



2024 INTERIM REPORT

熙康雲醫院控股有限公司

XIKANG CLOUD HOSPITAL HOLDINGS INC.

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 9686



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Company Information

BOARD OF DIRECTORS

Chairperson and Non-executive Director

Dr. Liu Jiren (劉積仁)

Executive Director

Ms. Zong Wenhong (宗文紅) (*Chief Executive Officer*)

Non-executive Directors

Mr. Xu Hongli (徐洪利)

Dr. Wang Nan (王楠)

Mr. Pu Chengchuan (蒲成川)

Dr. Chen Lianying (陳連勇)

Independent Non-executive Directors

Dr. Chen Yan (陳艷)

Dr. Qi Guoxian (齊國先)

Dr. Yin Guisheng (印桂生)

AUDIT COMMITTEE

Dr. Chen Yan (陳艷) (*Chairman*)

Dr. Chen Lianying (陳連勇)

Dr. Yin Guisheng (印桂生)

REMUNERATION COMMITTEE

Dr. Chen Yan (陳艷) (*Chairman*)

Dr. Liu Jiren (劉積仁)

Dr. Qi Guoxian (齊國先)

NOMINATION COMMITTEE

Dr. Liu Jiren (劉積仁) (*Chairman*)

Dr. Qi Guoxian (齊國先)

Dr. Yin Guisheng (印桂生)

STRATEGY COMMITTEE

Dr. Liu Jiren (劉積仁) (*Chairman*)

Ms. Zong Wenhong (宗文紅)

Dr. Chen Lianying (陳連勇)

Dr. Qi Guoxian (齊國先)

Dr. Yin Guisheng (印桂生)

JOINT COMPANY SECRETARIES

Ms. Zhao Shu (趙姝) (Appointed on August 29, 2024)

Ms. Wang Shuli (王淑力) (Resigned on August 29, 2024)

Mr. Wong Wai Chiu (黃偉超)

AUTHORIZED REPRESENTATIVES

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Mr. Wong Wai Chiu (黃偉超)

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REPORTING ACCOUNTANT AND AUDITOR

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*Certified Public Accountants and Registered Public
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LEGAL ADVISORS TO THE COMPANY

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COMPANY WEBSITE

<https://www.xikang.com>

STOCK CODE

09686

Financial Highlights

	For the six months ended June 30,		
	2024	2023	Change
	<i>(RMB in thousands, except percentages)</i>		
	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	179,214	218,925	(39,711)
Gross profit	42,556	67,300	(24,744)
Gross margin	23.7%	30.7%	(7.0%)
Loss for the period	(60,484)	(95,002)	34,518
Add: Share-based compensation expenses	9,182	9,747	(565)
Add: Interest expenses for financial liability for redeemable rights	—	4,918	(4,918)
Adjusted net loss for the period (non-HKFRS measure)	(51,302)	(80,337)	29,035

During the Reporting Period, we recorded a total revenue of RMB179.2 million (for the six months ended June 30, 2023: RMB218.9 million), representing a year-on-year decrease of 18.1% as compared to the same period of 2023 due to the impact of the macro market and post-pandemic era, as well as the Company's continued optimization of business structure. During the Reporting Period, we carried on optimizing resource allocation and reinforced the monitoring of our input and output, which resulted in a decrease in our net loss by 36.3% to RMB60.5 million (for the six months ended June 30, 2023: RMB95.0 million).

Management Discussion and Analysis

I. BUSINESS REVIEW

“City-specific Cloud Hospital Platform” Business Model

With the improvement of people’s health consumption awareness, the promotion of national policies, and the breakthroughs of digital technology, the home medical and nursing service market has grown rapidly, with continuously growing user demands and great market prospects. Keeping up closely with the development trend, we are dedicated to delivering medical and nursing services to home, ensuring that every family can enjoy fair, precise, and friendly healthcare services and home care services. On the basis of China’s increasingly severe aging population, the demand of the elderly for high-quality, safe, and friendly nursing services is increasingly prominent. Leveraging our outstanding business growth and key achievements, we have been gradually building important infrastructure that meets this demand.

We have been adhering to building the unique business model of “city-specific cloud hospital platform” that takes the city as the gateway and closely correlates with the regional medical and health system. We help governments build and operate city-specific cloud hospital platform that integrates urban medical service resources and connects local governments, medical institutions, patients and insurers. These platforms enhance the equity of access to medical resources through the coordinated allocation of urban medical resources, and subsequently form a platform-based regional digital medical service ecology.

We continue to extend professional medical and nursing services to every household within a city through technological and service model changes, turning the bed at patients’ households into the seamless extension of beds at hospitals, ensuring the medical services and nursing services in home settings are as safe, reliable and effective as those in hospitals, and realizing a seamless transition of medical and nursing care.

The uniqueness of our business model as the cloud hospital

The core values of our business model as “city-specific cloud hospital platform” embody in the depth of exploring the urban medical service market, and the speed of replicating and expanding our business among cities.

Local governments are the policy-makers, regulators and payers of China’s health industry. Considering their important position within the industry, government customers are one of the core pipelines of our business. Our in-depth understanding of government services and medical regulation, as well as our accumulation of abundant cooperative resources have formed our unique and competitive advantages that are hard to be imitated by other competitors. Our “city-specific cloud hospital platform” model is closely connected and deeply interacted with local medical and health service system. We adhere to our market strategy of accelerating the cooperation with medical institutions with local governments as the core breakthrough, to ensure the credibility of our platforms.

By taking a city as the gateway, we connect all medical resources within the region, leading to the fast promotion of medical institutions, doctors and nurses joining our platform intensively, subsequently integrating the city’s medical resources comprehensively. We continue to deepen and broaden our local platform construction and service operation, and continuously promote the exploration of service scenarios and content innovation from inside-hospital to outside-hospital, and from offline to online. Leveraging our capabilities of enriching service contents of medical, nursing, rehabilitation and other services, we can achieve scalable service provision on our cloud hospital platforms, resulting in the good expansibility of our business.

We formed and operated the first city-specific cloud hospital platform of China in Ningbo. Based on our successful operational experience in the full-cycle medical service chain combining medical services, nursing services and health management services in Ningbo for about ten years, we have formed a mature and verifiable business replication model to realize rapid replication and expansion in other cities. Promoted by the cloud hospital business model, the speed of our business expansion was accelerated significantly. During the Reporting Period, we continued to dig the markets in Eastern China, Northern China and Southern China, thus further expanding our city-specific cloud hospital platform network. As of June 30, 2024, the number of medical institutions connected to our city-specific cloud hospital platform network was over 36,000, of which the number of hospitals was 2,654 (as of June 30, 2023: 2,538), representing a year-on-year increase of 4.6%. There were 137,000 doctors (as of June 30, 2023: 121,000) and 108,000 nurses (with more than 5 years of clinical nursing experience) (as of June 30, 2023: 57,000) joining our platforms, representing a year-on-year increase of 13.0% and 90.4%, respectively. During the Reporting Period, we continued to provide professional, comprehensive, high-quality and one-stop health management services. The volume of health management services was 160,000 (same period of 2023: 170,000), representing a year-on-year decrease of 5.5%.

During the Reporting Period, on the basis of understanding our own strategic positioning and advantages, we had upgraded our fast-developing Home Care Services into an independent business segment to highlight its strategic value to the Company. At the same time, we integrated the Cloud Hospital Platform Services and the Internet Medical Services (excluding Home Care Services) from our original business portfolio into Medical Service Segment, and merged Smart Healthcare Products into the Health Management Services segment, to further increase the capability of resource integration and the synergistic effect of our business.

With the general completion of the realignment and the adjustment of our businesses, our main businesses have become clearer, leading to the optimization and highlight of our advantageous businesses. During the Reporting Period, we had been focusing on “medical and nursing services delivered to home”. We continuously optimized our business portfolio, improved the synergy of our business, realized more effective and optimized resource allocation, and met the service needs of users from inside to outside the hospital and from offline to online to a greater extent. We had formed the business framework as “Medical Service, Nursing Service, and Health Management Service” to further improve the business ratio of medical services and nursing services. Especially in the home care service industry, we have formed a mature and replicable business operation model, which helped the governments of Zhejiang Province and Henan Province to build and operate two provincial home care service platforms. While we continued to deeply operate the “Care in Zhejiang” platform, we had fastened the application and promotion of the “Care in Yu Delivered to Home” platform in Henan Province, and had achieved the comprehensive coverage in 18 cities of Henan Province within half a year.

Guided by the cloud hospital model and business focus strategy, the overall performance of the Company’s business was improved steadily, and the strategic business has grown significantly. During the Reporting Period, the volume of internet medical services we provided exceeded 2,231,000 (same period of 2023: 1,871,000), representing a year-on-year increase of 19.3%. The volume of home care services we provided exceeded 142,000 (same period of 2023: 45,000), representing a year-on-year increase of 217.3%. The volume of online nursing consultations we provided exceeded 147,000 (same period of 2023: 69,000), representing a year-on-year increase of 113.1%.

During the Reporting Period, the Company's profit model became more pronounced and the scale effect of our core business was gradually achieved. In the meantime, the Company continuously advanced the adjustment of its business structure at a rapid pace, further optimized the businesses that have low synergy with our core business and limited sustainable development potential, and created value and core competitiveness for the Company with the city expansion and service offerings constantly developed. The net loss for the period further narrowed as compared to the same period of the previous year, thus creating a solid foundation for the Company's turnaround from loss to profit as early as possible.

The following table sets forth the revenue from each business segment during the Reporting Period:

	Six Months ended June 30,			
	2024		2023	
	Revenue	%	Revenue	%
	<i>(RMB in thousands, except for percentages)</i>			
Medical Services ^(Note 1)	87,615	48.9%	112,131	51.2%
Nursing Services ^(Note 2)	24,478	13.7%	10,966	5.0%
Health Management Services ^(Note 3)	67,121	37.4%	95,828	43.8%
Total	179,214	100.0%	218,925	100.0%

Notes:

- 1 Revenue generated from our medical services segment decreased by 21.9% to RMB87.6 million for the six months ended June 30, 2024 from RMB112.1 million for the six months ended June 30, 2023, mainly attributable to the continued weakness of the current economic fundamentals and increasingly fierce market competition, which resulted in fewer project opportunities and delays in projects in cooperation with local governments.
- 2 Revenue generated from our nursing services segment increased by 123.2% to RMB24.5 million for the six months ended June 30, 2024 from RMB11.0 million for the six months ended June 30, 2023, mainly attributable to our marketing and professional operations, as well as the rapid replication of our data-driven operating model.
- 3 Revenue generated from our health management services segment decreased by 30.0% to RMB67.1 million for the six months ended June 30, 2024 from RMB95.8 million for the six months ended June 30, 2023, mainly attributable to the increasingly fierce market competition and the continued weakness of economic fundamentals, which led companies to reduce the expenditure on their employees' health management.

Development of Three Business Segments

Our business portfolio takes the city-specific cloud hospital platform as the carrier and includes three business segments: medical services, nursing services, and health management services. Our medical services are dedicated to empowering medical institutions, to help them to provide integrated online to offline medical services inside and outside the hospitals to patients. Our nursing services extend professional nursing services to out-of-hospital scenarios, providing local residents with safe, reliable, and homogeneous home care services and online nursing consultation services. Our health management services provide individual customers and institutional customers with full-cycle health management services through our self-owned medical institutions. So far, we have formed a closely connected and efficiently collaborated business integration mechanism. Among that, the health management services segment performs as a link between front-end users and back-end medical and nursing service resources, making our business application scenarios more diverse and unique in market competitiveness.

During the Reporting Period, we had been promoting the “Business-Focus Strategy” that focuses on “medical and nursing services delivered to home”. Through the scenarios interaction and resources integration of our three business segments as “Medical Services, Nursing Services, and Health Management Services”, we were able to provide users with full-cycle, full-scenarios, and all-day one-stop healthcare services. At the same time, we continuously developed and enriched our portfolio solutions consisting of home medical, home care, and rehabilitation services and products, such as “Postoperative Patient Home Rehabilitation Service Package” and “Health Management+” services we recently designed, to meet the diversified needs of different types of customers and further enhance our capabilities on resource and service monetizing.

Medical Services

We insist on the seriousness of medical services, adhere to a patient-oriented approach, and integrate the medical service ecosystem resources in the city based on patients’ post-hospital and home medical service needs, to provide convenient, high-quality, safe, reliable home medical services of the same quality as in hospital for users connected to our city-specific cloud hospital platforms. We adhere to the city-specific cloud hospital development strategy of “connecting and empowering all parties including the providers, the demanders, the payers, and the regulators” within the medical system, to achieve the collaborative optimization of medical service operation in a city, resulting in a mature, robust, and positively circulating medical service network.

We take “integrated medical services from offline to online” and “pre-hospital, in-hospital and post-hospital full-cycle medical management” as the breakthroughs to continuously optimize the process and experience of medical services, and constantly enrich the scenarios and contents of Internet medical services. We also have been continuously strengthening the construction and operation of medical specialty consortiums and promoting the medical collaboration between doctors at primary medical institutions and specialists at large-sized hospitals. During the Reporting Period, our internet medical services had been growing steadily. The volume of our online consultation services and e-prescription services were 1.033 million (same period of 2023: 755,000) and 373,000 (same period of 2023: 336,000), representing a year-on-year increase of 36.8% and 11.0% as compared to the same period of the previous year respectively. The volume of examination and test-booking services was 249,000 (same period of 2023: 64,000), representing a year-on-year increase of 287.1% compared to the same period of the previous year. The volume of our remote medical services was 576,000 (same period of 2023: 715,000), representing a year-on-year decrease of 19.4% as compared to the same period of the previous year.

While focusing on service and product innovation, we have been deeply exploring the advanced technology, experience, resources, and customer advantages of ourselves and our business partners from the perspective of user medical experience, continuously iterating and upgrading the cloud hospital platform, and have undertaken Shenyang Cloud Hospital Platform Upgrade and Nanning Cloud Hospital Upgrade and Promotion in sequence. During the Reporting Period, we took a further step to assist hospitals optimizing patient treatment processes, improving treatment efficiency, and promoting the deep integration of digital technologies and medical services. Integrating our core business resources and service providing capabilities, we focused more on extending medical service needs. As of June 30, 2024, 165 Internet hospitals have joined our platform (as of the end of 2023: 151).

During the Reporting Period, the revenue from our medical services amounted to RMB87.6 million (same period of 2023: RMB112.1 million), representing a year-on-year decrease of 21.9%.

Nursing Services

Home care services are serious medical services in China, and are subject to compulsory access requirements and supervision by government authorities. In order to promote the steady development of our business, we have been adhering to the principles of professionalism, safety, and trustworthiness. In 2016, we took the lead in launching an innovative pilot program for “home care services” in Ningbo city. Accumulated through 8 years of experience, we have formed a comprehensive operational service system, and we took the opportunity of “Innovation in One Place, Sharing across the Province” in Ningbo, to gradually facilitate the replication and expansion of our home care services throughout China. Meanwhile, we constantly promote government authorities to establish sound standards and system of home care services, so as to establish a unified urban management system, service model, service standards, operation mechanism, training system and other standards to ensure that local residents can enjoy the same service quality of home care services in the same area.

Benefited from our deep exploration and advanced experience in Ningbo, we have formed a mature empirical model and gained sound brand recognition in China’s home care industry, leading to our home care services expanding to multiple regions such as cities in Eastern and Southern China, supporting us to undertake the construction and operation of several provincial governments’ “Internet plus Nursing Service” platform as in Zhejiang province and Henan province, which helps to provide high-quality nursing services to residents covered by these platforms. During the Reporting Period, we continued to expand and deepen the construction and service operation of Internet home care service platforms such as the “Care in Zhejiang” platform in Zhejiang Province, the “Care in Yu Delivered to Home” platform in Henan Province, the “Kind Care” platform in Shenyang City, Liaoning Province, the “Nanning Cloud Hospital for Home Care” platform in Nanning City, Guangxi Zhuang Autonomous Region, the “Care in Xuan” in Xuancheng City, Anhui Province, with resident coverage as over 200 million people. Among that, we have made significant progress in expanding our business in Henan Province, and completed the comprehensive coverage of the “Care in Yu Delivered to Home” platform in 18 cities of Henan Province in the first half of 2024. As of June 30, 2024, 391 medical institutions and 31,000 nurses with more than 5 years of clinical care experience have joined the platform.

Taking standardized and comprehensive management as the breakthroughs, on the basis of full insight into the needs of different populations for home care, we continue to integrate multi-level service scenarios, innovate service content, enrich home care service and rehabilitation service items, and upgrade platform functions to meet the needs of the elderly, women and children, chronic disease people and postoperative people for more abundant and more diversified care and rehabilitation. As of June 30, 2024, the amount of home care service items we offer had been expanded to 120+ (as of the end of 2023: 90+).

Through practice, we have developed a standardized operational system that is highly replicable and available. During the Reporting Period, we focused on nursing services business operation, and continued to facilitate the replication and rapid growth of our business in newly expanded regions by professional operation and data-driven operation. We developed different lean operation strategies targeted at governments, institutions, nurses, and paying users to improve user reach and increase user conversion. During the Reporting Period, the volume of home care services we provided exceeded 142,000 (same period of 2023: 45,000), representing a year-on-year increase of 217.3% as compared to the same period of the previous year. Among that, the volume of home care services provided in Zhejiang Province was over 114,000 (same period of 2023: 30,000), representing a year-on-year increase of 279.7% as compared to the same period of the previous year. The volume of nursing consultation services we provided exceeded 147,000 (same period of 2023: 69,000), representing a year-on-year increase of 113.1% as compared to the same period of the previous year.

During the Reporting Period, the revenue from our nursing services amounted to RMB24.5 million (same period of 2023: RMB11.0 million), representing a year-on-year increase of 123.2%.

Health Management Services

We continue to build new integrated health management service systems from offline to online by focusing on the health of users, and are dedicated to providing continuous, comprehensive, and specialized one-stop health management services. As of June 30, 2024, we had 9 medical institutions in 9 cities across the country, which were mainly located in Eastern China, Northern China and Southern China.

We continued to optimize our dual market expansion strategy that targets institutional clients and individual clients, and especially focused on strengthening our cooperative relationships with institutional clients. Leveraging our capabilities to connect and integrate “products + services”, we continued to offer smart medical health products designed for institutional settings and individual settings. To help enterprises manage their employees’ health better, we offered more comprehensive and more diversified employee health management plans for enterprises, which focused on strengthening the connection between products and services in enterprises’ health management settings.

During the Reporting Period, due to the fierce market competition, the volume of our health management services was 160,000 (same period of 2023: 170,000), representing a year-on-year decrease of 5.5%.

During the Reporting Period, due to the increasingly fierce market competition and the continued weakness of economic fundamentals, which led companies to reduce the expenditure on their employees’ health management, the revenue from our health management services amounted to RMB67.1 million (same period of 2023: RMB95.8 million), representing a year-on-year decrease of 30.0%.

II. BUSINESS PROSPECTS

As the practitioner of serious medical services, and the creator and the promoter of the city-specific cloud hospital model in China, we will adhere to our business strategy of empowering all relevant stakeholders including “the providers, the demanders, the payers, and the regulators” within medical system. We will spare no effort to enhance the cooperation with medical service regulators and service providers, to ensure the compliance, safety, and reliability of the services provided by the platforms, and we will continuously refine regulatory and quality control rules based on disciplinary characteristics and specific business scenarios, to continuously support the high-quality development of the medical and health system.

We will accelerate the expansion of city-specific cloud hospitals as always, adopt more flexible and effective expansion strategies, fully leverage the brand advantage of “Internet plus Nursing Service”, integrate core business resources to promote business diversification, continue to improve the portfolio of medical and health services to meet the health management needs of more levels of customers, and improve the conversion rate of service resources and user resources accessed by the cloud hospital platforms.

We will continue to increase investment in the research and development of city-specific cloud hospital platform and related products, deeply integrate new generation digital technologies such as big data, cloud computing, and artificial intelligence with the “medical and nursing services delivered to home” business, continuously deepen the informationization, digitization, and AI empowered capabilities of various business processes, and realize technology-assisted improvement of operational quality and efficiency through iterative upgrades and promotion of our platforms and related products.

We will take the city-specific cloud hospital platform and its accumulated “Medical Services, Nursing Services, and Health Management Services” resources as the foundation to further attract and expand industrial ecological resources such as medical equipment, pharmaceutical consumables, health products, finance and insurance, to continuously create more abundant applying scenarios, and ultimately to achieve the strategic goal as “developing the city-specific cloud hospital platform economy”.

We are committed to becoming the largest city-specific cloud hospital in China, with the highest quality team of doctors and nurses, achieving the widest business coverage and unparalleled reputation. We firmly believe in the business prospects of city-specific cloud hospitals and will spare no effort to create more value for all participants in the healthcare ecosystem, striving tirelessly to achieve the vision of “empowering every family with fair, precise, friendly medical, health, and home care services”.

III. FINANCIAL REVIEW

Revenue from Contracts with Customers

Our revenue decreased by 18.1% to RMB179.2 million for the six months ended June 30, 2024 from RMB218.9 million for the six months ended June 30, 2023, mainly attributable to the decrease in revenue from health management services and medical services.

Medical services

Revenue generated from our medical services segment decreased by 21.9% to RMB87.6 million for the six months ended June 30, 2024 from RMB112.1 million for the six months ended June 30, 2023, mainly attributable to the continued weakness of the current economic fundamentals and increasingly fierce market competition, which resulted in fewer project opportunities and delays in projects in cooperation with local governments.

Nursing services

Revenue generated from our nursing services segment increased by 123.2% to RMB24.5 million for the six months ended June 30, 2024 from RMB11.0 million for the six months ended June 30, 2023, mainly attributable to our marketing and professional operations, as well as the rapid replication of our data-driven operating model.

Health management services

Revenue generated from our health management services segment decreased by 30.0% to RMB67.1 million for the six months ended June 30, 2024 from RMB95.8 million for the six months ended June 30, 2023, mainly attributable to the increasingly fierce market competition and the continued weakness of economic fundamentals, which led companies to reduce the expenditure on employees’ health management.

Cost of Sales and Services

Our cost of sales and services decreased by 9.9% to RMB136.7 million for the six months ended June 30, 2024 from RMB151.6 million for the six months ended June 30, 2023, mainly attributable to the decrease in revenue and gross margin.

Management Discussion and Analysis

Gross Profit and Gross Margin

As a result of the foregoing, our gross profit decreased by 36.8% to RMB42.6 million for the six months ended June 30, 2024 from RMB67.3 million for the six months ended June 30, 2023.

During the Reporting Period, the gross margins of medical services, nursing services and health management services were 17.7%, 26.6% and 30.5%, respectively (for the six months ended June 30, 2023: 23.2%, 54.1% and 36.9%). Our gross margin decreased to 23.7% for the Reporting Period from 30.7% for the six months ended June 30, 2023, mainly attributable to the decrease in revenue from our health management services while the corresponding cost of sales and services was relatively fixed.

Selling and Marketing Expenses

Our selling and marketing expenses decreased by 21.7% to RMB37.3 million for the six months ended June 30, 2024 from RMB47.7 million for the six months ended June 30, 2023. The reasons for the decrease were mainly due to the continuous reinforcement of the monitoring of our input and output, and the constant improvement of resource allocation efficiency.

Research and Development Expenses

Our research and development expenses decreased by 23.4% to RMB21.3 million for the six months ended June 30, 2024 from RMB27.8 million for the six months ended June 30, 2023. The reason for the decrease was mainly due to the continuous optimization of organizational effectiveness, resulting in a decrease in manpower and related expenses.

Administrative Expenses

Our administrative expenses decreased by 26.5% to RMB43.7 million for the six months ended June 30, 2024 from RMB59.5 million for the six months ended June 30, 2023, mainly attributable to the continuous optimization of organizational effectiveness, resulting in a decrease in manpower and related expenses.

Other Income

Our other income increased by 1,720.0% to RMB12.8 million for the six months ended June 30, 2024 from RMB0.7 million for the six months ended June 30, 2023, mainly attributable to (i) increased government grants; and (ii) increased revenue from investment in wealth management products.

Other (Losses)/Gains, Net

We recorded net other losses of RMB6.4 million for the six months ended June 30, 2023, compared to the net other gains of RMB0.4 million for the six months ended June 30, 2024, primarily attributable to reduced currency translation losses.

Finance Costs, Net

Our net finance costs decreased by 67.1% to RMB5.5 million for the six months ended June 30, 2024 from RMB16.8 million for the six months ended June 30, 2023, mainly attributable to (i) an increase in interest income; and (ii) no interest expenses for financial liability for redeemable rights incurred.

Share of Losses from Investments Accounted for Using the Equity Method

Our share of losses from investments accounted for using the equity method increased by 123.8% to RMB4.9 million for the six months ended June 30, 2024 from RMB2.2 million for the six months ended June 30, 2023, mainly attributable to an increase in losses of associates.

Income Tax Credit

We recorded income tax credit of RMB0.1 million for the six months ended June 30, 2024, compared to tax credit of RMB1.3 million for the same period of 2023, mainly attributable to a decrease in deferred income tax credit.

Loss for the Period

As a result of the foregoing, our loss for the Reporting Period decreased by 36.3% to RMB60.5 million for the six months ended June 30, 2024 from RMB95.0 million for the six months ended June 30, 2023.

Adjusted Net Loss

To supplement our consolidated statements of profit or loss which are presented in accordance with HKFRS, we use adjusted net loss for the Reporting Period (non-HKFRS measure) as non-HKFRS measures, which are not required by, or presented in accordance with, HKFRS. We believe that the presentation of such non-HKFRS measures when shown in conjunction with the corresponding HKFRS measures provides useful information to potential investors and management in facilitating a comparison of our operating performance from period to period by eliminating potential impacts of certain items, such as share-based compensation expenses and interest expenses for financial liability for redeemable rights. The use of the non-HKFRS measures has limitations as an analytical tool, and investors should not consider it in isolation from, or as a substitute for or superior to, the analysis of our results of operations or financial condition as reported under HKFRS. In addition, the non-HKFRS measures may be defined differently from similar terms used by other companies.

The following table reconciles our adjusted net loss for the period (non-HKFRS measure) to the most directly comparable financial measure in accordance with HKFRS for the periods indicated:

	For the six months ended June 30,	
	2024 (RMB'000) (Unaudited)	2023 (RMB'000) (Unaudited)
Loss for the period	(60,484)	(95,002)
Add: Share-based compensation expenses	9,182	9,747
Add: Interest expenses for financial liability for redeemable rights	–	4,918
Adjusted net loss for the period (non-HKFRS measure)	(51,302)	(80,337)

Management Discussion and Analysis

The non-HKFRS measure, adjusted net loss for the period, used by us has been adjusted for (i) share-based compensation expenses and (ii) interest expenses for financial liability for redeemable rights. In particular, the share-based compensation expenses are non-cash expenses arising from granting share-based awards to selected employees. Meanwhile, the redeemable rights arose from an investment agreement entered into by the Company and a certain investor in round C Pre-IPO investments of the Company, pursuant to which the Company has an obligation to repurchase its ordinary shares issued to such investor. The redeemable rights were recognized as financial liabilities and such recognition was automatically terminated upon the listing. As a result, we did not have any additional interest expenses for financial liability for redeemable rights during the Reporting Period.

Our adjusted net loss (non-HKFRS measure) decreased from RMB80.3 million for the six months ended June 30, 2023 to RMB51.3 million for the six months ended June 30, 2024. The decrease in our adjusted net loss (non-HKFRS measure) for the six months ended June 30, 2024 was mainly due to the decrease in manpower and related expenses resulting from continuous optimization of organizational effectiveness and constant improvement of resource allocation efficiency.

Contingent Liabilities

As of June 30, 2024, we were not involved in any material legal, arbitration or administrative proceedings that were expected to materially and adversely affect our financial condition or results of operations, although there can be no assurance that this will not be the case in the future.

As of June 30, 2024, we did not have any significant contingent liabilities (as of June 30, 2023: nil). In addition, we did not have any material mortgages, pledges, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of June 30, 2024.

Capital Expenditures

During the Reporting Period, we incurred capital expenditures of RMB4.4 million mainly for purchases of property, plant and equipment (for the six months ended June 30, 2023: RMB0.5 million).

Pledge of Assets

As of June 30, 2024, the Group did not pledge any assets.

Future Plans for Material Investments or Capital Assets

Save as disclosed under the section headed “Use of Proceeds from the Global Offering” herein, as of June 30, 2024, the Group did not have any other plans for material investments or capital assets.

Liquidity and Capital Resources

Historically, we have funded our working capital primarily from bank borrowings and equity financing. As of June 30, 2024, we had cash and cash equivalents of RMB575.9 million. We expect to use a portion of the proceeds from the Global Offering (within the meaning of the Prospectus of the Company dated September 18, 2023) to fund our working capital requirements. We currently do not have any plans for material additional external financing.

The following table sets forth our cash flows for the periods indicated:

	For the six months ended June 30,	
	2024	2023
	(RMB'000) (Unaudited)	(RMB'000) (Unaudited)
Operating cash flows before movements in working capital	(31,834)	(43,857)
Movements in working capital	(34,892)	(44,545)
Interest received	8,128	1,075
Income taxes paid	(5,708)	(3,442)
Net cash used in operating activities	(64,306)	(90,769)
Net cash used in investing activities	(6,519)	(363)
Net cash used in financing activities	(33,783)	(33,130)
Net decrease in cash and cash equivalents	(104,608)	(124,262)
Cash and cash equivalents at the beginning of the period	676,794	350,748
Effects of exchange rate changes on cash and cash equivalents	3,744	824
Cash and cash equivalents at the end of the period	575,930	227,310

Net cash used in operating activities

Our cash flows from operating activities reflect our loss before taxation adjusted for: (i) non-cash and non-operating items (such as depreciation and amortization, share-based compensation, and financial income and costs); (ii) the effects of movements in working capital (such as changes in inventories, provisions, as well as operating assets and liabilities); and (iii) other cash items (such as interest received and income tax paid).

For the six months ended June 30, 2024, we had net cash used in operating activities of RMB64.3 million, which represents our loss before income tax of RMB60.6 million, as adjusted by non-cash and non-operating items, and the following movements in working capital: (i) other operating liabilities decreased by RMB94.6 million for the six months ended June 30, 2024, mainly due to a decrease in trade payables, other payables and accruals; and (ii) other operating assets decreased by RMB39.5 million, mainly due to a decrease in trade receivables and long-term trade receivables.

Net cash used in investing activities

For the six months ended June 30, 2024, we had net cash used in investing activities of RMB6.5 million, which was mainly attributable to payment for our purchases for property, plant and equipment and intangible assets.

Management Discussion and Analysis

Net cash used in financing activities

For the six months ended June 30, 2024, we had net cash used in financing activities of RMB33.8 million, which was mainly attributable to payments of lease liabilities of RMB15.3 million and payments for interests of RMB12.1 million.

Borrowings

As of June 30, 2024, our borrowing currencies are all in RMB, and the aggregate principal balance of borrowings was RMB509.6 million. As of June 30, 2024, RMB0.4 million of credit lines of our banking facilities remained unutilized.

As of June 30, 2024, all of our non-current borrowings and our current borrowings were bank loans. The maturity dates of our outstanding borrowings range from 2024 to 2025.

Significant Investments Held

During the Reporting Period, the significant investments held by the Company are as follows:

Name of the investee company	Principal business	As at June 30, 2024			Percentage of total assets of the Group	For the six months ended June 30, 2024	
		Investment cost (RMB'000)	Shareholding percentage	Carrying amount (RMB'000)		Dividend distributed (RMB'000)	Investment loss in associates (RMB'000)
Dalian Xikang Yunshe Kang Travel Investment Management Co., Ltd.	Operation and management of health preserving hotels	100,000	11.83%	85,477	6.96%	–	(3,051)
Neusoft Management Consulting (Shanghai) Co., Ltd.	Business consulting service, including, among others, medical device	96,436	49.00%	96,589	7.87%	–	(1,876)

Note:

The Group's investments in associates set out above were made before the Listing Date and held during the Reporting Period. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. All associates are unlisted companies, and there is no quoted price or fair value available.

Through the investments in Dalian Xikang Yunshe Kang Travel Investment Management Co., Ltd., we provide hotel guests with a series of health management services. Neusoft Management Consulting (Shanghai) Co., Ltd. mainly holds a real estate, the market value of which also remains stable. Accordingly, the Directors believe that investments in Dalian Xikang Yunshe Kang Travel Investment Management Co., Ltd. and Neusoft Management Consulting (Shanghai) Co., Ltd. could bring synergistic effect to our Group, which is conducive to our future development. During the Reporting Period, the two companies were in a loss-making state due to the impact of the overall social environment and the overall consumption contraction in the industry.

Save as disclosed above, during the Reporting Period, the Company did not hold any other significant investments (including any investment in an investee company with a value of 5% or more of the Group's total assets as at June 30, 2024). For cash management purposes, we subscribed for wealth management products. During the Reporting Period, none of the subscriptions of such wealth management products was required to be disclosed under Chapter 14, Chapter 14A or paragraph 32(4) of Appendix D2 of the Listing Rules.

Capital Commitments

As of June 30, 2024, we did not have any material capital commitments.

Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures

For the six months ended June 30, 2024, our Company did not have any material acquisition or disposal of subsidiaries, associates and joint ventures.

RISK MANAGEMENT

Foreign Exchange Risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the Group entities' functional currency. The functional currency of our Company and the subsidiaries and consolidated affiliated entities operating in the PRC is Renminbi. We manage our foreign exchange risk by performing regular reviews of our net foreign exchange exposures and try to minimize these exposures through natural hedges, wherever possible, and may enter into forward foreign exchange contracts, when necessary.

We operate mainly in the PRC with most of the transactions settled in US dollar and Renminbi respectively as the reporting currency. Our management considers that our business is not exposed to any significant foreign exchange risk as we have no significant financial assets or liabilities denominated in currencies other than the respective functional currencies of our entities. As of June 30, 2024, our Company did not hold any financial instrument for hedging purposes.

Gearing Ratio

The Group monitors capital on basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total liabilities which are considered as borrowings and lease liabilities less cash and cash equivalents. As at June 30, 2024, the gearing ratio of the Group was 0.5% (December 31, 2023: (17.8%))^{Note}.

Cash Flow and Fair Value Interest Rate Risk

Our income and operating cash flows are substantially independent of changes in market interest rates and we have no significant interest-bearing assets except for the investments in wealth management products.

Note: The gearing ratio as at December 31, 2023 was calculated as net debt divided by deficits on total equity. In this regard, as at December 31, 2023, the Group's net asset and gearing ratio recorded were not applicable.

Other Information

INTERIM DIVIDENDS

The Board has resolved not to recommend the distribution of an interim dividend for the six months ended June 30, 2024.

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

During the Reporting Period, neither the Company nor any of its subsidiaries and consolidated affiliated entities purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange (including sale of treasury shares). As of the end of the Reporting Period, the Company did not hold treasury shares.

EMPLOYEES AND REMUNERATION POLICIES

As of June 30, 2024, the Company had 853 full-time employees, all of whom are based in China. The following table sets forth the breakdown of the Company's employees by function as of June 30, 2024:

Function	Number of Employees	% of Total
Management and administration	147	17.2
Sales and marketing and operational support	240	28.2
Research and development	134	15.7
Health management	332	38.9
Total	853	100.0

For the six months ended June 30, 2024, the compensation and benefits expenses of the Company paid to its employees were RMB86.6 million (for the six months ended June 30, 2023: RMB111.1 million). Among all of the Company's 853 employees, 469 employees had bachelor's degrees or above, accounting for 55.0% of the Company's total employees.

We are committed to establishing competitive and fair remuneration. In order to effectively motivate our employees, we continually refine our remuneration and incentive policies through market research. We conduct performance evaluation for our employees semi-annually to provide feedback on their performance. Compensation for our employees typically consists of basic salary and a performance-based bonus. We also adopted two Share Option Schemes to enhance enthusiasm, sense of responsibility and sense of mission of our employees, and thereby coordinate interests of our employees with the interests of our Company. For details of the Share Option Schemes, please refer to the section headed "Share Option Schemes" of this report.

We provide social insurance plans and housing provident funds in accordance with applicable PRC laws and regulations to our employees. We pay great attention to our employees' welfare, and continually improve our welfare system. We offer employees additional benefits such as annual leave, stipend, supplementary medical insurance, annuity, health examinations and medical insurance for family members, among other things.

The Group provides employees with adequate job training to equip them with practical knowledge and skills. The Company also conducts introductory training for new staff.

During the Reporting Period, we did not have any strikes, protests or other material labor conflicts that may materially impair our business and image.

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

As at June 30, 2024, the interests and short positions of the Directors and chief executives of our Company in the Shares, underlying Shares and debentures of our Company or its associated corporations within the meaning of Part XV of the SFO, which were required (a) to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be recorded in the register required to be kept by our Company pursuant to Section 352 of the SFO; or (c) to be otherwise notified to our Company and the 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 Listing Rules are set out as follows:

Name of Director	Nature of Interest	Number of Shares Held	Approximate Percentage of Interest in our Company ⁽¹⁾
Dr. Liu Jiren ⁽²⁾	Interest in controlled corporations	169,748,805 (L)	20.16%
Ms. Zong Wenhong ⁽³⁾⁽⁴⁾	Interest in controlled corporations	21,264,500 (L)	2.53%
	Beneficial owner	10,500,000 (L)	1.25%
Dr. Wang Nan ⁽³⁾	Interest in controlled corporations	21,264,500 (L)	2.53%

Notes:

- (1) The table above is calculated on the basis of a total of 841,876,805 Shares as at the end of the Reporting Period.
- (2) Smartwave, Dongkong International Fifth and Dongkong International Seventh directly held 79,264,500 Shares, 68,384,305 Shares and 22,100,000 Shares of our Company, respectively, in an aggregate of 169,748,805 Shares. Since each of Smartwave, Dongkong International Fifth and Dongkong International Seventh is wholly owned by Neusoft Holdings through various intermediary entities, Neusoft Holdings was deemed to have an interest in an aggregate of 169,748,805 Shares of our Company held by Smartwave, Dongkong International Fifth and Dongkong International Seventh by virtue of the SFO.

Neusoft Holdings is a Sino-foreign joint venture with limited liability incorporated in the PRC. As of the end of the Reporting Period, Dalian Kang Ruidao Management Consulting Centre (Limited Partnership)* (大連康睿道管理諮詢中心(有限合伙)) (“**Dalian Kang Ruidao Management**”) was the single largest shareholder of Neusoft Holdings, holding 29.65% of its total shares. Dalian Neusoft Thinking Technology Development Co., Ltd.* (大連東軟思維科技發展有限公司) (“**Neusoft Thinking Technology**”), the fourth largest shareholder of Neusoft Holdings, held approximately 10.82% of its total shares. Dalian Kang Ruidao Management held 99% of the total shares of Neusoft Thinking Technology. Therefore, Dalian Kang Ruidao Management effectively controlled approximately 40.47% of the total shares of Neusoft Holdings. By virtue of the SFO, Dalian Kang Ruidao Management was deemed to be interested in the Shares of the Company held by Smartwave, Dongkong International Fifth and Dongkong International Seventh, which are wholly-owned subsidiaries of Neusoft Holdings.

Dalian Kang Ruidao Management is a limited partnership incorporated in the PRC. As of the end of the Reporting Period, Tianjin Zengdao Management Consultancy Center (Limited Partnership)* (天津增道管理諮詢中心(有限合伙)) (“**Tianjin Zengdao**”) held 38.62% of the capital contribution by Dalian Kang Ruidao Management. Shenyang Kang Ruidao Consulting Co., Ltd.* (瀋陽康睿道諮詢有限公司) (“**Shenyang Kang Ruidao**”) was the managing partner of both Dalian Kang Ruidao Management and Tianjin Zengdao. Dr. Liu (the Chairman and non-executive Director of the Company) was the representative of managing partner designated by Shenyang Kang Ruidao to Dalian Kang Ruidao Management, and he also held 64.23% partnership interest of Tianjin Zengdao and 51% equity interest in Shenyang Kang Ruidao. By virtue of the SFO, Dr. Liu was deemed to be interested in the Shares of the Company held by Smartwave, Dongkong International Fifth and Dongkong International Seventh, which are wholly-owned subsidiaries of Neusoft Holdings.

- (3) 21,264,500 Shares of our Company were held by KangRich, which is wholly owned by Beijing Kangji Management Consulting Partnership (Limited Partnership)* (北京康驤管理諮詢合夥企業(有限合夥)) ("Beijing Kangji"). The general partner of Beijing Kangji is Shenyang Ruiqian Business Consulting Co., Ltd.* (瀋陽睿前商務諮詢有限公司) ("Shenyang Ruiqian"), which is held as to 50% by Ms. Zong Wenhong, our executive Director and chief executive officer, and 50% by Dr. Wang Nan, our non-executive Director, and the limited partners of Beijing Kangji are the five limited partners each holding 19.9975% interest in Beijing Kangji ("Five LPs of Kangji"). Shenyang Ruiqian is interested in 0.02% in Beijing Kangji. As of June 30, 2024, the partners of the Five LPs of Kangji are 103 in total (including former employees of the Company), including Ms. Zong Wenhong, our Executive Director and chief executive officer. None of the 103 persons is entitled to significant economic interests in the Five LPs of Kangji. Such 21,264,500 Shares held by KangRich were issued pursuant to the 2016 RSU Scheme of the Company adopted in August 2016 for the benefit of its employees. As of the date of this interim report, all the underlying restricted share units under the 2016 RSU Scheme have been exercised by its grantees, and held by KangRich as the shareholding platform on behalf of these employees and former employees. As such, the 2016 RSU Scheme has come to an end and ceased to be effective. Since each of Ms. Zong Wenhong and Dr. Wang Nan is able to control 50% of the voting power in Shenyang Ruiqian, which is the general partner of Beijing Kangji, Ms. Zong Wenhong and Dr. Wang Nan are deemed to be interested in the 21,264,500 Shares held by KangRich.
- (4) As at the end of the Reporting period, Ms. Zong Wenhong was granted 10,500,000 options under the Pre-IPO SOS.
- (5) (L) denotes a long position.

Save as disclosed herein, as at June 30, 2024, none of the Directors or the chief executives of the Company held or was deemed to hold any interests or short positions in the Shares, underlying Shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be recorded in the register required to be kept by our Company pursuant to Section 352 of the SFO; or (c) to be otherwise notified to our Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND/OR SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES OF OUR COMPANY

So far as the Directors or chief executives of our Company are aware, as at June 30, 2024, the following persons (other than the Directors or chief executives of our Company) had interests and/or short positions in the Shares or underlying Shares of our Company which shall be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept pursuant to Section 336 of the SFO or had otherwise notified to the Company:

Name of Shareholder	Nature of Interest	Number of Shares Held	Approximate Percentage of Interest in our Company ⁽¹⁾
Neusoft (HK) ⁽²⁾	Beneficial interest	199,213,210	23.66%
Smartwave ⁽³⁾	Beneficial interest	79,264,500	9.42%
Dongkong International Fifth ⁽³⁾	Beneficial interest	68,384,305	8.12%
PICC P&C	Beneficial interest	101,940,000	12.11%
Kingset Ventures	Beneficial interest	86,700,000	10.30%
First Care ⁽⁴⁾	Beneficial interest	64,728,790	7.69%
Syn Invest ⁽⁵⁾	Beneficial interest	42,500,000	5.05%

Notes:

- (1) The table above is calculated on the basis of a total of 841,876,805 Shares as at the end of the Reporting Period.
- (2) Neusoft (HK) directly held 199,213,210 Shares of our Company. Neusoft (HK) was a wholly-owned subsidiary of Neusoft Corporation. By virtue of the SFO, Neusoft Corporation was deemed to have an interest in the Shares held by Neusoft (HK).
- (3) Smartwave, Dongkong International Fifth and Dongkong International Seventh directly held 79,264,500 Shares, 68,384,305 Shares and 22,100,000 Shares of our Company, respectively, in an aggregate of 169,748,805 Shares. Since each of Smartwave, Dongkong International Fifth and Dongkong International Seventh is wholly owned by Neusoft Holdings through various intermediary entities, Neusoft Holdings was deemed to have an interest in an aggregate of 169,748,805 Shares of our Company held by Smartwave, Dongkong International Fifth and Dongkong International Seventh by virtue of the SFO.

Neusoft Holdings is a Sino-foreign joint venture with limited liability incorporated in the PRC. Dalian Kang Ruidao Management was the single largest shareholder of Neusoft Holdings, holding 29.65% of its total shares. Neusoft Thinking Technology, the fourth largest shareholder of Neusoft Holdings, held approximately 10.82% of its total shares. Dalian Kang Ruidao Management held 99% of the total shares of Neusoft Thinking Technology. Therefore, Dalian Kang Ruidao Management effectively controlled approximately 40.47% of the total shares of Neusoft Holdings. By virtue of the SFO, Dalian Kang Ruidao Management was deemed to be interested in the Shares of the Company held by Smartwave, Dongkong International Fifth and Dongkong International Seventh, which are wholly-owned subsidiaries of Neusoft Holdings.

Dalian Kang Ruidao Management is a limited partnership incorporated in the PRC. Tianjin Zengdao held 38.62% of the capital contribution by Dalian Kang Ruidao Management. Shenyang Kang Ruidao was the managing partner of both Dalian Kang Ruidao Management and Tianjin Zengdao. Dr. Liu (the Chairman and non-executive Director of the Company) was the representative of managing partner designated by Shenyang Kang Ruidao to Dalian Kang Ruidao Management, and he also held 64.23% partnership interest of Tianjin Zengdao and 51% equity interest in Shenyang Kang Ruidao. By virtue of the SFO, Shenyang Kang Ruidao, Tianjin Zengdao and Dr. Liu were deemed to be interested in the Shares of the Company held by Smartwave, Dongkong International Fifth and Dongkong International Seventh, which are wholly-owned subsidiaries of Neusoft Holdings.

- (4) First Care is owned as to 70% by Suzhou 6 Dimensions Venture Capital Partnership L.P.* (蘇州通和毓承投資合夥企業(有限合夥)) (“**Suzhou 6 Dimensions**”) and 30% by Suzhou Frontline BioVentures Venture Capital Fund II L.P.* (蘇州通和二期創業投資合夥企業(有限合夥)) (“**Suzhou Frontline II**”). Suzhou 6 Dimensions is controlled by its general partner, Suzhou Tongyu Investment Management Partnership (Limited Partnership) (蘇州通毓投資管理合夥企業(有限合夥)) (“**Suzhou Tongyu**”). Suzhou Frontline II is controlled by its general partner, Suzhou Fuyan Venture Capital Management Partnership (Limited Partnership)* (蘇州富沿創業投資管理合夥企業(有限合夥)) (“**Suzhou Fuyan**”). Both of Suzhou Tongyu and Suzhou Fuyan are in turn controlled by Suzhou Yunchang Investment Consulting Co., Ltd.* (蘇州蘊長投資諮詢有限公司) (“**Suzhou Yunchang**”), a company fully owned by Mr. Chen Ziqing. By virtue of the SFO, Suzhou 6 Dimensions, Suzhou Frontline II, Suzhou Tongyu, Suzhou Fuyan, Suzhou Yunchang and Mr. Chen Ziqing were deemed to be interested in the Shares of the Company held by First Care.
- (5) Syn Invest is wholly owned by Shenzhen Synergetic Hechuang Investment Management Partnership (Limited Partnership)* (深圳市協同禾創投資管理合夥企業(有限合夥)) (“**Synergetic Hechuang**”). Synergetic Hechuang is managed by Synergetic Innovation Fund Management Co., Ltd* (協同創新基金管理有限公司) (“**SIFMC**”) and owned as to 80% by Shanghai Gopher Xinmian Investment Center (Limited Partnership)* (上海歌斐信勉投資中心(有限合夥)) (“**Shanghai Gopher Xinmian**”). SIFMC and Synergetic Hechuang are ultimately beneficially owned by Dr. Li Wanshou, and Shanghai Gopher Xinmian is controlled by Ms. Wang Jingbo. By virtue of the SFO, Synergetic Hechuang, SIFMC, Dr. Li Wanshou, Shanghai Gopher Xinmian and Ms. Wang Jingbo were deemed to be interested in the Shares of the Company held by Syn Invest.
- (6) (L) denotes a long position.

Save as disclosed herein, as at June 30, 2024, there is no other person known to the Directors or chief executive of our Company who, as at June 30, 2024, had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 under Part XV of the SFO or who is, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

SHARE OPTION SCHEMES

1. Pre-IPO SOS

(1) Overview

The following is a summary of the principal terms of the Pre-IPO Share Option Scheme, as amended from time to time, as adopted by the Board on March 29, 2019. All the options under the Pre-IPO SOS ("**Pre-IPO SOS Options**") have been granted in full.

(2) Purpose

For the purpose of achieving strategic goals and fuel the development of our Company, by providing participants with the opportunity to acquire proprietary interests in the Company, the Pre-IPO SOS is expected to encourage the participants to enhance their enthusiasm, sense of responsibility and sense of mission while working, and thereby coordinate interests of our employees with the interests of our Company.

(3) Administration

The Pre-IPO SOS will be administered by the Board and its designated human resource department, and the decision of the Board will be final and binding on all parties.

(4) Participants in the Pre-IPO SOS

The eligible participants in the Pre-IPO SOS ("**Pre-IPO SOS Participants**") include, among others, directors, senior management, core members of our Group joined or proposed to join our Group and any other persons as the Board may deem appropriate, subject to the following conditions:

- (a) having been working in our Group for no less than one year;
- (b) having achieved the performance standards as required by the Board; or
- (c) having met the assessment criteria for the grant of Pre-IPO SOS Options as stipulated by the Board.

Subject to approval by our chief executive officer and annual report to our Board, our vice presidents may propose to grant Pre-IPO SOS Options to special participants who fails to satisfy aforesaid requirements (i) or (ii), but have made outstanding contribution to our Company or are introduced into our Company as talents. The total Shares granted to these special participants shall not exceed 10% of the total number of Shares that may be issued under this Pre-IPO SOS.

(5) Maximum number of Shares

The total number of Pre-IPO SOS Shares shall be no more than 81,600,000 Shares, representing approximately 9.69% of the total issued share capital (excluding treasury shares) of the Company immediately as at the end of the Reporting Period.

There is no maximum entitlement for each participant under the Pre-IPO SOS.

(6) Duration of Pre-IPO SOS

The Pre-IPO SOS commenced on January 1, 2020 as the first grant date determined by the Board and shall continue in effect for a term of ten years, unless being terminated by the Board in advance of its expiry. As at the date of this report, the remaining life of the Pre-IPO SOS is approximately 5 years.

(7) Grant of Pre-IPO SOS Options

The Board will, subject to the performance of our Company, review and determine in each year whether Pre-IPO SOS Options shall be granted.

The grant, vesting and exercise of Pre-IPO SOS Options shall comply with the provisions of the Pre-IPO SOS, the relevant resolutions as passed by the Board and the requirements of applicable laws.

No consideration was required to be paid at the acceptance of the Pre-IPO SOS Options.

(8) Rights attached to Pre-IPO SOS Options and Pre-IPO SOS Shares

A Pre-IPO SOS Participant is not entitled to any right of dividend, voting right or other shareholder's interest or right in respect of any Pre-IPO SOS Options or Pre-IPO SOS Shares before exercise of the Pre-IPO SOS Options and the completion of the registration of the Pre-IPO SOS Participant as a Shareholder of our Company.

(9) Rights are personal to the grantee

A Pre-IPO SOS Option is personal to the grantee and no grantee shall in any way sell, pledge, transfer, mortgage, assign or dispose of any Pre-IPO SOS Option subject to approval of our Board and stipulation in the grant letter. If any Pre-IPO SOS Options are disposed of in breach of the scheme rules of the Pre-IPO SOS, all Pre-IPO SOS Options (whether vested or not) held by the Pre-IPO SOS Participants will be invalidated. Without prejudice to the foregoing provisions, the provisions of Pre-IPO SOS shall be equally binding on the successor or transferee to the Pre-IPO SOS Participants.

(10) Vesting Schedule

Unless otherwise determined by the Board, the Pre-IPO SOS Options granted will be vested in three years upon (A) fulfilment of conditions set in the terms of the Pre-IPO SOS and the relevant grant letter as well as (B) the achievement of performance targets as determined by the Board. The first vesting date will be on the first anniversary of the date of grant of Pre-IPO SOS Options ("**Grant Date**").

(11) Exercise of Pre-IPO SOS Options

Exercise Price

The initial exercise price for Pre-IPO SOS Options shall be US\$2.94 per Share (upon completion of the share subdivision on the Listing Date: US\$0.588 per share), subject to further adjustment as specified by the Board in the grant letter to the participants and by reference of the market practice and the current value of the Shares. The exercise price was determined with reference to the share price in the latest round of financing prior to the grant date multiplied by a discount.

Exercise Period

Unless otherwise provided in the terms of the Pre-IPO SOS, the validity period of the Pre-IPO SOS Options granted under the Scheme shall be 10 years commencing from the Grant Date. All unexercised Pre-IPO SOS Options shall be terminated and invalidated after the validity period has lapsed.

Exercise of Options

Grantees may exercise the Pre-IPO SOS Options in whole or in part by submitting (i) the Application for the Exercise of Option Incentive 《期權激勵行權申請書》 to our Company pursuant to the terms of this Pre-IPO SOS and the grant letter and (ii) any other documents as required by the Board. Each application must be accompanied by a remittance for the aggregate amount of the exercise price multiplied by the number of Shares in respect of which the application is submitted for.

(12) Adjustment

If our Company conducts capitalization from capital public reserve, scrip issue, share subdivision, allotment, share split or similar transactions affecting the Shares, leading to an increase or decrease in the number of issued Shares, the Board shall have the sole discretion to adjust the number, price and other aspects of the Pre-IPO SOS Options. The Board shall notify Pre-IPO SOS Participants in due course after such adjustment has been made.

(13) Details of the Pre-IPO SOS Options granted under the Pre-IPO SOS

As of June 30, 2024, the options granted to the Pre-IPO SOS Participants under the Pre-IPO SOS amounted to an aggregate of 76,717,300 Shares, representing approximately 9.11% of the Shares (excluding treasury shares) as at the date of this report pursuant to the Pre-IPO SOS, and all these options are still outstanding and unexercised.

As of June 30, 2024, 365 Grantees have been granted options under the Pre-IPO SOS in respect of the Pre-IPO SOS Shares. As of January 1, 2024 and June 30, 2024, the number of options available for grant under the scheme mandate of the Pre-IPO SOS was 3,258,500 shares and 4,882,700 shares, respectively (these options will not be re-granted).

Director, senior management and connected persons

As at June 30, 2024, details of our Director, members of senior management and connected persons who were granted Pre-IPO SOS Options are set out as follows:

			Outstanding as at 1 January 2024	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 30 June 2024	Vesting Period	Exercise price (per Share) (USD)
Director										
Ms. ZONG Wenhong	Executive Director and the chief executive officer	January 1, 2020	2,500,000	-	-	-	-	2,500,000	3 years from the Grant Date	0.588
		January 1, 2021	5,000,000	-	-	-	-	5,000,000		
		April 1, 2023	3,000,000	-	-	-	-	3,000,000		
Other Employees										
Ms. WANG Shuli	Vice president and chief financial officer	January 1, 2020	1,250,000	-	-	-	-	1,250,000		
		January 1, 2021	4,000,000	-	-	-	-	4,000,000		
		April 1, 2023	3,500,000	-	-	-	-	3,500,000		
Mr. SHAO Shuli	Vice president	January 1, 2021	2,500,000	-	-	-	-	2,500,000		
Mr. YANG Yuanwei	Vice president	January 1, 2020	1,250,000	-	-	-	-	1,250,000		
		January 1, 2021	2,500,000	-	-	-	-	2,500,000		
Mr. NIE Xiangguo	Chief executive of a subsidiary	January 1, 2020	500,000	-	-	-	-	500,000		
		January 1, 2021	1,250,000	-	-	-	-	1,250,000		
Ms. ZHOU Huiping	Chief executive of a subsidiary	January 1, 2020	500,000	-	-	-	-	500,000	3 years from the Grant Date	0.588
		January 1, 2021	750,000	-	-	-	-	750,000		
Employees other than Directors or senior management	/	January 1, 2020	9,612,500	-	-	-	15,000	9,597,500		
		January 1, 2021	26,126,000	-	-	-	30,000	26,096,000		
		July 1, 2021	4,398,000	-	-	-	132,200	4,265,800		
		April 1, 2023	9,705,000	-	-	-	1,447,000	8,258,000		
Subtotal of Employee Participants other than Director	/	January 1, 2020	13,112,500	-	-	-	15,000	13,097,500		
		January 1, 2021	37,126,000	-	-	-	30,000	37,096,000		
		July 1, 2021	4,398,000	-	-	-	132,200	4,265,800		
		April 1, 2023	13,205,000	-	-	-	1,447,000	11,758,000		
Total	/	/	78,341,500	-	-	-	1,624,200	76,717,300	/	/

Notes:

- As at the end of the Reporting Period, Ms. ZONG Wenhong held a total of 10,500,000 options under the Pre-IPO SOS Options, representing 1.25% of the total issued shares (excluding treasury shares) of the Company.
- As at the end of the Reporting Period, Ms. WANG Shuli held a total of 8,750,000 options under the Pre-IPO SOS Options, representing 1.04% of the total issued shares (excluding treasury shares) of the Company.
- Save as disclosed above, as at the end of the Reporting Period, (i) there was no other grantees who are directors, chief executives, substantial shareholders, connected persons or their respective associates of the Company; (ii) there was no other grantee that had been granted Pre-IPO SOS Options exceeding 1% of the total number of issued shares (excluding treasury shares) and (iii) there was no related entity participant or service provider with options and awards granted and to be granted in any 12-month period exceeding 0.1% of the total number of issued shares (excluding treasury shares) of the Company.
- The exercise period of the options granted under the Pre-IPO SOS is 10 years.
- The vesting of the pre-IPO share options granted is subject to the performance targets set out in the relevant grant notices.

2. Post-IPO SOS

(1) Overview

The following is a summary of the principal terms of the Post-IPO SOS ("**Post-IPO SOS Rules**"), as conditionally adopted by the Board on May 27, 2021. The terms of the Post-IPO SOS are subject to Chapter 17 of the Listing Rules. Application has been made to the Listing Committee of the Stock Exchange for listing of and permission to deal in the Shares which may be issued pursuant to the exercise of any Post-IPO SOS Options which may be granted under the Post-IPO SOS.

(2) Purpose

The purpose of the Post-IPO SOS is to provide incentives and rewards to participants for their contributions to, and continuing efforts to, promote the interest of, the Company.

(3) Eligibility

Those eligible to participate in the Post-IPO SOS (the "**Post-IPO Eligible Participant**") include, (i) any employee (whether full time or part time), executives or officers, and directors of any member of the Group, any entity in which any member of our Group holds an equity interest, and shall, for the purpose of the Post-IPO SOS Rules, exclude any members of the Group (the "**Invested Entity**") or any business partner; and (ii) any consultant, advisor or agent of any member of the Group, any Invested Entity or any business partner who, in the sole opinion of the Board, have contributed or will contribute to the growth and development of the Group or any Invested Entity.

During the Reporting Period, the Company did not grant, nor does it intend to grant any option to any consultant, advisor, service provider or agent of any business partner under the Post-IPO SOS.

(4) Exercise price

The exercise price for the Post-IPO SOS Options ("**Exercise Price**") shall be a price determined by the Board or the Chairman (as the case may be) and notified to any grantee of Post-IPO SOS Option (the "**Grantee**") and will be the highest of:

- (a) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the Post-IPO Grant Date, which must be a business day;
- (b) an amount equivalent to the average closing price of a Share as stated in the Stock Exchange's daily quotation sheets for the five (5) Business Days immediately preceding the Post-IPO Grant Date; and
- (c) the nominal value of a Share on the Post-IPO Grant Date.

(5) Offer of the Grant of an Option

The Board or the Chairman ((in accordance with their respective discretion so authorized under the Post-IPO SOS) shall be entitled at any time during the operation of the Post-IPO SOS, at its/his sole and absolute discretion, to make an offer of Post-IPO SOS Options to a Post-IPO Eligible Participant by letter in such form as the Board or the Chairman (as the case may be) may from time to time determine (the "**Grant Letter**").

(6) Acceptance of Offer

An offer of Post-IPO SOS Options shall be open for acceptance in writing given by either prepaid post, facsimile transmission, personal delivery or by electronic communication received by the Board or the Chairman (as the case may be), or any person designated by the Board or the Chairman, for such period as the Board or the Chairman (as the case may be) may determine and notify to the Grantee concerned, provided that no such offer shall be open for acceptance after the expiry of the duration of the Post-IPO SOS or after the Post-IPO SOS has been terminated in accordance with the Post-IPO SOS Rules. An offer of Post-IPO SOS Options not accepted within this period shall lapse. An offer may not be accepted unless the Grantee remains a Post-IPO Eligible Participant on acceptance. Upon acceptance of the offer of Post-IPO SOS Options, the Grantee shall pay HK\$1.00 to the Company (unless the Board resolves to waive payment at the time of grant) within the period specified in the offer, which is non-refundable and shall not be considered as a partial payment of the exercise price.

(7) Exercise of Post-IPO SOS Options

The Grant Letter issued by the Company to the relevant Post-IPO Eligible Participant shall specify details of the Post-IPO SOS Options, including the number of Shares under the Post-IPO SOS Options, the Exercise Price, the exercise period and the vesting schedule, etc.

Subject to restrictions which may be imposed by the Board or the Chairman (as the case may be), any Post-IPO SOS Options may be exercised at any time during the exercise period by the Grantee (or in the case of his death, his legal personal representatives) giving notice in writing (in such form as the Company may from time to time specify) to the Company stating that the Post-IPO SOS Options are thereby exercised and the number of Shares in respect of which it is exercised.

(8) Maximum number of Shares

The overall limit on the number of Shares that may be issued upon exercise of all options granted under the Post-IPO SOS (the “**Post-IPO SOS Options**”) shall be no more than approximately 10% of the Shares in issue (being 84,187,680 shares) on the date of the Shares commencing trading on the Stock Exchange (“**Post-IPO Mandate Limit**”). Post-IPO SOS Options lapsed or cancelled in accordance with the Post-IPO SOS Rules (or any other share option schemes of our Company) will not be counted for the purposes of calculating the Post-IPO Mandate Limit.

The maximum number of Shares which may be issued upon exercise of all outstanding Post-IPO SOS Option granted and yet to be exercised under the Post-IPO SOS and any other options granted and yet to be exercised under any other option scheme shall not exceed 30% of the issued share capital of our Company from time to time.

We may refresh the Post-IPO Mandate Limit at any time subject to prior approval of our Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time. However, the Post-IPO Mandate Limit as refreshed shall not exceed 10% of the Shares in issue as at the date of the aforesaid approval to refresh the Post-IPO Mandate Limit by our Shareholders in general meeting. Post-IPO SOS Options previously granted under the Post-IPO SOS or any other share option schemes of our Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) (including those outstanding, cancelled or lapsed in accordance with its terms or exercised) will not be counted for the purpose of calculating the Post-IPO Mandate Limit as refreshed.

We may also seek separate approval of our Shareholders in general meeting for granting options beyond the Post-IPO Mandate Limit to participants specifically identified by our Company before the aforesaid Shareholders’ meeting where such approval is sought.

(9) Maximum entitlement of Post-IPO SOS Participants

No Post-IPO SOS Option may be granted to any Post-IPO SOS Participant which, if exercised in full, would result in the total number of Shares issued and to be issued upon exercise of the Post-IPO SOS Option already granted or to be granted to such Eligible Participant under the Post-IPO SOS (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such new grant exceeding 1% in aggregate of the issued share capital of the Company as at the date of such new grant (“**Post-IPO Grant Date**”). Any grant of further Post-IPO SOS Option above this limit shall be subject to the requirements provided under the Listing Rules.

(10) Performance target

The Post-IPO SOS Rules does not set out any performance targets that must be achieved before the Post-IPO SOS Options may be exercised. However, the Board may, at their sole discretion, specify, as part of the terms and conditions of any option, such performance conditions that must be satisfied before the Post-IPO SOS Options can be exercised.

(11) Vesting Schedule and Exercise Period

The Board or the Chairman (as the case may be) may specify the exercise period and the vesting schedule of the Post-IPO SOS Options in the Grant Letter. Unless the Post-IPO SOS Options have been withdrawn and cancelled or been forfeited in whole or in part, the Grantee may exercise his rights under the Post-IPO SOS according to the vesting schedule set out in the relevant Grant Letter. The Post-IPO SOS Option must be exercised no more than ten years from the Grant Date. During the Reporting Period, the Company did not grant, nor does it intend to grant any option with a vesting period shorter than 12 months under the Post-IPO SOS.

(12) Duration

The Post-IPO SOS shall take effect upon all of the following having been satisfied:

- (i) the passing of the necessary resolution to adopt the Post-IPO SOS by the Board;
- (ii) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, any Shares to be issued pursuant to the exercise of Post-IPO SOS Options on the Stock Exchange; and
- (iii) the commencement of dealings in the Shares on the Stock Exchange.

The Post-IPO SOS shall be valid and effective for the period of ten years commencing on the date when the Post-IPO SOS takes effect (after which, no further Post-IPO SOS Options shall be offered or granted), but in all other respects the provisions of the Post-IPO SOS Rules shall remain in full force and effective to the extent necessary to give effect to the exercise of any Post-IPO Options granted prior thereto or otherwise as may be required in accordance with the provisions of the Post-IPO SOS Rules. As at the date of this report, the remaining life of the Post-IPO SOS is about nine years.

As of January 1, 2024 and June 30, 2024, the number of options available for grant under the scheme mandate of the Post-IPO SOS is 84,187,680 Shares and 84,187,680 Shares, respectively. During the Reporting Period, a total of 76,717,300 Shares may be issued in respect of options granted under all share schemes of the Company, accounting for 9.11% of the total issued Shares (excluding treasury shares) of the Company as of the date of this report.

As at the end of the Reporting Period, no Post-IPO SOS Option had been granted or agreed to be granted under the Post-IPO SOS.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

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

USE OF PROCEEDS FROM THE GLOBAL OFFERING

On September 28, 2023, the Shares of our Company were listed on the Main Board of the Stock Exchange, with a total of 133,805,500 Shares issued at an offer price of HK\$4.76. The net proceeds from the Global Offering, after deducting the underwriting commissions and other offering expenses payable by us in connection with the Global Offering (the “**Proceeds**”), were approximately HK\$554.5 million (the over-allotment option was not exercised), which will be used in accordance with the use of Proceeds as disclosed in the prospectus from the Listing Date as follows:

- approximately 30% of the net Proceeds, for expansion of city-specific cloud hospital platforms to enlarge our medical networks and user base;
- approximately 25% of the net Proceeds, for enriching our offerings across the industry value chain to provide more professional and diversified healthcare services;
- approximately 25% of the net Proceeds, for research and development on technology infrastructure and data capabilities. We plan to continually improve the technology infrastructure of our platforms and our data processing and security capabilities;
- approximately 10% of the net Proceeds, in the next two to four years, for potential mergers and acquisitions opportunities; and
- approximately 10% of the net Proceeds, for working capital and other general corporate purposes.

As of June 30, 2024, the Group’s use of the net Proceeds is set out in the table below:

Purpose of use	% of use of Proceeds	Net Proceeds (HK\$ million)	Unutilized	Utilized	Unutilized	Expected timeline of full utilisation
			amount as at January 1, 2024 (HK\$ million)	amount for the six months ended June 30, 2024 (HK\$ million)	amount as at June 30, 2024 (HK\$ million)	
Expansion of city-specific cloud hospital platforms to enlarge our medical networks and user base	30%	166.3	166.3	1.8	164.5	By December 31, 2028
Enriching our offerings across the industry value chain to provide more professional and diversified healthcare services	25%	138.6	138.6	1.5	137.1	By December 31, 2028
Research and development on technology infrastructure and data capabilities	25%	138.6	138.6	3.1	135.5	By December 31, 2028
Potential mergers and acquisitions opportunities	10%	55.5	55.5	0	55.5	By December 31, 2028
Working capital and other general corporate purposes	10%	55.5	55.5	1.5	54.0	By December 31, 2028

In order to improve the fund utilization efficiency, reasonably utilize the temporarily idle Proceeds, realize value preservation and appreciation of the Proceeds, and protect the interest of shareholders of the Company, the Board resolved on June 13, 2024 that, without prejudice to the normal operating activities of the Company, the Proceeds that are expected to remain idle for more than one year are intended to be used in proper purchases of wealth management products that feature high security, sound liquidity, and can be redeemed at any time, and the amount shall be no more than US\$40 million (the equivalent of approximately HK\$312.4 million calculated based on the exchange rate published by the People's Bank of China as at the date of relevant Board meeting), for cash management purpose. Such amount can be utilized on a rolling basis within 12 months from the date of the Board's resolution. The return from cash management is accounted to the Company, which will not affect in substance the normal use of the Proceeds in accordance with the intended purposes as disclosed in the Prospectus and the normal operations of the Company. The Board believes that cash management is in the interest of the Company and its shareholders as a whole.

In the event that the aforesaid purchases of wealth management products constitute a notifiable transaction under Chapter 14 and/or a connected transaction under Chapter 14A of the Listing Rules in the future, the Company will comply with the relevant requirements under the Listing Rules.

MATERIAL LITIGATION

Our Company was not involved in any material litigation or arbitration during the Reporting Period.

COMPLIANCE WITH THE MODEL CODE

During the Reporting Period, our Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its code of conduct regarding directors' securities transactions.

Having made specific enquiries to all of the Directors, all Directors confirmed that they have fully complied with all relevant requirements set out in the Model Code during the Reporting Period and up to the date of this report.

The Company has also developed and implemented policies and procedures relating to the disclosure of information (including but not limited to the disclosure of inside information), including monitoring potential inside information, ensuring rapid identification of and assessment to relevant facts and circumstances that may have material impacts on the share price of the Company, and submitting relevant matters to the attention of the Board, if necessary, to determine whether a disclosure is needed. Directors, senior management and relevant employees in possession of inside information or potential inside information are required to take reasonable steps to preserve confidentiality and to ensure that its recipients recognize their obligations to maintain confidentiality.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Listing Rules as the basis for the Company's corporate governance practices since the Listing Date. The Company is committed to implementing the best corporate governance practices.

The Company has complied with the code provisions under the CG Code during the Reporting Period.

CHANGES IN INFORMATION OF DIRECTORS AND CHIEF EXECUTIVES

On March 20, 2024, Ms. Lu Zhaoxia has tendered her resignation as a non-executive Director with effect from March 20, 2024 due to her personal work arrangements. Mr. Xu Hongli has been appointed as a non-executive Director on the same date. For details, please refer to the Company's announcement dated March 20, 2024.

Save as disclosed above, as of the date of this report, there are no changes in the information of Directors and chief executives which are required to be disclosed under Rule 13.51B(1) of the Listing Rules.

CHANGE OF COMPANY NAME, CHANGE OF STOCK SHORT NAME, CHANGE OF COMPANY LOGO AND ADOPTION OF THE EIGHTH AMENDED AND RESTATED MEMORANDUM AND ARTICLES OF ASSOCIATION

The English name of the Company has been changed from "Neusoft Xikang Holdings Inc." to "Xikang Cloud Hospital Holdings Inc.," and the Chinese name of the Company has been changed from "東軟熙康控股有限公司" to "熙康雲醫院控股有限公司," both with effect from May 21, 2024.

With effect from 9:00 a.m. on July 4, 2024, the stock short names of the Company for trading in the Shares on the Stock Exchange has been changed from "NEUSOFT XIKANG" to "XIKANG CLOUD" in English and from "東軟熙康" to "熙康雲醫院" in Chinese. The stock code of the Company on the Stock Exchange remains unchanged as "9686".

The logo of the Company has been changed to  to reflect the change of name of the Company with effect from June 28, 2024.

The eighth amended and restated memorandum and articles of association have become effective from May 21, 2024, being the date on which the change of name of the Company took effect.

EVENTS AFTER THE REPORTING PERIOD

On July 15, 2024, pursuant to the Post-IPO SOS, the Company granted an aggregate of 29,465,000 options to 216 eligible participants (the "Grantees") to subscribe for the Shares with a par value of US\$0.0002 each in the share capital of the Company. Among the Grantees, Ms. Zong Wenhong, executive Director and chief executive officer of the Company, was granted 4,000,000 options. The remaining grantees are employees of the Company. The exercise price of the options granted was HK\$1.14.

For details, please refer to the announcement of the Company dated July 15, 2024.

REVIEW OF INTERIM REPORT BY THE AUDIT COMMITTEE OF OUR COMPANY

The audit committee of our Company (the "Audit Committee") comprises one non-executive Director, namely Dr. Chen Lianying, and two independent non-executive Directors, namely Dr. Chen Yan and Dr. Yin Guisheng. Dr. Chen Yan is the chairwoman of the Audit Committee. The Audit Committee of our Company has reviewed and approved the unaudited interim results and the interim report of our Company for the six months ended June 30, 2024.

REVIEW OF INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited interim financial information of our Company for the six months ended June 30, 2024 has been reviewed by the auditor of our Company, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to our Company and to the knowledge of the Directors of our Company, during the Reporting Period, our Company has maintained sufficient public float as required by the Listing Rules.

APPRECIATION

Our Company would like to express its appreciation to all the staff for their outstanding contribution towards our overall development. The Board wishes to sincerely thank the management for their dedication and diligence, which are the key factors for our Company to continue its success in the future. Also, our Company wishes to extend its gratitude for the continued support from its shareholders, customers, and business partners. Our Company will continue to deliver sustainable business development, so as to create more values for all its shareholders.

Report on Review of Interim Financial Information



羅兵咸永道

To the Board of Directors of Xikang Cloud Hospital Holdings Inc.

(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 34 to 80, which comprises the interim condensed consolidated balance sheet of Xikang Cloud Hospital Holdings Inc. (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2024 and the interim condensed consolidated statement of comprehensive loss, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 29 August 2024

Interim condensed consolidated statement of comprehensive loss

	Note	Six months ended 30 June 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue from contracts with customers	6	179,214	218,925
Cost of sales and services	6, 9	(136,658)	(151,625)
Gross profit		42,556	67,300
Selling and marketing expenses	9	(37,345)	(47,673)
Research and development expenses	9	(21,270)	(27,779)
Administrative expenses	9	(43,727)	(59,475)
Net impairment losses on financial assets		(3,619)	(3,866)
Other income	7	12,831	705
Other gains/(losses) – net	8	417	(6,440)
Operating loss		(50,157)	(77,228)
Finance income		8,498	2,442
Finance costs		(14,041)	(19,275)
Finance costs – net	11	(5,543)	(16,833)
Share of losses from investments accounted for using the equity method	12	(4,927)	(2,202)
Loss before income tax		(60,627)	(96,263)
Income tax credit	13	143	1,261
Loss for the period		(60,484)	(95,002)
Loss attributable to:			
Owners of the Company		(59,559)	(94,544)
Non-controlling interests		(925)	(458)
		(60,484)	(95,002)
Other comprehensive income:			
<i>Items that will be reclassified to profit or loss:</i>			
Currency translation differences of the Company's subsidiaries		(622)	(319)
<i>Items that will not be reclassified to profit or loss:</i>			
Currency translation differences of the Company		4,758	(8,382)
Other comprehensive income for the period, net of tax		4,136	(8,701)
Total comprehensive loss for the period		(56,348)	(103,703)
Total comprehensive loss for the period attributable to:			
Owners of the Company		(55,423)	(103,245)
Non-controlling interests		(925)	(458)
		(56,348)	(103,703)
Loss per share, basic and diluted (RMB)	14	(0.07)	(0.15)

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

Interim condensed consolidated balance sheet

	Note	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	15	28,880	28,902
Right-of-use assets	16	62,935	81,939
Intangible assets	17	2,828	3,184
Deferred income tax assets	34	1,932	596
Investments accounted for using the equity method	12	182,066	186,993
Long-term trade receivables	19, 20	8,382	10,073
Prepayments	18	135	14
Total non-current assets		287,158	311,701
Current assets			
Inventories	23	20,458	38,096
Assets recognized from costs to fulfil a contract	6	8,433	7,321
Contract assets	6	4,753	6,080
Trade receivables	20, 22	115,789	151,809
Financial assets at fair value through profit or loss	20, 24	153,545	144,205
Other receivables	20, 21	45,942	47,737
Prepayments	18	7,413	6,089
Other current assets	26	8,406	6,505
Cash and cash equivalents	25	575,930	676,794
Restricted deposits	25	233	1,674
Total current assets		940,902	1,086,310
Total assets		1,228,060	1,398,011
Equity attributable to owners of the Company			
Share capital	27	1,125	1,125
Share premium	27	2,543,431	2,543,431
Other reserves	28	354,185	340,865
Accumulated losses		(2,516,836)	(2,457,277)
		381,905	428,144
Non-controlling interests		4,662	5,589
Total equity		386,567	433,733

Interim condensed consolidated balance sheet (continued)

	Note	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Liabilities			
Non-current liabilities			
Borrowings	20, 33	29,950	269,850
Lease liabilities	16, 20	44,715	62,072
Contract liabilities	6	12,411	14,486
Deferred income	32	4,420	4,420
Deferred income tax liabilities	34	1,473	602
Long-term trade payables		176	–
Total non-current liabilities		93,145	351,430
Current liabilities			
Short-term borrowings	20, 33	480,060	240,135
Contract liabilities	6	33,318	31,802
Trade payables	20, 30	162,712	238,652
Other payables and accruals	31	48,332	68,816
Lease liabilities	16, 20	23,156	27,708
Income tax payables		300	5,699
Long-term trade payables – current portion		421	–
Other current liabilities		49	36
Total current liabilities		748,348	612,848
Total liabilities		841,493	964,278
Total equity and liabilities		1,228,060	1,398,011

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

On behalf the Board:

Liu Jiren
Director

Zong Wenhong
Director

Interim condensed consolidated statement of changes in equity

	Note	Attributable to owners of the Company					Non-controlling interests	Total
		Share capital RMB'000	Share Premium RMB'000	Treasury shares RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Subtotal RMB'000	
Balance at 31 December 2022 (Audited)		940	1,928,654	(368,913)	284,978	(2,297,635)	(451,976)	5,808
Comprehensive losses								
Loss for the period		-	-	-	-	(94,544)	(94,544)	(95,002)
Currency translation differences	28	-	-	-	(8,701)	-	(8,701)	(8,701)
Total comprehensive losses for the period		-	-	-	(8,701)	(94,544)	(103,245)	(103,703)
Transactions with owners								
Share-based payments	28	-	-	-	9,688	-	9,688	9,747
Total transaction with owners		-	-	-	9,688	-	9,688	9,747
Balance at 30 June 2023 (Unaudited)		940	1,928,654	(368,913)	285,965	(2,392,179)	(545,533)	5,409
Balance at 31 December 2023 (Audited)		1,125	2,543,431	-	340,865	(2,457,277)	428,144	5,589
Comprehensive losses								
Loss for the period		-	-	-	-	(59,559)	(59,559)	(60,484)
Currency translation differences	28	-	-	-	4,136	-	4,136	4,136
Total comprehensive losses for the period		-	-	-	4,136	(59,559)	(55,423)	(56,348)
Transactions with owners								
Share-based payments	28	-	-	-	9,184	-	9,184	9,182
Total transaction with owners		-	-	-	9,184	-	9,184	9,182
Balance at 30 June 2024 (Unaudited)		1,125	2,543,431	-	354,185	(2,516,836)	381,905	4,662

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

Interim condensed consolidated statement of cash flows

	Note	Six months ended 30 June	
		2024	2023
		RMB'000 (Unaudited)	RMB'000 (Unaudited)
Cash flows from operating activities			
Cash used in operations		(66,726)	(88,402)
Interest received		8,128	1,075
Income taxes paid		(5,708)	(3,442)
Net cash used in operating activities		(64,306)	(90,769)
Cash flows from investing activities			
Purchases for property, plant and equipment and intangible assets		(4,352)	(463)
Proceeds from disposal of property, plant and equipment		69	100
Payments for investments in wealth management products		(174,700)	—
Proceeds of the redemption of wealth management products		167,592	—
Investment return on wealth management products received		4,872	—
Net cash used in investing activities		(6,519)	(363)
Cash flows from financing activities			
Refund of restricted shares subscription paid by employees		—	(7,495)
Proceeds from borrowings		50,000	—
Repayments of bank borrowings		(49,840)	(140)
Payments for interests		(12,080)	(12,675)
Payments of lease liabilities		(15,269)	(12,059)
Payments of listing expenses		(6,594)	(761)
Net cash used in financing activities		(33,783)	(33,130)
Net decrease in cash and cash equivalents		(104,608)	(124,262)
Cash and cash equivalents at the beginning of the period		676,794	350,748
Effects of exchange rate changes on cash and cash equivalents		3,744	824
Cash and cash equivalents at the end of the period	25	575,930	227,310

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

Notes to the interim condensed consolidated financial information

1 General information

XIKANG CLOUD HOSPITAL HOLDINGS INC. (the “Company”) was incorporated in the Cayman Islands on 12 May 2011 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. In May 2024, the name of the Company changed from “Neusoft Xikang Holdings Inc.” to “Xikang Cloud hospital Holdings Inc.”

The Company, an investment holding company and its subsidiaries (together, the “Group”) are principally engaged in provision of the following services: (i) Medical services; (ii) Nursing services; and (iii) Health management services in the People’s Republic of China (the “PRC”).

These financial statements are presented in Renminbi (“RMB”), unless otherwise stated.

2 Basis of Preparation

(a) Contractual arrangements

The Group’s wholly-owned subsidiary, Xikang Healthcare Technology Co., Ltd. (“Xikang China”) has entered into a series of contractual arrangements, including but not limited to the exclusive business cooperation agreement, exclusive option agreement, equity interest pledge agreement, spousal consent letter and power of attorney (collectively, the “Previous Contractual Arrangements”) with Beijing Neusoft Xikang Information Technology Co., Ltd. (“Xikang Information”), Beijing Neusoft Xikang Medical Technology Co., Ltd. (“Xikang Medical”) (together, “Variable Interest Entity companies,” or “VIE companies”) and their respective equity holders on 7 March and 8 March 2018 due to regulatory restrictions on foreign ownership in the medical services and value-added telecommunication services in the PRC.

One of the equity holders of VIE companies resigned from the Group on 28 February 2021. The resigned equity holder was replaced by a new equity holder who is an employee of the Group, and the Previous Contractual Arrangements were terminated on 18 May 2021, accordingly. Xikang China, VIE companies and their respective equity holders re-entered into a series of contractual arrangements on the same day, including but not limited to the exclusive business cooperation agreement, exclusive option agreement, equity interest pledge agreement, spousal consent letter and power of attorney (collectively, the “Current Contractual Arrangement”).

Pursuant to the Previous Contractual Arrangements and the Current Contractual Arrangements, Xikang China are able to:

- Exercise effective financial and operational control over VIE companies;
- Exercise equity holders’ voting rights of VIE companies;
- Receive substantially all of the economic interest returns generated by VIE companies in consideration for the business support, technical and consulting services provided by Xikang China;

2 Basis of Preparation (continued)

(a) Contractual arrangements (continued)

- Obtain an irrevocable and exclusive right to purchase all or part of equity interests in VIE companies from the respective equity holders at a minimum purchase price permitted under PRC laws and regulations. Xikang China may exercise such options at any time until they have acquired all equity interests and/or all assets of VIE companies. In addition, VIE companies are not allowed to sell, transfer, or dispose of any assets, or make any distributions to their equity holders without prior consent of Xikang China; and
- Obtain a pledge over the entire equity interest of VIE companies from their equity holders as collateral security for payments of VIE companies due to Xikang China and to secure performance of VIE companies' obligations under the Contractual Arrangements.

Nevertheless, there are still uncertainties regarding the interpretation and application of current and future PRC laws and regulations. The directors of the Company, based on the advice of its legal counsel, consider that the use of Contractual Arrangements is currently enforceable in the PRC except for certain provisions and does not constitute a breach of the relevant laws and regulations.

(b) Compliance with HKAS

This interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standards ("HKAS") 34 "Interim financial reporting". The interim condensed consolidated financial information does not include all notes of the type normally included in an annual financial statements. Accordingly, this interim condensed consolidated financial information should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and any public announcements made by the Company during the interim reporting period.

3 Accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those presented in the Group's consolidated financial statements for the year ended 31 December 2023, which have been prepared in accordance with the HKFRSs issued by the HKICPA, except for the adoption of new and amended standards as set out below.

(a) New standards and amendments adopted by the Group

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2024:

- Amendments to HKAS 1 – Classification of liabilities as current or non-current and non-current liabilities with Covenants
- Hong Kong Interpretation 5 (Revised) – Presentation of Financial Statements – Classification by the borrower of a term loan that contains a repayment on demand clause
- Presentation of Financial Statements
- Amendments to HKFRS 16 – Lease liability in a sale and leaseback
- Amendments to HKAS 7 and HKFRS 7 – Supplier finance arrangements

The adoption of these new standards and amendments had no material impact on the Group's interim condensed consolidated financial information.

(b) New standards, amendments to existing standards and interpretations not yet adopted

Standards, amendments and interpretations that have been issued but not yet effective and not been early adopted by the Group for the period ended 30 June 2024 are as follows:

		Effective for accounting periods beginning on or after
Amendments to HKAS 21	Lack of exchangeability	1 January 2025

The directors of the Company anticipate that the application of the above new standard, amendments and annual improvements will have no material impact on the Group's interim condensed consolidated financial information in the foreseeable future.

4 Critical accounting estimates and judgements

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's material accounting policy information and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 2023.

The preparation of interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

5 Financial risk management

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group and approved by the executive directors.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Group's consolidated financial statements for the year ended 31 December 2023.

There have been no significant changes in the risk management policies for the six months ended 30 June 2024.

5 Financial risk management (continued)

5.1 Financial risk factors (continued)

(a) Liquidity risk

The table below analyses the Group's non-derivative financial liabilities into relevant maturity grouping based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 30 June 2024 (Unaudited)					
Borrowings	496,469	30,201	–	–	526,670
Trade payables (Note 30)	162,712	–	–	–	162,712
Long-term trade payables	432	185	–	–	617
Other payables (excluding tax payables and salary and welfare payables) (Note 31)	23,097	–	–	–	23,097
Lease liabilities (Note 16)	26,181	19,728	32,476	–	78,385
Total	708,891	50,114	32,476	–	791,481
	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2023					
Borrowings	261,884	276,150	–	–	538,034
Trade payables	238,652	–	–	–	238,652
Other payables (excluding tax payables and salary and welfare payables)	34,902	–	–	–	34,902
Lease liabilities	31,648	23,961	43,638	–	99,247
Total	567,086	300,111	43,638	–	910,835

5 Financial risk management (continued)

5.2 Capital management

The Group's objectives on managing capital are to safeguard the Group's ability to continue as a going concern and support the sustainable growth of the Group in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to enhance equity holders' value in the long term.

The Group monitors capital by regularly reviewing the capital structure. The Group may adjust the amounts of dividends paid to shareholders, provide returns for shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on basis of the gearing ratio. This ratio is calculated as net debt divided by deficits on total equity. Net debt calculated as total liabilities which are considered as borrowings less cash and cash equivalents. As at 30 June 2024 and 31 December 2023, the Group has a net asset and the gearing ratio was not applicable.

5.3 Fair value estimation

(a) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the interim condensed consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

	As at 30 June 2024			Total
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	
Financial assets				
Wealth management products	–	–	153,545	153,545
	As at 31 December 2023			Total
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	
Financial assets				
Wealth management products	–	–	144,205	144,205

There were no transfers between level 1, 2 and 3 of fair value hierarchy classifications during this period.

5 Financial risk management (continued)

5.3 Fair value estimation (continued)

(b) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- Discounted cash flow model and unobservable inputs mainly including assumptions of expected future cash flows and discount rate; and
- A combination of observable and unobservable inputs, including risk-free rate, expected volatility, discount rate for lack of marketability, market multiples, etc.

The group did not change any valuation techniques in determining the level 2 and level 3 fair values.

(c) Valuation inputs and relationships to fair value

The following table summarized the quantitative information about the significant unobservable inputs used in level 3 fair value measurements (see above for the valuation techniques adopted):

Description	Fair Value at			Range of inputs		Relationship of unobservable inputs to fair value
	30 June	31 December	Un-observable inputs	30 June	31 December	
	2024	2023		2024	2023	
	RMB'000	RMB'000				
Wealth management products	153,545	144,205	Expected rate of return	4.10%-5.10%	4.10%-5.10%	The higher the expected rate of return, the higher the fair value

If the fair values of wealth management products measured at fair value through profit or loss held by the Group had been 5% lower/higher, the loss before income tax for the six months ended 30 June 2024 would have been approximately RMB7.68 million higher/lower, respectively.

(d) Valuation processes

The finance department of the Group manages the valuations of level 3 instruments for financial reporting purposes. The team manages the valuation exercise of the investments on a case by case basis. At least once a year, the team uses valuation techniques to determine the fair value of the Group's level 3 instruments. External valuers will be involved when necessary.

6 Segment information

(a) Disaggregation of revenue from contracts with customers

Management has determined the operating segments based on the reports reviewed by CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Group. As a result of this evaluation, the Group determined that it has operating segments as follows:

- Medical services
- Nursing services
- Health management services

CODM has changed the structure of internal organization in a manner that causes the composition of the Group's segments to change. During the reporting period, on the basis of understanding the strategic positioning and advantages of the Group, the fast-developing Home Care services was upgraded into an independent segment. At the same time, the cloud hospital platform service and internet medical services (excluding home care services) were integrated into medical services segment. And smart healthcare products was merged into the health management services segment to further increase the capability of resource integration and the synergistic effect of the business. The corresponding items of segment information for earlier period has been restated.

CODM assesses the performance of the operating segments mainly based on segment revenue and gross profit of each operating segment which is used by management as a basis for the purpose of resource allocation and assessment of segment performance. The selling and marketing expenses, administrative expenses, research and development expenses, other income, other (losses)/gains – net, finance (costs)/income – net, shares of (loss)/profit from investments in associates and income tax expense are not allocated to individual operating segments.

Revenues from external customers reported to CODM are measured as segment revenue, which is derived from the customers in each segment. Cost of revenue primarily comprises cost for purchasing of hardware and software, cost of development services, salary and compensation expenses, and others.

The segment information provided to CODM is measured in a manner consistent with that applied in these financial statements. There was no information on separate segment assets and segment liabilities provided to CODM, as CODM does not use such information to allocate resources to or evaluate the performance of the operating segments.

6 Segment information (continued)

(a) Disaggregation of revenue from contracts with customers (continued)

The revenue segment information reported to CODM for the six months ended 30 June 2024 and 30 June 2023 is as follows:

	Six months ended 30 June 2024			
	Medical services	Nursing services	Health management services	Total
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from contracts with customers	87,615	24,478	67,121	179,214
Cost of sales and services	(72,079)	(17,955)	(46,624)	(136,658)
Gross profit	15,536	6,523	20,497	42,556

	Six months ended 30 June 2023			
	Medical services	Nursing services	Health management services	Total
	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from contracts with customer	112,131	10,966	95,828	218,925
Cost of sales and services	(86,110)	(5,035)	(60,480)	(151,625)
Gross profit	26,021	5,931	35,348	67,300

6 Segment information (continued)

(a) Disaggregation of revenue from contracts with customers (continued)

The Company is domiciled in the Cayman Islands while the Group mainly operates its businesses in the PRC and earns majority of the revenues from external customers located in the PRC.

There are no differences from the last Group's consolidated financial statements in the basis of segmentation or in the basis of measurement of segment profit or loss.

As at 30 June 2024, substantially all of the non-current assets of the Group were located in the PRC.

The Group derives revenue from the transfer of goods and services over time and at a point in time as follows.

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Segment revenue		
– recognized over time	9,063	9,802
– recognized at a point in time	170,151	209,123
	179,214	218,925

6 Segment information (continued)

(b) Contract related assets and contract liabilities

The Group has recognized the following contract related assets and liabilities:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Contract assets (i)		
Medical services	5,482	5,867
Nursing services	119	62
Health management services	1,129	1,913
Less: allowance for impairment of contract assets	(1,977)	(1,762)
	4,753	6,080
Contract liabilities (ii)		
Medical services	12,954	7,446
Nursing services	722	450
Health management services	32,053	38,392
Less: contract liabilities non-current	(12,411)	(14,486)
	33,318	31,802
Assets recognized from costs to fulfil a contract (iii)		
Cloud hospital platform services	8,433	7,321

- (i) Contract assets are the Company's right to consideration in exchange for goods or services that the Company has transferred to the customer.
- (ii) Contract liabilities mainly arise from the advanced payments from customers of the i) medical services; ii) nursing services, and iii) health management services upon which the performance obligations have been established while the underlying services are yet to be provided.
- (iii) The costs relate directly to the contract, generate resources that will be used in satisfying the contract and are expected to be recovered. They were therefore recognized as an asset from costs to fulfil a contract. For the six months ended 30 June 2024 and 30 June 2023, assets recognized as cost are RMB8.4 million and RMB12.1 million, respectively.

6 Segment information (continued)

(c) Revenue recognized in relation to contract liabilities

The following table shows how much of the revenue recognized in the current reporting period relates to carried-forward contract liabilities.

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Medical services	1,657	4,355
Nursing services	349	225
Health management services	11,336	13,952
Total	13,342	18,532

7 Other income

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Government grants	7,732	506
Investment income on wealth management products	4,872	–
Value added tax (“VAT”) refund and VAT reduction	127	–
Refund of service fee for withholding IIT	91	151
Other items	9	48
	12,831	705

8 Other gains/(losses) – net

	Six months ended 30 June	
	2024	2023
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Net fair value gains on financial assets at fair value through profit or loss (i)	1,311	–
Net losses on disposal of long term assets	(851)	(175)
Net foreign exchange gains/(losses)	527	(5,805)
Other items	(570)	(810)
	417	(6,440)

- (i) As at 30 June 2024 and 31 December 2023, the Group held wealth management products which were classified to financial assets at fair value through profit or loss. The fair value changes of wealth management products are included in the net fair value gains on these assets. For more details, please refer to Note 5.3 and Note 24.

9 Expenses by nature

	Six months ended 30 June	
	2024	2023
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Cost of sales of hardware, software, raw materials and others	110,765	121,548
Employee benefits expenses	86,581	111,125
Depreciation of right-of-use assets	10,824	11,668
Share-based compensation expenses	9,182	9,747
Travelling, entertainment, service fee and general office expenses	8,432	7,629
Depreciation of property, plant and equipment	4,046	6,045
Short-term leases and other property service expenses	2,184	3,558
Amortization of intangible assets	344	372
Taxes and surcharges	180	223
Listing expenses	–	10,100
Others	6,462	4,537
	239,000	286,552

10 Employee benefits expenses

	Six months ended 30 June	
	2024	2023
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Wages, salaries and bonuses	66,484	86,907
Share-based compensation expenses (Note 29)	9,182	9,747
Social security costs and housing benefits	15,961	20,328
Other employee benefits	4,136	3,890
	95,763	120,872

11 Finance income and costs

	Six months ended 30 June	
	2024	2023
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Finance income		
– Interest income	8,498	2,442
Finance costs		
– Interest costs on bank borrowings	(11,945)	(12,701)
– Interest costs on lease liabilities	(2,080)	(1,656)
– Interest costs on long-term payables	(16)	–
– Interest expenses for financial liability for redeemable rights	–	(4,918)
	(14,041)	(19,275)
Finance costs – net	(5,543)	(16,833)

12 Investments accounted for using the equity method

	Six months ended 30 June	
	2024	2023
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
At beginning of the period	186,993	191,918
Share of losses from investments in associates	(4,927)	(2,202)
At end of the period	182,066	189,716

13 Income tax credit

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Current income tax expense	322	548
Deferred income tax credit	(465)	(1,809)
	(143)	(1,261)

The Group's principal applicable taxes and tax rates are as follows:

Cayman Islands

The Company is incorporated as an exempted company with limited liability under the Companies Law of the Cayman Islands and is not subject to Cayman Islands income tax.

Hong Kong

Subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax, under which the tax rate is 8.25% for assessable profits on the first HK\$2 million and 16.5% for any assessable profits in excess of HK\$2 million.

No Hong Kong profit tax was provided for as there was no estimated assessable profit that was subject to Hong Kong profits tax during the six months ended 30 June 2024 and 30 June 2023.

Mainland China

The income tax provision of the Group in respect of its operations in the PRC was subject to statutory tax rate of 25% on the assessable profits for the six months ended 30 June 2024 and 30 June 2023, based on the existing legislation, interpretations and practices in respect thereof.

On 15 November 2022, Xikang Healthcare Technology Co., Ltd. (Original Name: "Neusoft Xikang Healthcare Technology Co., Ltd.") was qualified as "High and New Technology Enterprises" ("HNTEs") under the relevant PRC laws and regulations. Accordingly, the entity was entitled to a preferential income tax rate of 15% during the year ended 2022, 2023 and 2024. This status is subject to a requirement that Xikang Healthcare Technology Co., Ltd. reapplies for HNTEs status every three years.

According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that has been effective from 2018 onwards, enterprise engaging in research and development activities are entitled to claim 175.00% of their research and development expenditures incurred as tax deductible expenses when determining their assessable profits for that year.

14 Loss per share

(a) Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2024 and 30 June 2023.

The calculation of loss per share is based on the following:

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Loss attributable to owners of the Company for the period (RMB'000)	(59,559)	(94,544)
Weighted average number of ordinary shares in issue ('000)	841,877	621,198
Basic loss per share (RMB)	(0.07)	(0.15)

(b) Diluted loss per share

Diluted loss per share for the six months ended 30 June 2024 and 30 June 2023 were the same as the basic earnings per share as the Group incurred losses for the six months ended 30 June 2024 and 30 June 2023, the dilutive potential ordinary share, such as restricted share units (the "RSUs") and options, were not included in the calculation of diluted loss per share because they are anti-dilutive.

15 Property, plant and equipment

	Electronic equipment RMB'000	Office furniture and others RMB'000	Assets under construction RMB'000	Leasehold improvement RMB'000	Total RMB'000
At 31 December 2023 (Audited)					
Cost	125,459	1,125	749	128,733	256,066
Accumulated depreciation	(98,564)	(1,051)	–	(127,549)	(227,164)
Net book value	26,895	74	749	1,184	28,902
Six months ended 30 June 2024 (Unaudited)					
Opening net book amount	26,895	74	749	1,184	28,902
Additions	830	–	3,314	776	4,920
Transfers	–	–	(1,073)	1,073	–
Disposal	(891)	(5)	–	–	(896)
Depreciation	(3,490)	(2)	–	(554)	(4,046)
Closing net book value	23,344	67	2,990	2,479	28,880
At 30 June 2024 (Unaudited)					
Cost	113,351	1,030	2,990	130,582	247,953
Accumulated depreciation	(90,007)	(963)	–	(128,103)	(219,073)
Net book value	23,344	67	2,990	2,479	28,880
At 31 December 2022 (Audited)					
Cost	143,134	1,395	–	128,505	273,034
Accumulated depreciation	(117,366)	(1,291)	–	(125,588)	(244,245)
Net book value	25,768	104	–	2,917	28,789
Six months ended 30 June 2023 (Unaudited)					
Opening net book amount	25,768	104	–	2,917	28,789
Additions	1,794	–	–	34	1,828
Disposal	(1,116)	(15)	–	(16)	(1,147)
Depreciation	(4,501)	(10)	–	(1,534)	(6,045)
Closing net book value	21,945	79	–	1,401	23,425
At 30 June 2023 (Unaudited)					
Cost	130,895	1,184	–	128,519	260,598
Accumulated depreciation	(108,950)	(1,105)	–	(127,118)	(237,173)
Net book value	21,945	79	–	1,401	23,425

16 Leases

(a) Amounts recognized in the interim condensed consolidated balance sheets

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Right-of-use assets (i)		
Buildings	62,935	81,939
Lease liabilities		
Current	23,156	27,708
Non-current	44,715	62,072
	67,871	89,780

- (i) The movement in right-of-use assets in the interim condensed consolidated balance sheets are as follows:

	Six months ended 30 June 2024 RMB'000 (Unaudited)
Cost	
At beginning of the period	125,693
Termination of lease contracts	(10,965)
At end of the period	114,728
Accumulated depreciation	
At beginning of the period	(43,754)
Depreciation charge for the period	(10,824)
Termination of lease contracts	2,785
At end of the period	(51,793)
Net book amount	62,935

16 Leases (continued)

(b) Amounts recognized in the interim condensed consolidated statement of comprehensive loss

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Depreciation charge of right-of-use assets	10,824	11,668
Interest expense	2,080	1,656

17 Intangible assets

	Software RMB'000
At 31 December 2023 (Audited)	
Cost	7,629
Accumulated depreciation	(4,445)
Net book value	3,184
Six months ended 30 June 2024 (Unaudited)	
Opening net book amount	3,184
Disposal	(12)
Depreciation charge	(344)
Closing net book value	2,828
At 30 June 2024 (Unaudited)	
Cost	7,390
Accumulated depreciation	(4,562)
Net book value	2,828
At 31 December 2022 (Audited)	
Cost	8,037
Accumulated depreciation	(4,190)
Net book value	3,847
Six months ended 30 June 2023 (Unaudited)	
Opening net book amount	3,847
Disposal	(83)
Depreciation charge	(372)
Closing net book value	3,392
At 30 June 2023 (Unaudited)	
Cost	7,720
Accumulated depreciation	(4,328)
Net book value	3,392

18 Prepayments

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Non-Current		
– Prepayments for long-term assets	135	14
Current		
– Prepayments for short-term leases, heating and property service	817	377
– Advance payment to suppliers for inventories	5,970	4,906
– Other	626	806
	7,413	6,089

19 Long-term trade receivables

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Long-term trade receivables from contracts with customers i)		
– Third parties	15,166	20,228
Less: allowance for impairment of long-term trade receivables	(2,508)	(3,886)
Less: other current asset (Note 26)	(4,276)	(6,269)
	8,382	10,073

- i) The Group signed contracts with medical institutions in relation to the sales of smart healthcare products. According to the payment terms in the contracts, the total consideration of the sales of smart healthcare products will be collected within 3 years.

19 Long-term trade receivables (continued)

(a) The ageing analysis of the long-term trade receivables based on invoice date is as follows:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
– Up to 3 months	–	–
– 3 months to 1 year	681	663
– 1-2 years	5,728	9,315
– 2-3 years	8,757	10,250
– Less: allowance for impairment of long-term trade receivables	(2,508)	(3,886)
– Less: other current asset	(4,276)	(6,269)
Total	8,382	10,073

(b) The movements on the provision for impairment of long-term trade receivables are as follows:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
At beginning of the period/year	(3,886)	(2,328)
– Reversal of/(Provision for) impairment of long-term trade receivables	1,495	(1,029)
– Other changes	(117)	(529)
At end of the period/year	(2,508)	(3,886)

20 Financial instruments by category

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Financial assets		
Financial assets at amortized cost		
– Trade receivables (Note 22)	115,789	151,809
– Long-term trade receivables (Note 19)	12,658	16,342
– Other receivables (Note 21)	45,942	47,737
– Cash and bank balances (Note 25)	576,163	678,468
	750,552	894,356
Financial assets at fair value		
– Wealth management products (Note 24)	153,545	144,205
	904,097	1,038,561
Financial liabilities		
Financial liabilities at amortized cost		
– Borrowings (Note 33)	510,010	509,985
– Trade payables (Note 30)	162,712	238,652
– Long-term trade payables	597	–
– Other payables and accruals excluding non-financial liabilities (Note 31)	23,097	34,902
– Lease liabilities (Note 16)	67,871	89,780
	764,287	873,319

21 Other receivables

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Deposits	33,637	35,130
Advance to staff	1,030	943
Equity transfer receivables	29,130	30,130
Others	4,913	6,295
	68,710	72,498
Less: allowance for impairment of other receivables	(22,768)	(24,761)
	45,942	47,737

The loss allowance for other receivables as at 30 June 2024 and 31 December 2023 are determined as follows:

	Performing RMB'000	Under- performing RMB'000	Non- performing RMB'000	Total RMB'000
Loss allowance at 31 December 2023 (Audited)	8,469	11,892	4,400	24,761
Reversal of loss	(1,563)	(430)	–	(1,993)
Loss allowance as at 30 June 2024 (Unaudited)	6,906	11,462	4,400	22,768

21 Other receivables (continued)

The gross carrying amounts of other receivables is as follow:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Performing	37,680	40,468
Underperforming	26,630	27,630
Non-performing	4,400	4,400
Total gross other receivables	68,710	72,498
Less: Loss allowance	(22,768)	(24,761)
Other receivables net-off	45,942	47,737

22 Trade receivables

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Trade receivables from contracts with customers		
– Third parties	209,539	236,869
– Related parties (Note 35 (c))	7,045	9,369
Less: allowance for impairment of trade receivables	(100,795)	(94,429)
	115,789	151,809

22 Trade receivables (continued)

- (a) The credit terms given to trade customers are determined on an individual basis. The normal credit period of trade receivables is mainly from 90 days to one year. The aging analysis of the trade receivables based on invoice date is as follows:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
– Up to 3 months	35,745	58,027
– 3 months to 1 year	34,224	58,040
– 1-2 years	62,898	60,084
– 2-3 years	36,168	25,599
– 3-4 years	9,119	5,272
– 4-5 years	14,368	15,237
– Over 5 years	24,062	23,979
	216,584	246,238
Less: allowance for impairment of trade receivables	(100,795)	(94,429)
Total	115,789	151,809

- (b) The movements on the provision for impairment of trade receivables are as follows:

	Six months ended 30 June 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
At beginning of the period	(94,429)	(96,639)
Provision for impairment of trade receivables	(6,892)	(4,317)
Trade receivables loss	526	10
At end of the period	(100,795)	(100,946)

23 Inventories

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Raw materials	18,627	11,670
Finished goods – at cost	5,893	30,360
	24,520	42,030
Less: allowance for impairment of inventories	(4,062)	(3,934)
	20,458	38,096

(a) Amounts recognized in profit or loss

Inventories recognized as cost of sales and services during the six months ended 30 June 2024 and 30 June 2023 amounted to approximately RMB73.40 million, and RMB102.18 million respectively.

24 Financial assets at fair value through profit and loss

(a) Classification of financial assets at fair value through profit or loss

The Group classifies the following financial assets at fair value through profit or loss (FVPL):

- debt investments that do not qualify for measurement at either amortised cost or FVOCI

Financial assets mandatorily measured at FVPL include the following:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Current assets		
Investment in wealth management products	153,545	144,205

24 Financial assets at fair value through profit and loss (continued)

(a) Classification of financial assets at fair value through profit or loss (continued)

The movements of wealth management products are as follows:

	Six months ended 30 June	
	2024	2023
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Balance at 1 January	144,205	–
Acquisitions	174,700	–
Redemptions	(172,464)	–
Changes in fair value recognized in profit or loss	1,311	–
Investment return on wealth management products received	4,872	–
Exchange differences	921	–
At end of the period	153,545	–

(b) Amounts recognised in profit or loss

During the periods, the following gains were recognised in profit or loss:

	Six months ended 30 June	
	2024	2023
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Fair value gains on investments in wealth management product at FVPL recognised in other gains	1,311	–

(c) Risk exposure and fair value measurements

Information about the Group's exposure to financial risk is provided in Note 5.1. For information about the methods and assumptions used in determining fair value see Note 5.3.

25 Cash and cash equivalents

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Cash and bank balances	576,163	678,468
less: restricted deposits	(233)	(1,674)
Cash and cash equivalents	575,930	676,794

Cash and bank balances, and restricted deposits of the Group are denominated in the following currencies:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Cash at bank		
– USD	416,539	468,287
– HKD	117	117
– RMB	159,507	210,064
Total	576,163	678,468

26 Other current assets

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Deductible input VAT	4,087	236
Long-term trade receivables within one year (Note 19)	4,276	6,269
Others	43	–
	8,406	6,505

27 Share capital and share premium

	Number of ordinary shares	Nominal value of ordinary shares RMB'000	Shares premium RMB'000
Issued:			
At 31 December 2023 (Audited)	841,876,805	1,125	2,543,431
Addition/decrease	–	–	–
At 30 June 2024 (Unaudited)	841,876,805	1,125	2,543,431
At 31 December 2022 (Audited)	142,625,261	940	1,928,654
Addition/decrease	–	–	–
At 30 June 2023 (Unaudited)	142,625,261	940	1,928,654

28 Other reserves

	Currency translation differences RMB'000	Other reserves RMB'000	Total RMB'000
At 31 December 2023 (Audited)	10,942	329,923	340,865
Share-based compensation (Note 29)	–	9,184	9,184
Currency translation differences	4,136	–	4,136
At 30 June 2024 (Unaudited)	15,078	339,107	354,185
At 31 December 2022 (Audited)	24,895	260,083	284,978
Share-based compensation (Note 29)	–	9,688	9,688
Currency translation differences	(8,701)	–	(8,701)
At 30 June 2023 (Unaudited)	16,194	269,771	285,965

29 Share-based payments

The expenses arising from share-based payment transactions for the six months ended 30 June 2024 and 30 June 2023 are as follows:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
RSUs and share options granted before 1 January 2024 (a)	9,182	9,747

- (a) The Group has adopted seven employee incentive plans in 2017, 2018, 2020, 2021 and 2023, respectively. The detailed information related to the RSUs and share options plans was disclosed in the Group's consolidated financial statements for the year ended 31 December 2023.

No options expired during the six months ended 30 June 2024 and 30 June 2023.

(b) Expenses arising from share-based payment transactions

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
RSUs	–	7,722
Share options	9,182	2,025
	9,182	9,747

30 Trade payables

Aging analysis of trade payables based on recorded date is as follows:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
– Up to 3 months	58,619	91,783
– 3 to 6 months	16,869	40,006
– 6 months to 1 year	24,325	44,136
– 1 to 2 years	44,665	45,896
– 2 to 3 years	12,887	15,408
– Over 3 years	5,347	1,423
	162,712	238,652

31 Other payables and accruals

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Payroll and welfare payables	24,932	33,045
Payables for purchase of property, plant and equipment	7,459	7,238
Tax payables	303	869
Short-term leases payables	1,553	3,672
Listing expenses	–	6,592
Accrual expenses	5,304	12,519
Others	8,781	4,881
	48,332	68,816

32 Deferred income

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Government grants		
Income-related grants	4,420	4,420
To be realized within 12 months	2,200	2,200
To be realized after more than 12 months	2,220	2,220
	4,420	4,420

33 Borrowings

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
<i>Secured</i>		
– Guaranteed Bank borrowings	390,060	–
<i>Unsecured</i>	119,950	509,985
	510,010	509,985
Current	480,060	240,135
Non-current	29,950	269,850

The long-term bank borrowings mature until 2025 and bear average coupons of 4.68%, and 4.87% for the six months ended 30 June 2024 and the year ended 31 December 2023, respectively. The average interest rate of the short-term bank borrowing is 3.87% for the six months ended 30 June 2024.

As at 30 June 2024, the bank borrowings amounting to RMB30 million was guaranteed by one subsidiary of the Group, and the bank borrowing amounting to RMB360 million was guaranteed by Dalian Neusoft Holdings Co., Ltd.

33 Borrowings (continued)

(a) At the end of each reporting period/year, the Group's borrowings were repayable as follows:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Within 1 year	480,060	240,135
Between 1 and 2 years	29,950	269,850
	510,010	509,985

34 Deferred income tax assets and liabilities

(a) The analysis of deferred income tax assets and deferred income tax liabilities (prior to any offset pursuant to net-off provisions) is as follows:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Deferred income tax assets:		
– Deferred income tax assets to be recovered after more than 12 months	20,366	21,348
– Deferred income tax assets to be recovered within 12 months	–	–
	20,366	21,348
Deferred income tax liabilities:		
– Deferred income tax liabilities to be settled after more than 12 months	(19,907)	(21,354)
– Deferred income tax liabilities to be settled within 12 months	–	–
	(19,907)	(21,354)
	459	(6)
Offsetting		
Deferred income tax assets after offsetting	1,932	596
Deferred income tax liabilities after offsetting	(1,473)	(602)
Deferred income tax assets-net	459	(6)

34 Deferred income tax assets and liabilities (continued)

- (b) The analysis of deferred income tax assets and deferred income tax liabilities (prior to any offset pursuant to net-off provisions) is as follows:

	Deferred income tax assets- provision for impairment loss RMB'000	Deferred income tax assets- lease liabilities RMB'000	Deferred income tax assets- tax losses RMB'000	Deferred income tax liabilities- accelerated depreciation RMB'000	Deferred income tax liabilities- right-of-use assets RMB'000	Total RMB'000
As at 31 December 2023 (Audited)	868	20,480	–	(869)	(20,485)	(6)
Credited/(charged) to profit or loss	1,324	(4,612)	–	(998)	4,751	465
As at 30 June 2024 (Unaudited)	2,192	15,868	–	(1,867)	(15,734)	459
As at 31 December 2022 (Audited)	120	12,930	953	(13)	(13,068)	922
Credited/(charged) to profit or loss	57	5,883	1,531	–	(5,662)	1,809
As at 30 June 2023 (Unaudited)	177	18,813	2,484	(13)	(18,730)	2,731

35 Related party transactions

The significant transactions carried out between the Group and its related parties are disclosed as follows. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties. The Group's pricing policies of the transactions with related parties are determined based on mutual negotiations between the relevant parties.

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Members of key management and their close family member of the Group are also considered as related parties.

35 Related party transactions (continued)

(a) Names and relationships with related parties

Name of related party	Nature of relationship
Neusoft Group Co., Ltd. ("Neusoft Corporation")	The largest shareholder
Dalian Neusoft Holdings Co., Ltd. ("Neusoft Holdings")	Shareholder
PICC Property and Casualty Company Limited ("PICC P&C")	Shareholder
Neusoft Medical Systems Co., Ltd.	A company significant influenced by Neusoft Corporation
Neusoft Group (Beijing) Co. Ltd	Subsidiary of Neusoft Corporation
Neusoft Group (Shanghai) Co. Ltd	Subsidiary of Neusoft Corporation
Hebei Neusoft Software Co. Ltd	Subsidiary of Neusoft Corporation
Neusoft Group Chongqing Co. Ltd	Subsidiary of Neusoft Corporation
Shenzhen Neusoft Software Co. Ltd	Subsidiary of Neusoft Corporation
Neusoft Group Nanjing Co. Ltd	Subsidiary of Neusoft Corporation
Shenyang Neusoft System Integration Technology Co. Ltd	Subsidiary of Neusoft Corporation
Shenyang Neusoft Property Management Co. Ltd	Subsidiary of Neusoft Corporation
Shenyang Daily Digital Advertising Communication Co. Ltd	Subsidiary of Neusoft Corporation
Hunan Neusoft Software Co. Ltd	Subsidiary of Neusoft Corporation
Neusoft Group (Wuhan) Co., Ltd.	Subsidiary of Neusoft Corporation
Neusoft Group (Guangzhou) Co. Ltd	Subsidiary of Neusoft Corporation
Chengdu Neusoft System Integration Co. Ltd	Subsidiary of Neusoft Corporation
Neusoft Medical Industrial Park Development Co. Ltd	Subsidiary of Neusoft Corporation
Neusoft Group (Nanchang) Co. Ltd	Subsidiary of Neusoft Corporation
Xi'an Neusoft System Integration Co. Ltd	Subsidiary of Neusoft Corporation
Neusoft Group (Changchun) Co. Ltd	Subsidiary of Neusoft Corporation
Neusoft Hanfeng Medical Technology Co., Ltd	Subsidiary of Neusoft Corporation
Dalian Neusoft Zhixing Technology Co., Ltd.	Subsidiary of Neusoft Corporation
Hubei Neusoft Ruiyun Technology Co., Ltd	Subsidiary of Neusoft Corporation
Neusoft Group (Dalian) Co. Ltd	Subsidiary of Neusoft Corporation
Dalian Qixian Zhiyuan Technology Research Institute Co. Ltd	Subsidiary of Neusoft Corporation
Neusoft Group (Yantai) Co., Ltd.	Subsidiary of Neusoft Corporation
Shandong Neusoft System Integration Co. Ltd	Subsidiary of Neusoft Corporation
Shenyang Neusoft Intelligent Medical Technology Research Institute Co. Ltd	Subsidiary of Neusoft Corporation
Shenyang Neusoft Traffic Information Technology Co. Ltd	Subsidiary of Neusoft Corporation
Hangzhou Neusoft Software Co., Ltd.	Subsidiary of Neusoft Corporation
Living Space (Shanghai) Data Technology Service Co., Ltd	Subsidiary of Neusoft Corporation
Liaoning Boying Technology Co., Ltd.	Subsidiary of Neusoft Corporation
Neusoft Group (Hohhot) Co. Ltd	Subsidiary of Neusoft Corporation

35 Related party transactions (continued)

(a) Names and relationships with related parties (continued)

Name of related party	Nature of relationship
Tianjin Neusoft Software Co., Ltd.	Subsidiary of Neusoft Corporation
Neusoft Cloud Technology Co. Ltd	Subsidiary of Neusoft Corporation
Neusoft Cloud Technology (Shenyang) Co. Ltd	Subsidiary of Neusoft Corporation
Neusoft Group (Ningbo) Co., Ltd.	Subsidiary of Neusoft Corporation
Neusoft Digital Intelligence Health Information Technology Co., Ltd	Subsidiary of Neusoft Corporation
Guangzhou Neusoft Technology Business Incubator Co. Ltd	Subsidiary of Neusoft Corporation
Neusoft Group (Heilongjiang) Co., Ltd.	Subsidiary of Neusoft Corporation
Neusoft Group (Lanzhou) Co. Ltd	Subsidiary of Neusoft Corporation
Neusoft Group (Nanning) Co. Ltd	Subsidiary of Neusoft Corporation
Hubei Neusoft Ruiyun Technology Co., LTD (former name: Yichang Neusoft Ruiyun Education Technology Co. Ltd)	Subsidiary of Neusoft Corporation
Dandong Smart City Operation Co., Ltd	Subsidiary of Neusoft Corporation
Neusoft Group (Yichang) Co. Ltd	Subsidiary of Neusoft Corporation
Tianjin Binhai Digital Certification Co., Ltd	Subsidiary of Neusoft Corporation
Wuhan Neusoft System Integration Co. Ltd	Subsidiary of Neusoft Corporation
Neusoft Group (Shandong) Information Technology Co. Ltd	Subsidiary of Neusoft Corporation
Living Space (Shenyang) Data Technology Service Co., Ltd	Subsidiary of Neusoft Corporation
NEUSOFT JAPAN CO., LTD.	Subsidiary of Neusoft Corporation
Neusoft Group (Xuzhou) Co., Ltd.	Subsidiary of Neusoft Corporation
Chengdu Neusoft University	Subsidiary of Neusoft Holdings
Beijing Neusoft Yuetong Software Technology Co. Ltd	Subsidiary of Neusoft Holdings
Benxi Guanshan Lake Xikang Yunshe Co., Ltd	Subsidiary of Neusoft Holdings
Dalian Neusoft Industry Management Service Co. Ltd	Subsidiary of Neusoft Holdings
Dalian Neusoft Electronic Publishing House Co. Ltd	Subsidiary of Neusoft Holdings
Dalian Neusoft Software Personnel Training Center	Subsidiary of Neusoft Holdings
Dalian Neusoft University of Information	Subsidiary of Neusoft Holdings
Dalian Duaidi Human Resources Service Co., Ltd	Subsidiary of Neusoft Holdings
Dalian Ruidao Yibo Education Information Technology Co., Ltd	Subsidiary of Neusoft Holdings
Dalian High Tech Zone Neusoft Training School Co. Ltd	Subsidiary of Neusoft Holdings
Dalian Xikangyunshengkanglv Investment Management Co., LTD	Subsidiary of Neusoft Holdings
Dalian Xikang Yunshe Hotel Management Co., Ltd	Subsidiary of Neusoft Holdings
Dalian Yunguan Information Technology Co. Ltd	Subsidiary of Neusoft Holdings
Guangdong Neusoft University	Subsidiary of Neusoft Holdings
Guangzhou Neusoft Software Talent Vocational Training School	Subsidiary of Neusoft Holdings
Liaoning Neusoft Venture Capital Co. Ltd	Subsidiary of Neusoft Holdings
Qinhuangdao Neusoft University of Entrepreneurship	Subsidiary of Neusoft Holdings
Shanghai Yixun Dechi Education Technology Co., Ltd.	Subsidiary of Neusoft Holdings
Shenyang Neusoft Software Talent Training Center	Subsidiary of Neusoft Holdings
Chengdu Neusoft Information Technology Development Co. Ltd	Subsidiary of Neusoft Holdings
Hainan Yunshe Hotel Management Co., Ltd	Subsidiary of Neusoft Holdings

35 Related party transactions (continued)

(a) Names and relationships with related parties (continued)

Name of related party	Nature of relationship
Ruian Baoxian Jingji Co., Ltd. (i)	Subsidiary of Neusoft Holdings
Dalian Neusoft Holding Ruikang Medical Management Co., Ltd. (ii)	Subsidiary of Neusoft Holdings
PICC Life Insurance Co., Ltd.	Subsidiary of PICC P&C
PICC Health Insurance Co., Ltd.	Subsidiary of PICC P&C
Neusoft Wittmann Biological Technology (Shenyang) Co. Ltd	Subsidiary of Neusoft Medical
Shenyang Neusoft Medical System Import & Export Co. Ltd	Subsidiary of Neusoft Medical
Shenyang Neusoft Medical Imaging Diagnosis Center Co., Ltd.	Subsidiary of Neusoft Medical
Shanghai Neusoft Medical Technology Co., Ltd	Subsidiary of Neusoft Medical
Neusoft Medical Technology Co. Ltd	Subsidiary of Neusoft Medical
Shenyang Intelligent Nuclear Medical Technology Co., Ltd	Subsidiary of Neusoft Medical
Beijing Neusoft Medical Equipment Co. Ltd	Subsidiary of Neusoft Medical
Shanghai Neusoft Medical Equipment Co. Ltd	Subsidiary of Neusoft Medical
Shenyang Neusoft Zhirui Radiotherapy Technology Co. Ltd	Subsidiary of Neusoft Medical
Neusoft Wittmann Biological Technology (Nanjing) Co., Ltd	Subsidiary of Neusoft Medical
Shenyang Advanced Medical Equipment Technology Incubation Center Co. Ltd	Subsidiary of Neusoft Medical
Shenyang Neusoft Spectral Magnetic Resonance Technology Co. Ltd	Subsidiary of Neusoft Medical
Shenyang Neusoft Pestone Medical System Co. Ltd	Subsidiary of Neusoft Medical
Shenyang Neusoft System Integration Engineering Co. Ltd	Subsidiary of the directors of the Company
Shanghai Zhendun Technology Co., LTD	Subsidiary of the directors of the Company
Liaoning Jinhai Real Estate Development Group Co., Ltd. (hereinafter referred to as "Jinhai Group") (iii)	Parent of Shareholder in Associates
Dandong jinhai building business service Co., Ltd (iii)	Subsidiary of Jinhai Group
Neusoft Management Consulting (Shanghai) Co., Ltd.	Associates
Lanxi Health Management Group Co., Ltd. (former name: Hangzhou Lanxi Health Management Co., Ltd.)	Subsidiary of Associates
Hangzhou Lanxi Chengyuan Medical Outpatient Department Co. Ltd	Subsidiary of Associates
Hangzhou Lanxi Meiling Medical Outpatient Department Co., Ltd.	Subsidiary of Associates

(i) Ruian Baoxian Jingji Co., Ltd. was not controlled by Neusoft Holdings from 18 September 2023, and so it was not the Group's related party since then.

(ii) Dalian Neusoft Holding Ruikang Medical Management Co., Ltd. was not controlled by Neusoft Holdings from 31 May 2024, and so it was not the Group's related party since then.

(iii) Dandong Jindi Yingda Real Estate Development Co., Ltd was not the minority shareholder of the Group's subsidiary from 26 January 2024, and so Dandong jinhai building business service Co., Ltd. and Jinhai Group were not the Group's related party since then.

35 Related party transactions (continued)**(b) Significant transactions with related parties***(i) Purchases medical consumable and smart healthcare products*

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Neusoft Medical and its subsidiaries	582	653
Neusoft Corporation and its subsidiaries	–	348
	582	1,001

(ii) Purchases technical services, maintenance services and other services

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Neusoft Corporation and its subsidiaries	967	1,595
Neusoft Medical and its subsidiaries	869	993
	1,836	2,588

(iii) Purchases of fixed assets

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Neusoft Medical and its subsidiaries	–	1,363

(iv) Sales of medical services

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Neusoft Medical and its subsidiaries	3,791	4,765
Neusoft Corporation and its subsidiaries	–	3,945
Associates, its parents and its subsidiaries	–	9
	3,791	8,719

35 Related party transactions (continued)

(b) Significant transactions with related parties (continued)

(v) Sales of health management services

	Six months ended 30 June	
	2024	2023
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Neusoft Corporation and its subsidiaries	1,456	1,748
Neusoft Medical and its subsidiaries	159	193
Neusoft Holdings and its subsidiaries	131	264
PICC P&C and its subsidiaries	32	60
Associates, its parents and its subsidiaries	18	20
	1,796	2,285

(vi) Lease expenses and property service

	Six months ended 30 June	
	2024	2023
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Neusoft Corporation and its subsidiaries	453	605
Associates, its parents and its subsidiaries	–	326
	453	931

(vii) Acceptance of guarantees

	Six months ended 30 June	
	2024	2023
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Neusoft Holdings and its subsidiaries	360,051	–

35 Related party transactions (continued)**(c) Period/year ended balances with related parties**

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Amount due from related party – trade receivables		
Neusoft Corporation and its subsidiaries	4,466	8,518
Neusoft Medical and its subsidiaries	2,553	240
Neusoft Holdings and its subsidiaries	26	551
Associates, its parents and its subsidiaries	–	60
	7,045	9,369
Amount due from related party – contract assets		
Neusoft Corporation and its subsidiaries	894	909
Amount due from related party – other receivables		
Neusoft Corporation and its subsidiaries	864	806
Neusoft Medical and its subsidiaries	45	75
Associates, its parents and its subsidiaries	–	10
	909	891
Amount due from related party – prepayments		
Neusoft Corporation and its subsidiaries	909	84
Neusoft Medical and its subsidiaries	19	19
	928	103
Amount due to related party – trade payables		
Neusoft Corporation and its subsidiaries	17,083	18,306
Neusoft Medical and its subsidiaries	1,136	960
	18,219	19,266
Amount due to related party – other payables		
Neusoft Medical and its subsidiaries	5,876	6,894
Neusoft Corporation and its subsidiaries	–	111
Associates, its parents and its subsidiaries	–	565
	5,876	7,570

35 Related party transactions (continued)

(c) Period/year ended balances with related parties (continued)

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Amount due to related party – contract liabilities		
Neusoft Corporation and its subsidiaries	189	105
Neusoft Medical and its subsidiaries	67	68
PICC P&C and its subsidiaries	57	78
Neusoft Holdings and its subsidiaries	–	2
	313	253
Amount due from related party – right-of-use assets		
Associates, its parents and its subsidiaries	7,522	15,046
Neusoft Corporation and its subsidiaries	6,620	8,476
Neusoft Medical and its subsidiaries	109	182
	14,251	23,704
Amount due to related party – lease liabilities		
Associates, its parents and its subsidiaries	8,901	18,009
Neusoft Corporation and its subsidiaries	5,995	8,871
Neusoft Medical and its subsidiaries	209	270
	15,105	27,150

(d) Key management personnel compensation

Key management includes director and senior officers. The compensations paid or payable to key management for employee services are shown below:

	Six months ended 30 June 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Wages, salaries and bonuses	1,421	1,922
Pension costs – defined contribution plans	49	175
Other social security costs	22	102
Housing benefits	22	92
Share-based compensation	5,274	9,064
	6,788	11,355

36 Dividends

No dividend has been paid or declared by the Company or the companies now comprising the Group for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

37 Contingencies

As at 30 June 2024 and 31 December 2023, there were no significant contingencies for the Group and the Company.

38 Subsequent events

On 15 July 2024, 29,465,000 Share options were granted to certain 216 employees of the Group at a consideration of HK\$1.14 per share. Under the employee incentive plan, the 216 employees are granted options which only vest if certain service and performance conditions are met. The total expenses arising from the share options would be amounting to RMB14 million over the vesting period.

In this interim report, the following expressions have the meanings set out below unless the context requires otherwise.

"2016 RSU Scheme"	a restricted share unit scheme of the Company adopted in August 2016 for the benefit of its employees
"Alps Alpine"	Alps Alpine Co., Ltd., a company established in Japan whose shares are listed on the Tokyo Stock Exchange (stock code: 6770)
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Board" or "Board of Directors"	the board of Directors of our Company
"BVI"	the British Virgin Islands
"Company", "our Company", "We" or "the Company"	XIKANG CLOUD HOSPITAL HOLDINGS INC. (熙康雲醫院控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on May 12, 2011
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	director(s) of our Company
"Dongkong International Fifth"	Dongkong International Fifth Investment Inc., a company incorporated under the laws of the BVI on June 23, 2015, and a Shareholder of our Company wholly owned by Neusoft Holdings
"Dongkong International Seventh"	Dongkong International Seventh Investment Inc., a company incorporated under the laws of the BVI on June 23, 2015, and a Shareholder of our Company wholly owned by Neusoft Holdings
"Dr. Liu"	Dr. Liu Jiren (劉積仁), the chairperson of the Board and a non-executive Director of our Company
"First Care"	First Care (第一關愛), one of our Pre-IPO Investors, a company incorporated in the Cayman Islands
"Global Offering"	the Hong Kong public offering and the international offering as described in the prospectus

Definitions

“Group,” “our Group,” “the Group,” “we,” “us” or “our”	our Company, its subsidiaries and the consolidated affiliated entities controlled through contractual arrangements (or our Company and any one or more of its subsidiaries and the consolidated affiliated entities controlled through contractual arrangements, as the context may require)
“HK\$” or “HK dollars”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange” or “Stock Exchange”	the Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“KangRich”	KangRich Investments Limited, a company incorporated under the laws of BVI on July 8, 2015, and an employee shareholding platform and a Shareholder of our Company
“Kingset Ventures”	Kingset Ventures Limited, one of our Pre-IPO Investors, a company incorporated in the BVI
“Listing”	the listing of the Shares on the Main Board
“Listing Date”	September 28, 2023 on which the Shares are listed on the Hong Kong Stock Exchange and from which dealings in the Shares are permitted to commence on the Hong Kong Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
“Neusoft (HK)”	Neusoft (HK) Limited, a company incorporated under the laws of Hong Kong on August 25, 2000 and a Shareholder of our Company wholly-owned by Neusoft Corporation
“Neusoft Corporation”	Neusoft Corporation (東軟集團股份有限公司), a company incorporated under the laws of the PRC on June 17, 1991, which is listed on the Shanghai Stock Exchange (stock code: 600718) on June 18, 1996
“Neusoft Holdings”	Dalian Neusoft Holdings Co., Ltd. (大連東軟控股有限公司), a company incorporated under the laws of the PRC on November 15, 2011
“Noble Investment”	Noble Investment Holdings Limited, one of our Pre-IPO Investors, a company incorporated in the Cayman Islands

"PICC P&C"	PICC Property and Casualty Company Limited (中國人民財產保險股份有限公司), established in the PRC in July 2003, was listed on the Main Board of the Stock Exchange on November 6, 2003 (stock code: 02328), one of our Pre-IPO Investors and a connected person of our Company
"Post-IPO SOS"	the share option scheme adopted by our Company on May 28, 2021, as amended or otherwise modified from time to time, and detailed in "Other Information – Share Option Schemes – 2. Post-IPO SOS" in this interim report
"PRC" or "China"	the People's Republic of China. For the purposes of this document only and except where the context requires otherwise, excludes Hong Kong, Macau and Taiwan
"Pre-IPO Investor(s)"	Kingset Ventures, Noble Investment, Syn Invest, PICC P&C, Alps Alpine and First Care
"Pre-IPO SOS"	the share option scheme adopted by our Company on March 29, 2019, as amended or otherwise modified from time to time, and detailed in "OTHER INFORMATION – SHARE OPTION SCHEMES – 1. Pre-IPO SOS" in this interim report
"prospectus"	the prospectus of the Company dated September 18, 2023
"province"	a province or, where the context requires, a provincial level autonomous region or municipality, under the direct supervision of the central government of the PRC
"Reporting Period"	the six months ended June 30, 2024
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary shares in the share capital of our Company with a nominal value of US\$0.0002 each,
"Share Option Scheme(s)"	Pre-IPO SOS and/or Post-IPO SOS
"Shareholder(s)"	holder(s) of our Shares
"Smartwave"	Smartwave Holdings Inc., a company incorporated under the laws of BVI on March 15, 2011, and a Shareholder of our Company wholly-owned by Neusoft Holdings
"subsidiary(ies)"	has the meaning ascribed thereto in section 15 of the Companies Ordinance

Definitions

"Syn Invest"	Syn Invest Co. Ltd, one of our Pre-IPO Investors, a company established in the BVI
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"USD," "US\$" or "U.S. dollars"	United States dollars, the lawful currency of the United States