303
181 days to 1 year	1,726	8,645
Over 1 year	145	94
	<u>143,674</u>	<u>131,263</u>

The Group, being a provider of healthcare service to patients, has a highly diversified customer base, without any single customer contributing material revenue. However, the Group has a concentrated debtor portfolio, as majority of the patients will claim their medical bills from public medical insurance program. The reimbursement from these organisations may take one to twelve months.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

11 BALANCES WITH RELATED PARTIES

(a) Amounts due from related parties

As at 30 June 2025, the amounts due from related parties are unsecured.

	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Trade in nature:		
– Zhejiang Jinhua Guangfu Oncological Hospital ("Jinhua Hospital") *	165,465	169,748
– Honghe (Yongkang) Medical Instrument Co., Ltd.*	433	274
	165,898	170,022
Less: loss allowance	(33,064)	(33,064)
	132,834	136,958
Non-trade in nature:		
– Jinhua Hospital**	100,920	100,000
– Cixi Honghe Hospital Company Limited ("Cixi Hospital") *	–	510
– Vanguard Glory Limited ("Vanguard Glory") *	375	377
	101,295	100,887
	234,129	237,845
Less: non-current portion***	(120,944)	(120,944)
Current portion	113,185	116,901

* These balances are non-interest bearing.

** This balance bears interest rate of 3.7% per annum (2024:3.7%).

*** The non-current portion of amounts due from related parties is measured at amortised cost and receivable in instalments from 2027 to 2029.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

11 BALANCES WITH RELATED PARTIES – *continued*

(a) Amounts due from related parties – *continued*

As at 30 June 2025, the ageing analysis of the trade in nature amounts due from related parties, based on invoice date and net of loss allowance, is as follows:

	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Within 90 days	10,592	14,088
91 to 180 days	732	1,577
Over 180 days	121,510	121,293
	132,834	136,958

(b) Amounts due to related parties

	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Non-trade in nature:		
– Jinhua Hospital	6,028	6,029
– Vanguard Glory	1,557	1,563
– Cixi Hospital (Note)	31,068	283
	38,653	7,875

The amounts due to related parties are unsecured, non-interest bearing and are repayable within one year or on demand.

Note: The balance as at 30 June 2025 included consideration payable of RMB29,682,000 in connection with the acquisition of assets mentioned in Note 9(a), and such amount has been settled in July 2025.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

12 CASH AND CASH EQUIVALENTS

	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Cash at banks and on hand	364,010	521,720
Deposits with banks	248,400	192,400
Cash and cash equivalents in the condensed consolidated statement of cash flows	612,410	714,120

As of the end of the reporting period, cash and cash equivalents held in the Chinese Mainland amounted to RMB589,033,000 (2024: RMB662,271,000). Remittance of funds out of the Chinese Mainland is subject to relevant rules and regulations of foreign exchange controls.

13 TRADE PAYABLES

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

	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Within 90 days	110,012	133,677
91 to 180 days	14,417	12,868
181 days to 1 year	1,886	5,802
Over 1 year	4,296	2,801
Financial liabilities measured at amortised cost	130,611	155,148

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

14 ACCRUALS, OTHER PAYABLES AND PROVISIONS

	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Accrued employee benefits	104,625	116,236
Payables to suppliers for purchase of property and equipment	13,297	14,879
Other taxes payables	6,372	9,684
Payables for redeemed bonds	–	49,503
Payable for undertaking on acquisition of non-controlling interests of a subsidiary	239,788	239,788
Others	40,456	28,847
Financial liabilities measured at amortised cost	404,538	458,937
Provisions	1,233	1,952
	405,771	460,889
Less: non-current portion (Note)	5,936	–
Current portion	399,835	460,889

Note: The Group has entered into a ten-year loan agreement with a non-controlling equity holder of one of its subsidiaries in May 2025. The loan is unsecured and interest bearing.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

15 CONVERTIBLE BONDS

The movements of the convertible bonds are as follows:

	Convertible Bonds RMB'000
As at 1 January 2024 (restated)	929,191
Interest expenses (Note 6(a))	52,467
Exchange adjustment	<u>6,736</u>
As at 30 June 2024 and 1 July 2024 (restated)	988,394
Interest expenses	56,023
Exchange adjustment	<u>14,954</u>
As at 31 December 2024 and 1 January 2025 (restated)	1,059,371
Interest expenses (Note 6(a))	59,162
Gain on modification of convertible bonds (Note 6(a))	(165,179)
Exchange adjustment	<u>(16,580)</u>
As at 30 June 2025	<u><u>936,774</u></u>

In 2018, the Company issued convertible bonds to Vanguard Glory and Hony Capital Fund VIII (Cayman), L.P. with an aggregate principal amount of approximately HKD1,241,880,000. These convertible bonds, contained conversion options, were non-interest bearing with maturity dates being extended previously to 30 September 2025. On 12 June 2025, the Group successfully renegotiated with the bondholders and further extended the maturity date of the convertible bonds to 30 September 2027. A gain on modification of the convertible notes of RMB165,179,000 was recognised in profit or loss during the six months ended 30 June 2025.

As a result of the change in functional currency of the Company as mentioned in Note 3(b), the convertible bonds are recognised as compound financial instruments in accordance with the Group's accounting policies, and have been presented as such in both the current and comparative periods.

None of the convertible bonds was converted into ordinary shares of the Company during the six months ended 30 June 2025 (six months ended 30 June 2024: none).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

16 DIVIDENDS

The directors of the Company do not recommend the payment of an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: nil).

17 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

(i) Fair value hierarchy

The following table presents the fair value and fair value hierarchy of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs, i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs, i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

(Expressed in RMB unless otherwise indicated)

(a) Financial assets and liabilities measured at fair value – *continued*

At 30 June 2025

Financial assets at FVPL

Fair value at
30 June 2025
RMB'000

Fair value
measurements
as at
30 June 2025
categorised into
Level 2
RMB'000

18,881

18,881

Financial assets at FVPL

62,244

62,244

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NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

17 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS – continued

(a) Financial assets and liabilities measured at fair value – continued

(ii) Valuation techniques and inputs used in Level 2 fair value measurements

Financial instruments in Level 2 are wealth management products treated as financial assets measured at FVPL held by the Group. The fair value of these assets are the estimated amount that the Group would receive at the end of the reporting period, taking into account current market interest rates of instruments with similar risk profile.

(iii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the financial instruments carried at amortised cost were not materially different from their fair values at the end of the reporting period.

18 MATERIAL RELATED PARTY TRANSACTIONS

(a) Material transactions with related parties

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Hospital management service income	23,817	50,143
Lease expenses	1,264	–
Interest income from loans to a related party	1,750	2,338

(b) Provide guarantee for related party

As at 30 June 2025, the Group has pledged the equity interests in one of its subsidiaries, Zhejiang Honghe Zhiyuan Medical Technology Co., Ltd., and also provided joint liability guarantees to various banks for loans granted to Jinhua Hospital. The maximum loan amount totalled RMB277,000,000. As at 30 June 2025, the principal amount of loan balance of Jinhua Hospital under these guarantees was RMB180,200,000.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB unless otherwise indicated)

19 CAPITAL COMMITMENTS

	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Contracted for acquisition of property and equipment	2,503	570
Authorised but not contracted for acquisition of property and equipment	1,700	2,790
	<u>4,203</u>	<u>3,360</u>

20 COMPARATIVE FIGURES

As a result of the change in accounting policy in respect of functional currency of the Company, certain comparative figures have been restated. Further details of the change in accounting policy is disclosed in Note 3(b).

REPORT ON REVIEW OF INTERIM FINANCIAL REPORT



Review report to the board of directors of Hospital Corporation of China Limited

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 31 to 59, which comprise the consolidated statement of financial position of Hospital Corporation of China Limited (the “Company”) and its subsidiaries (together, the “Group”) as of 30 June 2025 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim financial reporting* as issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of this interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to express a conclusion, based on our review, on this interim financial report 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 International Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, as issued by the International Auditing and Assurance Standards Board. A review of the interim financial report 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 International 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 report as at 30 June 2025 is not prepared, in all material respects, in accordance with International Accounting Standard 34 *Interim financial reporting*.

KPMG

Certified Public Accountants

8th Floor, Prince’s Building
10 Chater Road
Central, Hong Kong

27 August 2025