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AK MEDICAL HOLDINGS LIMITED

愛康醫療控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1789)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

FINANCIAL HIGHLIGHTS

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

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

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2025 – unaudited

(Expressed in Renminbi (“RMB”))

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*at 30 June 2025 – unaudited**(Expressed in RMB)*

	<i>Note</i>	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Non-current assets			
Property, plant and equipment	6	702,746	683,616
Intangible assets		81,430	83,338
Goodwill		113,411	113,411
Deferred tax assets		69,343	70,677
Time deposits		10,179	206,301
		<u>977,109</u>	<u>1,157,343</u>
Current assets			
Inventories		460,051	488,668
Trade receivables	7	520,662	494,820
Bills receivable	7	78,338	81,858
Deposits, prepayments and other receivables		82,126	80,517
Other financial assets		759,617	615,235
Time deposits		306,639	64,784
Cash and cash equivalents		375,064	352,173
		<u>2,582,497</u>	<u>2,178,055</u>
Current liabilities			
Trade payables	8	106,599	122,100
Bills payable		66,579	30,001
Contract liabilities		77,257	102,905
Accruals and other payables		325,491	244,040
Bank loans	9	136,094	60,447
Lease liabilities		5,959	12,123
Current taxation		19,062	24,800
		<u>737,041</u>	<u>596,416</u>
Net current assets		<u>1,845,456</u>	<u>1,581,639</u>
Total assets less current liabilities		<u>2,822,565</u>	<u>2,738,982</u>

	<i>Note</i>	At 30 June 2025 RMB'000	At 31 December 2024 RMB'000
Non-current liabilities			
Deferred income		19,563	19,641
Other payables		7,650	5,800
Lease liabilities		6,243	9,152
Bank loans	9	5,692	17,667
Deferred tax liabilities		51,950	48,536
		<u>91,098</u>	<u>100,796</u>
NET ASSETS		<u>2,731,467</u>	<u>2,638,186</u>
Capital and reserves			
Share capital	10(a)	9,515	9,515
Reserves		2,721,952	2,628,671
		<u>2,731,467</u>	<u>2,638,186</u>
Total equity attributable to equity shareholders of the Company		<u>2,731,467</u>	<u>2,638,186</u>
TOTAL EQUITY		<u>2,731,467</u>	<u>2,638,186</u>

NOTES TO THE UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB'000 unless otherwise indicated)

1 BASIS OF PREPARATION

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

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2024 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2025 annual financial statements. Details of any changes in accounting policies are set out in note 2.

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

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

This interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants.

2 CHANGES IN ACCOUNTING POLICIES

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

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

3 REVENUE AND SEGMENT INFORMATION

(a) Revenue

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

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

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

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

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

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

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

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

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

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

The measure used for reportable segment profit is “reportable segment profit before taxation”.

(c) Reconciliations of reportable segment profit or loss

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

4 INCOME TAX

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

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

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

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

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

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

5 EARNINGS PER SHARE

(a) Basic earnings per share

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

(b) Diluted earnings per share

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

6 PROPERTY, PLANT AND EQUIPMENT

(a) Right-of-use assets

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

(b) Acquisitions of owned assets

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

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

7 BILLS RECEIVABLE/TRADE RECEIVABLES

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

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

Ageing analysis

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

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

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

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

8 TRADE PAYABLES

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

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

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

9 BANK LOANS

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

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

10 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

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

(b) Dividends

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW AND OUTLOOK

Overview

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

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

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

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

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

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

Business of Hip and Knee Implants

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

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

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

Spinal and Trauma Implants Business

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

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

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

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

Digital Orthopedics Customized Products and Services

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

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

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

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

Overseas Business

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

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

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

Research and Development

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

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

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

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

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

Sales and Marketing

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

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

Conventional Joints and Spine Business Promotion

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

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

Digital Orthopedics Capacity Building Project

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

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

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

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

Health Silk Road International Exchange Program

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

Production and Manufacturing

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

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

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

Prospect

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

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

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

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

Dual-brand strategy to expand overseas markets

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

Digital industrial park to support digital orthopedics construction and accelerate commercialization

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

FINANCIAL REVIEW

Overview

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

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

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

Revenue

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

Notes:

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

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

Hip and Knee Replacement Implant Products

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

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

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

Spinal and Trauma Implant Products

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

Digital Orthopedics Customized Products and Services

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

Domestic and Overseas Sales

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

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

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

Cost of Sales

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

Gross Profit and Gross Margin

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

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

Other Income, Net

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

Selling and Distribution Expenses

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

General and Administrative Expenses

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

Research and Development Expenses

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

Net Finance Income

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

Income Tax Expenses

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

Liquidity and Financial Resources

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

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

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

Net Current Assets

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

Foreign Exchange Exposure

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

Capital Expenditure

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

Charge of Assets/Pledge of Assets

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

Borrowings and Gearing Ratio

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

Contingent Liabilities

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

Significant Investments

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

Material Acquisitions and Disposals

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

Future Plans for Material Investments and Capital Assets

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

Employee and Remuneration Policy

As at 30 June 2025, the Group had 1,003 employees (31 December 2024: 954 employees). Total staff remuneration expenses including Directors' remuneration for the six months ended 30 June 2025 amounted to approximately RMB131.8 million (for the six months ended 30 June 2024: approximately RMB123.2 million). The increase in staff remuneration expenses was mainly due to an increase in the number of employees.

Remuneration is determined with reference to performance, skills, qualifications and experience of the employees concerned and in accordance with the prevailing industry practice. In addition to salary payments, other staff benefits include social insurance and housing provident fund provided by the Group, performance-based compensation as well as bonus and share option schemes.

Subsequent Events

No material event affecting the Group has occurred since 30 June 2025 and up to the date of this announcement.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), if any) during the six months ended 30 June 2025. As of 30 June 2025, there were no such treasury shares held by the Company.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by Directors. Specific enquiries were made to all the Directors and the Directors confirmed that they had fully complied with the Model Code for transactions in the Group’s securities throughout the six months ended 30 June 2025.

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

REVIEW BY THE AUDIT COMMITTEE

The Group’s interim results for the six months ended 30 June 2025 have been reviewed by all members of the Audit Committee. Based on such review, the Audit Committee was satisfied that the Group’s unaudited interim results were prepared in accordance with applicable accounting standards. The Audit Committee does not have any disagreement with the accounting treatment adopted by the Company.

The interim financial results are unaudited but derived from the interim financial report reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants.

INDEPENDENT REVIEW BY AUDITORS

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

INTERIM DIVIDEND

The Board did not recommend to declare any interim dividend for the six months ended 30 June 2025 (for the six months ended 30 June 2024: Nil).

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement has been published on the websites of HKEXnews operated by Hong Kong Exchanges and Clearing Limited (<https://www.hkexnews.hk>) and the Company (<https://www.ak-medical.net>), respectively. The interim report of the Company for the six months ended 30 June 2025 containing all the information required by the Listing Rules will be despatched to shareholders of the Company (if requested) and will be published on the aforementioned websites in accordance with the Listing Rules in due course.

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

Hong Kong, 27 August 2025

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