



愛康醫療控股有限公司

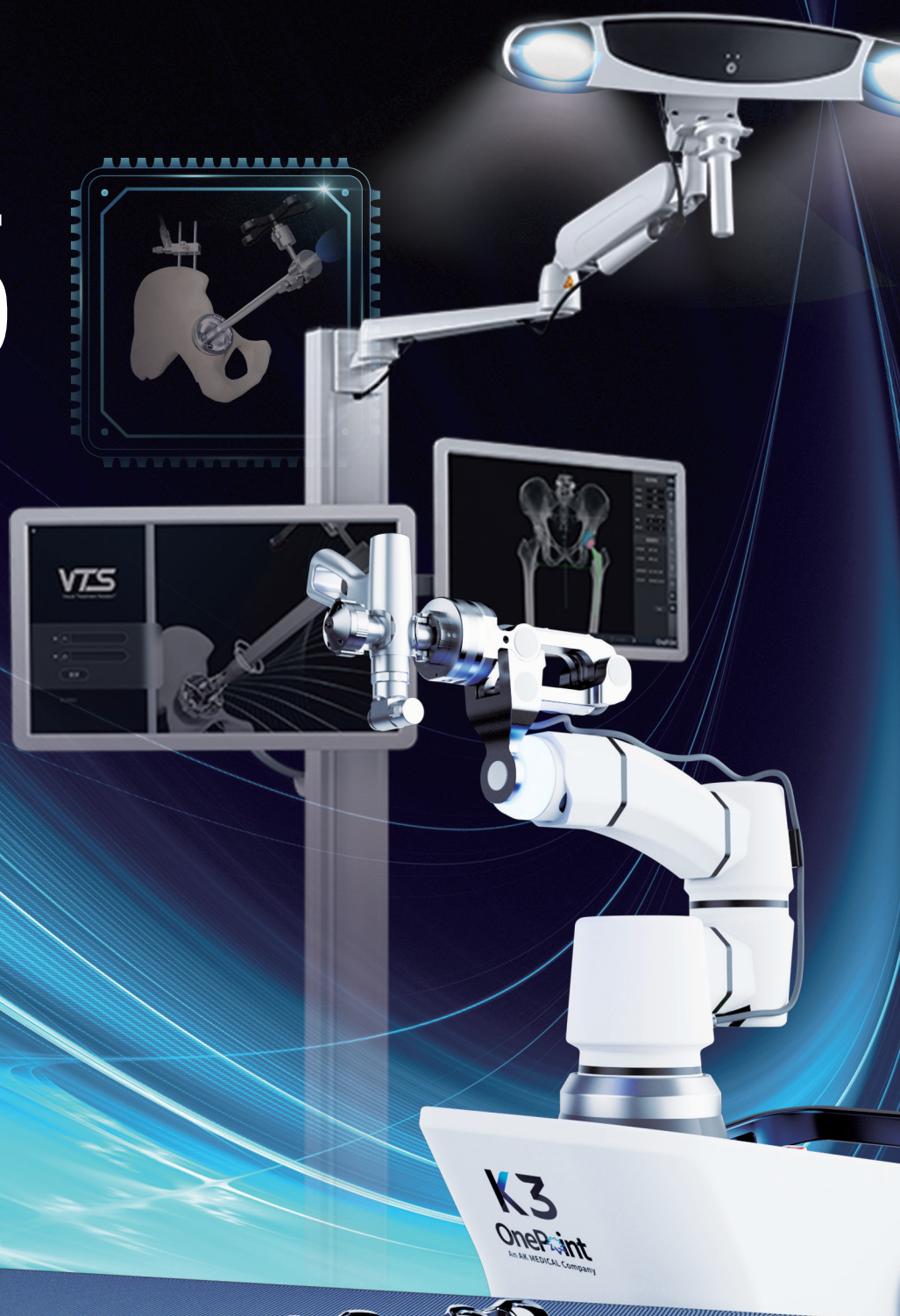
AK Medical Holdings Limited

(incorporated in the Cayman Islands with limited liability)

Stock Code : 1789

INTERIM REPORT

2025



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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Li Zhijiang (*Chairman of the Board of Directors and Chief Executive Officer*)
Ms. Zhang Bin
Mr. Zhang Chaoyang
Ms. Zhao Xiaohong

Non-executive Director

Dr. Wang David Guowei

Independent Non-executive Directors

Mr. Kong Chi Mo
Dr. Li Shu Wing David
Dr. Gao Wei

COMPANY SECRETARY

Ms. Ma Rongkun

AUTHORIZED REPRESENTATIVES

Ms. Zhang Bin
Ms. Ma Rongkun

AUDIT COMMITTEE (THE “AUDIT COMMITTEE”)

Mr. Kong Chi Mo (*Chairman*)
Dr. Li Shu Wing David
Dr. Wang David Guowei

REMUNERATION COMMITTEE (THE “REMUNERATION COMMITTEE”)

Dr. Li Shu Wing David (*Chairman*)
Mr. Kong Chi Mo
Mr. Li Zhijiang

NOMINATION COMMITTEE (THE “NOMINATION COMMITTEE”)

Dr. Li Shu Wing David (*Chairman*)
(*appointed as chairman on 25 June 2025*)
Mr. Li Zhijiang
(*ceased to be chairman and member on 25 June 2025*)
Mr. Kong Chi Mo
Ms. Zhang Bin (*appointed on 25 June 2025*)

REGISTERED OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman
KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS AND HEAD OFFICE IN THE PEOPLE’S REPUBLIC OF CHINA (THE “PRC”)

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Beijing 102299
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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Hong Kong

AUDITOR

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

HONG KONG LEGAL ADVISER

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SHARE REGISTRAR IN HONG KONG

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COMPANY WEBSITE

www.ak-medical.net

PRINCIPAL BANKS

Agricultural Bank of China
Bank of China
Bank of Communications
Hang Seng Bank Limited
The Hong Kong and Shanghai Banking Corporation Limited
China Merchants Bank
Shanghai Pudong Development Bank
Bank of Jiangsu

LISTING INFORMATION AND STOCK CODE

The Company's ordinary shares ("Share(s)") are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") (Stock Code: 1789.HK)

FINANCIAL HIGHLIGHTS

The board (the “**Board**”) of directors (the “**Directors**”) of AK Medical Holdings Limited (“**AK Medical**” or the “**Company**”) hereby announced the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2025 (the “**Reporting Period**”), which have been reviewed by the Audit Committee. The Group’s financial highlights for the Reporting Period together with comparative data for the corresponding period of the previous year are set out below:

	Six months ended 30 June		
	2025	2024	Variance
	RMB'000	RMB'000	%
Revenue	694,227	657,102	5.6%
Gross profit	410,335	398,480	3.0%
Profit for the period	160,611	139,253	15.3%
Profit attributable to equity shareholders of the Company (the “ Shareholders ”)	160,611	139,253	15.3%
Earnings per share			
Basic	RMB0.14	RMB0.12	
Diluted	RMB0.14	RMB0.12	

For the six months ended 30 June 2025, the Group achieved revenue of approximately RMB694.2 million, representing a year-on-year increase of approximately 5.6% as compared with the six months ended 30 June 2024. In the first half of 2025, driven by the volume-based procurement (“**VBP**”) policy, import substitution was further accelerated. The demand for the Company’s surgical products continued to grow, and the sales of products covered by the national VBP further increased. The Group achieved an increase of 15.3% in profit for the six months ended 30 June 2025 as compared with the six months ended 30 June 2024. The increase in profit was primarily attributable to revenue growth.

CHAIRMAN'S STATEMENT

Dear investors and friends,

In the first half of 2025, China continued to advance medical insurance reform. According to the requirements of the “14th Five-Year Plan for National Medical Insurance”, medical insurance departments would support the research and development of innovative pharmaceuticals and medical devices through data empowerment. The Group focused on increasing penetration in high-tier hospitals, continued to expand into the international market, and optimized its intelligent ecosystem of iCOS digital orthopedics customized products and services platform (the “**iCOS Digital Orthopedics Platform**”) to continuously enhance its competitiveness, thereby achieving successful performance growth.

In the first half of 2025, the Company maintained stable operation and achieved improvement in both income and profit. The Company's revenue for the period amounted to RMB694 million, representing a year-on-year increase of 5.6%, and the net profit was RMB161 million, representing a year-on-year increase of 15.3%.

2025 is the first full year for the whole country to carry out the renewed procurement (second round) for artificial joint products. The Company's logic of “increasing both quantity and price” is being realized, and there is still huge room for growth in the domestic market. The Company achieved improvement in both income and profit, which was mainly attributed to the following three key factors:

Firstly, in the domestic joint and orthopedic medical device market, the VBP policy for joints was successfully implemented in all provinces in the first half of 2025. As industry policy implementation continued to deepen, the market share of international manufacturers gradually shrank, creating favorable conditions for the Group to expand into the high-end market. Leveraging its industry-leading digital orthopedic ecosystem, robust product portfolio, strict quality control system, strong R&D technology reserves, and comprehensive academic support network, AK Medical has successfully completed terminal coverage of core tertiary A-level hospitals in Shanghai and other key cities in Guangdong, Zhejiang, and Jiangsu. In the first half of 2025, the number of high-level contributed surgeries increased by 33% year-on-year, constantly raising the clinical recognition of the Company's products.

Looking ahead to the second half of the year, the Group will focus on advancing the following strategic initiatives: adjusting the sales team's organizational structure, implementing a comprehensive coverage strategy for tiered hospitals, and providing differentiated academic support solutions tailored to the characteristics of medical institutions of different tiers; strengthening the professionalization and digitalized empowerment of channel partners; and continuously investing in improving digitalized services and tool platform construction to comprehensively enhance the service capabilities of partner distributors. Through these measures, the Group aims to further increase its market share and consolidate its leading position in the domestic orthopedics industry.

Secondly, the Company vigorously expanded into mature European markets as well as emerging markets such as Latin America and Southeast Asia, achieving growth in both mature and emerging markets. The Company also actively participated in promoting international medical exchanges and cooperation through the “Health Silk Road International Exchange Program”, significantly enhancing the influence of Chinese brands in the “Belt and Road” countries. In the first half of 2025, the Company held a total of six serial activities with the Health Silk Road International Cooperation Alliance, covering 51 medical institutions at home and abroad and attracting more than 140 participants.

Thirdly, the Company maintained an industry-leading position in technological innovation, consistently spearheading industry development across a range of technologies, from 3D printing and iCOS personalized customization platform to intelligent navigation and robotics. In the first half of 2025, the Company's iCOS Digital Orthopedics Platform achieved another major breakthrough, with the successful launch of K3 knee joint intelligent navigation robot system. Furthermore, the Group became the first in the orthopedics field to commercialize its self-developed robotic arm technology, further consolidating its leadership in intelligent orthopedic surgical solutions.

CHAIRMAN'S STATEMENT

At the same time, to deepen the integration of medicine and engineering and promote the coordinated development of R&D and marketing, the Company implemented a program to cultivate compound R&D and marketing talents. By selecting outstanding R&D personnel to strengthen the marketing team, the Company focused on cultivating compound sales talents with professional medical backgrounds and digitalized service capabilities to more accurately meet clinical needs and enhance the level of professional services.

In the first half of 2025, the Group reached a significant milestone with the official opening of its next-generation intelligent factory. This marked the Company's first independent industrial base after 22 years of development since its founding in 2003. The new facility integrates R&D, production, warehousing, and sales, and incorporates advanced design concepts on low carbon, emissions reduction, energy conservation, and environmental protection, striving to create an industry-leading green intelligent manufacturing base. The strategic layout of the intelligent factory embodies the Group's development philosophy of "long-term accumulation before making a powerful breakthrough". Throughout its long-term development, the Company has consistently prioritized innovation as its driving strategy. Through sustained R&D investment, AK Medical has built the iCOS Digital Orthopedics Platform led by 3D printing technology, and has secured the most patents and seven innovative pathway product qualifications in the domestic industry. The establishment of the ITI Production Base in 2016, the completion of the cross-border acquisition of JRI in 2018, and the successful merger and acquisition of Libeier in 2020 fully demonstrate the Company's forward-looking strategic layout. For 22 years, the Group has consistently prioritized technological innovation and development, committed to providing sustainable solutions to the industry. This philosophy has become a core consensus among all of us in AK Medical.

Looking ahead to 2025, the industry will reach a significant policy turning point. The National Healthcare Security Administration has held five consecutive special seminars, focusing on supporting the development of innovative pharmaceuticals and medical devices. Against this backdrop, the industry's competitive landscape will further evolve toward high-quality development, prompting enterprises truly focusing on improving product quality and technological innovation to build differentiated competitive advantages. It is anticipated that as national policies on digital orthopedics become clearer, digital orthopedics-related businesses will experience significant growth. As for overseas markets, we will continue expansion and anticipate continued, sustainable growth.

In the future, AK Medical will continue to uphold the great vision of being a world-class and leading brand, adhere to innovation and enterprising spirit, and constantly improve operation results, bringing greater value to shareholders and society. I am looking forward to working together with all of you to create a great future.

Li Zhijiang

Chairman

Hong Kong, 27 August 2025

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW AND OUTLOOK

Overview

In 2025, driven by proactive guidance of national policies and continuous release of market vitality, China's medical industry has accelerated its transformation towards high-quality development. AK Medical has precisely seized the policy opportunities to align its corporate development goals with national strategies, further strengthening its leading position in China's orthopedic industry.

In the first half of 2025, following the National Healthcare Security Administration ("**NHSA**")'s announcement of the "Selection Results of the Renewed VBP of Artificial Joints Upon Expiration of the Purchasing Agreement" last year, the renewed procurement policy for artificial joints has been fully implemented across all provinces. This has accelerated the pace of import substitution and opened up new market and customer opportunities for the Group. Leveraging its excellent product reputation and strong product capabilities, AK Medical further accelerated its import substitution efforts, achieving extensive coverage across key national and provincial hospitals.

In the first half of 2025, following the completion of the new industrial park, the Group completed the construction of its digitalized orthopedics interactive platform and interactive experience center. This integrated facility offers comprehensive services across the total solution of digital orthopedics. The center integrates physical displays and virtual simulation technologies to facilitate diverse functions, such as product demonstrations, physician training, patient education and clinical validation, and creates platform for surgeon-engineer interaction and a showcase for innovative achievements.

In the first half of 2025, the Group's K3 intelligent surgical robot received marketing approval from the National Medical Products Administration ("**NMPA**"). The Group continued to enhance its iCOS digital orthopedics customized products and services platform (the "**iCOS Digital Orthopedics Platform**"), improving the closed-loop orthopedic digital ecosystem, expanding market share, and strengthening its dominant position in the orthopedics field. The iCOS Digital Orthopedics Platform delivers a comprehensive solution encompassing "preoperative planning, intraoperative navigation, and postoperative monitoring". It enables physicians to customize preoperative planning three-dimensionally, precisely connect the robot/navigation system during surgery, and provide postoperative rehabilitation optimization tools. By combining with the "traditional – complicated – customized" implant product lines, the Group innovatively launched an integrated, total solution of "preoperative planning + intraoperative navigation/robotic system + implant". This marks a shift in value from selling standalone products to delivering comprehensive solutions, driving the industry's transition to a value-based healthcare model.

At the same time, AK Medical continued to deepen its international presence, focusing on enhancing its brand influence and international competitiveness. Driven by high-quality development, AK Medical aims to provide patients worldwide with enhanced healthcare options and service experiences.

As of 30 June 2025, the Group recorded sales revenue of approximately RMB694.2 million, representing an increase of approximately 5.6% compared to the same period of 2024, and net profit of approximately RMB160.6 million, representing an approximate increase of 15.3% compared to the same period of 2024.

Business of Hip and Knee Implants

The Group's hip and knee implant business encompasses hip and knee products manufactured by both traditional technology and 3D printing technology. The Group offers customers and patients a full line of joint implants manufactured by different technologies, including hip and knee implants and instruments suitable for primary, complicated, revision and reconstructive operations.

In the first half of 2025, the Company continued to expand its market share in the hip and knee replacement segment of the surgical implant market. The Group continued to deepen its strategic cooperation with national medical centers and provincial major medical institutions, and significantly enhanced its brand influence and market share through the innovative model of the digital orthopedic ecosystem. The import substitution process has yielded remarkable results, with the Group's products achieving breakthrough progress in clinical application at high-end medical institutions, especially in economically developed regions such as the Yangtze River Delta and the Pearl River Delta. This includes tertiary hospitals in major provinces such as Shanghai, Guangdong, Zhejiang, and Jiangsu, which have long been dominated by imported products. The Group's products have achieved large-scale clinical application. The proportion of surgeries using these products has continued to increase, successfully breaking the long-standing market dominance of imported brands. This achievement fully demonstrates the Group's comprehensive competitive advantages in product quality, technological innovation, and clinical services.

As of 30 June 2025, the Group's revenue from hip and knee products was approximately RMB604.2 million, a year-on-year increase of 8.8%.

Spinal and Trauma Implants Business

The Group has a complete line of conventional spinal and trauma products, as well as 3D-printed spinal products. Leveraging its unique 3D printing technology, the Group has developed a differentiated product portfolio.

In the first half of 2025, the Group's spinal business continued to face short-term pressure due to policy impacts. Despite these challenges, the Group remained committed to actively expanding its portfolio of new spinal product. Within the spinal surgery market, atlantoaxial lateral mass fusion, vertebral reconstruction, and pelvic reconstruction were experiencing rapid growth. Leveraging iCOS technology, the Company has responded swiftly to market changes, driving rapid growth in the implantation of its atlantoaxial lateral mass fusion product. Since its initial launch in 2024, the product expanded from just over 20 hospitals to over 40 hospitals in the first half of 2025, representing an implantation growth rate of 87%.

In the first half of 2025, the spinal product line gained access to 49 new hospitals, including four high-end Tier 1 hospitals and 16 Tier 2 hospitals.

As of 30 June 2025, the Group's revenue from spinal and trauma implants was approximately RMB50.7 million, representing a year-on-year decrease of 26.5%.

Digital Orthopedics Customized Products and Services

On 3 July 2025, the NMPA announced measures to optimize the full lifecycle regulation of high-end medical devices, with a focus on supporting innovative products such as surgical robots and 3D-printed bone implants. In response, the Group has established a comprehensive solution network encompassing “preoperative planning – intraoperative digital assistance – prognosis monitoring”. Based on customized 3D preoperative planning and products, the Group precisely matches robots, navigation systems, and customized tools during surgery to ensure accurate and efficient surgeries.

On 14 May 2025, AK Medical’s K3 intelligent surgical robot, a fully self-developed robotic system, received marketing approval from the NMPA, further enhancing the strategic layout of its digital orthopedics ecosystem.

In the first half of 2025, due to the impact of changes in industry policies, transparency and standardization in the medical field significantly improved. However, fluctuations during this transitional period continued to impact the surgical volume using iCOS customized products. Going forward, with the gradual clarification of national digital orthopedics policies, digital orthopedics-related businesses are expected to achieve significant growth.

As of 30 June 2025, the Group’s revenue from digital orthopedics customized products and services was approximately RMB18.4 million, representing an increase of approximately 3.9% as compared with the same period of 2024.

Overseas Business

Overseas strategy is an important part of the Group’s growth strategy. In 2025, the Group continued to actively expand into international markets. At the same time, relying on the “Health Silk Road International Exchange Program”, the Group actively carried out a series of international exchange activities. In the first half of 2025, the Group held a total of six serial activities with the Health Silk Road International Cooperation Alliance, covering three continents and four countries, and attracting more than 140 participants. The related news coverage received over 100,000 views.

In the first half of 2025, the Group newly registered four overseas countries, with another 15 countries in the process of registration access and there were five new distributors.

In the first half of 2025, the Group’s revenue from overseas products amounted to approximately RMB128.2 million, an increase of approximately 4.0% compared with the revenue for the same period of 2024. This revenue has been included in the revenue from hip and knee joints, and digital orthopedics customized products and services mentioned above.

Research and Development

On 3 July 2025, the NMPA issued an announcement to comprehensively optimize the full lifecycle regulation of high-end medical devices, with a focus on supporting the development of innovative products such as surgical robots and metal additive manufacturing bone implants. This move aims to accelerate the transformation and upgrading of China’s high-end medical device industry, promote high-quality development in the healthcare sector, and enhance global competitiveness. In alignment with the country’s long-term development strategy for the healthcare industry, the Group will continue to build an innovative R&D system encompassing “technology leadership, clinical guidance, and market transformation”.

On 26 March 2025, the NMPA’s Center for Medical Device Evaluation announced a list of innovative medical devices undergoing special review. The Group’s “Magnetic Control Non-Invasive Extendable Prosthesis System” was successfully approved for special review. As a key R&D project of the Group, this product has undergone eight years of collaborative clinical and engineering innovation, breaking through international technological barriers and pioneering the localization of core orthopedic non-invasive extension technology. It provides safer and more convenient treatment options for patients with growing bone tumors, filling a technological gap in China.

MANAGEMENT DISCUSSION AND ANALYSIS

As of 30 June 2025, the Group had three more products accepted into the review pathway for innovative medical devices, bringing the total number of products entering the national review pathway for innovative medical devices to seven and maintaining the Group's leading position in the number of approvals received in China's orthopedics field. This fully reflects the Group's deep accumulation of multi-level innovation capabilities in terms of basic research, core algorithms, key materials, system integration, etc.

In addition to innovative R&D of implants, the Group's independently developed K3 intelligent surgical robot obtained its registration certificate approved by the NMPA on 14 May 2025. Equipped with a fully self-developed robotic arm and control algorithm, K3 system has advantages such as high degrees of freedom and sub-millimeter precision control. It marks a new stage for the Group in the field of digital orthopedic intelligent equipment, promoting the localization of surgical robots and the continuous in-depth development of the digital orthopedic ecosystem.

In the first half of 2025, the Group achieved breakthroughs in intelligent medical imaging and digital orthopedics. In terms of core algorithms and biomechanical modeling, the Group independently developed a deep learning-based CT/MRI/X-ray multimodal image fusion algorithm, innovatively establishing the "dynamic mechanical matching for the implant-bone interface" model to address the challenge of osteoporosis prosthesis subsidence. This core algorithm and biomechanical modeling enables the development of an intelligent process: based on high-precision 3D image reconstruction, intelligent algorithms analyze CT parameters and calculate bone biomechanical properties, ultimately generating a personalized prosthesis solution that matches the patient's bone modulus. In terms of digital twin applications, the Group constructed a digital model for the full lifecycle of patients, enabling a dynamic simulation of "preoperative planning – intraoperative navigation – postoperative rehabilitation". The Group also established a data management system for the entire implant process (design → production → implantation → tracking), dynamically simulating rehabilitation progress of individuals, thus optimizing treatment plans and rehabilitation pathways. In terms of the construction of an innovation system, the Group created the iCOS medical-engineering collaborative cloud platform to enable real-time cross-regional collaboration among clinical experts, engineers, and algorithms, forming a new R&D model of "driven by data + enabled by cloud synergy" and accelerating the clinical transformation and large-scale application of core digital orthopedic technologies.

Sales and Marketing

The Group firmly believes that education is an essential tool for translating innovation into tangible value for patients, surgeons, and healthcare systems. Since its establishment in 2012, AK Institute has evolved into a global education platform, offering courses tailored to the personalized needs of each surgeon across all the Group's business lines. In the first half of 2025, the Group achieved a strategic upgrade, transitioning from local development to global expansion through the establishment of a three-pronged academic promotion system encompassing "technical training – product innovation – international exchange". This initiative led to significant breakthroughs in the popularization of intelligent orthopedic technologies, the innovative R&D of domestic prostheses, and the export of international standards. These achievements not only solidified the Group's technological leadership in the domestic market but also propelled Chinese orthopedic solutions onto the global stage.

At the same time, surgical instruments are a key component of the healthcare service system. Under the current pricing policy framework, the Group continues to allocate reasonable resources to the continuous optimization and upgrading of its instrument system. By establishing an industry-leading instrument R&D system, the Group creates a rapid and efficient service mechanism that continuously improves its professional service capabilities. This strengthens trust and reliance among medical institutions and clinicians, thereby building a more stable medical-enterprise partnership and providing higher-quality technical support and service guarantees for clinical diagnosis and treatment.

Conventional Joints and Spine Business Promotion

In the first half of 2025, the Group continued to implement its marketing strategy of “driven by innovation, priority on education”, deepening its industry influence through a diversified matrix of academic activities. The Group has established an academic exchange system covering the entire field of conventional joint replacement, conducting a series of marketing activities centered around themes such as “knee preservation”, “developmental dysplasia of the hip”, and “complex revision”. In the first half of 2025, the Group held four AC ONE developmental hip dysplasia prosthesis seminars, four HAUK unicompartmental multicenter academic conferences, and four complex hip and knee revision technology summits. The Group’s conventional joint product line utilizes precise anatomical matching, intelligent navigation technology, and modular patch design to effectively address traditional prosthetic fit issues. These innovations enhance surgical precision and acetabular coverage, filling a technological gap in China.

In the spine sector, the Group’s vertebral reconstruction product line has also experienced rapid growth. With advancements in spinal tumor diagnosis and treatment technologies and significantly extended patient survival rates, ensuring the durability of spinal stability restoration has become a critical clinical issue that needs to be addressed. The Group promotes innovative development in spinal tumor diagnosis and treatment technologies, contributing to the elevation of spinal tumor diagnosis and treatment standards in China. With the launch of the “Bone Warrior” series of academic activities, the Group has held three events to date, reaching over 15,000 online participants. The compound annual growth rate for vertebral reconstruction products has reached 30%.

Digital Orthopedics Capacity Building Project

On 14 May 2025, AK Medical’s K3 intelligent surgical robot, a self-developed robotic system, received marketing approval from the NMPA. Following this milestone, one unit has already been commercialized.

On 3 June 2025, Peking University Third Hospital, with the assistance of K3 intelligent surgical robot, performed a revision knee replacement surgery using 3D-printed bioprostheses on a patient suffering from aseptic loosening after knee replacement. The surgery went smoothly, and the patient recovered well. Such procedure was a global first, and marked the first clinical application of a domestically produced surgical robot for revision joint replacement. In clinical application, K3 demonstrated the unique advantages of its “fully self-developed robotic arm”. Its unique soft tissue balancing function enabled surgeons to enhance preoperative planning and intraoperative precision. The VTS System has also received high praise from experts in over 30 clinical demonstrations domestically and internationally, showcasing its precision advantages in complicated THA/TKA surgeries.

Since the medical industry standardization led by the National Health Commission in 2023, the National Health Commission has repeatedly emphasized that academic activities, that strictly adhere to the relevant national policies and regulations, and are conducted in a regulated manner, should be given strong support. On 14 June 2025, the third expert working meeting under the Research Project on Improving Clinical Application Capabilities of Digital Orthopedic Technology, organized by the Capacity Building and Continuing Education Center of the National Health Commission, was held in Beijing. The meeting focused on the standardized application of robotic-assisted joint replacement technology, aiming to promote the development of precision orthopedic diagnosis and treatment.

As of 30 June 2025, the Group’s intelligent assistance devices had been used in over 1,700 clinical surgeries.

Health Silk Road International Exchange Program

Following the “Health Silk Road International Cooperation Alliance” hospital plaque unveiling ceremony in Beijing in May 2024, as a project undertaking unit, the Group actively promoted international medical exchange and cooperation. In the first half of 2025, the Group held a total of six serial activities with the Health Silk Road International Cooperation Alliance, covering three continents (including Latin America and South Asia), four countries, and engaging over 140 participants. The related news coverage received over 100,000 views, reflecting strong public interest and engagement. As an important practitioner of the “Belt and Road” medical cooperation, the Group successfully built an orthopedic innovation and exchange platform across three continents in the first half of 2025, systematically exporting China’s technical standards in the field of 3D-printed personalized prostheses, and promoting the coordinated development of orthopedic diagnosis and treatment standards in countries along the route.

Production and Manufacturing

The Group is actively committed to constructing a digitalized and highly efficient internal production and supply chain. On 7 May 2025, the AK Medical Industrial Park officially opened as scheduled. With a total construction area exceeding 39,500 square meters, the industrial park will be able to support future growth and meet increasing product demand. Its integrated digital management system will significantly improve operational efficiency. At the same time, the park embraces green building concepts and utilizes a ground-source heat pump system, which saves over 30% energy compared to traditional air conditioning systems. Moreover, the park features a 1.5-megawatt rooftop photovoltaic clean energy power station, expected to reduce carbon dioxide emissions by 1,575 tons annually. By continuing to promote clean energy substitution and optimize its energy structure, the Group fully implements the national strategy of “carbon peak and carbon neutrality”, and provides strong support for the Group’s long-term development in the healthcare industry.

The AK Industrial Park features three independent digital manufacturing systems, namely the iCOS R&D and production workshop, the 3D printing workshop, and the digital manufacturing workshop, achieving a coordinated and integrated approach to functions and businesses. The iCOS workshop specializes in utilizing cutting-edge digital technologies to achieve efficient and precise manufacturing of personalized prostheses. The 3D printing workshop leverages advanced multi-material 3D printing (such as metal, polymer powder/photosensitive resin printing) and automated post-processing equipment to directly transform digital models into high-quality prosthetic components (such as joints, bone defect prostheses, and tumor reconstruction prostheses). The digital workshop is committed to shortening delivery cycles and improving product precision and consistency. The workshops integrate CAD/CAM/CAE systems, establishing a closed-loop management process from data acquisition, intelligent design, digital processing, to quality traceability. All workshops adhere to Good Manufacturing Practices (GMP) of medical devices, ensuring product safety and effectiveness, providing more efficient and high-quality solutions for clinical practice, and promoting the innovative development and intelligent manufacturing upgrades of orthopedic medical devices.

In addition, the AK Industrial Park has fully introduced the digitalized management system, integrating the R&D center, smart manufacturing center, finished product warehousing, and sales operation center under an “integrated” construction concept. This promotes efficient collaboration and information sharing among departments, forming a collaborative innovation force, enabling rapid iterations of products and technological transformation, and further consolidating the foundation for the enterprise’s sustainable and high-quality development.

Prospect

Looking ahead, as the VBP policy for high-value medical consumables enters a critical transition period, the Group will actively respond to the NHSA's policy guidance of "supporting the globalization of innovative pharmaceuticals and medical devices, promoting the globalization of medicine", focusing on building a dual-engine development model driven by "digital transformation and upgrading + international market expansion". Leveraging its personalized diagnosis and treatment service system built on the iCOS Digital Orthopedics Platform, the Group will continue to advance the construction of an intelligent, interactive ecosystem and explore innovative business models. Upholding the dual-brand collaborative development strategy of "AK Medical + JRI", the Group will accelerate its overseas market deployment, promote high-quality development in the high-end orthopedic medical device industry, and deliver sustainable value returns to the Shareholders.

Supporting the upgrade of marketing channel system and services, and building a digital channel management system

With the full implementation of VBP policy for orthopedics in 2025, the industry's pricing system has stabilized, and market adjustments have gradually completed. Seizing the strategic opportunity of domestic substitution for medical devices, the Group leveraged its product quality advantages and brand influence to successfully establish a strategic presence in key national and provincial medical institutions. It also significantly increased its market share in core regions such as Shanghai, Zhejiang, Guangdong, and Jiangsu, which have long been dominated by imported products.

In the first half of 2025, the industry's competitive landscape continued to diverge, with intensified competition from non-leading enterprises. The mass market for artificial joints offered significant room for consolidation, with a gradual shift towards leading domestic players. To ensure sustained growth in its conventional product business, the Group will continue to strengthen its core competitive advantages in the high-end medical market while systematically implementing a differentiated market segmentation strategy. This includes increasing resource investment in the mass market, and prioritizing support for the optimization and upgrade of its marketing channel system and the construction of its digital channels. AK Medical will refine its digital empowerment system, strengthen its channel partner service capabilities, and comprehensively deepen its strategic layout for expanding mass market business.

Dual-brand strategy to expand overseas markets

The Group boasts two strategic brands. "JRI", a professional brand rooted in the European market, has established exceptional brand credibility in the international high-end medical market with over 50 years of industry experience and clinically proven product performance. "AK", a leading Chinese brand, leverages its scaled production advantages and flexible marketing strategies to establish a significant competitive advantage in the domestic market. Through the implementation of a dual-brand collaborative development strategy, the Group innovatively adopts an international operating model of "JRI brand promotion + AK manufacturing", effectively integrating R&D technology and production resources to focus on expanding into the overseas mid-to-high-end medical device market. Building on the "Belt and Road" healthcare cooperation framework, the Group has positioned its overseas business as a core strategic growth driver. By continuously expanding the scope of its product registration countries and using the "Health Silk Road International Exchange Program" as the platform, the Group is systematically building brand influence in emerging markets.

Digital industrial park to support digital orthopedics construction and accelerate commercialization

With the official launch of the Group's digital industrial park, the new park has deployed a smart energy management system to enable real-time monitoring and dynamic optimization of energy usage, significantly improving energy efficiency. The park integrates core functional modules such as the R&D and innovation center, the smart manufacturing base, the smart warehousing and logistics, and the digital marketing platform, systematically advancing the digital transformation of the Group's entire industry chain. The current domestic and overseas medical device markets are experiencing sustained growth in demand for smart navigation and robotic-assisted technologies, which are expected to accelerate commercialization. The Group is seizing this strategic opportunity to continuously promote the implementation of these technologies. The Group is leveraging this opportunity to actively explore a new business model centered on the integration of "products + technology + services", aiming to create a closed-loop digital orthopedics ecosystem.

FINANCIAL REVIEW

Overview

	Six months ended 30 June		Variance %
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Basic	RMB0.14	RMB0.12	
Diluted	RMB0.14	RMB0.12	

For the six months ended 30 June 2025, the Group achieved revenue of approximately RMB694.2 million, representing a year-on-year increase of approximately 5.6% as compared with the same period of 2024. In the first half of 2025, driven by the VBP policy, import substitution was further accelerated. The demand for the Company's surgical products continued to grow, and the sales of products covered by the national VBP further increased. The Group achieved an increase of 15.3% in profit for the six months ended 30 June 2025 as compared with the same period of 2024. The increase in profit was primarily attributable to revenue growth.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

	Six months ended 30 June		Variance %
	2025 RMB'000	2024 RMB'000	
Hip replacement implants ⁽¹⁾	409,675	359,357	14.0%
Knee replacement implants ⁽²⁾	194,489	195,804	-0.7%
Spinal and trauma implants ⁽³⁾	50,732	69,056	-26.5%
Digital orthopedics customised products and services ⁽⁴⁾	18,424	17,725	3.9%
Others ⁽⁵⁾	20,907	15,160	37.9%
Total	694,227	657,102	5.6%

Notes:

- (1) Including 3D-printed hip replacement implants;
- (2) Including 3D-printed knee replacement implants;
- (3) Including 3D-printed spinal and trauma implants;
- (4) Including customised joint, pelvic, spinal and trauma implant products, customised value-added surgical services and Visual Treatment Solution (VTS) Navigation System;
- (5) Others primarily include surgical instruments, medical irrigators and third party orthopedic products.

Revenue for the six months ended 30 June 2025 amounted to approximately RMB694.2 million, representing an increase of 5.6% from approximately RMB657.1 million for the same period of 2024. The increase in revenue was largely attributable to the boost in the sales of hip and knee replacement implant products covered by the national VBP policy for joint implants.

Hip and Knee Replacement Implant Products

The hip and knee replacement implant products include knee replacement implants and hip replacement implants, as well as 3D-printed hip and knee replacement implants.

Revenue from hip replacement implants for the six months ended 30 June 2025 amounted to approximately RMB409.7 million, representing an increase of 14.0% from approximately RMB359.4 million for the same period of 2024. Revenue from knee replacement implants for the six months ended 30 June 2025 amounted to approximately RMB194.5 million, representing a decrease of 0.7% from approximately RMB195.8 million for the same period of 2024.

In the first half of 2025, further driven by the national VBP policy for joint implants, the Company continued to experience strong growth in demand for the Company's surgical products, leading to a continuous growth in sales revenue from hip and knee replacement implant products within the scope of VBP. However, the sales price of unicondyle implant products outside the scope of VBP decreased, resulting in a slight decrease in revenue from knee replacement implants. In the meantime, the Company achieved continuous growth in overseas revenue from its hip and knee replacement implant products through active market expansion.

MANAGEMENT DISCUSSION AND ANALYSIS

Spinal and Trauma Implant Products

The spinal and trauma implant products of the Group comprise traditional spinal implants and trauma implants, as well as 3D-printed spinal implants. Revenue from spinal and trauma implant products for the six months ended 30 June 2025 amounted to approximately RMB50.7 million, representing a decrease of 26.5% from approximately RMB69.1 million for the same period of 2024. During the first half of 2025, impacted by policy factor, short-term revenue from spinal business declined. Despite this the Group leveraged its unique 3D printing technology to formulate a differentiated product mix, which was highly recognized by the market. As a result, the spinal products recorded a significant growth in implant volume. At the same time, the Group achieved significant growth in sales of trauma implant products through proactive market expansion.

Digital Orthopedics Customized Products and Services

Revenue from the Group's digital orthopedics customized products and services includes revenue from customized joint, pelvic, spinal and trauma implant products, customized value-added surgical services and Visual Treatment Solution (VTS) Navigation System. Revenue from digital orthopedics customized products and services for the six months ended 30 June 2025 amounted to approximately RMB18.4 million, representing an increase of 3.9% from approximately RMB17.7 million for the same period of 2024. In the first half of 2025, the Company further leveraged its technical advantages in 3D-printed customized products and value-added surgical services, successfully extending its customized surgeries to a number of hospitals. This extension contributed to an increase in revenue from customized surgeries.

Domestic and Overseas Sales

The vast majority of the Group's revenue is generated in China, with a relatively smaller percentage derived from overseas sales. A breakdown of its domestic and overseas sales revenue is set forth below:

	Six months ended 30 June		
	2025 RMB'000	2024 RMB'000	Variance %
China	566,019	533,811	6.0%
Other countries	128,208	123,291	4.0%
Total	694,227	657,102	5.6%

For the six months ended 30 June 2025, the Group's overseas sales revenue amounted to approximately RMB128.2 million, representing a year-on-year increase of 4.0%. The increase was primarily due to the rise in the volume of surgeries in the first half of 2025 as a result of the Company's active expansion of overseas markets. Revenue from China for the six months ended 30 June 2025 amounted to approximately RMB566.0 million, representing a year-on-year increase of 6.0%, mainly due to the aforementioned rise in the volume of surgeries.

Cost of Sales

For the six months ended 30 June 2025, the cost of sales was approximately RMB283.9 million, representing an increase of 9.8% from approximately RMB258.6 million for the same period of 2024. The increase in cost of sales was primarily due to an increase in the sales volume of products of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross Profit and Gross Margin

Gross profit represents revenue less cost of sales. The gross profit of the Group for the six months ended 30 June 2025 amount to approximately RMB410.3 million, representing an increase of 3.0% as compared to approximately RMB398.5 million for the same period of 2024. The increase in gross profit was primarily due to the increase in revenue.

Gross margin is calculated as gross profit divided by revenue. The gross margin of the Group was 59.1% for the six months ended 30 June 2025, representing a decrease of 1.5% from 60.6% for the same period of 2024. The proportion of revenue from spinal and trauma implant products decreased, which led to a slight drop in gross margin.

Other Income, Net

Other income of the Group for the six months ended 30 June 2025 was approximately RMB18.3 million, representing an increase of approximately RMB15.4 million from approximately RMB2.9 million for the same period of 2024. Other income for the six months ended 30 June 2025 mainly represents government subsidy income and grants for research and development projects received.

Selling and Distribution Expenses

The selling and distribution expenses of the Group were approximately RMB117.3 million for the six months ended 30 June 2025, representing an increase of 3.8% from approximately RMB113.0 million for the same period of 2024. The slight increase in selling expenses was mainly due to the increase in the Group's domestic and international marketing activities this year.

General and Administrative Expenses

The general and administrative expenses of the Group amounted to approximately RMB77.4 million for the six months ended 30 June 2025, representing an increase of 7.1% from approximately RMB72.3 million for the same period of 2024. The increase was primarily due to the one-off expenses incurred by the Group's relocation in the first half of the year and the credit loss provision for the aging and balance of accounts receivables.

Research and Development Expenses

The research and development expenses of the Group for the six months ended 30 June 2025 were approximately RMB66.7 million, representing an increase of 4.9% from approximately RMB63.6 million for the same period of 2024. The increase was primarily related to the progress arrangements of the Company's R&D projects. The Company will continue to actively invest in R&D, strengthen its R&D team, actively implement R&D projects, as well as develop new products.

Net Finance Income

The net finance income of the Group was approximately RMB19.5 million for the six months ended 30 June 2025, representing an increase of approximately RMB9.5 million from approximately RMB10.0 million for the same period of 2024. The increase in finance income was primarily due to the combined effect of the increase in interest income and the foreign exchange gain as a result of exchange rate movements.

MANAGEMENT DISCUSSION AND ANALYSIS

Income Tax Expenses

The income tax expense of the Group was approximately RMB26.1 million for the six months ended 30 June 2025, representing an increase of 12.0% from approximately RMB23.3 million for the same period of 2024. The increase was primarily due to an increase in profit.

Liquidity and Financial Resources

The Group adopts a prudent fund management policy to maintain a solid and healthy financial position.

The Group funds its operations principally from cash generated from its operations, equity financing from investors and bank loans. Its cash requirements relate primarily to production and operating activities, capital expenditures, interest and dividend payments, and repayment of liabilities as they become due.

As at 30 June 2025, the Group had cash and cash equivalents of approximately RMB375.1 million, structured deposits of approximately RMB754.7 million, time deposits over three months of approximately RMB83.3 million and restricted deposits of approximately RMB223.4 million, amounting to approximately RMB1,436.5 million in aggregate, as compared with approximately RMB1,027.7 million as at 31 December 2024. The Group's cash and cash equivalents were mainly denominated in RMB, US dollars and Hong Kong dollars. Bank loans were denominated in RMB. The Board's approach to manage the liquidity of the Group is to ensure sufficient liquidity at any time to meet its matured liabilities so as to avoid any unacceptable losses or damage to the Group's reputation.

Net Current Assets

The Group had net current assets of approximately RMB1,845.5 million as at 30 June 2025, representing an increase of approximately RMB263.9 million from approximately RMB1,581.6 million as at 31 December 2024. Such increase was primarily generated by the Group's operation.

Foreign Exchange Exposure

The principal business of the Group is conducted in China. Foreign currency risks primarily include accounts receivables, accounts payables and cash balances that are denominated in foreign currencies, i.e. a currency other than the functional currency of the operations to which the transaction relates generating from overseas sales and purchases. The foreign currencies giving rise to this risk are primarily US dollars, Hong Kong dollars and Euro. For the six months ended 30 June 2025, the Group recorded a net exchange gain of approximately RMB5.3 million, as compared to an exchange loss of approximately RMB0.9 million for the same period of 2024. So far, the Group has not entered into any hedging arrangements to manage foreign exchange risks but continues to actively monitor and oversee such risks.

Capital Expenditure

For the six months ended 30 June 2025, the Group's total capital expenditure amounted to approximately RMB76.6 million, which was primarily used for (i) plant construction; (ii) purchase of patents; (iii) purchase of equipment, instruments and software for manufacturing.

MANAGEMENT DISCUSSION AND ANALYSIS

Charge of Assets/Pledge of Assets

As at 30 June 2025, certain of the Group's bank loans and bills payable were secured by the Group's property, plant and equipment of approximately RMB83.9 million, bills receivable of approximately RMB5.2 million and restricted deposits of approximately RMB222.9 million (as of 31 December 2024: property, plant and equipment of nil, bills receivable of approximately RMB22.9 million and restricted deposits of approximately RMB203.8 million), amounting to approximately RMB312.0 million in aggregate (as of 31 December 2024: approximately RMB226.7 million).

Borrowings and Gearing Ratio

As at 30 June 2025, the balance of the Group's short-term bank loans of approximately RMB136.1 million (as of 31 December 2024: approximately RMB60.4 million), which were repayable on demand within one year, and the balance of the Group's long-term borrowings of approximately RMB5.7 million (as of 31 December 2024: approximately RMB17.7 million), which were repayable on demand within five years, were mainly invested in the construction of the new plant and supplementing daily working capital demand. All borrowings were denominated in RMB and Hong Kong dollars. The Group's loan term was not more than six years, and the borrowing rate was 1.5%-3.0%. Gearing ratio represents the percentage of bank borrowings to total equity. As of 30 June 2025, the gearing ratio of the Group was approximately 5.2% (as of 31 December 2024: approximately 3.0%).

Contingent Liabilities

As at 30 June 2025, the Group did not have any material contingent liabilities (as at 31 December 2024: Nil).

Significant Investments

The Group did not hold any significant investments in the equity interests of any other companies as at 30 June 2025.

Material Acquisitions and Disposals

During the six months ended 30 June 2025, the Group did not have any material acquisition or disposal of subsidiaries, associates and joint ventures.

Future Plans for Material Investments and Capital Assets

As at 30 June 2025, the Group had one project under construction: a new plant in Changzhou West Taihu Lake Park. Subject to the actual situation at the relevant time, the Company currently expects to provide funding for the project through the use of internal funds and/or external funds. Other than the above, the Group has no other plans for material investments and capital assets.

Employee and Remuneration Policy

As at 30 June 2025, the Group had 1,003 employees (31 December 2024: 954 employees). Total staff remuneration expenses including Directors' remuneration for the six months ended 30 June 2025 amounted to approximately RMB131.8 million (for the six months ended 30 June 2024: approximately RMB123.2 million). The increase in staff remuneration expenses was mainly due to an increase in the number of employees. Remuneration is determined with reference to performance, skills, qualifications and experience of the employees concerned and in accordance with the prevailing industry practice. In addition to salary payments, other staff benefits include social insurance and housing provident fund provided by the Group, performance-based compensation as well as bonus and share option schemes.

REVIEW REPORT



Review report to the board of directors of AK Medical Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 21 to 37 which comprises the consolidated statement of financial position of AK Medical Holdings Limited (the “Company”) and its subsidiaries (the “Group”) as of 30 June 2025 and the related consolidated statement of profit or loss and other comprehensive income and consolidated statement of changes in equity and condensed consolidated cash flow statement 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 IAS 34, *Interim financial reporting* as issued by International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with IAS 34.

Our responsibility is to express a conclusion, based on our review, on the 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 Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity* as issued by the Hong Kong Institute of Certified Public Accountants. A review of 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 Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2025 is not prepared, in all material respects, in accordance with IAS 34, *Interim financial reporting*.

KPMG

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

27 August 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

	Note	Six months ended 30 June	
		2025 RMB'000	2024 RMB'000
Revenue	3	694,227	657,102
Cost of sales		(283,892)	(258,622)
Gross profit		410,335	398,480
Other income, net		18,263	2,904
Selling and distribution expenses		(117,297)	(113,007)
General and administrative expenses		(77,386)	(72,308)
Research and development expenses		(66,701)	(63,575)
Operating profit		167,214	152,494
Net finance income	5	19,457	10,030
Profit before taxation	4	186,671	162,524
Income tax	6	(26,060)	(23,271)
Profit for the period		160,611	139,253
Profit attributable to equity shareholders of the Company		160,611	139,253
Other comprehensive income items that are or may be reclassified subsequently to profit or loss			
Exchange differences on translation of financial statements of entities outside Chinese Mainland		2,648	1,260
Other comprehensive income, net of tax		2,648	1,260
Total comprehensive income		163,259	140,513
Total comprehensive income attributable to equity shareholders of the Company		163,259	140,513
Earnings per share			
Basic	7(a)	RMB0.14	RMB0.12
Diluted	7(b)	RMB0.14	RMB0.12

The notes on pages 26 to 37 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 14(b).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2025 – unaudited
(Expressed in RMB)

	Note	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Non-current assets			
Property, plant and equipment	8	702,746	683,616
Intangible assets		81,430	83,338
Goodwill		113,411	113,411
Deferred tax assets		69,343	70,677
Time deposits		10,179	206,301
		977,109	1,157,343
Current assets			
Inventories	9	460,051	488,668
Trade receivables	10	520,662	494,820
Bills receivable	10	78,338	81,858
Deposits, prepayments and other receivables		82,126	80,517
Other financial assets	15	759,617	615,235
Time deposits		306,639	64,784
Cash and cash equivalents	11	375,064	352,173
		2,582,497	2,178,055
Current liabilities			
Trade payables	12	106,599	122,100
Bills payable		66,579	30,001
Contract liabilities		77,257	102,905
Accruals and other payables		325,491	244,040
Bank loans	13	136,094	60,447
Lease liabilities		5,959	12,123
Current taxation		19,062	24,800
		737,041	596,416
Net current assets		1,845,456	1,581,639
Total assets less current liabilities		2,822,565	2,738,982

The notes on pages 26 to 37 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2025 – unaudited
(Expressed in RMB)

	Note	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Non-current liabilities			
Deferred income		19,563	19,641
Other payables		7,650	5,800
Lease liabilities		6,243	9,152
Bank loans	13	5,692	17,667
Deferred tax liabilities		51,950	48,536
		91,098	100,796
NET ASSETS		2,731,467	2,638,186
Capital and reserves			
Share capital	14(a)	9,515	9,515
Reserves		2,721,952	2,628,671
Total equity attributable to equity shareholders of the Company		2,731,467	2,638,186
TOTAL EQUITY		2,731,467	2,638,186

The notes on pages 26 to 37 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)

	Note	Share capital RMB'000	Share premium RMB'000	Shares held for share award scheme RMB'000	Capital reserve RMB'000	Share-based payment reserve RMB'000	Exchange reserve RMB'000	Retained profits RMB'000	Total equity RMB'000
Balance at 1 January 2024		9,508	960,982	(48,692)	55,174	11,004	8,706	1,395,221	2,391,903
Total comprehensive income for the period		-	-	-	-	-	1,260	139,253	140,513
Equity settled share-based transactions		-	-	-	-	3,161	-	-	3,161
Shares issued under share option scheme		4	3,003	-	-	(2,519)	-	-	488
Dividends declared	14(b)	-	-	-	-	-	-	(45,991)	(45,991)
Balance at 30 June 2024		9,512	963,985	(48,692)	55,174	11,646	9,966	1,488,483	2,490,074
Balance at 1 January 2025		9,515	966,520	(48,692)	55,174	15,181	17,332	1,623,156	2,638,186
Total comprehensive income for the period		-	-	-	-	-	2,648	160,611	163,259
Equity settled share-based transactions		-	-	-	-	3,816	-	-	3,816
Shares issued under share option scheme		-	838	-	-	(734)	-	-	104
Unlock of restricted shares		-	(598)	1,335	-	(737)	-	-	-
Dividends declared	14(b)	-	-	-	-	-	-	(73,898)	(73,898)
Balance at 30 June 2025		9,515	966,760	(47,357)	55,174	17,526	19,980	1,709,869	2,731,467

The notes on pages 26 to 37 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

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

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Operating activities		
Cash generated from operations	232,294	120,761
Income tax paid	(28,911)	(23,907)
Net cash generated from operating activities	203,383	96,854
Investing activities		
Acquisition of property, plant and equipment and intangible assets	(76,629)	(80,348)
Uplift of wealth management products and time deposits	1,056,750	906,000
Placement of wealth management products and time deposits	(1,226,000)	(706,000)
Other cash flows arising from investing activities	10,720	13,021
Net cash (used in)/generated from investing activities	(235,159)	132,673
Financing activities		
Capital element of lease rentals paid	(7,160)	(7,217)
Interest element of lease rentals paid	(333)	(666)
Proceeds from bank loans	78,885	20,000
Repayments of bank loans	(15,152)	(10,394)
Borrowing costs paid	(1,321)	(775)
Proceeds from equity settled share-based payment	104	488
Net cash generated from financing activities	55,023	1,436
Net increase in cash and cash equivalents	23,247	230,963
Cash and cash equivalents at 1 January	352,173	331,217
Effect of movements in exchange rates on cash held	(356)	(308)
Cash and cash equivalents at 30 June	375,064	561,872

The notes on pages 26 to 37 form part of this interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB'000 unless otherwise indicated)

1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with IAS 34, *Interim financial reporting*, issued by the International Accounting Standards Board ("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 2.

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 full set of financial statements prepared in accordance with IFRS Accounting Standards.

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. KPMG's independent review report to the Board of Directors is included on page 20.

2 CHANGES IN ACCOUNTING POLICIES

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.

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

3 REVENUE AND SEGMENT INFORMATION

(a) Revenue

The principal activities of the Group are manufacturing and sale of orthopedic joint implants, spinal implants, trauma implants and their complete set of surgical instruments.

The amount of each significant category of revenue recognised during the period is as follows:

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products of service lines		
– Hip replacement implants	409,675	359,357
– Knee replacement implants	194,489	195,804
– Spinal and trauma implants	50,732	69,056
– Digital orthopedics customised products and services	18,424	17,725
– Others (i)	20,907	15,160
	694,227	657,102
Disaggregated by geographical location of customers		
– China	566,019	533,811
– United Kingdom	33,095	27,586
– Other countries	95,113	95,705
	694,227	657,102

(i) Others primarily include surgical instruments, medical irrigators, and third party orthopedic products.

The Group's customers with whom transactions have exceeded 10% of the Group's revenue are set out below:

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Customer A	131,266	*

* Transactions with the customer A did not exceed 10% of the Group's revenue for the six months ended 30 June 2024.

3 REVENUE AND SEGMENT INFORMATION (Continued)

(b) Information about profit or loss, assets and liabilities

The Group manages its businesses by geographical location in which the entities operate. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified two reportable segments. No operating segments have been aggregated to form the following reportable segments:

	Orthopedic implants – China		Orthopedic implants – United Kingdom		Total	
For the six months ended 30 June	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Revenue from external customers	630,327	597,257	63,900	59,845	694,227	657,102
Inter-segment revenue	1,029	756	19,340	20,203	20,369	20,959
Reportable segment revenue	631,356	598,013	83,240	80,048	714,596	678,061
Reportable segment profit	182,840	162,186	3,211	1,160	186,051	163,346
As at 30 June/31 December						
Reportable segment assets	2,559,359	2,488,823	187,949	174,559	2,747,308	2,663,382
Additions to non-current assets during the period/year	69,692	195,721	1,470	10,649	71,162	206,370
Reportable segment liabilities	744,857	606,887	28,931	30,885	773,788	637,772

The measure used for reportable segment profit is "reportable segment profit before taxation".

(c) Reconciliations of reportable segment profit or loss

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Reportable segment profit	186,051	163,346
Elimination of inter-segment loss/(profit)	620	(822)
Consolidated profit before taxation	186,671	162,524

4 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Amortisation cost of intangible assets	11,528	10,125
Depreciation of property, plant and equipment	41,834	31,445
Impairment losses of impairment on trade receivables	12,978	8,022
Cost of inventories	280,347	249,449

5 NET FINANCE INCOME

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Interest income from bank deposits and investments in wealth management products	15,083	11,597
Foreign exchange gain/(loss)	5,335	(901)
Interest on bank loans	(628)	–
Interest on lease liabilities	(333)	(666)
	19,457	10,030

6 INCOME TAX

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Current tax	23,173	27,066
Deferred tax	2,887	(3,795)
	26,060	23,271

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

The Group has no assessable profit in Hong Kong during the reporting period and is not subject to any Hong Kong profits tax. Hong Kong profits tax rate during the relevant periods is 16.5%. The payments of dividends by Hong Kong companies are not subject to any Hong Kong withholding tax.

Taxation on profits outside Hong Kong has been calculated on the estimated assessable profits for the six months ended 30 June 2025 at the rates of taxation prevailing in the countries in which the Group operates.

Applicable statutory enterprise income tax rate of PRC subsidiaries of the Company for the six months ended 30 June 2025 are 25% (six months ended 30 June 2024: 25%). According to the relevant PRC income tax law, the Company's subsidiaries, Beijing AKEC Medical Co., Ltd. ("AK Medical Beijing"), ITI Medical Co., Ltd. ("ITI Medical") and Beijing Libeier Bio-engineering Institute Co., Ltd. ("Libeier") were certified as New and High Technology Enterprises, and are entitled to a preferential income tax rate of 15%. The current certification of New and High Technology Enterprise held by AK Medical Beijing, ITI Medical and Libeier will be expired on 25 October 2026, 5 November 2026 and 25 October 2026, respectively.

Taxation for subsidiaries operating mainly in the England and Wales were calculated at statutory enterprise income tax rate of 19% for the six months ended 30 June 2025 (six months ended 30 June 2024: 19%).

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB160,611,000 (six months ended 30 June 2024: RMB139,253,000) and the weighted average of 1,116,429,570 ordinary shares (six months ended 30 June 2024: 1,115,609,335 shares) in issue during the reporting period.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB160,611,000 (six months ended 30 June 2024: RMB139,253,000) and the weighted average of 1,119,215,739 ordinary shares (six months ended 30 June 2024: 1,117,878,539 shares).

8 PROPERTY, PLANT AND EQUIPMENT

(a) Right-of-use assets

During the six months ended 30 June 2025, the Group did not enter into any new lease agreements. Therefore recognised the additions to right-of-use assets of nil (six months ended 30 June 2024: RMB4,116,000).

(b) Acquisitions of owned assets

During the six months ended 30 June 2025, the Group acquired items of property, plant and machinery with a total cost of RMB62,864,000 (six months ended 30 June 2024: RMB104,451,000).

As at 30 June 2025, the Group's non-current bank loans of RMB5,692,000 (31 December 2024: nil) and bills payable of RMB38,448,000 (31 December 2024: nil) were secured by the Group's property, plant and equipment, which had an aggregate carrying amount of RMB83,930,000 as of 30 June 2025 (31 December 2024: nil).

9 INVENTORIES

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Raw materials	119,985	119,565
Work in progress	63,139	72,019
Finished goods	276,927	297,084
	460,051	488,668

10 BILLS RECEIVABLE/TRADE RECEIVABLES

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Bills receivable	78,338	81,858
Trade receivables	600,212	561,392
Less: allowance for credit loss	(79,550)	(66,572)
	520,662	494,820

As at 30 June 2025, approximately RMB5,200,000 (31 December 2024: RMB22,907,000) of bills receivable was pledged for bills payable.

Ageing analysis

Bills receivable are bank acceptance bill received from customers, with expiration dates within 6 months.

As of the end of the reporting period, the ageing analysis of trade receivables, based on the invoice date (or date of revenue recognition, if earlier) and net of loss allowance, is as follows:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Current to 3 months	339,875	315,041
4 to 6 months	67,407	57,641
7 to 12 months	58,386	65,512
Over 12 months	54,994	56,626
Trade receivables, net of loss allowance	520,662	494,820

The credit terms agreed with commercial customers were normally ranged from 1 month to 1 year from the date of billing. No interest is charged on the trade receivables.

11 CASH AND CASH EQUIVALENTS

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Cash at banks	375,036	352,170
Cash on hand	28	3
Cash and cash equivalents in the consolidated statement of financial position and consolidated cash flow statement	375,064	352,173

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB'000 unless otherwise indicated)

12 TRADE PAYABLES

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

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Within 3 months	90,884	70,926
4 to 6 months	8,034	29,527
7 to 12 months	2,372	12,990
1 year to 2 years	1,733	5,490
Over 2 years	3,576	3,167
	106,599	122,100

All trade payables are expected to be settled within one year.

13 BANK LOANS

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Current		
Secured bank loans	33,201	30,707
Unsecured bank loans	102,893	29,740
	136,094	60,447
Non-current		
Secured bank loans	5,692	17,667
	141,786	78,114

As at 30 June 2025, the Group had bank loans of RMB33,201,000 (31 December 2024: RMB48,374,000) secured by the Group's pledged deposits of US\$27,927,000 (approximately RMB199,921,000) (31 December 2024: US\$27,302,000 (approximately RMB196,260,000)).

14 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

	2025		2024	
	No. of shares	Amount RMB'000	No. of shares	Amount RMB'000
Authorised-ordinary shares of HK\$0.01 each: At 1 January and 30 June	20,000,000,000	168,981	20,000,000,000	168,981
Ordinary shares, issued and fully paid: At 1 January	1,122,671,437	9,515	1,121,896,437	9,508
Shares issued under share option scheme	24,341	–	400,000	4
At 30 June	1,122,695,778	9,515	1,122,296,437	9,512

(b) Dividends

Dividends payable to equity shareholders attributable to the previous financial year, approved during the interim period

	Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Final dividend in respect of the previous financial year, approved during the following interim period, of HK\$7.2 cents per ordinary share (2024: HK\$4.5 cents per ordinary share)	73,717	46,079

(c) Share option schemes

On 30 June 2025, the Group had the following share-based transactions arrangements.

(i) *Pre-IPO share option scheme adopted on 17 November 2017 (“Pre-IPO Share Option Scheme”)*

On 17 November 2017, 36,000,000 share options were granted at a consideration of HK\$1.00 for each grantee to employees of the Group under the Company's Pre-IPO Share Option Scheme. Each option gives the holder the right to subscribe for one ordinary share of the Company. These share options will vest in four equal batches and the grantees shall be entitled to exercise, on the first business day immediately following 1 May 2018 until 16 November 2027, if certain performance conditions are met. The exercise price is HK\$1.34.

No share options (six months ended 30 June 2024: 400,000) were exercised and no share options (six months ended 30 June 2024: nil) were forfeited during the six months ended 30 June 2025.

14 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(c) Share option schemes (Continued)

(ii) Share option scheme adopted on 17 November 2017 (“Share Option Scheme”)

In March 2022, 8,582,362 share options at a fair value of RMB19,930,000 were granted at a consideration of HK\$1.00 for each grantee to employees of the Group under the Company's Share Option Scheme. Each option gives the holder the right to subscribe for one ordinary share of the Company. These share options will vest in four batches and the grantees shall be entitled to exercise, on 31 March 2023 until 30 March 2032, if certain performance conditions are met. The exercise price is HK\$4.66.

In April 2023, 1,699,036 share options at a fair value of RMB8,800,000 were granted at a consideration of HK\$1.00 for each grantee to employees of the Group under the Company's Share Option Scheme. Each option gives the holder the right to subscribe for one ordinary share of the Company. These share options will vest in four batches and the grantees shall be entitled to exercise, on 11 April 2024 until 11 April 2033, if certain performance conditions are met. The exercise price is HK\$10.18.

Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial lattice model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the binomial lattice model.

Fair value of share options and assumptions

	2023	2022
Fair value at measurement date	HK\$4.9710 – HK\$6.9325	HK\$2.1810 – HK\$3.0340
Exercise price	HK\$10.18	HK\$4.66
Expected volatility (expressed as weighted average volatility used in the modelling under binomial lattice model)	71.53%	67.06%
Option life (expressed as weighted average life used in the modelling under binomial lattice model)	10 years	10 years
Expected dividends	0.59%	0.54%
Risk-free interest rate	3.02%	2.06%

The expected volatility is determined by the historical volatility of the Company. Expected dividend yield is based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

14 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(c) Share option schemes *(Continued)*

(ii) Share option scheme adopted on 17 November 2017 ("Share Option Scheme") (Continued)

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

24,341 share options (six months ended 30 June 2024: nil) were exercised and 247,623 share options (six months ended 30 June 2024: 2,056,280) were forfeited during the six months ended 30 June 2025.

Share option reserve will be transferred to reserve as and when such option are exercised or when they expire or be forfeited.

(d) Shares held for share award scheme

On 8 December 2020, the Company adopted a share award scheme (the "Share Award Scheme"), to recognise and reward the contribution of certain eligible participants to the growth and development of the Group through an award of the Company's shares. The Share Award Scheme will be valid and effective for a period of 10 years commencing from 8 December 2020.

The Company's shares to be granted under the Share Award Scheme were purchased and held by a trustee. The maximum number of shares to be subscribed for and/or purchased by trustee for the purpose of the scheme shall not exceed 10% of the total number of issued shares as at the adoption date.

In March 2022, the Company granted 838,784 shares to the Group's executives and employees with a fair value of RMB3,106,000. The fair value of the employee services received in exchange for the grant of shares is recognised as staff costs in profit or loss with a corresponding increase in share-based payment reserve, which is measured based on the grant date share price of the Company, taking into account the discount due to the present value of dividends expected to be paid by 0.61% to 2.36%, where applicable. These shares unlock in four batches and the grantees shall be vested with such shares on each of 31 March 2023, 2024, 2025 and 2026 for nil consideration if certain performance conditions are met.

In July 2024, the Company granted 1,706,959 shares to the Group's executives and employees with a fair value of RMB6,893,000. The fair value of the employee services received in exchange for the grant of shares is recognised as staff costs in profit or loss with a corresponding increase in share-based payment reserve, which is measured based on the grant date share price of the Company, taking into account the discount due to the present value of dividends expected to be paid by 4.33% to 4.80%, where applicable. These shares will unlock in two batches and the grantees shall be vested with such shares on each of 15 July 2025 and 2026 for nil consideration if certain performance conditions are met.

174,761 shares (six months ended 30 June 2024: nil) were unlocked and 60,715 shares (six months ended 30 June 2024: 151,923) were forfeited during the six months ended 30 June 2025.

15 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value 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

	Fair value at 30 June 2025 RMB'000	Fair value measurements as at 30 June 2025 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurement				
Financial assets:				
Other financial assets – investments in wealth management products at fair value through profit or loss	754,702	–	754,702	–
Other financial assets – investments in unlisted equity instrument at FVPL	4,915	–	–	4,915
	759,617	–	754,702	4,915

	Fair value at 31 December 2024 RMB'000	Fair value measurements as at 31 December 2024 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurement				
Financial assets:				
Other financial assets – investments in wealth management products at fair value through profit or loss	610,697	–	610,697	–
Other financial assets – investments in unlisted equity instrument at FVPL	4,538	–	–	4,538
	615,235	–	610,697	4,538

During the six months ended 30 June 2025, there were no changes in valuation techniques.

16 COMMITMENTS

Capital commitments outstanding as at 31 December 2024 and 30 June 2025 not provided for were as follows:

	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Contracted for	44,180	101,409
Authorised but not contracted for	11,033	26,560
	55,213	127,969

17 MATERIAL RELATED PARTY TRANSACTIONS

There is no material related party transaction in the six months ended 30 June 2025 and 2024, except for key management personnel remuneration. No material amounts from related parties were outstanding as at 30 June 2025 and 31 December 2024.

18 EVENTS AFTER THE REPORTING PERIOD

As of the date of the report, there was no material event occurred for the Group after the reporting period.

OTHER INFORMATION

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

As at 30 June 2025, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) which were required (a) to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or (b) to be and were entered in the register required to be kept by the Company pursuant to section 352 of the SFO, or (c) as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), were as follows:

Interest in the Shares or underlying Shares of the Company

Name of Directors	Capacity/Nature of Interest	Number of Shares ^(Note 1)	Approximate Percentage of Shareholding in the Company ^(Note 2)
Mr. Li Zhijiang ^(Note 3)	Founder of a discretionary trust	505,157,500 (L)	45.00%
	Interest of spouse	10,125,000 (L)	0.90%
Ms. Zhang Bin ^(Note 4)	Interest of controlled corporation	10,125,000 (L)	0.90%
	Interest of spouse	505,157,500 (L)	45.00%
Mr. Zhang Chaoyang ^(Note 5)	Founder of a discretionary trust	58,818,500 (L)	5.24%
Ms. Zhao Xiaohong ^(Note 6)	Beneficial interest	2,775,357 (L)	0.25%

Notes:

- (1) The letter “L” denotes our Directors’ long position in the Shares.
- (2) The percentage is calculated based on the total number of 1,122,695,778 Shares in issue as at 30 June 2025.
- (3) Mr. Li Zhijiang, being the founder of LZY Trust who can influence how the trustee exercises his discretion, is deemed to be interested in 505,157,500 long position in the Shares pursuant to the SFO. In addition, Mr. Li Zhijiang is the husband of Ms. Zhang Bin. Therefore, Mr. Li Zhijiang is deemed to be interested in the Shares held by Ms. Zhang Bin pursuant to the SFO. For further information regarding the LZY Trust, please refer to the paragraph headed “SUBSTANTIAL SHAREHOLDERS’ INTERESTS AND SHORT POSITIONS IN SHARES OR UNDERLYING SHARES OF THE COMPANY” below.
- (4) Ms. Zhang Bin, being the sole director of Summer Limited, is the sole shareholder of Summer Limited which holds 10,125,000 Shares of the Company. Therefore, Ms. Zhang Bin is deemed to be interested in Summer Limited’s interest in the Shares pursuant to the SFO. In addition, Ms. Zhang Bin is the wife of Mr. Li Zhijiang. Therefore, Ms. Zhang Bin is deemed to be interested in Mr. Li Zhijiang’s interest in the Shares pursuant to the SFO.
- (5) Mr. Zhang Chaoyang, being the founder of Bamboo Trust who can influence how the trustee exercises his discretion, is deemed to be interested in 58,818,500 long position in the Shares pursuant to the SFO. For further information regarding the Bamboo Trust, please refer to the paragraph headed “SUBSTANTIAL SHAREHOLDERS’ INTERESTS AND SHORT POSITIONS IN SHARES OR UNDERLYING SHARES OF THE COMPANY” below.
- (6) Ms. Zhao Xiaohong directly holds (i) options to subscribe for 504,354 Shares pursuant to the Share Option Scheme; (ii) 138,943 awarded Shares granted under the Share Award Scheme; and (iii) 2,132,060 Shares.

OTHER INFORMATION

Save as disclosed above, as at 30 June 2025, none of the Directors or the chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required: (a) to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO), (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (c) pursuant to the Model Code to be notified to the Company and the Hong Kong Stock Exchange.

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

As at 30 June 2025, so far as was known to the Directors, the following persons (other than the Directors or chief executive of the Company) and entities had interests or short positions in the Shares and 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, or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholders	Capacity/Nature of Interest	Number of Shares/Underlying Shares ^(Note 1)	Approximate Percentage of Shareholding in the Company ^(Note 2)
Mr. Li Zhijiang ^(Notes 3 and 4)	Founder of a discretionary trust	505,157,500 (L)	45.00%
	Interest of spouse	10,125,000 (L)	0.90%
Ms. Zhang Bin ^(Notes 3 and 4)	Interest of a controlled corporation	10,125,000 (L)	0.90%
	Interest of spouse	505,157,500 (L)	45.00%
Ximalaya Limited ^(Note 3)	Beneficial owner	505,157,500 (L)	45.00%
Rainbow Holdings Limited ^(Note 3)	Interest in a controlled corporation	505,157,500 (L)	45.00%
Mr. Zhang Chaoyang ^(Note 5)	Founder of a discretionary trust	58,818,500 (L)	5.24%
Suntop Limited ^(Note 5)	Beneficial owner	58,818,500 (L)	5.24%
Bamboo Group Management Limited ^(Note 5)	Interest of a controlled corporation	58,818,500 (L)	5.24%
Trident Trust Company (HK) Limited ^(Notes 3 and 5)	Trustee of a discretionary trust	563,976,000 (L)	50.23%
Platinum Investment Management Limited	Investment manager	55,902,917 (L)	4.98%
Platinum International Fund	Trustee	20,863,487 (L)	1.86%
Platinum Global Fund ^(Note 6)	Trustee	688,688 (L)	0.06%
Platinum Asia Fund ^(Note 6)	Trustee	14,791,087 (L)	1.32%
Platinum Global Fund ^(Note 6)	Trustee	3,547,605 (L)	0.32%

OTHER INFORMATION

Notes:

- (1) The letter "L" denotes a person's long position in the Shares.
- (2) The percentage is calculated based on the total number of 1,122,695,778 Shares in issue as at 30 June 2025.
- (3) LZY Trust is a discretionary trust established by Mr. Li Zhijiang as settlor, with Trident Trust Company (HK) Limited acting as trustee. The beneficiaries of LZY Trust are Mr. Li Zhijiang and certain of his family members. Trident Trust Company (HK) Limited holds 100% issued share capital of Rainbow Holdings Limited, which holds 100% issued share capital of Ximalaya Limited. Therefore, each of Mr. Li Zhijiang, Trident Trust Company (HK) Limited and Rainbow Holdings Limited is deemed to be interested in Ximalaya Limited's interest in 505,157,500 long positions in the Shares pursuant to the SFO.
- (4) Ms. Zhang Bin, being the sole director of Summer Limited, is the sole shareholder of Summer Limited which holds 10,125,000 Shares. Therefore, Ms. Zhang Bin is deemed to be interested in Summer Limited's interest in these Shares pursuant to the SFO. In addition, Ms. Zhang Bin is the wife of Mr. Li Zhijiang. Therefore, Ms. Zhang Bin is deemed to be interested in the Shares held by Mr. Li Zhijiang pursuant to the SFO.
- (5) Bamboo Trust is a discretionary trust established by Mr. Zhang Chaoyang as settlor, with Trident Trust Company (HK) Limited acting as trustee. Trident Trust Company (HK) Limited holds 100% issued share capital of Bamboo Group Management Limited, which holds 100% issued share capital of Suntop Limited. Therefore, each of Mr. Zhang Chaoyang, Trident Trust Company (HK) Limited and Bamboo Group Management Limited is deemed to be interested in Suntop Limited's interest in the Shares pursuant to the SFO.
- (6) Of the 55,902,917 Shares held by Platinum Investment Management Limited, 16,012,050 Shares were held as an investment manager, and the remaining 39,890,867 Shares were held as trustee of the Platinum International Fund (in respect of 20,863,487 Shares), Platinum Global Fund (in respect of 688,688 Shares), Platinum Asia Fund (in respect of 14,791,087 Shares) and Platinum Global Fund (in respect of 3,547,605 Shares), respectively.

Save as disclosed above, as at 30 June 2025, so far as the Directors were aware, no other persons (other than the Directors or chief executive of the Company) or entities had any interests or short positions in the Shares or 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, or as recorded in the register required to be kept by the Company under section 336 of the SFO.

ISSUE OF EQUITY SECURITIES OR SALE OF TREASURY SHARES FOR CASH

The Company did not allot and issue any equity securities (including securities convertible into equity securities) or sale of treasury shares (as defined under the Listing Rules) for cash (other than under a share scheme that complies with Chapter 17 of the Listing Rules) during the Reporting Period.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares as defined under the Listing Rules, if any) during the six months ended 30 June 2025. As at 30 June 2025, there were no such treasury shares held by the Group.

DIRECTOR'S RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save for the Pre-IPO Share Option Scheme, the Share Option Scheme and the Share Award Scheme as disclosed herein, at no time during the six months ended 30 June 2025 was the Company or any of its subsidiaries a party to any arrangements whose objects were or one of whose objects was to enable the Directors to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate; and none of the Directors, or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the six months ended 30 June 2025.

SHARE OPTION SCHEMES

(a) Pre-IPO Share Option Scheme

The Pre-IPO share option scheme was adopted pursuant to a written resolution passed by the Shareholders on 17 November 2017 (the “**Pre-IPO Share Option Scheme**”) for the purpose of recognising the contribution of certain employees, executives and officers made or may have made to the growth of the Group and/or the listing of the shares of the Company on the Main Board of the Hong Kong Stock Exchange.

The eligible participant under the Pre-IPO Share Option Scheme are the full-time employees, executives or officers (including executive, non-executive and independent non-executive Directors) of the Company or the full-time employees of any of the subsidiaries of the level of manager or above and other full-time employees of the Company or any of the subsidiaries who, in the sole opinion of the Board, have contributed or will contribute to the Company and/or any of the subsidiaries.

Except for the options which have been granted under the Pre-IPO Share Option Scheme, no further options will be offered or granted under the Pre-IPO Share Option Scheme, as the right to do so has been terminated upon the listing of the Company. As at 30 June 2025, the number of Shares in respect of which options had been granted and remained outstanding under the Pre-IPO Share Option Scheme was 2,025,000, representing approximately 0.18% of the Shares in issue. There is no service provider sublimit.

There is no maximum entitlement of each participant under this scheme. All options under the Pre-IPO Share Option Scheme were granted on 17 November 2017. The exercise price of the option granted under the Pre-IPO Share Option Scheme is HK\$1.34 per Share. The exercise price was determined after taking into account (i) the exercise price per Share shall not be less than the par value of such Share; and (ii) subject to paragraph (i), the Board shall determine the exercise price at its sole discretion.

The options granted under the Pre-IPO Share Option Scheme shall be valid for a period of ten years commencing on the date upon which such options are granted and accepted in accordance with the rules of the Pre-IPO Share Option Scheme (the “**Option Period**”).

HK\$1.00 was payable upon acceptance by each grantee as consideration for grant of the options. The relevant acceptance date shall not be less than 30 days after the date of offer of the relevant options.

The Pre-IPO Share Option Scheme commences on the listing date of the Company (i.e. 20 December 2017) and ends on the tenth anniversary of the listing date (both dates inclusive). As at the date of this interim report, the remaining life of the Pre-IPO Share Option Scheme is approximately 2 years and 3 months.

OTHER INFORMATION

The grantees to whom options have been granted under the Pre-IPO Share Option Scheme will be entitled to exercise his/her options in the following manner:

(aa) For the purpose of this paragraph:

“Vesting Conditions” means (i) the revenue of the Group as shown in the audited consolidated financial statements of the Group for the relevant financial year represents an increase of 30% or more of the revenue of the Group as shown in the audited consolidated financial statements of the Group for the immediately preceding financial year (adjusted to exclude the effect of any acquisition by the Group); (ii) the profit attributed to Shareholders as shown in the audited consolidated financial statements of the Group for the relevant financial year (adjusted to exclude the effect of the listing expenses, the options granted, any withholding tax arising from profit generated by the Group companies in the PRC and any acquisition by the Group) represents an increase of 25% or more of the profit attributes to Shareholders as shown in the audited consolidated financial statements of the Group for the preceding financial year (adjusted to exclude the effect of the listing expenses, the options granted, any withholding tax arising from profit generated by the Group companies in the PRC and any acquisition by the Group); and (iii) the relevant grantee has passed the annual performance appraisal scheme established by the Group for the relevant financial year.

(bb) Options granted to the grantees will vest in four portions and the grantees shall be entitled to exercise, on the first business day immediately following 1 May of the relevant year until the end of the Option Period (both days inclusive):

- (I) 25% of the total number of options granted when the Vesting Conditions are met for the first time during the Option Period;
- (II) 25% of the total number of options granted when the Vesting Conditions are met for the second time during the Option Period;
- (III) 25% of the total number of options granted when the Vesting Conditions are met for the third time during the Option Period; and
- (IV) 25% of the total number of options granted when the Vesting Conditions are met for the fourth time during the Option Period.

(cc) Any options granted will lapse if the conditions for exercise under paragraph (bb) above have not been met within the Option Period.

(dd) The grantees shall enter into service contracts with the Group for a term of no less than four years from the date of grant of the options (as the case may be).

(ee) The Board has the sole and absolute discretion to amend the relevant vesting conditions of the pre-IPO share options from time to time and the consent from each grantee has to be obtained prior to any amendment in the event that such amendment is prejudicial to such grantee.

(ff) During the Option Period, if the grantee terminates its service contract with the Group under paragraph (dd) above or commits a material breach of any restrictive covenant in respect of the Group that the grantee is subject to (e.g. a non-competition undertaking), (i) to the extent not already exercised, the options granted to such grantee shall lapse automatically and not be exercisable; and (ii) to the extent already exercised, the Company may demand the grantee to return any entitlement or interest obtained from the exercise of the options granted. In 2019, the Directors have resolved not to demand any grantee of the pre-IPO share options to return any entitlement or interest obtained from the exercise of the options granted even though the grantee terminated its service contract with the Group during the Option Period, to the extent already exercised.

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During the Reporting Period, no share options were granted under the Pre-IPO Share Option Scheme.

The details of movements in the options granted under the Pre-IPO Share Option Scheme during the Reporting Period by category of grantees are set out below:

Category and Name of grantee	Date of grant of share option	Outstanding as at 1 January 2025	Granted during the Reporting Period	Exercised during the Reporting Period	Weighted average closing price of the shares immediately before the date the options were exercised	Vesting period and performance targets	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Outstanding as at 30 June 2025	Exercise period of the share options	Exercise price of the share options	Closing price of the shares immediately before the date on which the options were granted
Director												
Zhao Xiaohong	17/11/2017	0	0	0	- See paragraph (bb) above		0	0	0	10 years	HK\$1.34	N/A (Note 1)
Senior Management and Other Employees of the Group												
Senior Management and Other Employees	17/11/2017	2,025,000	0	0	- See paragraph (bb) above		0	0	2,025,000	10 years	HK\$1.34	N/A (Note 1)
Total		2,025,000	0	0	-		0	0	2,025,000			

Note 1: As such options were granted before listing, no closing market price is available.

The terms of the Pre-IPO Share Option Scheme are disclosed in the Company's prospectus dated 7 December 2017.

Details of the Pre-IPO Share Option Scheme are set out in note 14 to the unaudited interim financial report contained in this interim report.

(b) Share Option Scheme (Note)

The Company adopted a share option scheme approved by the written resolution passed by the Shareholders on 17 November 2017 (the “**Share Option Scheme**”). Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for 10 years from 20 December 2017 (the “**Listing Date**”).

Note: As the existing Share Option Scheme was adopted before the new Chapter 17 of the Listing Rules became effective on 1 January 2023 (the “**New Chapter 17**”), certain terms of the existing Share Option Scheme may not be in full compliance with the New Chapter 17 of the Listing Rules. Share options to be granted under the Share Option Scheme in the future will be in compliance with the New Chapter 17 of the Listing Rules.

A summary of the Share Option Scheme of the Company is as follows:

1. Purpose
To recognize and acknowledge the contributions the SOS Eligible Participants (as defined below) have had or may have made to the Group. The Share Option Scheme will provide the SOS Eligible Participants (as defined below) an opportunity to have a personal stake in the Company with the view to achieving the following objectives:
 - (i) motivating the SOS Eligible Participants (as defined below) to optimize their performance efficiency for the benefit of the Group; and
 - (ii) attracting and retaining or otherwise maintaining on-going business relationships with the SOS Eligible Participants (as defined below) whose contributions are or will be beneficial to the long-term growth of the Group.
2. Participants
The Board may, at its discretion, offer to grant an option to subscribe for such number of new shares as the Board may determine at an exercise price determined in accordance with the terms set out in the Share Option Scheme to the following persons (the “**SOS Eligible Participants**”):
 - (i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;
 - (ii) any Directors (including non-executive Directors and independent non-executive Directors) of the Company or any of its subsidiaries;
 - (iii) any advisors, consultants, suppliers, customers and agents to the Company or any of its subsidiaries; and
 - (iv) such other persons who, in the sole opinion of the Board, will contribute or have contributed to the Group, the assessment criteria of which are:
 - (aa) contribution to the development and performance of the Group;
 - (bb) quality of work performed for the Group;
 - (cc) initiative and commitment in performing his/her duties; and
 - (dd) length of service or contribution to the Group.
3. Total number of securities available for issue under the Share Option Scheme together with the percentage of the issued Shares that it represents as at the date of the interim report
92,802,359 ordinary Shares and 8.27% of the existing issued share capital.

4. Maximum entitlement of each participant

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of the Company (including both exercised, outstanding options and Shares which were the subject of options which have been granted and accepted under the Share Option Scheme and any other share option schemes of the Company but subsequently canceled) to each SOS Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as of the date of grant. Any further grant of options in excess of this 1% limit shall be subject to:

- (i) the issue of a circular by the Company to the Shareholders containing the identity of the SOS Eligible Participant, the numbers of and terms of the options to be granted (and options previously granted to such participant), the information as required under Rules 17.03(D) of the Listing Rules; and
- (ii) the approval of the Shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such SOS Eligible Participant and his close associates (or his associates if such SOS Eligible Participant is a connected person) abstaining from voting. The numbers and terms (including the exercise price) of options to be granted to such participant must be fixed before the Shareholders' approval and the date of the Board meeting at which the Board proposes to grant the options to such SOS Eligible Participant shall be taken as the date of grant for the purpose of calculating the exercise price of the Shares. The Board shall forward to such SOS Eligible Participant an offer document in such form as the Board may from time to time determine or, alternatively, documents accompanying the offer document which state, among other things:
 - (aa) the SOS Eligible Participant's name, address and occupation/position;
 - (bb) the date on which an option is offered to a SOS Eligible Participant which must be a date on which the Hong Kong Stock Exchange is open for the business of dealing in securities;
 - (cc) the date upon which an offer for an option must be accepted;
 - (dd) the date upon which an option is deemed to be granted and accepted in accordance with paragraph (cc);
 - (ee) the number of Shares in respect of which the option is offered;
 - (ff) the exercise price and the manner of payment of such price for the Shares on and in consequence of the exercise of the option;
 - (gg) the date of the expiry of the option;
 - (hh) the method of acceptance of the option which shall, unless the Board otherwise determines, be as set out in item 7 below; and

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- (ii) such other terms and conditions (including, without limitation, any minimum period for which an option shall be held before it can be exercised and/or any performance targets which must be achieved before the option can be exercised) relating to the offer of the option which in the opinion of the Board are fair and reasonable but not being inconsistent with the Share Option Scheme and the Listing Rules.
- 5. Period within which the securities must be taken up under an option

An option may be taken up in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and may be exercised thereupon and prior to the expiry of the period as notified by the Board to each Grantee provided that such period of time shall not exceed a period of ten years from that date. No further share options may be granted after 10 years from the Listing Date.
- 6. Minimum/vesting period, if any, for which an option must be held before it can be exercised

There is no minimum period for which an option granted must be held before it can be vested and exercised except otherwise imposed by the Directors.
- 7. Amount, if any, payable on application or acceptance of the option and the period within which payments or calls must or may be made or loans for such purposes must be repaid

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the document constituting acceptance of the option duly signed by the grantee, together with a remittance in favor of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company on or before the relevant acceptance date (which shall not be later than 30 days after the date of offer of the relevant option). Such payment shall in no circumstances be refundable. Any offer to grant an option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it must be accepted in respect of a board lot for dealing in Shares on the Hong Kong Stock Exchange or an integral multiple thereof and such number is clearly stated in the document constituting acceptance of the option. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably lapsed.
- 8. Basis of determining the exercise price

The exercise price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, except that such price will not be less than the highest of:

 - (i) the closing price of the Shares as stated in the Hong Kong Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Hong Kong Stock Exchange is open for the business of dealing in securities;
 - (ii) the average of the closing prices of the Shares as stated in the Hong Kong Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and
 - (iii) the nominal value of a Share.
- 9. The remaining life of the Share Option Scheme

The Share Option Scheme remains in force until 19 December 2027. As at the date of this interim report, the remaining life of the Share Option Scheme is approximately 2 years and 3 months.

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On 31 March 2022, the Company granted 8,582,362 share options (representing approximately 0.76% of the issued share capital of the Company as at the date of this interim report and approximately 0.76% of the enlarged issued share capital of the Company upon exercise in full of the aforesaid share options, respectively) (the “**2022 Share Options**”) at an exercise price of HK\$4.66 per share to 112 employees of the Group (the “**2022 Grantees**”) pursuant to the Share Option Scheme. The validity period of the 2022 Share Options granted were from 31 March 2022 to 30 March 2032 (both dates inclusive). The closing price of the Shares on the date of grant was HK\$4.66 per share.

The vesting period and conditions of the 2022 Share Options granted were as follows:

- (i) 1,716,472 share options, representing 20% of the total 2022 Share Options granted, would be vested on 31 March 2023 conditional upon the achievement or attainment of certain performance targets by the Company and the respective 2022 Grantee, among which, all such 1,716,472 share options were vested;
- (ii) 1,716,472 share options, representing 20% of the total 2022 Share Options granted, would be vested on 31 March 2024 conditional upon the achievement or attainment of certain performance targets by the Company and the respective 2022 Grantee, among which, all such 1,716,472 share options were lapsed on the relevant vesting date;
- (iii) 2,574,709 share options, representing 30% of the total 2022 Share Options granted, would be vested on 31 March 2025 conditional upon the achievement or attainment of certain performance targets by the Company and the respective 2022 Grantee, among which, all such 2,574,709 share options were vested; and
- (iv) 2,574,709 share options, representing 30% of the total 2022 Share Options granted, will be vested on 31 March 2026 conditional upon the achievement or attainment of certain performance targets by the Company and the respective 2022 Grantee.

Among the 2022 Share Options granted, 660,304 share options were granted to Ms. Zhao Xiaohong (“**Ms. Zhao**”), an executive Director. The grant of the 660,304 share options to Ms. Zhao was approved by all the independent non-executive Directors pursuant to Rule 17.04(1) of the Listing Rules and the terms of the Share Option Scheme. Save as disclosed above, none of the 2022 Grantees is a Director, chief executive or substantial Shareholder (as defined in the Listing Rules) of the Company or any of their respective associates (as defined in the Listing Rules) as at the date of this interim report. For details, please refer to the announcement of the Company dated 31 March 2022.

On 11 April 2023, the Company granted 1,699,036 share options (representing approximately 0.15% of the issued share capital of the Company as at the date of this interim report and approximately 0.15% of the enlarged issued share capital of the Company upon exercise in full of the aforesaid share options, respectively) (the “**2023 Share Options**”) to 86 selected eligible persons (the “**2023 Grantees**”) pursuant to the Share Option Scheme. The validity period of the 2023 Share Options granted were from 11 April 2023 to 10 April 2033 (both dates inclusive). The closing price of the Shares on the date of grant was HK\$10.18 per Share.

The vesting period and conditions of the 2023 Options granted were as follows:

- (i) 339,807 share options, representing 20% of the total 2023 Share Options granted, would be vested on 11 April 2024 conditional upon the achievement or attainment of certain performance targets by the Company and the respective 2023 Grantee, among which all such 339,807 share options were lapsed on the relevant vesting date;
- (ii) 339,807 share options, representing 20% of the total 2023 Share Options granted, would be vested on 11 April 2025 conditional upon the achievement or attainment of certain performance targets by the Company and the respective 2023 Grantee, among which, all such 339,807 share options were vested;
- (iii) 509,711 share options, representing 30% of the total 2023 Share Options granted, will be vested on 11 April 2026 conditional upon the achievement or attainment of certain performance targets by the Company and the respective 2023 Grantee; and
- (iv) 509,711 share options, representing 30% of the total 2023 Share Options granted, will be vested on 11 April 2027 conditional upon the achievement or attainment of certain performance targets by the Company and the respective 2023 Grantee.

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Among the 2023 Share Options granted, 139,620 share options were granted to Ms. Zhao, an executive Director. The grant of the 139,620 share options to Ms. Zhao was approved by all the independent non-executive Directors pursuant to Rule 17.04(1) of the Listing Rules and the terms of the Share Option Scheme. Save as disclosed above, none of the 2023 Grantees is a Director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company or any of their respective associates (as defined in the Listing Rules) as at the date of this interim report. For details, please refer to the announcement of the Company dated 11 April 2023.

The details of movement in the share options granted under the Share Option Scheme during the Reporting Period by category of grantees are set out below:

Category and name of grantee ^(Note 1)	Date of grant of share options	Share options outstanding as at 1 January 2025	Share options granted during the Reporting Period	Exercised during the Reporting Period	Weighted average closing price of the Shares immediately before the date on which the share options were exercised	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Share options outstanding as at 30 June 2025	Vesting period ^(Note 2)	Exercise period of share options	Exercise price of share options	Closing price immediately before the date of grant
Directors												
Zhao Xiaohong	31/3/2022 ^(Note 3)	396,184	-	-	-	-	3,090	393,094	(i) 198,091 on 31/3/2026;	10 years from the date upon which the share options were granted and accepted by the relevant grantee	HK\$4.66	HK\$4.66
	11/4/2023 ^(Note 3)	111,696	-	-	-	-	436	111,260	(i) 41,886 on 11/4/2026; (ii) 41,886 on 11/4/2027.	10 years from the date upon which the share options were granted and accepted by the relevant grantee	HK\$10.18	HK\$10.18
Senior management and other employees of the Group												
Senior management and other employees of the Group	31/3/2022 ^(Note 3)	5,280,539	-	24,341	HK\$6.03	-	206,667	5,049,531	(i) 2,376,617 on 31/3/2026	10 years from the date upon which the share options were granted and accepted by the relevant grantee	HK\$4.66	HK\$4.66
	11/4/2023 ^(Note 3)	1,135,408	-	-	-	-	37,430	1,097,978	(i) 467,825 on 11/4/2026; (ii) 467,825 on 11/4/2027	10 years from the date upon which the share options were granted and accepted by the relevant grantee	HK\$10.18	HK\$10.18
Total		6,923,827		24,341		-	247,623	6,651,863				

Notes:

- (1) Save as disclosed above, there is no other category of persons that is granted with share options and is required to be disclosed pursuant to Rule 17.07 of the Listing Rules.
- (2) The vesting is conditional upon the achievement or attainment of certain performance targets by the Company and the respective grantee.
- (3) Please refer to Note 14 to the unaudited interim financial report of this interim report for details of the fair value of the share options granted on 31 March 2022 and 11 April 2023 and the accounting standard and policy adopted.
- (4) The total number of share options available for grant under the Share Option Scheme as at 1 January 2025 and 30 June 2025 were 92,554,736 Shares and 92,802,359 Shares, respectively, representing approximately 8.24% and 8.27% of the Company's issued share capital as at the respective dates. There is no service provider sublimit.
- (5) The number of the Shares that may be issued in respect of the options and awards granted under Pre-IPO Share Option Scheme, Share Option Scheme and the Share Award Scheme during the Reporting Period were 10,531,783 Shares. The dilutive effect of such is 0.94%, being the number of Shares may be issued divided by the weighted average number of Shares (excluding treasury shares, if any) for the same period.

Save as disclosed above, no share option was granted, exercised, lapsed or cancelled during the period ended 30 June 2025.

SHARE AWARD SCHEME (Note)

The share award scheme of the Company (the “**Share Award Scheme**”) was adopted by the Board on 8 December 2020 (the “**Adoption Date**”). Summary of principal terms of the Share Award Scheme are set forth below:

1. Purpose & administration

The purposes of the Share Award Scheme are to recognise and reward the contribution of certain SAS Eligible Participants (as defined below) to the growth and development of the Group, to give incentives to SAS Eligible Participants (as defined below) in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

The Share Award Scheme shall be subject to the administration of the Board whose decisions on all matters arising in relation to the Share Award Scheme or its interpretation or effect shall be final, conclusive and binding on all persons who may be affected thereby, provided that such administration shall not prejudice (i) the powers of the trustee (the “**Trustee**”) as provided under the trust deed entered into between the Company and the Trustee (the “**Trust Deed**”); and (ii) the powers of the remuneration committee of the Board on recommending and/or deciding (on and subject to the terms and conditions provided under the Share Award Scheme) the selection of the selected participants (the “**Selected Participants**”), the number of awarded Shares (the “**Awarded Shares**”) to be awarded to the respective Selected Participants and other related matters as expressly provided under the Share Award Scheme.

2. Participants

Under the rules constituting the Share Award Scheme, the following classes of participants (excluding the excluded participants) (the “**SAS Eligible Participants**”) are eligible for participation in the Share Award Scheme:

- (a) any employee (whether full time or part time, including any executive director but excluding any non-executive director) of the Company, any of its subsidiary (the “**Subsidiary**”) or any of its invested entity (the “**Invested Entity**”) (an “**Employee**”);
- (b) any non-executive director (including independent non-executive directors) of the Company, any Subsidiary or any Invested Entity;
- (c) any adviser (professional or otherwise), consultant to or expert in any area of business or business development of any member of the Group or any invested entity; and
- (d) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group,

and, for the purposes of the Share Award Scheme, the award may be made to any company wholly owned by one or more of the above participant.

Note: As the existing Share Award Scheme was adopted before the New Chapter 17 of the Listing Rules, certain terms of the existing Share Award Scheme may not be in full compliance with the New Chapter 17 of the Listing Rules. Awarded Shares to be granted under the Share Award Scheme in the future will be in compliance with the New Chapter 17 of the Listing Rules.

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The eligibility of any of the SAS Eligible Participants to an award shall be determined by the Board from time to time on the basis of the Board's opinion as to his contribution and/or future contribution to the development and growth of the Group.

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| 3. Total number of Shares available for issue under the Share Award Scheme together with the percentage of the issued shares that it represents as at the date of this interim report | The total number of Shares available to be subscribed for and/or purchased by the Trustee by applying the Group contribution for the purpose of the Share Award Scheme are 6,524,000 Shares, representing 0.58% of the total number of issued Shares as at the date of this interim report. The Board shall not instruct the Trustee to subscribe for and/or purchase any Shares for the purpose of the Share Award Scheme when such subscription and/or purchase will result in such threshold being exceeded. |
| 4. Maximum entitlement of each participant | The maximum number of Shares which may be subject to an award or awards to a Selected Participant shall not in aggregate exceed 1% of the issued share capital of the Company as at the Adoption Date. |
| 5. Period within which a Selected Participant may accept offer of award | The Board shall notify the Selected Participant in writing after an award has been provisionally made to such Selected Participant and the notice shall contain substantially the same information as that set out in the award notice provided that nothing contained in such notice shall be construed as conferring any rights, interests, benefits and title to and in the awarded Shares on such Selected Participant before the vesting of the legal and beneficial ownership of such awarded Shares in the Selected Participant in accordance with these rules of the Scheme. An award shall be deemed to be irrevocably accepted by a Selected Participant unless the Selected Participant shall within five (5) Business Days after receipt of such notice from the Board notify the Company in writing that he would decline to accept such award. |
| 6. Vesting period of awards granted under the Share Award Scheme | The Board may from time to time, at its discretion, determine the earliest vesting date (the " Vesting Date ") and other subsequent date(s), if any, upon which the awarded Shares held by the Trustee upon trust and which are referable to a Selected Participant shall vest in that Selected Participant. |

During the vesting period, any dividends and other distributions (the "**Other Distributions**") declared and made in respect of any awarded Shares shall belong to the Trustee and the relevant Selected Participant shall not have any right whatsoever in such Other Distributions in respect of any awarded Shares or otherwise unless and until the relevant awarded Shares are vested in such Selected Participant. Such Other Distributions shall be applied to subscription for and/or purchase of Shares for the purpose of satisfying any further awards by the Board and, upon termination of the Share Award Scheme, shall be treated and dealt with as income of the trust fund under the Trust Deed generally.

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At any time prior to a Vesting Date, unless the Board otherwise determines, in respect of a Selected Participant who:

- (a) died, all the awarded Shares of the Selected Participant shall be deemed to be vested on the Selected Participant on the day immediately prior to his death; or
- (b) (in the case of a Selected Participant who is an Employee) retired at his normal retirement date, all the awarded Shares of the Selected Participant shall be deemed to be vested on the Selected Participant on the day immediately prior to his normal retirement date; or
- (c) (in the case of a Selected Participant who is an Employee) retired at an earlier retirement date (with prior written agreement given by the Company or the Subsidiary or the Invested Entity), all the awarded Shares of the Selected Participant shall be deemed to be vested on the Selected Participant on the day immediately prior to his earlier retirement date.

If there is an event of change in control, as defined in the Hong Kong Codes on Takeovers and Mergers and Share Repurchases from time to time, of the Company by way of general or partial takeover offer, share repurchase offer or scheme of arrangement or otherwise in like manner made to all the Shareholders, all the unvested award Shares shall vest at any time before the expiry of the period of ten (10) Business Days following the date on which the offer becomes or is declared unconditional.

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| 7. Amount, if any, payable on application of the award and the period within which payments or calls must or may be made or loans for such purposes must be repaid | <p>There is no specific amount on application or acceptance of the award of the Share Award Scheme.</p> <p>The Board shall, subject to and in accordance with the rules of the Share Award Scheme, be entitled to, at any time during the continuation of the Share Award Scheme, make an award out of the Shares Pool to any of the SAS Eligible Participants such number of Shares as it shall determine pursuant to the Share Award Scheme. The Board shall notify the Trustee in writing upon the making of an award under the Share Award Scheme by giving the Trustee an award notice. The making of an award to any connected person of the Company shall be subject to compliance with the applicable requirements under the Listing Rules.</p> |
| 8. Basis of determination of the purchase price of shares awarded | <p>It is intended that the shares under the Share Award Scheme will be offered to the Selected Participants for no consideration subject to the compliance with the relevant laws and regulations, acceptance by the Selected Participants and the vesting period and conditions to be decided by the Board at the time of grant of award under the Share Award Scheme.</p> |

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9. Remaining life of the Share Award Scheme
- The Share Award Scheme shall be valid and effective for a period of 10 years commencing from the Adoption Date but may be terminated earlier as determined by the Board. If, at the date of the termination of the Share Award Scheme, the Trustee holds any Share which has not been set aside in favour of any Selected Participant or retains any unutilised funds received as the Group contribution or otherwise, then the Trustee shall, within twenty-one (21) Business Days after receiving actual notice of such termination, sell such Shares at the prevailing market price and remit the proceeds of sale (after making appropriate deductions in respect of stamp duty and other costs, liabilities and expenses in accordance with the Trust Deed) together with such unutilised funds to the Company. Upon termination of the Share Award Scheme, subject to the decision of the Board and to the terms of the Share Award Scheme, the relevant Vesting Date of the awarded Shares shall be unaffected and the awarded Shares shall remain transferable to and to be vested in such Selected Participant in accordance with the terms set out in the award notice, save in respect of any lapse of the award.

During the period ended 30 June 2025, there were 6,199,841 Shares held in trust by the trustee under the Share Award Scheme.

On 31 March 2022, the Company offered to grant a total of 838,784 Awarded Shares at nil consideration to 112 Selected Participants who are employees of the Group as an incentive to retain and attract talents for the Group. The grant of 838,784 Awarded Shares is subject to acceptance by the Selected Participants and the vesting period and conditions. The 838,784 Awarded Shares will be satisfied with the existing issued Shares held by the trustee.

On 15 July 2024, the Company granted a total of 1,706,959 Awarded Shares at nil consideration to 81 Selected Participants who are employees of the Group as an incentive to retain and attract talents for the Group. The grant of 1,706,959 Awarded Shares is subject to acceptance by the Selected Participants and the vesting period and conditions. Such 1,706,959 Awarded Shares will be satisfied with the existing issued Shares held by the trustee.

For details of the grant, please refer to the announcement of the Company dated 31 March 2022 and 15 July 2024.

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Details of the movement of the Awarded Shares during the Reporting Period are set out in the table below:

Category and name of grantee ^(Note 1)	Date of grant of the Awarded Shares	Closing price		Fair value of the Awarded Shares at the date of grant ^(Note 2)	Vesting period of the Awarded Shares	Number of unvested Awarded Shares as at 1 January 2025	Number of Awarded Shares granted during the Reporting Period	Number of Awarded Shares vested during the Reporting Period	Number of Awarded Shares cancelled during the Reporting Period	Number of Awarded Shares lapsed during the Reporting Period	Number of unvested Awarded Shares as at 30 June 2025	Weighted average closing price of the Shares immediately before the date on which the Awarded Shares were vested
		Purchase	of Shares									
		price of the	immediately									
		Awarded	before the									
Directors												
Zhao Xiaohong	15/7/2024	-	HK\$4.53	HK\$4.40-HK\$4.45	14/7/2025-11/4/2026 ^(Note 4)	138,943	-	-	-	-	138,943	-
Senior management and other employees of the Group												
Senior management and other employees of the Group	31/3/2022	-	HK\$4.66	HK\$4.52-HK\$4.64	31/3/2023-31/3/2026 ^(Note 3)	404,510	-	174,761	-	30,550	199,199	HK\$6.07
	15/7/2024	-	HK\$4.53	HK\$4.40-HK\$4.45	14/7/2025-11/4/2026 ^(Note 4)	1,546,943	-	-	-	30,165	1,516,778	-
Total						2,090,396	-	174,761	-	60,715	1,854,920	

Notes:

- (1) Save as disclosed above, there is no other category of persons that is granted with share awards and is required to be disclosed pursuant to Rule 17.07 of the Listing Rules.
- (2) Please refer to Note 14 to the unaudited interim financial report contained in this interim report for details of the fair value of the awards and the accounting standard and policy adopted.
- (3) The Trustee shall hold the Awarded Shares in trust for the Selected Participants, and shall transfer such Awarded Shares to the Selected Participants at nil consideration until and upon satisfaction of the following vesting period and conditions:
 - (i) 167,757 Awarded Shares, representing 20% of the total Awarded Shares granted, would be vested on 31 March 2023 conditional upon the achievement or attainment of certain performance targets by the Company and the respective Selected Participant, among which 149,398 Awarded Shares were vested and 18,359 Awarded Shares were lapsed;
 - (ii) 167,757 Awarded Shares, representing 20% of the total Awarded Shares granted, would be vested on 31 March 2024 conditional upon the achievement or attainment of certain performance targets by the Company and the respective Selected Participant, among which 167,757 Awarded Shares were lapsed;

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- (iii) 251,635 Awarded Shares, representing 30% of the total Awarded Shares granted, would be vested on 31 March 2025 conditional upon the achievement or attainment of certain performance targets by the Company and the respective Selected Participant, among which 174,761 Awarded Shares were vested and 76,874 Awarded Shares were lapsed; and
 - (iv) 251,635 Awarded Shares, representing 30% of the total Awarded Shares granted, will be vested on 31 March 2026 conditional upon the achievement or attainment of certain performance targets by the Company and the respective Selected Participant.
- (4) Vesting period of the relevant Awarded Shares are set out below:
- (i) 50% of the Awarded Shares would be vested on 14 July 2025 conditional upon the achievement or attainment of certain performance targets by the Company and the respective Grantee as summarized below; and
 - (ii) 50% of the Awarded Shares will be vested on 11 April 2026 conditional upon the achievement or attainment of certain performance targets by the Company and the respective Grantee as summarized below.

The performance targets mentioned in paragraph (4) above are set out below:

The pre-determined ratios of certain key financial performance indicators shall be taken into account to calculate the overall performance of the Company in that relevant year, including the revenue, net profit, cash flow and the rate of increase of the revenue to determine whether or not the Awarded Shares shall vest in full or vest in proportion in accordance with the performance target actually achieved, or lapse in each of the vesting period set out above.

The Group has set up a performance appraisal system for the employees, which comprehensively evaluates the performance of the Grantees in an accurate and all-rounded manner. The Company will determine whether the Grantees meet the individual performance targets based on their performance appraisal results for the relevant year. In case such individual performance targets could not be met, the relevant Awarded Shares shall lapse accordingly.

Saved as disclosed above, no Awarded Share was granted, vested, lapsed or cancelled during the Reporting Period.

As of 1 January 2025 and 30 June 2025, the number of awards available for grant under the Share Award Scheme were 109,310,206 and 109,370,921, respectively.

The number of the Shares that may be issued in respect of the options and awards granted under Pre-IPO Share Option Scheme, Share Option Scheme and the Share Award Scheme during the Reporting Period were 10,531,783 Shares. The dilutive effect of such is 0.94%, being the number of Shares may be issued divided by the weighted average number of Shares (excluding treasury shares, if any) for the same period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as the code of conduct regarding securities transactions by Directors. Having made specific enquiries by the Company, all the Directors confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2025.

The Company has also established written guidelines on no less stringent terms than the Model Code (the “**Employees Written Guidelines**”) for securities transactions by employees who are likely to be in possession of unpublished inside information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company throughout the six months ended 30 June 2025.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Board and management are committed to achieving high corporate governance standards. The Board has reviewed the Company’s corporate governance practices and is satisfied that the Company has been in compliance with the applicable code provisions (the “**Code Provisions**”) set out in Part 2 of the Corporate Governance Code contained in Appendix C1 to the Listing Rules throughout the six months ended 30 June 2025 and up to the date of this interim report, with the exception of code provision C.2.1 (the “**Code Provision C.2.1**”).

According to Code Provision C.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Group deviates from this Code Provision C.2.1 because the position of the chairman and chief executive officer of the Group are held by Mr. Li Zhijiang who is the founder of the Group and has extensive experience in the industry. The Board believes that Mr. Li Zhijiang can provide the Group with strong and consistent leadership that allows for effective and efficient planning and implementation of business decisions and strategies. The Board also considers that the current structure of vesting the roles of chairman and chief executive officer in the same person will not impair the balance of power and authority between the Board and the management of the Group. The Board shall review this structure from time to time to ensure appropriate and timely action to meet changing circumstances.

REVIEW BY THE AUDIT COMMITTEE

The Company has the Audit Committee with terms of reference aligned with the Code Provisions for the purpose of reviewing and providing supervision on the financial reporting process and internal controls of the Group. The Audit Committee consists of two independent non-executive Directors, Mr. Kong Chi Mo (chairman), Dr. Li Shu Wing David and one non-executive Director, Dr. Wang David Guowei.

The Group’s interim report for the six months ended 30 June 2025 have been reviewed by all members of the Audit Committee. Based on such review, the Audit Committee was of the opinion that the Group’s unaudited interim financial report were prepared in accordance with the applicable accounting standards as well as the Listing Rules and that adequate disclosures have been duly made. The Audit Committee does not have any disagreement with the accounting treatment adopted by the Company.

OTHER INFORMATION

CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 17 to the unaudited interim financial report contained in this report, (i) the Group did not enter into any transaction, arrangement or contract of significance in which the Company, or any of its subsidiaries and a controlling shareholder of the Company or any of its subsidiaries was a party, and in which a Director or an entity connected with the Director had a material interest, either directly or indirectly, subsisted as at 30 June 2025 or at any time during the six months ended 30 June 2025 and (ii) there was no transaction, arrangement or contracts of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries subsisted as at 30 June 2025 or at any time during the six months ended 30 June 2025.

INTERIM DIVIDEND

The Board did not recommend to declare any interim dividend to the Shareholders for the six months ended 30 June 2025.

SUBSEQUENT EVENT

Since 30 June 2025 and up to the date of this interim report, no material event affecting the Group has occurred.

INDEPENDENT REVIEW OF AUDITORS

The interim financial report for the six months ended 30 June 2025 is unaudited, but has been reviewed by KPMG, in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants, whose unmodified review report is included in this interim report to be sent to the Shareholders.

CHANGES IN INFORMATION IN RESPECT OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in information of Directors during the six months ended 30 June 2025 and up to the date of this interim report are set out below:

Name of Director	Details of Change
Dr. Gao Wei	Dr. Gao Wei was added as a member of the independent director committee of China Association for Public Companies in July, with a term of office from July 2025 to July 2027.
Dr. Wang David Guowei	Dr. Wang David Guowei acted as a director of Sinovac Biotech Ltd. (a company listed in the NASDAQ, stock code: SVA) from 16 January 2025 to 18 June 2025.

DISCLOSURE OF INFORMATION

The interim report of the Group for the six months ended 30 June 2025 containing all the relevant information required by the Listing Rules has been published on the websites of HKEXnews operated by Hong Kong Exchanges and Clearing Limited (<https://www.hkexnews.hk>) and the Company (<http://ak-medical.net>).

By Order of the Board
AK Medical Holdings Limited
Li Zhijiang
Chairman

Hong Kong
27 August 2025