大健康
UNIVERSAL HEALTH

UNIVERSAL HEALTH INTERNATIONAL GROUP HOLDING LIMITED
大健康國際集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2211)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31 DECEMBER 2024

INTERIM RESULTS HIGHLIGHTS

		(Unaudited) Six months ended 31 December		
	Unit	**2024**	2023	Change
Revenue	*RMB million*	**441.2**	591.3	-25.4%
Gross profit	*RMB million*	**70.4**	96.2	-26.8%
Operating loss	*RMB million*	**(7.9)**	(21.0)	+13.1 RMB million
Loss for the period	*RMB million*	**(7.7)**	(20.9)	+13.2 RMB million
Adjusted EBITDA	*RMB million*	**(1.1)**	(13.9)	+12.8 RMB million
Basic loss per share	*RMB cents*	**(1.00)**	(3.14)	+2.14 RMB cents
Gross margin	%	**15.9**	16.3	-0.4 pp
Operating loss margin	%	**(1.8)**	(3.6)	+1.8 pp
Net loss margin	%	**(1.7)**	(3.5)	+1.8 pp

The board (the "**Board**") of directors (the "**Directors**") of Universal Health International Group Holding Limited (the "**Company**", together with its subsidiaries, the "**Group**") is pleased to announce the unaudited interim results of the Group for the six months ended 31 December 2024 (the "**Period**") together with the comparative figures for the corresponding period in 2023 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		(Unaudited) Six months ended 31 December	
		2024	2023
	Note	***RMB'000***	*RMB'000*
Revenue	*2*	**441,153**	591,339
Cost of sales	*4*	**(370,790)**	(495,157)
Gross profit		**70,363**	96,182
Selling and marketing expenses	*4*	**(59,984)**	(95,316)
Administrative expenses	*4*	**(18,649)**	(24,561)
Other income		**106**	1,638
Other gains – net		**231**	1,060
Operating loss		**(7,933)**	(20,997)
Finance income	*5*	**2,322**	365
Finance costs	*5*	**(615)**	(2,531)
Finance income (costs) – net	*5*	**1,707**	(2,166)
Share of post-tax results of an associate		**339**	662
Loss before income tax		**(5,887)**	(22,501)
Income tax (expense) credit	*6*	**(1,793)**	1,617
Loss for the period		**(7,680)**	(20,884)

	Note	(Unaudited) Six months ended 31 December 2024 RMB'000	2023 RMB'000
Other comprehensive (loss) income:			
Item that will not be reclassified to profit or loss:			
Fair value changes in equity instruments designated as at fair value through other comprehensive income		**(3,478)**	–
Item that is or may be reclassified to profit or loss in subsequent periods:			
Currency translation differences		**(1,301)**	1,762
Other comprehensive (loss) income for the period		**(4,779)**	1,762
Total comprehensive loss for the period		**(12,459)**	(19,122)
(Loss) Profit attributable to:			
– Owners of the Company		**(8,012)**	(20,929)
– Non-controlling interests		**332**	45
		(7,680)	(20,884)
Total comprehensive (loss) income attributable to:			
– Owners of the Company		**(12,791)**	(19,167)
– Non-controlling interests		**332**	45
		(12,459)	(19,122)
Loss per share attributable to owners of the Company for the period			
– Basic and diluted *(RMB cents)*	7	**(1.00)**	(3.14)

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	**(Unaudited) As at 31 December 2024** *RMB'000*	(Audited) As at 30 June 2024 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**185,055**	191,862
Right-of-use assets		**4,617**	4,684
Intangible assets		**–**	–
Investment in an associate		**–**	84,135
Equity instruments designated as at fair value through other comprehensive income		**10,529**	13,830
Biological assets		**94,339**	94,339
Deferred tax assets		**6,547**	8,305
Total non-current assets		**301,087**	397,155
Current assets			
Trade and other receivables	*9*	**78,591**	106,857
Income tax recoverable		**1,961**	2,324
Inventories		**106,058**	122,798
Restricted cash		**26,959**	27,380
Cash and cash equivalents		**50,706**	36,363
		264,275	295,722
Assets classified as held for sale	*11*	**40,694**	–
Total current assets		**304,969**	295,722
Total assets		**606,056**	692,877

	Note	(Unaudited) As at 31 December 2024 RMB'000	(Audited) As at 30 June 2024 RMB'000
EQUITY			
Equity attributable to owners of the Company			
Share capital		**53,102**	53,102
Reserves		**1,767,084**	1,771,863
Accumulated losses		**(1,480,259)**	(1,472,247)
		339,927	352,718
Non-controlling interests		**499**	167
Total equity		**340,426**	352,885
LIABILITIES			
Non-current liabilities			
Borrowings		**–**	40,300
Total non-current liabilities		**–**	40,300
Current liabilities			
Borrowings		**22,000**	30,300
Trade and other payables	*10*	**243,630**	269,392
Total current liabilities		**265,630**	299,692
Total liabilities		**265,630**	339,992
Total equity and liabilities		**606,056**	692,877

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

1.1 Basis of preparation

These condensed consolidated interim financial statements for the six months ended 31 December 2024 have been prepared in accordance with IAS 34, "**Interim Financial Reporting**" issued by International Accounting Standards Board ("**IASB**") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The preparation of these condensed consolidated interim financial statements for the six months ended 31 December 2024 in conformity with IAS 34 requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

These condensed consolidated interim financial statements for the six months ended 31 December 2024 include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 30 June 2024, and therefore, do not include all of the information required for full set of consolidated financial statements prepared in accordance with all applicable IFRS Accounting Standards issued by IASB. They shall be read in conjunction with the consolidated financial statements for the year ended 30 June 2024.

These condensed consolidated interim financial statements for the six months ended 31 December 2024 have been prepared on a historical cost convention, except for equity instruments designated as at fair value through other comprehensive income ("**FVOCI**") and biological assets which are measured at fair value.

1.2 Accounting policies

The accounting policies adopted in preparing these condensed consolidated interim financial statements for the six months ended 31 December 2024 are consistent with those in the preparation of the Group's consolidated financial statements for the year ended 30 June 2024, except for the adoption of the new/revised standard of IFRS which are relevant to the Group's operation and are effective for the Group's financial year beginning on 1 July 2024 as described below.

Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangement
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback

The adoption of these amendments does not have any significant impact on the condensed consolidated interim financial statements.

2. REVENUE

The Group has recognised the following amounts relating to revenue in profit or loss:

	(Unaudited) Six months ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers *(a)*	**441,153**	591,339

(a) Disaggregation of revenue

	(Unaudited) Six months ended 31 December 2024		
	Distributions	**Retails**	**Total**
	RMB'000	***RMB'000***	***RMB'000***
Major products			
Prescribed drugs	**52,613**	**31,669**	**84,282**
Non-prescribed drugs	**251,545**	**51,891**	**303,436**
Healthcare products	**38,011**	**17,518**	**55,529**
Other pharmaceutical products	**20,946**	**17,815**	**38,761**
	363,115	**118,893**	**482,008**
Eliminations	**(40,855)**	**–**	**(40,855)**
Revenue from external customers	**322,260**	**118,893**	**441,153**
Timing of revenue recognition:			
Products transferred at a point in time	**322,260**	**118,893**	**441,153**

	(Unaudited)		
	Six months ended 31 December 2023		
	Distributions	Retails	Total
	RMB'000	*RMB'000*	*RMB'000*
Major products			
Prescribed drugs	74,633	37,392	112,025
Non-prescribed drugs	336,723	93,190	429,913
Healthcare products	51,846	38,292	90,138
Other pharmaceutical products	25,436	3,113	28,549
	488,638	171,987	660,625
Eliminations	(69,286)	–	(69,286)
Revenue from external customers	419,352	171,987	591,339
Timing of revenue recognition:			
Products transferred at a point in time	419,352	171,987	591,339

3. SEGMENT INFORMATION

The Board is the Group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the Board for the purpose of allocating resources and assessing performance.

The Group is principally engaged in the distributions and retails of drugs and other pharmaceutical products in the northeastern region of the PRC.

Distributions, Retails and Others are presented to the Board to assess their performance and for making respective business decisions. Distributions, Retails and Others are considered to be three segments in accordance with IFRS 8 "**Operating Segment**". The "Others" segment mainly comprises investment companies.

The Group's principal market is the northeastern region of the PRC. The Group has a large number of customers, which are widely dispersed within the northeastern region of the PRC, no single customer accounted for more than 10% of the Group's total revenues for the six months ended 31 December 2024 and 2023.

Inter-segment sales are charged at cost or cost plus a percentage mark-up. The revenue from external customers and the costs, the total assets and the total liabilities are measured in a manner consistent with that of these condensed consolidated interim financial statements.

The Board assesses the performance of the operating segments based on a measure of adjusted loss before interests, tax, depreciation and amortisation ("**Adjusted EBITDA**"). The measurement basis of Adjusted EBITDA excludes the effect of share of post-tax results of an associate.

The segment information for the Period and as at 31 December 2024 is as follows:

	(Unaudited) Six months ended 31 December 2024			
	Distributions	**Retails**	**Others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue	**363,115**	**118,893**	**–**	**482,008**
Inter-segment revenue	**(40,855)**	**–**	**–**	**(40,855)**
Revenue from external customers	**322,260**	**118,893**	**–**	**441,153**
Adjusted EBITDA	**11,993**	**(12,800)**	**(291)**	**(1,098)**
Depreciation and amortisation	**(6,874)**	**–**	**–**	**(6,874)**
Gain on disposal of property, plant and equipment	**39**	**–**	**–**	**39**
Finance income	**246**	**35**	**2,041**	**2,322**
Finance costs	**(305)**	**(306)**	**(4)**	**(615)**
Share of post-tax results of an associate	**339**	**–**	**–**	**339**
Income tax expense	**(1,758)**	**(35)**	**–**	**(1,793)**
Profits (Loss) for the period	**3,680**	**(13,106)**	**1,746**	**(7,680)**

	(Unaudited) As at 31 December 2024			
	Distributions	**Retails**	**Others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total assets before eliminations	**1,291,808**	**372,257**	**1,390,976**	**3,055,041**
Inter-segment assets	**(794,418)**	**(275,612)**	**(1,378,955)**	**(2,448,985)**
Total assets	**497,390**	**96,645**	**12,021**	**606,056**
Total liabilities before eliminations	**983,765**	**837,907**	**5,087**	**1,826,759**
Inter-segment liabilities	**(798,168)**	**(760,327)**	**(2,634)**	**(1,561,129)**
Total liabilities	**185,597**	**77,580**	**2,453**	**265,630**
Assets classified as held for sale	**40,694**	**–**	**–**	**40,694**

The segment information for the six months ended 31 December 2023 and as at 30 June 2024 is as follows:

	(Unaudited) Six months ended 31 December 2023			
	Distributions *RMB'000*	Retails *RMB'000*	Others *RMB'000*	Total *RMB'000*
Segment revenue	488,638	171,987	–	660,625
Inter-segment revenue	(69,286)	–	–	(69,286)
Revenue from external customers	419,352	171,987	–	591,339
Adjusted EBITDA	22,511	(34,461)	(1,940)	(13,890)
Depreciation and amortisation	(7,107)	–	–	(7,107)
Finance income	218	146	1	365
Finance costs	(663)	(137)	(1,731)	(2,531)
Share of post-tax results of an associate	662	–	–	662
Income tax credit	1,617	–	–	1,617
Profits (Loss) for the period	17,238	(34,452)	(3,670)	(20,884)
Additions of non-current assets (excluding financial instrument and deferred tax assets)	10	–	–	10

	(Audited) As at 30 June 2024			
	Distributions *RMB'000*	Retails *RMB'000*	Others *RMB'000*	Total *RMB'000*
Total assets before eliminations	1,252,594	459,367	1,395,099	3,107,060
Inter-segment assets	(706,254)	(328,830)	(1,379,099)	(2,414,183)
Total assets	546,340	130,537	16,000	692,877
Total liabilities before eliminations	1,061,663	868,680	2,845	1,933,188
Inter-segment liabilities	(839,091)	(753,833)	(272)	(1,593,196)
Total liabilities	222,572	114,847	2,573	339,992
Investment in an associate	84,135	–	–	84,135

The amounts provided to the Board with respect to total assets are measured in a manner consistent with that of these condensed consolidated interim financial statements. These assets are allocated based on the operations of the segment and the physical location of the assets.

4. EXPENSES BY NATURE

	(Unaudited) Six months ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Costs of inventories sold	**369,614**	493,570
Employee benefit expenses	**38,802**	73,126
Lease payments on short-term leases	**19,056**	20,726
Transportation and related charges	**9,039**	13,286
Depreciation of property, plant and equipment	**6,807**	6,887
Other tax expenses	**2,170**	2,645
Office and communication expenses	**1,211**	1,597
Professional fees	**1,330**	1,313
Auditor's remuneration	**634**	676
Electricity and other utility fees	**390**	594
Advertising and other marketing expenses	**112**	226
Depreciation of right-of-use assets	**67**	220
Travelling and meeting expenses	**57**	125
Other expenses	**134**	43
Total	**449,423**	615,034

5. FINANCE INCOME AND COSTS

	(Unaudited) Six months ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Finance income		
Interest income	**271**	365
Exchange gains – net	**2,051**	–
	2,322	365
Finance costs		
Interest on lease liabilities	**–**	(22)
Interest on borrowings	**(533)**	(600)
Exchange losses – net	**–**	(1,763)
Other charges	**(82)**	(146)
	(615)	(2,531)
Finance income (costs) – net	**1,707**	(2,166)

6. INCOME TAX EXPENSES (CREDIT)

	(Unaudited) Six months ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
PRC enterprise income tax		
– Current income tax	**35**	–
Deferred income tax	**1,758**	(1,617)
Total income tax expense (credit)	**1,793**	(1,617)

Hong Kong profits tax has not been provided as there were no assessable profits subject to Hong Kong profits tax for the six months ended 31 December 2024 and 2023.

The subsidiaries of the Group in the PRC are subject to corporate income tax at a rate of 25% *(2023: 25%)* on its taxable income or deemed profit method as determined in accordance with the relevant PRC income tax rules and regulations.

7. LOSS PER SHARE

(a) Basic

Basic loss per share is calculated by dividing the loss for the Period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the Period.

	(Unaudited) Six months ended 31 December	
	2024	2023
Loss attributable to owners of the Company *(RMB'000)*	**(8,012)**	(20,929)
Weighted average number of ordinary shares in issue *(thousands)*	**801,060**	667,550
Basic loss per share *(RMB cents)*	**(1.00)**	(3.14)

(b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

As the effect of the assumed conversion of the potential ordinary shares from exercising the Company's share options is anti-dilutive, the basic loss per share for the periods are equal to diluted loss per share for the six months ended 31 December 2024 and 2023.

8. DIVIDEND

No interim dividend was declared for the six months ended 31 December 2024 and 2023.

9. TRADE AND OTHER RECEIVABLES

	(Unaudited) As at 31 December 2024 ***RMB'000***	(Audited) As at 30 June 2024 *RMB'000*
Trade receivables *(a)*	**69,480**	85,038
Prepayments	**5,773**	18,965
Other receivables	**3,338**	2,854
Total	**78,591**	106,857

The carrying amounts of trade and other receivables approximate their fair values.

(a) Retail sales at the Group's pharmacies are usually settled in cash or by debit or credit cards. For distribution sales, there is no concentration of credit risk with respect to trade receivables, as the majority of the Group's sales are settled upon delivery of goods. The ageing analysis based on recognition date of the trade receivables is as follows:

	(Unaudited) As at 31 December 2024 ***RMB'000***	(Audited) As at 30 June 2024 *RMB'000*
Up to 3 months	**68,357**	76,653
4 to 6 months	**348**	7,885
7 to 12 months	**775**	500
	69,480	85,038

10. TRADE AND OTHER PAYABLES

	(Unaudited) As at 31 December 2024 *RMB'000*	(Audited) As at 30 June 2024 *RMB'000*
Trade payables *(a)*	**188,339**	211,165
Notes payables *(b)*	**29,607**	31,028
Deposit received for disposal of an associate	**10,000**	–
Other payables	**15,684**	27,199
Total	**243,630**	269,392

(a) Details of ageing analysis based on recognition date of trade payables are as follows:

	(Unaudited) As at 31 December 2024 *RMB'000*	(Audited) As at 30 June 2024 *RMB'000*
Up to 3 months	**156,296**	162,590
4 to 6 months	**4,237**	8,644
7 to 12 months	**5,731**	11,645
1 to 2 years	**22,075**	28,286
	188,339	211,165

(b) As at 31 December 2024, the notes payables of RMB26,937,000 (as at 30 June 2024: RMB24,903,000) was secured by restricted cash of RMB26,959,000 (as at 30 June 2024: RMB27,380,000) and the remaining balance of RMB2,670,000 (as at 30 June 2024: RMB6,125,000) was secured by the buildings with carrying amount of RMB22,878,000 (as at 30 June 2024: RMB23,876,000). As at 31 December 2024 and 30 June 2024, the notes payables are expected to be settled within one year.

11. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 19 November 2024, the Group entered into an equity transfer agreement with an independent third party, to dispose of its 43.78% equity interests in an associate, namely Jilin Jintian Universal Health Group Capsules Limited, for a cash consideration of RMB43,000,000 (the "**Disposal**"). Details of the Disposal have been disclosed in the Company's announcement dated 19 November 2024 and the Company's circular dated 24 December 2024.

The investment in an associate was classified as assets held for sale in accordance with IFRS 5 "**Non-current Assets Held for Sale and Discontinued Operations**". The investment in an associate measured at the lower of carrying amount and fair value less costs to sell at the end of the reporting period.

As at the date of these condensed consolidated interim financial statements and up to the date of approving these condensed consolidated interim financial statements, the Disposal has not yet been completed.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

In 2024, the healthcare industry in China ushered in an important stage of development. With the accelerated aging of the population, strengthened health awareness of the public and supportive polices, the healthcare industry has become an important engine for economic development. The healthcare industry covers a series of healthcare areas from birth to death, such as healthy and smart elderly care, rehabilitation and physiotherapy, healthcare, and intelligent technology, which boasted an enormous vitality and potential in 2024. According to the forecast of Chinese Health Association, the market size of the healthcare industry is expected to reach RMB29.1 trillion by 2030.

In 2024, the Chinese government vigorously advanced the development of the healthcare industry by promulgating a series of supportive policies. These policies encompassed multiple aspects, including medical system reform, improvement of healthcare and elderly care services, as well as amelioration of public health standards. The government has intensified its endorsement for traditional Chinese medicine (TCM), facilitating its modernization and internationalization, while enhancing the role of TCM in prevention, treatment, and rehabilitation. Simultaneously, the government has strengthened its supervision over medical institutions, the healthcare products market and the environmental protection industry to safeguard both the quality and safety of products and services. For instance, the government's advocacy of centralized procurement policies for Chinese medicine decoction pieces and Chinese patent medicines not only helps to curtail the cost of drugs, but also guarantees the drug quality and the stability of supply. The centralized procurement of the In Vitro Diagnostic (IVD) alliance has also been included in the scope of national joint procurement of consumables, which has played an important role in expediting the substitution progress within domestic IVD market. The government has introduced a series of policies and regulations to bolster its supervision over the research and development, production, circulation and other links of drugs, so as to ensure the quality and safety of drugs.

Scientific and technological innovation is an important driving force for the development of the healthcare industry. In 2024, technologies such as artificial intelligence, big data, and the Internet of Things were widely applied in the medical and healthcare sector. For example, artificial intelligence technology has been applied to diseases diagnosis, personalized treatment and health management, which improves the efficiency and accuracy of diagnosis and treatment. Big data technology has been used to analyze and explore health data, which provides scientific basis for the formulation of public health policies. In addition, Internet of Things technology has been applied to smart elderly care and remote medical care to improve service quality and management efficiency. With the accelerated aging of the population and strengthened health awareness of the public, the market demand for healthcare industry has experienced continuous growth. The increasing demand for healthcare and elderly care services in an aging society has promoted the rapid development of the elderly care industry. At the same time, the public's continuously increased demand for health management and preventative medicine has promoted the growth of markets such as health check, healthcare products and health food. With the popularization of environmental protection and sustainable development concepts, the status and importance of the environmental protection industry in the healthcare industry have been enhanced.

The reform of the medical system formed an integral part of the development of the healthcare industry in 2024. The government facilitated joint procurement by medical institutions to reduce the cost of drugs and medical equipment, and alleviate patients' medical financial burdens. Meanwhile, informatization construction of medical institutions was promoted to improve the sharing and utilization of medical data, as well as the efficiency of diagnosis and treatment. In addition, by advancing the construction of the hierarchical diagnosis and treatment system, and optimizing the allocation of medical resources, the level of primary medical services witnessed an improvement. With a growing aging population, healthcare and elderly care services have become an important part of the healthcare industry. In 2024, the PRC accelerated the construction of the elderly care service system and improved the service quality and management level of elderly care institutions. At the same time, the quality of life of the elderly was enhanced through promoting the application of smart elderly care technology, such as using Internet of Things technology to achieve remote monitoring and health management of the elderly. In addition, community elderly care and home-based elderly care services were promoted to meet different elderly care needs.

Health management, as an important area of the industry, aims to improve public's health through health check, risk assessment and health intervention. In 2024, the PRC promoted the popularization and standardization construction of health management services, such as advancing the construction of health monitoring centers to provide professional health check services for timely detection and prevention of diseases. Meanwhile, it has boosted personalized health management services to improve the effectiveness of health management by formulating targeted health plans based on individuals' health conditions. Preventive medicine likewise plays an important role in the healthcare industry, aiming to reduce the occurrence and spread of diseases through preventive measures. The PRC increased its investment in and support for preventive medicine in 2024, such as prevention of outbreak of infectious diseases by promoting vaccine research and development and vaccination. At the same time, it has promoted health education and health promotion activities to enhance the effectiveness of health management.

As the public's health awareness increases, the demand for nutritious and healthy foods also continues to grow. In 2024, China's healthcare products market further expanded in size, and the variety and quality of products continued to improve, such as promoting the research and development and application of TCM healthcare products to give full play to the unique advantages of TCM in health care and wellness. At the same time, China strengthened its supervision over the healthcare products market, cracked down on false advertising and non-compliance, so as to protect the rights and interests of consumers and improve the standardization of the healthcare products market.

Overall, driven by supportive policies, scientific and technological innovation and market demand, China's healthcare industry showed a robust development momentum in 2024. In the future, China's healthcare industry will improve product quality and service levels through scientific and technological innovation and industrial upgrading, and enhance the international competitiveness of China's healthcare industry through international cooperation and technology exchanges.

BUSINESS REVIEW

During the Period, with a view to maintaining the momentum of the first half of 2024, the Group continued aiming at and focusing on the pharmaceutical healthcare field, and has been actively promoting the development of traditional physical retail chain stores and distribution network while facing more intensive competition. Meanwhile, after taking into account the impact of industry development trends, the Group has been making deployment of "Direct to Patient (DTP)" pharmacies and exploring new business model.

As public awareness of self-management of health increased, public demand for medicine consumption rose, which drove the continuous growth in relevant domestic industries during the Period. The Group was committed to strengthening business training for employees of retail chain stores and upgrading their job skills to provide medicine sales services to local people, actively organize the supply of goods and equip people with needed medicines and equipment. In some areas, telephone ordering for home delivery of medicine and/or mobile internet reservation for products had been carried out in order to maintain business continuity and form a complementary online and offline operation model.

Chain Retail Business

During the Period, the Group held various promotion activities so as to enhancing the Group's presence in the regions and competitiveness of chain retail business. The Group has been actively exploring digital transformation and has built the foundation for network development. In the meantime, the Group has strengthened its Online-to-Offline (O2O) platform, increased the online orders and formed an online and offline interactive operation system. In addition, the Group has also continued to explore and establish "DTP pharmacies" to better serve the public's health while improving the flexibility of the Group's operating mechanism and increasing profit growth points. As at the end of the Period, the Group had a total of 182 chain stores. The Group recorded sales revenue for retail business of RMB118.9 million for the Period (2023: RMB172.0 million) representing a period-on-period decrease of 30.9%.

Nationwide Distribution Business

As at 31 December 2024, the Group had 952 distributors and 3 large-scale distribution logistics centers. During the Period, despite that the Group had made appropriate promotion in its distribution system, and continued to optimise screening and maintaining of high-quality customers, the Group's distribution business recorded a period-to-period decrease of 23.1% in sales revenue from RMB419.3 million for the six-month ended 31 December 2023 to RMB322.3 million for the Period.

Direct-supply and Sales Model

The Group's direct-supply model effectively addressed the issue of traditional heavily overlapped sales process, as well as simplified the supply chain to improve sales efficiency and profitability and provided a higher profit margin from the high-margin products of the Group. Meanwhile, the Group advanced marketing model to accord with the "Two Invoices System" carried out by the PRC government so as to reducing the effect of the policy change on the Group. During the Period, the Group's management took all necessary actions to safeguard the direct supply of branded products, and its direct-supply model of these branded products covered most provinces in China.

Branded Products Operation

The Group continued to maintain the operational pattern of the original branded products and adjusted the brand structure according to actual operational requirements to eliminate certain inappropriate products and add new products, so as to maintaining the competitiveness of the original branded products, whilst increasing the presence of new branded products. During the Period, a net decrease of 112 branded products was recorded. Hence, there were total 426 branded products in operation as at the end of the Period.

Intelligent Warehouse Construction

The Group has set up 3 large-scale distribution logistics centers in Shijiazhuang, Harbin and Jiamusi respectively, and has established a high-quality distribution system across the whole country covering the northeastern region of the PRC. During the Period, continuously leveraging on Warehouse Management Software System, an intelligent sorting software system, the Group's labour productivity had further improved. At the same time, the Group has also improved the work environment.

Brand Image Promotion

With traditional advantages in continuous brand promotion and marketing, the Group strengthened its presence and competitiveness, and mitigated the further decline in operating performance. During the Period, promotional and marketing activities were launched for product brands and enterprise brands by continuously leveraging on the internet, WeChat and live platform. In addition, the Group participated in the public charity and carried out activities of promoting health information for free with a view to enhancing the reputation of the Group and fulfilling its corporate social responsibilities.

Institute School Training

According to the characteristics of new era, new economy, new technology and new retail, the Group continued to optimise the training activities of the institute and made best use of the business institute on the Group's business development, talent nurturing and public welfare promotion. Moreover, the Group took the advantage of its lead in establishing business institute in the industry, strengthened its cohesion as well as enhanced and transformed the mode of thinking of employees in response to the transformation and upgrade of the Company's business. During the Period, 10 online video and offline internal trainings in total had been held by the Company.

Membership Service

During the Period, the Group had provided follow-up services and promotion benefits for approximately 1.18 million offline members (corresponding period in 2023: 1.20 million), and provided online and offline health knowledge, product knowledge and other dissemination services, enhancing the sense of affiliation and positivity of members while boosting their loyalty, and thus promoting a healthy image of the Group. Meanwhile, the Group had provided social value-added services in various aspects such as the supply of public toilets, cold shelters and lost children service centres; and continued to launch the public welfare activities, such as "Love China", with a view to building up its positive corporate image.

Industry Alliance

During the Period, the Company had proactively participated in the alliance activities. Mr. Chu Chuanfu (the "**Chairman**"), the chairman of the Board, and Mr. Jin Dongkun, the vice chairman of the Board, had attended such activities on behalf of the Group the tours and forums organized by the alliance to seize the theme of era development, keep abreast of the industry information, promote development of branded products, strengthen the Company's interaction, exchange with industry alliance and constantly enhance the Group's presence. Meanwhile, leveraging on the China's national strategic guidance of "Healthy China (健康中國)", "Beautiful China (美麗中國)", "Belt and Road (一帶一路)", "Guangdong-Hong Kong- Macao Greater Bay Area (粵港澳大灣區)" and "Hainan Free Trade Port (海南自由貿易港)", the Company gathered industry experience and focused on technological innovation to seek further transformation and upgrade of the Group's business.

FINANCIAL REVIEW

For the Period, the Group recorded overall revenue of RMB441.2 million, representing a decrease of 25.4% as compared with RMB591.3 million for the corresponding period in 2023. Loss attributable to owners of the Company for the Period was RMB8.0 million, while loss attributable to owners of the Company was RMB20.9 million for the corresponding period in 2023. Loss per share for the Period was RMB1.00 cents (for the six months ended 31 December 2023: RMB3.14 cents). The decrease in loss attributable to owners of the Company was mainly due to the continuous improvement of operating efficiency through implementing measures to tighten cost control over various operating expenses in order to enhance its profitability and to improve cash flow from its operations in future. During the Period, the Group closed a number of loss-making retail stores to minimise operating loss.

Revenue

For the Period, the Group recorded overall revenue of RMB441.2 million, representing a decrease of RMB150.1 million or 25.4% as compared with RMB591.3 million for the corresponding period in 2023. The decrease in revenue was mainly due to the reduction in the number of retail pharmacies and the decline in the number of active customers within the nationwide distribution network.

Analysis of revenue by business segment

	Revenue (RMB million) Six months ended 31 December			**Percentage (%) of total revenue Six months ended 31 December**		
	2024	2023	Change (%)	**2024**	2023	Change
Retails	**118.9**	172.0	-30.9	**26.9**	29.1	-2.2 pp
Distributions	**322.3**	419.3	-23.1	**73.1**	70.9	+2.2 pp
	441.2	591.3		**100.0**	100.0	

Retail Business Segment

As at 31 December 2024, the Group had 182 retail pharmacies in total (2023: 222), of which 155 located in Heilongjiang Province (2023: 160), 26 in Liaoning Province (2023: 61) and 1 self-operated retail pharmacy in Hong Kong (2023: 1).

Distribution Business Segment

The Group adopted a prudent approach in running the distribution business and took appropriate actions to mitigate credit risks by strengthening the credit management of sales and minimising trade receivables in order to lower the risk of bad debts.

As at 31 December 2024, the Group had a nationwide distribution network covering approximately 952 active customers (2023: 1,244), among which approximately 694 were pharmaceutical retailers, hospitals and clinics (2023: 867) and approximately 258 were distributors (2023: 377).

Gross profit

Gross profit of the Group for the Period was RMB70.4 million, representing a decrease of RMB25.8 million or 26.8% as compared with RMB96.2 million for the corresponding period in 2023. The gross profit margin remained relatively stable at 15.9% for the Period compared to 16.3% for the corresponding period in 2023.

Analysis of gross profit by business segment

	Gross profit (RMB million) Six months ended 31 December			Gross margin (%) Six months ended 31 December		
	2024	2023	Change (%)	**2024**	2023	Change
Retails	**34.0**	47.5	-28.4	**28.6**	27.6	+1.0 pp
Distributions	**36.4**	48.7	-25.3	**11.3**	11.6	-0.3 pp
	70.4	96.2				

Selling and marketing expenses

Selling and marketing expenses for the Period was RMB60.0 million, representing a decrease of RMB35.3 million or 37.0% as compared with RMB95.3 million for the corresponding period in 2023 and accounting for 13.6% of the Group's revenue (for the six months ended 31 December 2023: 16.1%). The decrease in selling and marketing expenses was mainly due to the decrease in employee benefit expenses.

Administrative expenses

Administrative expenses for the Period was RMB18.6 million, representing a decrease of RMB6.0 million or 24.4% as compared with RMB24.6 million for the corresponding period in 2023 and accounting for 4.2% of the Group's revenue (for the six months ended 31 December 2023: 4.2%). The decrease in administrative expenses was mainly due to the decrease in employee benefit expenses.

Finance income (costs) – net

Net finance income for the Period was RMB1.7 million (for the six months ended 31 December 2023: net finance costs of RMB2.2 million). The net finance income as against the net finance costs was mainly due to the increase in exchange gains.

Income tax (expense) credit

Income tax expense for the Period was RMB1.8 million, while an income tax credit of RMB1.6 million was recorded for the six months ended 31 December 2023. The effective income tax rate for the Period was 30.5% (for the six months ended 31 December 2023: -7.2%).

LIQUIDITY AND CAPITAL RESOURCES

The Company's treasury function formulated financial risk management procedures, which are also subject to periodic review by the senior management of the Company.

This treasury function operates as a centralized service for managing financial risks, including interest rate and foreign exchange rate risks, reallocating surplus financial resources within the Group, procuring cost-efficient funding and targeting yield enhancement opportunities. The treasury function regularly and closely monitors its overall cash and debt positions, proactively reviews its funding costs and maturity profiles to facilitate timely refinancing, if appropriate.

As at 31 December 2024, the Group's unpledged cash and cash equivalents were RMB50.7 million in aggregate (as at 30 June 2024: RMB36.4 million), and the Group's net current assets were RMB39.3 million (as at 30 June 2024: net current liabilities were RMB4.0 million).

During the Period, net cash flows from operating activities amounted to RMB8.7 million (for the six months ended 31 December 2023: net cash flows used in operating activities amounted to RMB9.5 million).

During the Period, the Group had not recorded any capital expenditure (for the six months ended 31 December 2023: RMB10,000).

Having considered the cash flow from operating activities and existing financial gearing, the management believes that the Group would replenish liquidity on a timely basis to fund its day-to-day operations, capital expenditures and prospective business development projects. The Board will continuously and closely monitor the Group's liquidity position and financial performance and implement measures to improve the Group's cash flows.

The Group mainly operates in the PRC with most of its transactions denominated and settled in Renminbi. The Group's currency risk arises from certain bank deposits that are denominated in Hong Kong dollars and United States dollars. As at 31 December 2024, the Group had RMB50.7 million in cash and bank balances of which the equivalent of RMB1.0 million was denominated in Hong Kong dollars and United States dollars.

The Group did not use financial instruments for financial hedging purpose during the Period.

CAPITAL STRUCTURE

As at 31 December 2024, the Company had a total of 801,059,558 shares in issue.

As at 31 December 2024, the Group had total borrowings from banks carrying an interest rate ranging from 4.45% to 4.85% per annum in the sum of RMB22.0 million (as at 30 June 2024: total borrowings from an associate and banks carrying an interest rate ranging from 3% to 12.56% per annum in the sum of RMB70.6 million).

The gearing ratio of the Group as at 31 December 2024, calculated as net debt divided by sum of total equity and net debt, was N/A (as at 30 June 2024: 9.7%).

CONTINGENT LIABILITIES AND PLEDGE OF ASSETS

As at 31 December 2024, the Group had no significant contingent liabilities (as at 30 June 2024: Nil).

As at 31 December 2024, the notes payables of RMB26.9 million (as at 30 June 2024: RMB24.9 million) was secured by restricted cash of RMB27.0 million (as at 30 June 2024: RMB27.4 million) and the remaining notes payables of RMB2.7 million (as at 30 June 2024: RMB6.1 million) was secured by the buildings of the Group with carrying amount of RMB22.9 million (as at 30 June 2024: RMB23.9 million). The borrowing of RMB22.0 million (as at 30 June 2024: RMB30.0 million) was secured by the buildings of the Group with carrying amounts of RMB158.1 million (as at 30 June 2024: RMB163.7 million).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDARIES AND ASSOCIATES

On 19 November 2024, the Group entered into an equity transfer agreement with an independent third party to dispose of its 43.78% equity interest in an associate, namely Jilin Jintian Universal Health Group Capsules Limited for a cash consideration of RMB43.0 million. As at the date of this announcement, the Disposal has not yet been completed. For details of the Disposal, please refer to note 11 to the condensed consolidated interim financial statement in this announcement and the circular of the Company dated 24 December 2024.

HUMAN RESOURCES

The Group recognizes our employees as the key element that contributes to the Group's success. As at 31 December 2024, the Group had 1,198 (2023: 1,617) full-time employees in Hong Kong and China with total employee benefit expenses amounted to RMB38.8 million for the Period (2023: RMB73.1 million). Employees are paid according to their positions, performance, experience and prevailing market practices, and are provided with management and professional training. The Group has implemented a number of initiatives to enhance the productivity of its employees. In particular, the Group performs periodic performance reviews on most of the employees, and their compensation is tied to their performance. Further, the Group's compensation structure is designed to incentivize its employees to perform well by linking a portion of their compensation to their performance and the overall performance of the Group. The performance-based compensation partly depends on the employee's job function and seniority. Employees in Hong Kong are provided with retirement benefits under the Mandatory Provident Fund scheme, as well as life insurance and medical insurance. Employees in the PRC are provided with basic social insurance and housing fund in compliance with the requirements of the laws of China. Meanwhile, the Group endeavours to provide its employees with a safe workplace and structured training programs.

ENVIRONMENTAL, GOVERNANCE AND SOCIAL RESPONSIBILITY

The Group understands that it is important to maintain good relationship with its employees, business partners, suppliers, customers, shareholders, investors and bankers as well as the community to achieve its long-term business growth and sustainable development. The management of the Group reviews the policy implementation, monitors and measures progress, and ensures that the established goals are effectively achieved in terms of environment, working environment, operation management and community participation/social welfare, etc., in response to the national “carbon neutrality” strategy and global green and sustainable development demands.

FUTURE PLAN

The Group will continue concentrating on universal health and focusing on the pharmaceutical industry in accordance with its strategic plan. With a view to stabilizing and optimizing the existing retail chain network and distribution system, it will continue exploring the structural transformation and digital upgrading of the “supply-side” reform focusing on the development of the following areas:

Firstly, “Specialization+” strategy is adopted to strengthen the service professionalism and improve the Company’s operation quality. Taking licensed pharmacists as the core and leveraging on the advantages of the business institute, the Group aims to train employees of the new era, and improve the level of pharmacy services for the public from the aspects of corporate culture, pharmaceutical knowledge, service skills, new marketing methods, or introducing famous doctors. Meanwhile, taking advantage of industry trends, the Group increases efforts in the expansion of “DTP pharmacies” in a timely manner, as a way to win customers and develop markets with professionalism, and to shape professional brands in retail chain pharmacies and distribution field.

Secondly, “Platform+” strategy is adopted to expand the value-added service items of stores to meet the growing demand of consumers. With the change in living environment, people pay more attention to health, resulting in increasing demand for prevention and treatment. The Group will adopt new technological methods according to the new situation, or introducing resources in the field of universal health in the form of partners, to enhance the service capabilities of terminal stores and open up areas such as appearance economy, chronic diseases control of elderly and control of home-living health, adapt to the market needs in the new situation.

Thirdly, “Internet+” strategy is adopted to strengthen the linking capability of internet to physical stores, and promote online and offline connectivity and integration. According to the development trend of technology and the internet, the Group will make full use of the new situation of the popularization of mobile internet terminals, including development of applets, use of short videos and live commerce, moments promotion, group development and bonding members, to develop a network for physical stores, and cooperate with several third party e-commerce platforms to explore a new marketing ecosystem integrating “new business, new retail and new technology”, and build a dynamic and leading competitiveness.

Therefore, by leveraging the network layout advantages of traditional industries and grafting the new economic model and carrying out changes in franchise methods, the Group will make efforts to facilitate the optimization and digital transformation of the Group's operation structure, and make plans for a new development cycle with the wing of new engine for the Company, so as to maintain the Group as one of the industrial leaders in terms of the main pharmaceutical business and operation channel innovation.

INTERIM DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the Period (2023: Nil).

CORPORATE GOVERNANCE

The Company had complied with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") contained in Appendix C1 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") throughout the Period except for a deviation from code provision C.2.1 of the CG Code. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. During the Period, despite that the responsibilities of the chairman and the chief executive officer of the Company vested in Mr. Chu Chuanfu (the Chairman, the chief executive officer and the chief operation officer), all major decisions are made in consultation with the Board. The Board considers that there is sufficient balance of power and the current corporate arrangement maintains a strong management position of the Company.

Save for the above, the Company had complied with all code provisions as set out in the CG Code throughout the Period and, where appropriate, the applicable recommended best practices of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiries with all the Directors, each of the Directors has confirmed that he/she had complied with the required standards as set out in the Model Code throughout the Period.

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

During the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

REVIEW OF THE INTERIM RESULTS BY AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") is comprised of three independent non-executive Directors, namely Mr. Zou Haiyan (Chairman of the Audit Committee), Mr. Cheng Sheung Hing and Ms. Chiang Su Hui Susie. The main duties of the Audit Committee are to examine, review and monitor the financial reporting procedures and financial reporting, risk management and internal control systems of the Company. The Audit Committee has reviewed the unaudited interim results of the Group for the Period.

PUBLICATION OF THE INTERIM RESULTS AND 2024/25 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim results announcement is published on the websites of the Stock Exchange and the Company, and the 2024/25 interim report containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and published on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.uhighl.com) in due course.

By order of the Board
Universal Health International Group Holding Limited
Chu Chuanfu
Chairman

Hong Kong, 25 February 2025

As at the date of this announcement, the Board comprises three executive directors, namely Mr. Chu Chuanfu, Mr. Jin Dongkun and Mr. Zhao Zehua and three independent non-executive directors, namely Mr. Cheng Sheung Hing, Ms. Chiang Su Hui Susie and Mr. Zou Haiyan.