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**AK MEDICAL HOLDINGS LIMITED**

**愛康醫療控股有限公司**

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1789)

## **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024**

### **FINANCIAL HIGHLIGHTS**

The board (the “**Board**”) of directors (the “**Directors**”) of AK Medical Holdings Limited (the “**Company**” or “**AK Medical**”) hereby announced the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2024 (the “**Reporting Period**”), which have been reviewed by the audit committee (the “**Audit Committee**”) of the Company. 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:

	<b>Six months ended 30 June</b>		
	<b>2024</b>	<b>2023</b>	<b>Variance</b>
	<b>RMB’000</b>	<b>RMB’000</b>	<b>%</b>
Revenue	<b>657,102</b>	648,686	1.3%
Gross profit	<b>398,480</b>	401,565	-0.8%
Profit for the period	<b>139,253</b>	132,574	5.0%
Profit attributable to equity shareholders of the Company	<b>139,253</b>	132,574	5.0%
<b>Earnings per share</b>			
Basic	<b>RMB0.12</b>	RMB0.12	
Diluted	<b>RMB0.12</b>	RMB0.12	

For the six months ended 30 June 2024, the Group achieved revenue of approximately RMB657.1 million, representing a year-on-year increase of approximately 1.3% as compared to 2023. In the first half of 2024, under accelerated import substitution driven by the volume-based procurement (“**VBP**”) the demand for the Company’s surgical products continued to grow, and the sales of products covered by the national VBP further increased. Meanwhile, through active market expansion, the Company saw a continuous growth in overseas revenue in the first half of 2024. The Group achieved an approximate 5.0% increase in profit for the six months ended 30 June 2024 as compared to the six months ended 30 June 2023. The increase in profit was primarily attributable to revenue growth and cost control.

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2024 – unaudited

(Expressed in Renminbi (“RMB”))

		Six months ended 30 June	
	Note	2024 RMB'000	2023 RMB'000
<b>Revenue</b>	3	657,102	648,686
Cost of sales		(258,622)	(247,121)
<b>Gross profit</b>		398,480	401,565
Other income, net		2,904	1,048
Selling and distribution expenses		(113,007)	(117,407)
General and administrative expenses		(72,308)	(75,171)
Research and development expenses		(63,575)	(66,325)
<b>Operating profit</b>		152,494	143,710
Net finance income		10,030	14,278
<b>Profit before taxation</b>		162,524	157,988
Income tax	4	(23,271)	(25,414)
<b>Profit for the period</b>		139,253	132,574
<b>Profit attributable to equity shareholders of the Company</b>		139,253	132,574
<b>Other comprehensive income items that are or may be reclassified subsequently to profit or loss</b>			
Exchange differences on translation of financial statements of entities outside Chinese Mainland		1,260	17,710
<b>Other comprehensive income, net of tax</b>		1,260	17,710
<b>Total comprehensive income</b>		140,513	150,284
<b>Total comprehensive income attributable to equity shareholders of the Company</b>		140,513	150,284
<b>Earnings per share</b>			
Basic	5(a)	RMB0.12	RMB0.12
Diluted	5(b)	RMB0.12	RMB0.12

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION***at 30 June 2024 – unaudited**(Expressed in RMB)*

	<i>Note</i>	<b>At 30 June 2024 RMB'000</b>	<b>At 31 December 2023 RMB'000</b>
<b>Non-current assets</b>			
Property, plant and equipment	6	643,726	574,970
Intangible assets		83,400	87,966
Goodwill		113,411	113,411
Deferred tax assets		68,933	67,260
Pledged and time deposits		190,031	184,601
		<u>1,099,501</u>	<u>1,028,208</u>
<b>Current assets</b>			
Inventories		599,112	595,514
Trade receivables	7	520,114	451,401
Bills receivable	7	90,215	78,777
Deposits, prepayments and other receivables		69,331	87,207
Other financial assets		194,958	395,455
Pledged and time deposits		38,487	35,245
Cash and cash equivalents		561,872	331,217
		<u>2,074,089</u>	<u>1,974,816</u>
<b>Current liabilities</b>			
Trade payables	8	104,101	151,451
Bills payable		34,729	23,470
Contract liabilities		95,081	85,299
Accruals and other payables		272,887	184,724
Bank loans	9	30,375	21,394
Lease liabilities		13,952	14,239
Current taxation		20,755	17,596
		<u>571,880</u>	<u>498,173</u>
<b>Net current assets</b>		<u>1,502,209</u>	<u>1,476,643</u>
<b>Total assets less current liabilities</b>		<u>2,601,710</u>	<u>2,504,851</u>

	<i>Note</i>	<b>At 30 June 2024 RMB'000</b>	<b>At 31 December 2023 RMB'000</b>
<b>Non-current liabilities</b>			
Deferred income		<b>16,369</b>	10,425
Other payables		<b>2,833</b>	5,926
Lease liabilities		<b>13,491</b>	16,311
Bank loans	9	<b>33,037</b>	32,259
Deferred tax liabilities		<b>45,906</b>	48,027
		<u><b>111,636</b></u>	<u>112,948</u>
<b>NET ASSETS</b>		<u><b>2,490,074</b></u>	<u>2,391,903</u>
<b>Capital and reserves</b>			
Share capital	10(a)	<b>9,512</b>	9,508
Reserves		<b>2,480,562</b>	2,382,395
Total equity attributable to equity shareholders of the Company		<u><b>2,490,074</b></u>	<u>2,391,903</u>
<b>TOTAL EQUITY</b>		<u><b>2,490,074</b></u>	<u>2,391,903</u>

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT***for the six months ended 30 June 2024 – unaudited**(Expressed in RMB)*

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Operating activities</b>		
Cash generated from operations	<b>120,761</b>	38,920
Tax paid	<b>(23,907)</b>	(24,562)
<b>Net cash generated from operating activities</b>	<b>96,854</b>	14,358
<b>Investing activities</b>		
Acquisition of property, plant and equipment and intangible assets	<b>(80,348)</b>	(113,096)
Uplift of structured deposits and time deposits	<b>906,000</b>	1,000,890
Placement of structured deposits and time deposits	<b>(706,000)</b>	(1,052,408)
Other cash flows arising from investing activities	<b>13,021</b>	8,242
<b>Net cash generated from/(used in) investing activities</b>	<b>132,673</b>	(156,372)
<b>Financing activities</b>		
Capital element of lease rentals paid	<b>(7,217)</b>	(5,840)
Interest element of lease rentals paid	<b>(666)</b>	(864)
Proceeds from bank loans	<b>20,000</b>	33,000
Repayments of bank loans	<b>(10,394)</b>	–
Borrowing costs paid	<b>(775)</b>	–
Proceeds from equity settled share-based payment	<b>488</b>	6,241
<b>Net cash generated from financing activities</b>	<b>1,436</b>	32,537
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>230,963</b>	(109,477)
<b>Cash and cash equivalents at 1 January</b>	<b>331,217</b>	625,829
<b>Effect of movements in exchange rates on cash hold</b>	<b>(308)</b>	9,436
<b>Cash and cash equivalents at 30 June</b>	<b>561,872</b>	525,788

## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in RMB'000 unless otherwise indicated)

### 1 BASIS OF PREPARATION

This announcement 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 International Accounting Standard (“IAS”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (“IASB”). It was authorised for issue on 28 August 2024.

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

The preparation of this announcement 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 announcement 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 2023 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.

This announcement 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.

The financial information relating to the financial year ended 31 December 2023 that is included in this announcement as comparative information does not constitute the Company’s annual consolidated financial statements for that financial year but is derived from those financial statements. The Company’s annual consolidated financial statements for the year ended 31 December 2023 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 26 March 2024.

## 2 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to IFRS Accounting Standards issued by the IASB to the announcement for the current accounting period:

- Amendments to IAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current* (“**2020 amendments**”)
- Amendments to IAS 1, *Presentation of financial statements: Non-current liabilities with covenants* (“**2022 amendments**”)
- Amendments to IFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to IAS 7, *Statement of cash flows* and IFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

None of these developments have had a material effect on how the Group’s results and financial position for the current period have been prepared or presented in the announcement. 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:

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB’000</b>	<b>RMB’000</b>
<b>Revenue from contracts with customers within the scope of IFRS 15</b>		
Disaggregated by major products of service lines		
– Hip replacement implants	<b>359,357</b>	341,496
– Knee replacement implants	<b>195,804</b>	210,959
– Spinal and trauma implants	<b>69,056</b>	50,201
– Customised products and services	<b>16,500</b>	27,782
– Others (i)	<b>16,385</b>	18,248
	<b>657,102</b>	648,686
Disaggregated by geographical location of customers		
– China	<b>533,811</b>	535,236
– United Kingdom	<b>27,586</b>	25,760
– Other countries	<b>95,705</b>	87,690
	<b>657,102</b>	648,686

- (i) Others primarily include surgical instruments, medical irrigators, third party orthopedic products and Visual Treatment Solution (VTS) system.

The Group’s customer base is diversified. There was no customer with whom transactions have exceeded 10% of the Group’s revenue during the six months ended 30 June 2023 and 2024.

**(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:

For the six months ended 30 June	Orthopedic implants – China		Orthopedic implants – United Kingdom		Total	
	2024	2023	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Revenue from external customers</b>	<b>597,257</b>	601,061	<b>59,845</b>	47,625	<b>657,102</b>	648,686
Inter-segment revenue	<u>756</u>	<u>1,371</u>	<u>20,203</u>	<u>25,845</u>	<u>20,959</u>	<u>27,216</u>
<b>Reportable segment revenue</b>	<b><u>598,013</u></b>	<u>602,432</u>	<b><u>80,048</u></b>	<u>73,470</u>	<b><u>678,061</u></b>	<u>675,902</u>
Reportable segment profit/(loss)	<u><b>162,186</b></u>	<u>164,621</u>	<u><b>1,160</b></u>	<u>(6,205)</u>	<u><b>163,346</b></u>	<u>158,416</u>
As at 30 June/31 December						
<b>Reportable segment assets</b>	<b>2,748,182</b>	2,380,775	<b>177,505</b>	168,241	<b>2,925,687</b>	2,549,016
<b>Reportable segment liabilities</b>	<b>599,619</b>	525,029	<b>33,224</b>	29,176	<b>632,843</b>	554,205

The measure used for reporting segment profit/(loss) is “reportable segment profit/(loss) before taxation”.

**(c) Reconciliations of reportable segment profit or loss**

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Reportable segment profit	<b>163,346</b>	158,416
Elimination of inter-segment profit	<u>(822)</u>	<u>(428)</u>
Consolidated profit before taxation	<u><b>162,524</b></u>	<u>157,988</u>



## 4 INCOME TAX

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Current tax – the PRC Enterprise Income Tax	27,066	26,451
Deferred tax	(3,795)	(1,037)
	<u>23,271</u>	<u>25,414</u>

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 2024 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 2024 are 25% (six months ended 30 June 2023: 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 2024 (six months ended 30 June 2023: 19%).

## 5 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 RMB139,253,000 (six months ended 30 June 2023: RMB132,574,000) and the weighted average of 1,115,609,335 ordinary shares (2023: 1,110,994,484 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 RMB139,253,000 (six months ended 30 June 2023: RMB132,574,000) and the weighted average of 1,117,878,539 ordinary shares (2023: 1,119,973,096 shares).

## 6 PROPERTY, PLANT AND EQUIPMENT

### (a) Right-of-use assets

During the six months ended 30 June 2024, the Group entered into a number of lease agreements are used for offices. Therefore recognised the additions to right-of-use assets of RMB4,116,000 (six months ended 30 June 2023: RMB5,612,000).

### (b) Acquisitions of owned assets

During the six months ended 30 June 2024, the Group acquired items of property, plant and machinery with a total cost of RMB104,451,000 (six months ended 30 June 2023: RMB109,677,000).

## 7 BILLS RECEIVABLE/TRADE RECEIVABLES

	At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
Bills receivable	<u>90,215</u>	<u>78,777</u>
Trade receivables	573,128	496,393
Less: allowance for credit loss	<u>(53,014)</u>	<u>(44,992)</u>
	<u><u>520,114</u></u>	<u><u>451,401</u></u>

As at 30 June 2024, approximately RMB26,422,000 (31 December 2023: RMB18,771,000) of bills receivable was pledged for bills payable.

### Ageing analysis

Bills receivable are bank acceptance bill received from customers, with expiration dates within 12 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 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
Current to 3 months	298,755	188,537
4 to 6 months	51,859	139,093
7 to 12 months	111,066	82,478
Over 12 months	<u>58,434</u>	<u>41,293</u>
Trade receivables, net of loss allowance	<u><u>520,114</u></u>	<u><u>451,401</u></u>

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.

## 8 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 2024 RMB'000	At 31 December 2023 RMB'000
Within 3 months	66,415	104,965
4 to 6 months	20,147	29,662
7 to 12 months	12,138	12,708
1 year to 2 years	4,540	3,506
Over 2 years	861	610
	<u>104,101</u>	<u>151,451</u>

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

## 9 BANK LOANS

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
<b>Current</b>		
Secured bank loans	30,375	21,394
<b>Non-current</b>		
Secured bank loans	<u>33,037</u>	<u>32,259</u>
	<u>63,412</u>	<u>53,653</u>

As at 30 June 2024, the Group had bank loans of RMB63,412,000 (31 December 2023: RMB53,653,000), and the bank loans were secured by the Group's non-current pledged deposits of United States Dollars ("US\$") 26,594,000 (approximately RMB189,531,000) (31 December 2023: US\$25,993,000 (approximately RMB 184,101,000)).

## 10 CAPITAL, RESERVES AND DIVIDENDS

### (a) Share capital

	2024		2023	
	No. of shares	Amount <i>RMB'000</i>	No. of shares	Amount <i>RMB'000</i>
Authorised-ordinary shares of HK\$0.01 each: At 1 January and 30 June	<u>20,000,000,000</u>	<u>168,981</u>	20,000,000,000	168,981
Ordinary shares, issued and fully paid:				
At 1 January	1,121,896,437	9,508	1,115,750,000	9,453
Shares issued under share option scheme	<u>400,000</u>	<u>4</u>	<u>5,421,056</u>	<u>48</u>
At 30 June	<u>1,122,296,437</u>	<u>9,512</u>	<u>1,121,171,056</u>	<u>9,501</u>

### (b) Dividends

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

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Final dividend in respect of the previous financial year, approved during the following interim period, of HK\$4.5 cents per ordinary share (2023: HK\$6.0 cents per ordinary share)	<u>46,079</u>	<u>62,023</u>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS OVERVIEW AND OUTLOOK**

#### **Overview**

The national volume-based procurement (“VBP”) of artificial joints opened tender in September 2021 and was implemented in the first half of 2022. Over 500,000 patients have benefited since the implementation of the VBP two years ago.

On 21 May 2024, the National Healthcare Security Administration (“NHSA”) announced the results of the Renewed VBP of Artificial Joints upon expiration of agreement. The renewed procurement cycle for artificial joints was 3 years, covering more than 6,000 hospitals, with a total reported demand of 580,000 sets.

From the implementation of the first round of VBP policy for artificial joints over the past two years, it was apparent that the VBP of artificial joints had significantly increased the popularity of medical devices and effectively reduced the financial burden on patients. Based on the first round of VBP, the renewed procurement of artificial joints continued to aim at stabilising prices of consumables, ensuring supply, and meeting clinical needs by further deepening procurement rules to ensure price rationality and supply continuity. According to the renewal results, the prices of all winning manufacturers tended to be convergent, and the prices of the Group’s mainstream bid-winning products increased significantly. In the future, the joints business will return to the track of competition based on stable product quality, the ability to provide a full product portfolio from primary, complex to revision and reconstruction, continuous R&D innovation, and good service.

At the same time, actively responding to national policies, the Group continues to commit to providing high-quality products. Its high-end product 3D printed porous trabecular acetabular cup also participated in VBP, building trust in the brand among surgeons and patients. The Group adheres to its commitment to supplying high-quality products, with all product lines being rated as “performing well”, meeting the market’s demand for high-quality artificial joints. In this renewal, the Group’s products won bids across the board, maintaining the top tier in terms of hospital demand among all brands, and consolidating market share.

In the second half of 2023, driven by anti-corruption policies, the transparency and regulation of the medical industry significantly improved. In the first half of the year, the number of surgeries recovered compared to the second half of 2023.

In response to changing industry policies, the Group leveraged its rich product line system portfolio and strong R&D advantages, and adopted measures to respond actively and flexibly. As of 30 June 2024, the Group recorded sales revenue of approximately RMB657.1 million, representing an increase of approximately 1.3% compared to the same period of 2023, and profit of approximately RMB139.3 million, representing an approximate increase of 5.0% compared to the same period of 2023.

#### **Business of Hip and Knee Implants**

The business of hip and knee implants includes 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 2024, the surgery volume of hip and knee joint implants recovered compared to the previous half year due to anti-corruption campaign. AK Medical's regular products in the scope of VBP, combined with high-end 3D printed products, gained market recognition with excellent reputation. The results of import substitution were remarkable, and the contribution of surgery volume in tertiary hospitals had increased year by year. In particular, the Group's market share in the surgical implant market significantly increased in economically developed provinces traditionally dominated by import brands, such as Guangdong, Shanghai, and Zhejiang, covering most of the key hospitals in these regions. For the six months ended 30 June 2024, the Group's revenue from hip and knee products was approximately RMB555.2 million, a year-on-year increase of 0.5%.

### **Spinal and Trauma Implants Business**

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

On one hand, the Company iterates 3D printing technology to provide comprehensive solutions for spinal fusion surgeries. In the first half of 2024, the Group launched the second generation of 3D printed spinal products with bioactive functions, 3DACT Bio. The product, developed based on the Group's patented 3DACT Bio technology, represents a new generation of 3D printed functionalised titanium alloy implants. It achieves a breakthrough in the development from bio-inert to bioactive functionalised 3D printed porous titanium alloy implants, marking a leap forward in the upgrade of orthopedic implants.

On the other hand, the Group continues to explore the application of 3D printing customisation technology for different indications and body parts in the field of spine and trauma to meet various customer needs. With its unique 3D printed cervical products and zero-incision ACCF procedures, the Group has successfully led the acceleration of import substitution. The number of 3D spinal products implanted in national and provincial key hospitals has significantly increased.

For the six months ended 30 June 2024, the Group's revenue from spinal and trauma implants reached approximately RMB69.1 million, a year-on-year increase of 37.6%.

### **Customised Products and Services**

In the first half of 2024, impacted by medical insurance policies, the Group's income from customised product and services reached RMB16.5 million, a decrease of 40.6% compared to the first half of 2023.

To compensate the domestic business contraction, the Group successfully expanded into overseas markets with its ICOS personalised customisation service strategy, providing more than 20 customised prostheses to Mexico, Pakistan, and Hong Kong, receiving high praise. This marks a new breakthrough in the field of international customised products and services and helps the Company establish a good brand image overseas.

## **Research and Development**

In the first half of 2024, the Group made significant progress in the field of innovative products, with the successful certification of the knee joint surgery robot. This not only filled the gap in the Company's product line of intelligent knee joint equipment but also marked the completion of the Group's comprehensive layout in the digital orthopedics field for hip and knee joints. Previously, the Visual Treatment Solution (VTS) system and the iBot hip surgery robot system gained widespread recognition from doctors in clinical applications, especially in handling complex hip surgeries and revision surgeries.

In the field of implants, the Company's newly approved 3D printed acetabular cup and interbody cage are ones of the second generation of 3D printed products, where active substances are added on the basis of 3D printed bone trabecula with a special micro-nano structure, realising the upgrade from bioinertness to bioactivity, and further promoting the advancement of orthopedic implant technology.

As of 30 June 2024, the Group has obtained 414 patents for invention, 612 patents for utility models and 56 authorised PCT patents.

## **Sales and Marketing**

In the context of the current anti-corruption campaign, the National Health Commission ("NHC") stated that academic conferences that comply with national regulations and operate in a standardised manner should be fully supported and encouraged.

As one of the enterprises with strong R&D capabilities in the healthcare industry, the Group has always complied with industry regulations and actively responded to the call of the NHC, shouldering industry responsibilities and holding academic conferences and exchanges in compliance with regulations. In terms of promotion of new products and new technologies, the Group has always complied with relevant regulations and held compliant academic conferences to enhance medical professionals' knowledge and understanding of innovative products.

In the first half of 2024, the Group held a series of academic conferences, with an aim to strengthen academic exchanges and promote the dissemination of medical knowledge through these platforms, while providing medical professionals with opportunities to deeply understand and master the latest medical technologies.

## ***Joints Business***

In the first half of 2024, the Company achieved remarkable results in joints market promotion work. Through continuous product innovation and a series of market activities, the Company successfully promoted the implantation of new products and achieved good market response. For example, the innovative unicondyle product HAUK and the 3D printed product system for the treatment of congenital hip dislocation have both been recognised by the market.

In addition, the Group also provided doctors with professional training and exchange platforms by organising a number of academic activities, such as the digital orthopedic technology capability improvement pilot training course, the “Way to the Congenital Hip” – Congenital Hip Seminar, and the national series of online ward rounds by the Knee Preservation Alliance. In particular, four sessions of the “Way to the Congenital Hip” – Congenital Hip Seminar were held, training more than 60,000 doctors, and more than 50 hospitals participated in the project. The national series of online ward rounds by the Knee Preservation Alliance was held 10 times, covering 12 provinces and regions and training nearly 100,000 doctors, which promoted the development and implantation at more than 40 hospitals. These measures helped enhance the Company’s influence and competitiveness in the joints market and make positive contributions to the industry development.

### ***Spine Business***

The Company takes the 3D printing technology as a traction and actively promotes the increase of its market share of 3D printed spine products. With unique technical advantages and clinical efficiency, its 3D printed spine products were newly introduced to 56 hospitals in the first half of 2024, including 30 provincial hospitals, achieving a rapid growth in the surgical implantation.

Moreover, in the first half of 2024, the Group convened a zero-incision ACCF seminar and an APOLLO multi-centre research conference for expert experience sharing and exchange, covering a total of approximately 900 hospitals, promoting industry exchanges in clinical technology and academic research, respectively.

### ***Digital Orthopedics Business***

In the first half of 2024, the Visual Treatment Solution (VTS) System Seminar and VTS System Launching Ceremony at Beijing Friendship Hospital was grandly held at Tongzhou Campus of Beijing Friendship Hospital, Capital Medical University. As its first commercial installation, the VTS system marks its major milestone for the Group in the field of digital orthopedics. The successful installation of the system will provide strong technical support for improving the quality and efficiency of medical services and further promote the digital transformation of the medical industry.

In the first half of 2024, the Group’s visual intelligent navigation system became the core training tool for the VTS Tutorials series of activities organised by the Capacity Building and Continuing Education Centre of the NHC. This series of activities is an important part of the Research Project on Improving Clinical Application Capabilities of Digital Orthopedic Technology, which is committed to popularising digital orthopedic technology to provide more accurate medical services. Many top orthopedic experts in China gathered to share their valuable experience and cases in customised and digital orthopedic application, passing on knowledge. Experts gave in-depth speeches and discussions on cutting-edge topics such as hip and knee joints customisation, mirror image reconstruction theory, and VTS-assisted congenital hip.



As of 30 June 2024, the Group achieved the sale of one Visual Treatment Solution (VTS) system and was following up on multiple potential orders.

### ***Overseas Business***

In the first half of 2024, the Group actively expanded its overseas business under the brands of AK and JRI, and the joints business successfully entered into countries including Malaysia, Japan and Spain, showing significant market growth. AK Medical-branded joints products also began to be used in operations in the United Kingdom. By establishing close cooperative relationships with overseas doctors, the Company invited medical groups comprising approximately 50 doctors from multiple countries to China to participate in training and exchanges, which effectively improved their surgical skills and the Company's brand image, and was highly recognised by the visiting doctors.

At the same time, with the support of the China International Cultural Exchange Centre, the Company launched the "International Exchange Project of the Health Silk Road" to build an academic exchange platform for domestic and foreign experts and further enhance the influence of Chinese brands in countries of the Belt and Road Initiative, while improving the international reputation of the brand and the trust among doctor customers. These measures not only strengthened the competitiveness of AK Medical in the global orthopedics field, but also laid a solid foundation for the Company's international strategy.

### **Prospect**

Due to changes in the external environment, the orthopedic market in the PRC has experienced relatively slow growth in the past few years. However, with the constant improvement and stabilisation of policies, the orthopedic industry is expected to return to relatively rapid growth in the future. With the second-round renewal of the VBP in the joint industry, the market price gap narrowed and tended to be balanced. In the subsequent implementation, enterprises with fewer winning bids and no advantageous product portfolios would face survival challenges, resulting in accelerating industry integration and concentration of resources on leading enterprises. As foreign brands lose their previous high premium advantage, their service channels become limited and operating pressure increases, providing opportunities for domestic brands to replace them. In addition, the cost-effectiveness advantage and stable product quality of "Made in China" have created new development opportunities in the international market for the Group.

The Group will make strategic adjustments in a timely manner to adapt to the industrial changes after the VBP, including but not limited to:

**1. *Increasing the market share of the middle and high-end markets led by digital orthopedic technology***

In recent years, the Group has vigorously developed orthopedic implant digital manufacturing technology, and promoted the application of “orthopedic digital intelligent surgery”.

In response to the demand for precise orthopedic clinical diagnosis and treatment, the Group has developed a hip surgery navigation system, a hip surgery robot system and a knee surgery robot system. Combined with the Group’s own 3D printed hip joint prosthesis system and knee joint prosthesis system, as well as the customised prosthesis system, the Group has established its own prosthesis (standardised prosthesis/customised prosthesis) – “orthopedic digital intelligent surgery” equipment full-chain independent intellectual property technology route. The promotion and application of “orthopedic digital intelligent surgery” equipment will further enhance the share of the Group’s orthopedic implant products in the middle and high-end markets domestically while improving brand stickiness.

**2. *Vigorously expanding overseas markets with the advantage of dual brands***

The scale advantage of Made in China is becoming the key to the Group’s overseas market expansion. Leveraging the brand reputation and academic resources of JRI, the Group actively establishes close ties with terminal doctors around the world. The Company introduces innovative products, digital products and customised services to emerging markets, and builds its brand image with rapid service response, cost-effectiveness and excellent product quality.

The Group will make use of the advantages of “Made in China”, combine with the strength of international brands, and leverage the national Belt and Road Initiative to invest more resources in overseas markets and participate in international competition.

**3. *Consolidating the Group’s position as one of the leading companies in domestic orthopedics industry and strengthening the Group’s image as an innovative practitioner of orthopedics***

The Group is committed to consolidating its position as one of the leading companies in domestic orthopedics industry, and strengthening its image as an innovative practitioner of orthopedics. As one of the leading brands in domestic joint field, the Group has launched strategic products such as “Joint Master” and “Spinal Fusion Master” to meet clinical needs with excellent products and increase market share. Meanwhile, the Group will continue to promote the commercialisation of digital orthopedic technology, and conduct strategic deployment in the new fields of biological materials and small joints of extremities. By deepening cooperation with basic research institutions, the Group is committed to promoting innovative development in the field of orthopedics and further consolidating its position as an innovative leader in the industry. These initiatives not only demonstrate the Group’s commitment to orthopedic innovation, but also inject new vitality into the Group’s long-term development.

## FINANCIAL REVIEW

### Overview

	Six months ended 30 June		Variance %
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>	
Revenue	<b>657,102</b>	648,686	1.3%
Gross profit	<b>398,480</b>	401,565	-0.8%
Profit for the period	<b>139,253</b>	132,574	5.0%
Profit attributable to equity shareholders of the Company	<b>139,253</b>	132,574	5.0%
<b>Earnings per share</b>			
Basic	<b>RMB0.12</b>	RMB0.12	
Diluted	<b>RMB0.12</b>	RMB0.12	

For the six months ended 30 June 2024, the Group achieved revenue of approximately RMB657.1 million, representing a year-on-year increase of approximately 1.3% as compared to 2023. In the first half of 2024, under accelerated import substitution driven by the VBP, the demand for the Company's surgical products continued to grow, and the sales of products covered by the national VBP further increased. Meanwhile, through active market expansion, the Company saw a continuous growth in overseas revenue in the first half of 2024. The Group achieved an approximate 5.0% increase in profit for the six months ended 30 June 2024 as compared to the six months ended 30 June 2023. The increase in profit was primarily attributable to revenue growth and cost control.

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

## Revenue

	Six months ended 30 June		Variance %
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>	
Hip replacement implants <sup>(1)</sup>	<b>359,357</b>	341,496	5.2%
Knee replacement implants <sup>(2)</sup>	<b>195,804</b>	210,959	-7.2%
Spinal and trauma implants <sup>(3)</sup>	<b>69,056</b>	50,201	37.6%
Customised products and services <sup>(4)</sup>	<b>16,500</b>	27,782	-40.6%
Others <sup>(5)</sup>	<b>16,385</b>	18,248	-10.2%
Total	<b><u>657,102</u></b>	<b><u>648,686</u></b>	1.3%

### 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 and customised value-added surgical services;
- (5) Others primarily include surgical instruments, medical irrigators, third party orthopedic products and Visual Treatment Solution (VTS) system

Revenue for the six months ended 30 June 2024 amounted to RMB657.1 million, representing an increase of 1.3% from RMB648.7 million for the six months ended 30 June 2023. 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 for joint implants. Meanwhile, through active market expansion, the Company saw a continuous growth in overseas revenue.

## **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 2024 amounted to approximately RMB359.4 million, representing an increase of 5.2% from approximately RMB341.5 million for the six months ended 30 June 2023. Revenue from knee replacement implants for the six months ended 30 June 2024 amounted to approximately RMB195.8 million, representing a decrease of 7.2% from approximately RMB211.0 million for the six months ended 30 June 2023.

In the first half of 2024, as the implementation of the VBP deeply progressed, the demand for the Company's surgical products kept growing, leading to a continuous growth in sales revenue from hip and knee replacement implant products in the scope of VBP. However, the sales volume and revenue of unicondyle implant products outside the scope of VBP decreased. In the meantime, the Group achieved continuous growth in overseas revenue from its hip and knee replacement implant products through active market expansion.

## **Spinal and Trauma Implant Products**

Our spinal and trauma implant products include 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 2024 amounted to approximately RMB69.1 million, representing a significant increase of 37.6% from approximately RMB50.2 million for the six months ended 30 June 2023. During the first half of 2024, the Company was highly recognised for the innovation and functional superiority of its 3D printing technology and its ever-expanding spinal product line, which further facilitated the implantation of spinal products and the significant increase in sales volume.

## **Customised Products and Services**

Revenue from customised products and services include revenue from customised joint, pelvic, spinal and trauma implant products and customised value-added surgical services. Impacted by the medical insurance policies, revenue from customised products and services for the six months ended 30 June 2024 amounted to approximately RMB16.5 million, representing a significant decrease of 40.6% from approximately RMB27.8 million for the six months ended 30 June 2023. Despite falling revenue, the Group leveraged its technical advantages in 3D-printed customised products and value-added surgical services to successfully extend its customised surgeries to a number of hospitals.

## **Others**

Other revenue includes revenue from surgical instruments, medical irrigators, third party orthopedic products, and Visual Treatment Solution (VTS) system. For the six months ended 30 June 2024 and the six months ended 30 June 2023, our revenue from surgical instruments and third-party orthopedic products amounted to RMB16.4 million and RMB18.2 million, representing 2.5% and 2.8% of our revenue, respectively.

## Domestic and Overseas Sales

The vast majority of our revenue is generated in China, with a smaller percentage derived from overseas sales. A breakdown of our domestic and overseas sales revenue is set forth below:

	Six months ended 30 June		Variance %
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>	
China	533,811	535,236	-0.3%
Other countries	123,291	113,450	8.7%
Total	<u>657,102</u>	<u>648,686</u>	1.3%

For the six months ended 30 June 2024, our overseas sales revenue amounted to approximately RMB123.3 million, representing a year-on-year increase of 8.7%. The increase was primarily due to the rise in the volume of surgeries in the first half of 2024 as a result of the Company's active expansion of overseas markets. Revenue from China for the six months ended 30 June 2024 amounted to approximately RMB533.8 million, representing a year-on-year decrease of 0.3%.

## Cost of Sales

For the six months ended 30 June 2024, the cost of sales was approximately RMB258.6 million, representing an increase of 4.7% from approximately RMB247.1 million for the six months ended 30 June 2023. The increase in cost of sales was primarily due to an increase in the sales volume of our products.

## Gross Profit and Gross Margin

Gross profit represents revenue less cost of sales. Gross profit for the six months ended 30 June 2024 amount to approximately RMB398.5 million, representing a decrease of 0.8% as compared to approximately RMB401.6 million for the six months ended 30 June 2023. The decrease in gross profit was primarily due to the decrease in gross margin. The decrease in gross margin was primarily due to changes in product sales structure.

Gross margin is calculated as gross profit divided by revenue. Our gross margin was 60.6% for the six months ended 30 June 2024, a decrease of 1.3% from 61.9% for the six months ended 30 June 2023. The proportion of revenue from products covered by the VBP increased, which led to a slight drop in gross margin.

## **Other Income, Net**

Other income for the six months ended 30 June 2024 was approximately RMB2.9 million, representing an increase of approximately RMB1.9 million from approximately RMB1.0 million for the six months ended 30 June 2023. Other income for the six months ended 30 June 2024 mainly represents income from VAT input tax deductions, government subsidy income and grants for research and development projects received.

## **Selling and Distribution Expenses**

Selling and distribution expenses were approximately RMB113.0 million for the six months ended 30 June 2024, representing a decrease of 3.7% from approximately RMB117.4 million for the six months ended 30 June 2023. The slight decrease in selling expenses was mainly due to the fact that marketing and promotion activities decreased in the first half of the year.

## **General and Administrative Expenses**

General and administrative expenses amounted to approximately RMB72.3 million for the six months ended 30 June 2024, representing a decrease of 3.8% from approximately RMB75.2 million for the six months ended 30 June 2023. The decrease was primarily due to the Company's proactive cost control.

## **Research and Development Expenses**

Research and development expenses for the six months ended 30 June 2024 were approximately RMB63.6 million, representing a decrease of 4.1% from approximately RMB66.3 million for the six months ended 30 June 2023. The slight decrease 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**

Net finance income was approximately RMB10.0 million for the six months ended 30 June 2024, representing a decrease of approximately RMB4.3 million from approximately RMB14.3 million for the six months ended 30 June 2023. The decrease in finance income was primarily due to the increase in foreign exchange losses as a result of exchange rate movements.

## **Income Tax Expenses**

Income tax expense was approximately RMB23.3 million for the six months ended 30 June 2024, representing a decrease of 8.4% from approximately RMB25.4 million for the six months ended 30 June 2023. The decrease was primarily due to a decrease in profit tax rate for the Company following Libeier, a subsidiary of the Group, being certified as a New and High Technology Enterprise.



## **Liquidity and Financial Resources**

As at 30 June 2024, we had cash and cash equivalents of approximately RMB561.9 million, structured deposits of approximately RMB190.4 million, short-term time deposits over 3 months of approximately RMB30.3 million and restricted deposits of approximately RMB8.2 million, amounting to RMB790.8 million in aggregate, as compared with approximately RMB757.4 million as at 31 December 2023. 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**

We had net current assets of approximately RMB1,502.2 million as at 30 June 2024, representing an increase of approximately RMB25.6 million from approximately RMB1,476.6 million as at 31 December 2023. Such increase was primarily generated by the Group's operation.

## **Foreign Exchange Exposure**

Our principal business 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 and Euro. For the six months ended 30 June 2024, the Group recorded a net exchange loss of approximately RMB0.9 million, as compared to an exchange gain of approximately RMB3.4 million for the six months ended 30 June 2023. So far, the Group has not had any hedging arrangements to manage foreign exchange risks, but has been actively monitoring and overseeing such risks.

## **Capital Expenditure**

For the six months ended 30 June 2024, the Group's total capital expenditure amounted to approximately RMB80.3 million, which was primarily used for (i) plant construction; (ii) purchase of patents; (iii) purchase of equipment, instruments and software for manufacturing and R&D activities.

## **Charge of Assets/Pledge of Assets**

As at 30 June 2024, the Group mainly pledged a deposit of approximately RMB189.5 million in the pledged deposits account to obtain a bank loan for new plant construction (as of 31 December 2023: approximately RMB184.1 million), and bills receivable of approximately RMB26.4 million and restricted deposits of approximately RMB8.2 million were used to be pledged for bills payable (as of 31 December 2023: bills receivable of RMB18.8 million and restricted deposits of RMB5.2 million), amounting to approximately RMB224.1 million in aggregate. Other than the above, we did not have any charge or pledge of assets.



## **Borrowings and Gearing Ratio**

As at 30 June 2024, the balance of our short-term bank loans of approximately RMB30.4 million (as of 31 December 2023: RMB21.4 million) and the balance of our long-term borrowings of approximately RMB33.0 million (as of 31 December 2023: RMB32.3 million) were invested in the construction of the new plant. Our loan term was not more than 3 years, and the borrowing rate was 2.8%-3.0%. Gearing ratio represents the percentage of bank borrowings to total equity. As of 30 June 2024, the gearing ratio of the Group was 2.5% (as of 31 December 2023: 2.2%).

## **Contingent Liabilities**

As at 30 June 2024, the Group did not have any material contingent liabilities (as at 31 December 2023: Nil).

## **Significant Investments**

The Group did not hold any significant investments in the equity interests of any other companies as at 30 June 2024.

## **Material Acquisitions and Disposals**

During the six months ended 30 June 2024, the Group did not have any material acquisition or disposal of subsidiaries, associates or joint ventures.

## **Future Plans for Material Investments and Capital Assets**

As at 30 June 2024, the Group had two projects under construction: a new office park in the eastern part of Changping New City and 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 two projects through the use of internal funds and/or external funds. Other than the above, we have no other plans for material investments and capital assets.

## **Employee and Remuneration Policy**

As at 30 June 2024, the Group had 974 employees (30 June 2023: 1,082 employees). Total staff remuneration expenses including Directors' remuneration for the six months ended 30 June 2024 amounted to approximately RMB123.2 million (for the six months ended 30 June 2023: approximately RMB125.1 million). The decrease in staff remuneration expenses was largely due to a decrease 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 schemes. The Group has established the AK Medical Training System (《愛康醫療培訓制度》), aiming to develop and implement annual and quarterly training programmes for staff at different levels and positions, and covering a wide range of internal and external training courses.

## **Subsequent Events**

No material event affecting the Group has occurred since 30 June 2024 and up to the date of this announcement.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities (including sale of treasury shares (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)), if any) during the six months ended 30 June 2024.

As of 30 June 2024, there were no treasury shares held by the Company.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by Directors. Having made specific enquiries by the Company, all the Directors confirmed that they had complied with the requirements as set out in the Model Code throughout the six months ended 30 June 2024.

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 2024.

## **COMPLIANCE WITH 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 in the Corporate Governance Code as set out in Part 2 of Appendix C1 of the Listing Rules throughout the six months ended 30 June 2024 and up to the date of this announcement, with the exception of 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 Company deviates from this code provision because the positions of the chairman and chief executive officer of the Company 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 Company 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 Company. 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 Audit Committee consists of three members, including two independent non-executive Directors namely Mr. Kong Chi Mo and Dr. Li Shu Wing David and one non-executive Director, Dr. Wang David Guowei. Mr. Kong Chi Mo is the chairman of the Audit Committee.

The Group's interim results for the six months ended 30 June 2024 have been reviewed by all members of the Audit Committee. Based on such review, the Audit Committee was satisfied that the Group's unaudited interim results were prepared in accordance with applicable accounting standards. The Audit Committee does not have any disagreement with the accounting treatment adopted by the Company.

## **INDEPENDENT REVIEW BY AUDITORS**

The interim financial report for the six months ended 30 June 2024 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 the interim report to be sent to the shareholders of the Company.

## **INTERIM DIVIDEND**

The Board did not recommend to declare any interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: Nil).

## **PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT**

This announcement has been published on the websites of the Hong Kong Exchanges and Clearing Limited (<https://www.hkexnews.hk>) and the Company (<http://ak-medical.net>), respectively. The interim report of the Company for the six months ended 30 June 2024 containing all the information required by the Listing Rules will be despatched to shareholders of the Company (if requested) and will be available on the aforementioned websites in due course.

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

Hong Kong, 28 August 2024

*As at the date of this announcement, the Board comprises Mr. Li Zhijiang, Ms. Zhang Bin, Mr. Zhang Chaoyang and Ms. Zhao Xiaohong as executive Directors, Dr. Wang David Guowei as non-executive Director, and Mr. Kong Chi Mo, Dr. Li Shu Wing David and Dr. Gao Wei as independent non-executive Directors.*