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Kaisa Health Group Holdings Limited
佳兆業健康集團控股有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 876)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2025

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

For the six months ended 30 June 2025

		Six months ended 30 June	
		2025	2024
		(Unaudited)	(Unaudited)
	<i>Notes</i>	HK\$'000	HK\$'000
Revenue	3	69,577	88,516
Cost of sales		(44,383)	(50,664)
Gross profit		25,194	37,852
Other income, gains and losses, net		792	2,571
Selling and distribution costs		(21,760)	(23,920)
Administrative expenses		(14,729)	(19,631)
Gain (loss) from change in fair value of financial assets at fair value through profit or loss (“ Financial assets at FVTPL ”)		8,979	(12,028)
Reversal of impairment loss on trade receivables, net		197	990
Reversal of impairment loss on amount due from a former director of the Company		–	539
Research and development expenses		(7,779)	(8,584)
Finance costs		(228)	(409)
Loss before income tax	4	(9,334)	(22,620)
Income tax credit (expense)	5	49	(1,644)

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
<i>Notes</i>	HK\$'000	HK\$'000
Loss for the period	(9,285)	(24,264)
Other comprehensive income (expense)		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	13,707	(9,981)
Reclassification of exchange differences upon deregistration of subsidiary	—	(2)
Other comprehensive income (expense) for the period	13,707	(9,983)
Total comprehensive income (expense) for the period	4,422	(34,247)
Loss for the period attributable to:		
— Owners of the Company	(9,125)	(24,264)
— Non-controlling interest	(160)	—
	(9,285)	(24,264)
Total comprehensive income (expense) for the period attributable to:		
— Owners of the Company	4,747	(34,261)
— Non-controlling interests	(325)	14
	4,422	(34,247)
	HK cents	HK cents
Loss per share		
Basic and diluted	(0.18)	(0.48)

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		12,733	12,726
Right-of-use assets		10,802	9,268
Intangible assets		2,750	3,073
Goodwill		20,217	20,217
Financial assets at FVTPL	8	162,229	160,261
		208,731	205,545
Current assets			
Inventories		15,638	13,381
Trade and other receivables	9	140,842	148,177
Amounts due from fellow subsidiaries	10	911	881
Bank balances and cash		146,949	149,609
		304,340	312,048
Current liabilities			
Trade and other payables	11	55,122	64,773
Lease liabilities		3,970	4,206
Amounts due to fellow subsidiaries	10	1,115	1,078
Amount due to ultimate holding company	10	288	216
Taxation payable		13,682	13,755
		74,177	84,028
Net current assets		230,163	228,020
Total assets less current liabilities		438,894	433,565

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Non-current liabilities		
Lease liabilities	7,399	6,443
Deferred tax liabilities	582	631
	<u>7,981</u>	<u>7,074</u>
Net assets	<u>430,913</u>	<u>426,491</u>
Equity		
Share capital	6,303	6,303
Reserves	429,597	424,850
	<u>435,900</u>	<u>431,153</u>
Equity attributable to owners of the Company		
Non-controlling interests	(4,987)	(4,662)
	<u>430,913</u>	<u>426,491</u>
Total equity	<u>430,913</u>	<u>426,491</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2025

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

1.1 Basis of preparation

These condensed consolidated interim financial statements for the six months ended 30 June 2025 have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. These unaudited condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2024.

1.2 Principal accounting policies

The unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values, as appropriate.

Except for the application of amended Hong Kong Financial Reporting Standards (“HKFRSs”) as described in note 2 and the adoption of new accounting policies noted below, the accounting policies and methods of computation used in the condensed consolidated interim financial statements for the six months ended 30 June 2025 are the same as those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2024.

2. APPLICATION OF AMENDMENTS TO HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2025 for the preparation of the Group’s condensed interim consolidated financial statements:

Amendment to HKAS 21	Lack of Exchangeability
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The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated interim financial statements.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the amount received and receivable for goods sold and services provided by the Group to outside customers, less discounts, returns and value added tax or other sales taxes.

For the six months ended 30 June 2025, the Group's operating activities are attributable to two operating segments focusing on the operation of (i) manufacturing of and trading in the dental business (“**Dental business**”); and (ii) providing service for sport rehabilitation, including postoperative rehabilitation, sport injury rehabilitation, chronic pain, scoliosis, deformity correction and other rehabilitation services (“**Health care business**”).

3.1 Segment revenue and results

For the six months ended 30 June 2025 (Unaudited)

	Dental business HK\$'000	Health care business HK\$'000	Total HK\$'000
REVENUE			
Revenue from external customers	66,433	3,144	69,577
RESULTS			
Segment (loss) profit before depreciation and amortisation	(12,030)	2,538	(9,492)
Depreciation			
— Property, plant and equipment	(2,720)	(569)	(3,289)
— Right-of-use assets	(1,731)	(1,042)	(2,773)
Amortisation of intangible assets	(177)	(170)	(347)
Segment operating (loss) profit	(16,658)	757	(15,901)
Reversal of impairment loss on trade receivables	197	–	197
Gain from change in fair value of financial assets at FVTPL	–	8,979	8,979
Segment (loss) profit before income tax	(16,461)	9,736	(6,725)
Unallocated income			–
Unallocated expenses			(2,609)
Loss before income tax			(9,334)

For the six months ended 30 June 2024 (Unaudited)

	Dental business HK\$'000	Health care business HK\$'000	Total HK\$'000
REVENUE			
Revenue from external customers	85,888	2,628	88,516
RESULTS			
Segment profit before depreciation and amortisation	1,894	1,589	3,483
Depreciation			
— Property, plant and equipment	(3,026)	(1,030)	(4,056)
— Right-of-use assets	(1,677)	(1,645)	(3,322)
Amortisation of intangible assets	(177)	(166)	(343)
Segment operating loss	(2,986)	(1,252)	(4,238)
Reversal of impairment loss on trade receivables	990	—	990
Loss from change in fair value of financial assets at FVTPL	—	(12,028)	(12,028)
Segment loss before income tax	(1,996)	(13,280)	(15,276)
Reversal of impairment loss on amount due from a former director of the Company			539
Unallocated income			13
Unallocated expenses			(7,896)
Loss before income tax			(22,620)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/loss represents the profit/loss earned/incurred by each segment without allocation of central administration costs, other income, gains and losses and reversal of impairment loss on amount due from a former director of the Company. This is the information reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

3.2 Segment assets and liabilities

As at 30 June 2025 (Unaudited)

	Dental business <i>HK\$'000</i>	Health care business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment assets	271,757	240,166	511,923
Unallocated assets			<u>1,148</u>
Total assets			<u><u>513,071</u></u>
Reportable segment liabilities	(55,560)	(10,881)	(66,441)
Taxation payable			(13,682)
Deferred tax liabilities			(582)
Unallocated liabilities			<u>(1,453)</u>
Total liabilities			<u><u>(82,158)</u></u>

As at 31 December 2024 (Audited)

	Dental business <i>HK\$'000</i>	Health care business <i>HK\$'000</i>	Total <i>HK\$'000</i>
Reportable segment assets	304,044	211,758	515,802
Unallocated assets			<u>1,791</u>
Total assets			<u><u>517,593</u></u>
Reportable segment liabilities	(56,837)	(17,858)	(74,695)
Taxation payable			(13,755)
Deferred tax liabilities			(631)
Unallocated liabilities			<u>(2,021)</u>
Total liabilities			<u><u>(91,102)</u></u>

3.3 Geographical information

The Group's operations are mainly situated in the People's Republic of China (the "PRC") (excluding Hong Kong), over 90% of the Group's revenue for external customers are located in the PRC (excluding Hong Kong).

The following table provides an analysis of the Group's non-current assets by geographical location of assets.

	Non-current assets	
	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
PRC (excluding Hong Kong)	24,106	22,679
Others	22,396	22,605
	46,502	45,284

Note: Non-current assets include goodwill, property, plant and equipment, right-of-use assets and intangible assets.

3.4 Information about major customers

No individual customer contributing over 10% of the Group's total revenue during the corresponding periods.

4. LOSS BEFORE INCOME TAX

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss before income tax has been arrived at after charging (crediting):		
Amortisation of intangible assets	347	343
Depreciation:		
— Property, plant and equipment	3,289	4,056
— Right-of-use assets	2,773	3,322
Short-term leases with lease term less than 12 months	877	1,646
Research and development expenses	7,779	8,584
Finance charges on lease liabilities	228	409
Bank interest income	(746)	(1,090)
Dividend income (included in other income, gains and losses, net)	(201)	(666)
Net foreign exchange gain (included in other income, gains and losses, net)	485	(153)
	<u>485</u>	<u>(153)</u>

5. INCOME TAX (CREDIT) EXPENSE

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax:		
Hong Kong Profits Tax	—	—
PRC Enterprise Income Tax	—	1,558
	<hr/>	<hr/>
	—	1,558
Deferred tax (credit) expense	(49)	86
	<hr/>	<hr/>
	(49)	1,644
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Overseas income tax

Pursuant to the rules and regulations of Bermuda and the British Virgin Island the Group is not subject to any income tax under these jurisdictions for both years.

Hong Kong Profit tax

Under Hong Kong two-tiered profits tax rates regime, the first HK\$2 million of profits of qualifying corporations and tax at 8.25% and profit above HK\$2 million are taxed at 16.5%. No Hong Kong Profits Tax has been provided as the Group did not have any assessable profits during the six months ended 30 June 2025 and 2024.

PRC Enterprise Income Tax

The provision for PRC Enterprise Income Tax (“EIT”) is based on the estimated taxable income for PRC taxation purpose at the rate of taxation applicable for both periods.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%. A subsidiary of the Group was accredited as a “High and New Technology Enterprise” in the PRC with effect from 9 November 2018, and was registered with the local tax authority to be eligible to a concessionary tax rate of 15% for three tax years from 2024 to 2026.

According to a policy promulgated by the State Tax Bureau of the PRC, effective from September 2019 onwards, enterprises engage in research and development activities are entitled to claim 175% of the research and development expenses incurred in a year as tax deductible expenses in determining taxable profits for that period (“Super Deduction”). A subsidiary is eligible to such Super Deduction in ascertaining its tax assessable profit for the six months ended 30 June 2025 and 2024.

6. DIVIDENDS

No dividends were paid, declared or proposed during the six months ended 30 June 2025 and 2024, nor has any dividend been proposed since the end of the reporting periods.

7. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss for the period attributable to owners of the Company	(9,125)	(24,264)
Number of shares		
Weighted average number of ordinary shares in issue during the period	5,042,139,374	5,042,139,374

The diluted loss per share for the six months ended 30 June 2025 and 2024 does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price for shares.

Therefore, the diluted loss per share is the same as basic loss per share for the six months ended 30 June 2025 and 2024.

8. FINANCIAL ASSETS AT FVTPL

		30 June 2025 (Unaudited) Note HK\$'000	31 December 2024 (Audited) HK\$'000
Investment in Financial assets at FVTPL:			
<i>Limited partnership interests</i>			
– Zhuhai Partnership	(a)	119,451	116,919
– Haoyi Partnership	(b)	42,778	43,342
		<u>162,229</u>	<u>160,261</u>

The directors of the Company consider that neither the Group has the practical ability to direct the relevant activities of two limited partnership entities unilaterally nor has the power to exercise significant influence over these limited partnership entities and further, the Company intends to hold these investments for long term strategic purposes and thus, these two limited partnership entities are accounted for as financial assets at FVTPL.

Notes:

(a) Zhuhai Partnership

The amount represents 5.51% equity interest in 珠海金鎰銘股權投資基金合夥企業(有限合伙) (Zhuhai Jinyiming Equity Investment Fund Partnership (L.P.), “**Zhuhai Partnership**”) which was owned by 深圳達逸臻科技有限公司 (Shenzhen Dayizhen Technology Co., Ltd., “**Shenzhen Dayizhen**”) which was 100% owned by 深圳盈都科技有限公司 (Shenzhen Yingdou Technology Co., Ltd., “**Shenzhen Yingdou**”). Zhuhai Partnership has investment focuses in equity and equity related securities in the information technology, high-quality medical and health industries. Pursuant to the applicable PRC laws and regulations, investments in medical or healthcare businesses should be subjected to a sino-foreign joint venture structure, with the Chinese party holding not less than 30% equity interests in it.

On 20 July 2021, 21 July 2021 and 31 August 2021, the Group and Shenzhen Yingdou entered into three transfer agreements respectively. Pursuant to these agreements, Shenzhen Yingdou had transferred of an aggregate of 5.51% limited partnership interest in Zhuhai Partnership to the Group, at a consideration of RMB180,000,000 (equivalent to HK\$220,410,000) through certain contractual arrangements.

As the Group is regarded as a foreign investor, the Group and Shenzhen Yingdou have entered into certain contractual arrangements (the “**Contractual Arrangements**”) to execute the transfer.

Under the Contractual Arrangements, the cooperation agreements and the variable interest entity agreements (including the exclusive consulting and service provision agreement, the exclusive option agreement, the power of attorney, the equity pledge agreement and the loan agreement) have been entered into by the Group, Shenzhen Yingdou and 深圳達逸臻科技有限公司 (Shenzhen Dayizhen Technology Co., Ltd., “**Shenzhen Dayizhen**”), a special purpose vehicle established by Shenzhen Yingdou, which enable the Group to:

- exercise effective financial and operational control over Shenzhen Dayizhen;
- exercise equity holder’s voting right of Shenzhen Dayizhen;
- receive substantially all of the economic interest returns generated by Shenzhen Dayizhen in consideration for the business support, technical and consulting services provided by the Group;
- obtain an irrevocable and exclusive right to purchase all or part of equity interest in and/or assets of Shenzhen Dayizhen from its owner at a minimum purchase price permitted under the PRC laws and regulations;
- obtain a pledge over the entire equity interest of Shenzhen Dayizhen from its owner as collateral security for all of Shenzhen Dayizhen’s payments due to the Group and to secure performance of Shenzhen Dayizhen’s obligations under the Contractual Arrangements.

The details of the Contractual Arrangements were set out in the Company’s announcements dated 31 January 2022 and 3 March 2022 respectively.

Though the Group does not have any equity interest in Shenzhen Dayizhen. However, as a result of the Contractual Arrangements, the directors of the Company consider that the Group has power over Shenzhen Dayizhen and has rights to variable returns from its involvement with Shenzhen Dayizhen and has the ability to affect those returns through its power over Shenzhen Dayizhen. After assessment, the directors concluded that the terms of the Contractual Arrangements have in substance to enable the Group has control over Shenzhen Dayizhen as a result of the Contractual Arrangements and other measures and accordingly, the Company regards Shenzhen Dayizhen as a consolidated structured entity of the Group under HKFRSs. The Group has consolidated the financial information of Shenzhen Dayizhen in the Group’s consolidated financial statements since year 2021.

Nevertheless, the Contractual Arrangements may not be as effective as direct legal ownership in providing the Group with direct control over Shenzhen Dayizhen and uncertainties presented by the PRC legal system could impede the Group’s beneficiary rights of the results, assets and liabilities of Shenzhen Dayizhen. In the opinion of the directors of the Company, based on the advice of its legal counsel, the Contractual Arrangements are in compliance with the existing PRC laws and regulations are valid, binding and legally enforceable, and do not result in any violation of PRC laws or regulations currently in effect in all material respects.

(b) Haoyi Partnership

As at 30 June 2025 and 31 December 2024, the Group has equity interests in a limited partnership, namely Haoyi of which its business is focusing on health care business in the PRC.

During the year ended 31 December 2023, the Group entered into a sale and purchase agreement with an independent third party to dispose some of its equity interests in Haoyi, of which the disposal was completed during the year ended 31 December 2023. Upon the completion of the disposal, the Group has become just a limited partner in investment in Haoyi with no control, joint control or significant influence over the relevant activities of Haoyi and its subsidiaries. The purchaser who has been appointed as the general partner of the limited partnership has the power to direct the relevant activities of Haoyi and its subsidiaries. In addition, since there is no representative on the board of directors or equivalent governing body of the investee, the Group has not participated in operating and financing activities. Accordingly, Haoyi and its subsidiaries ceased to be the subsidiaries of the Group after the disposal and have been classified as financial assets at FVTPL.

Details of movement is set out below:

	2025 (Unaudited) HK\$'000	2024 (Audited) HK\$'000
As at 1 January	160,261	193,114
Change in fair value recognised in profit or loss	8,979	(9,772)
Changes in investment cost	(12,477)	(17,690)
Exchange realignment	5,466	(5,391)
	<hr/>	<hr/>
As at 30 June/31 December	162,229	160,261
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9. TRADE AND OTHER RECEIVABLES

		30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
	<i>Notes</i>		
Trade receivables	(a)	99,395	112,573
Less: Impairments		(1,217)	(1,372)
		98,178	111,201
Other receivable relating to for acquisition of land use right	(b)	21,935	21,202
Other receivables		42,918	39,981
Prepayments		2,882	3,014
Other deposits		4,923	1,771
Other receivables, prepayments and deposits		72,658	65,968
Less: Impairments	(c)	(29,994)	(28,992)
		42,664	36,976
		140,842	148,177

Notes:

(a) Trade receivables

The following is an aged analysis of trade receivables, net of impairment, presented based on invoice date (also approximates to revenue recognition date), at the end of the reporting period:

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
0 – 90 days	23,604	57,282
91 – 180 days	42,358	27,105
181 – 365 days	19,706	20,003
Over 1 year	12,510	6,811
	98,178	111,201

Payment terms with customers are mainly on credit. Invoices are normally payable within 30 to 90 days after issuance, except for certain well-established customers, where the terms are extended to 360 days.

The movements in the impairment of trade receivables are as follows:

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Trade receivables		
As at 1 January	1,372	2,413
Recognised during the year	269	1,098
Reversed during the year	(466)	(2,081)
Exchange realignment	42	(58)
	<u>1,217</u>	<u>1,372</u>
As at 31 December	<u>1,217</u>	<u>1,372</u>

(b) Other receivables, prepayments and deposits

As at 31 December 2024 included in the Group's other receivables, prepayments and deposits, an amount of HK\$21,202,000 represented deposits paid for an acquisition of land use rights pursuant to the Original Cooperation Agreement and the Supplementary Cooperation Agreement entered into by the Group, Shanghai Jiaxu Health Services Co., Ltd.* (上海佳煦健康服務有限公司), ("Shanghai Jiaxu").

Pursuant to the Original Cooperation Agreement and Supplementary Cooperation Agreement, the Group is committed to contribute RMB167,000,000 (equivalent to approximately HK\$201,000,000) which comprises contribution of RMB120,000,000 (equivalent to approximately HK\$144,000,000) to be the registered capital to Shanghai Jiading Health Services Co., Ltd.* (上海嘉定健康服務有限公司), and shareholder's loan of RMB47,000,000 (equivalent to approximately HK\$57,000,000) to engage in a project for rural revitalization, construction and development in the Fuhu Village.

The Original Cooperation Agreement and the Supplementary Cooperation Agreement were terminated during the year ended 31 December 2023 which expected by the management to be fully refunded to the Group in 2024. However, the counterparty did not settle the amount in 2024 and up to the date when the consolidated financial statements were authorised for issue. The amount of RMB20,000,000 was fully impaired during the year ended 31 December 2024.

- (c) The movements in the impairment of other receivables are as follows:

	2025 (Unaudited) HK\$'000	2024 (Audited) HK\$'000
Other receivables		
As at 1 January	28,992	7,817
Recognised during the year	–	21,893
Exchange realignment	1,002	(718)
	<u>29,994</u>	<u>28,992</u>
As at 30 June/31 December	<u>29,994</u>	<u>28,992</u>

- (d) Others

The directors of the Company consider that the fair values of trade and other receivables which are expected to be recorded within one year are not materially different from their carrying amounts because these balances have short maturity periods on their inception.

10. AMOUNTS DUE FROM/TO FELLOW SUBSIDIARIES/ULTIMATE HOLDING COMPANY

The amounts are unsecured, interest-free and repayable on demand. In respect of the amounts due from the fellow subsidiaries, the directors of the Company are in the view that there have been no significant increase in credit risk nor default because the amounts were insignificant.

11. TRADE AND OTHER PAYABLES

		30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
	<i>Notes</i>		
Trade payables	(a)	9,495	5,552
Receipts in advance		18,326	25,058
Other payables	(b)	13,763	20,688
Accrued charges	(c)	9,619	10,485
Contract liabilities	(d)	3,919	2,990
		<u>55,122</u>	<u>64,773</u>

Notes:

(a) Trade payables

The following is an aged analysis of trade payables, presented based on the invoice date at the end of the reporting period.

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
0 – 90 days	7,741	5,179
91 – 180 days	1,389	295
Over 180 days	365	78
	9,495	5,552

The average credit period on purchases of goods is 90 days (31 December 2024: 90 days).

(b) Other payables

The amounts mainly include value added tax and other tax payables in the PRC.

(c) Accrued charges

The amounts mainly included staff salaries and allowances, contributions to defined contribution retirement schemes and consultancy fee for dental and health care projects.

(d) Contract liabilities

The amounts represent prepayments received from medical services under the Health Care Business segment. When the Group receives a prepayment before the commencement of medical services, this will give rise to a contract liability at the inception of a contract until the revenue recognised on the service could cover the amount of the deposit. The contract liabilities represent receipts in advance for the medical services and are expected to be recognised as revenue within one year.

The movements in the contract liabilities are as follows:

	2025 (Unaudited) HK\$'000	2024 (Audited) HK\$'000
As at 1 January	2,990	2,536
Additions	4,073	6,772
Revenue recognised for the year	<u>(3,144)</u>	<u>(6,318)</u>
As at 30 June/31 December	<u>3,919</u>	<u>2,990</u>

(e) Others

All amounts are short-term and hence the carrying values of the Group's trade and other payables are considered to be a reasonable approximation of fair value.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Highlights

For the six months ended 30 June 2025 (the “**Period**”), the Company and its subsidiaries (together the “**Group**”) recorded revenue of approximately HK\$69.6 million, representing a decrease of approximately 21.4% from approximately HK\$88.5 million for the corresponding period in 2024, with gross profit margin decreased to approximately 36.2% (six months ended 30 June 2024: approximately 42.8%). The loss attributable to the owners of the Company was approximately HK\$9.1 million compared to loss attributable to the owners of the Company of approximately HK\$24.3 million for the corresponding period in 2024. The basic and diluted loss per share for the Period were both HK0.18 cents per share; and the basic and diluted loss per share for the corresponding period in 2024 were both HK0.48 cents per share.

Interim Dividend

The board of Directors (the “**Board**”) did not recommend the payment of an interim dividend for the Period (six months ended 30 June 2024: Nil).

Business Review

Dental Business

The Group has engaged in the dental business, including the sales (both overseas and domestic) and production of dental prosthetics, including crowns and bridges, removable full and partial dentures, implants and full-cast restorations. The high-tech digital dental aesthetic brand developed and promoted by the Group integrated the philosophy of minimally invasive aesthetic dental prosthetic restoration and cutting-edge 3D printing technology with international recognition, promoted invisible dental brace, cosmetic dentistry and teeth whitening and veneer, providing efficient one-stop dental prosthetic restoration solutions. Revenue from the Dental Business was approximately HK\$66.4 million as of 30 June 2025, representing a decrease of approximately HK\$19.5 million compared to a revenue of approximately HK\$85.9 million for the six months ended 30 June 2024.

The Group always adheres to the dental aesthetics and prosthetics restoration philosophy of “using minimally invasive surgery with no harm to teeth” in its research and development, in order to relieve the pain patients suffer during the treatment and improve their appearance. A series of digital dental prosthetic products including Mega Veneer (美加貼面) XS, Mega 3D Simulation Zirconium (美加3D模擬銼), Mega YiQi Clear Aligner (美加易齊透明矯正器) and removable prosthetic devices launched under the “Mega” brand in 2019 gained wide recognition among foreign technicians and dentists. In order to provide products and services more quickly and more efficiently, we plan to establish regional manufacturing centres in Shanghai, Chengdu and other locations during the year to reduce logistics costs and provide better services to local customers.

Investment in research and know-hows is always a focus in the Group's business. As of 30 June 2025, research and development expense amounted to approximately HK\$7.8 million (for the six months ended 30 June 2024: approximately HK\$8.6 million), reflecting the management's determination and vision to invest in the future technologies in the dental business. On the other hand, as of 30 June 2025, government grants in relation to research and development technologies amounted to approximately HK\$0.4 million (for the six months ended 30 June 2024: approximately HK\$0.7 million).

The Group has continued to expand its team at the Sino-US Implant R&D Centre. The Chengdu factory has completed renovations and equipment installation and is preparing to apply for implant production certification. The US factory has added new production equipment. In the first half of 2025, due to the impact of collective procurement and the on-going intense competition in the industry, the results performance of the implants operation has been under pressure. However, there was a significant increase in the number of clinical institutions using the implants, and during the first half of the year, the Group's implants were used in more dental chain groups in Shandong and Shanghai.

Health Care Business

As of June 2025, Hejia Rehabilitation Clinic has fully met the Healthcare Security Bureau of Shenzhen Municipality's periodic performance evaluation requirements for designated medical insurance institutions and has successfully entered into a renewal agreement. Across the city, 2% to 5% of institutions lost their medical insurance designation due to failing to meet evaluation standards. Hejia Rehabilitation Clinic expanded its team in the first half of the year, resulting in a 15% year-on-year increase in operating revenue.

Operating Results and Financial Review

Revenue

The revenue for the Period amounted to approximately HK\$69.6 million (six months ended 30 June 2024: approximately HK\$88.5 million). The decrease was mainly due to the decrease in the average selling price of dental products due to the on-going adverse impact of the PRC government's policy (centralised procurement prices) include, among others, setting price ceilings for dental products sold in the country.

Gross Profit and Gross Profit Margin

Gross profit for the Period amounted to approximately HK\$25.2 million (six months ended 30 June 2024: approximately HK\$37.9 million). Gross profit margin for the Period was approximately 36.2% (six months ended 30 June 2024: approximately 42.8%). The gross profit margin decreased mainly due to the decrease in average selling price during the Period.

Financial assets at fair value through profit or loss

Zhuhai Partnership

On 20 July 2021, 21 July 2021 and 31 August 2021, 和晟健康科技(海口)有限公司 (Hesheng Health Technologies (Haikou) Co., Ltd.*) (formerly known as 佳兆業健康科技(海口)有限公司 (Kaisa Health Technologies (Haikou) Co., Ltd.*)), an indirect wholly owned subsidiary of the Company which engaged in investment holding business and 深圳盈都科技有限公司 (Shenzhen Yingdou Technology Co., Ltd.)* entered into the transfer agreements in relation to the transfer of an aggregate of 165,289,256.2 units, representing 5.51% limited partnership interests, in 珠海金鎰銘股權投資基金合夥企業 (有限合夥) (Zhuhai Jinyiming Equity Investment Fund Partnership (L.P.))* (the “**Zhuhai Partnership**”) at an investment cost of RMB180,000,000 through certain contractual arrangements. The Zhuhai Partnership investment focuses on investing in equity and equity related securities in the information technology, high-quality medical and health industries. Further details were set out in the Company's announcements dated 31 January 2022 and 3 March 2022.

* For identification purpose only

Haoyi Partnership

On 4 May 2023, the Group entered into a sale and purchase agreement to dispose of its 0.1% equity interest for each in Haoyi Healthcare Services (Shenzhen) Partnership (Limited Partnership)* (浩易康養服務(深圳)合夥企業(有限合夥)) (“**Haoyi Partnership**”) and Guanghao Health Consulting Services (Zhuhai) Co., Ltd.* (光浩健康諮詢服務(珠海市)有限公司 (“**Guanghao**”) at the cash consideration of RMB100,000 (equivalent to approximately HK\$110,000). Upon completion of the transaction on 12 June 2023, the Group ceased to be the general partner of the Haoyi Partnership which has the power to direct the relevant activities of the Haoyi Partnership and its subsidiaries, resulting from the Group losing control over the Haoyi Partnership and its subsidiaries. The Group remains 99.9% limited partnership interests in Haoyi Partnership which holds 99.9% equity interest in Guanghao. The Haoyi Partnership invested in the Zhuhai Shili Lianjiang Projects through Guanghao and its subsidiaries. The Group’s remaining limited partnership interests to the Haoyi Partnership and its subsidiaries have been classified as financial assets at FVTPL. Further details were set out in the Company’s announcement dated 4 May 2023.

As at 30 June 2025, the fair value of financial assets at fair value through profit or loss was approximately HK\$162.2 million (31 December 2024: approximately HK\$160.3 million), representing approximately 31.6% of the total assets of the Group. The increase in the financial assets at fair value through profit or loss of approximately 1.2% compared with 31 December 2024 was mainly due to the increase in the valuation of underlying equity and equity related securities invested by Zhuhai Partnership. The fair value profit on these financial assets at fair value through profit or loss was approximately HK\$9.0 million during the Period (six months ended 30 June 2024: loss of approximately HK\$12.0 million).

The following table summarizes the information regarding the Group’s significant investments classified as financial assets at fair value through profit or loss as at 30 June 2025:

Investee	Principal businesses of the underlying investments	Interest held as at 30 June 2025	Cost of investment as at 30 June 2025 HK\$ million	Fair value as at 30 June 2025 HK\$ million	Percentage of fair value relative to total assets	Fair value profit/(loss) during the six months ended 30 June 2025 HK\$ million
Zhuhai Jinyiming Equity Investment Fund Partnership (L.P.)* (珠海金鑑銘股權投資基金合夥企業(有限合夥))	Equity and equity related securities in the information technology, high-quality medical and health industries	5.51% limited partnership interests	165.0	119.4	23.3%	11.0
Haoyi Healthcare Services (Shenzhen) Partnership (Limited Partnership)* (浩易康養服務(深圳)合夥企業(有限合夥))	Zhuhai Shili Lianjiang Projects	99.9% limited partnership interests	48.7	42.8	8.3%	(2.0)
Total				162.2		9.0

* For identification purpose only

The management will quarterly review the performance of partnership investments to determine the investment approach.

Significant Investments, Material Acquisitions and Disposals

Save as disclosed in this announcement, the Group had not made any significant investments or material acquisitions and disposals of subsidiaries, associates or joint ventures during the Period.

Bank Balance and Cash

The Group had a solid cash position for the Period under review, with bank balances and cash amounting to approximately HK\$146.9 million as at 30 June 2025 (31 December 2024: approximately HK\$149.6 million).

Capital Expenditure and Capital Commitments

During the Period, the Group invested approximately HK\$9.3 million (six months ended 30 June 2024: approximately HK\$2.1 million), mainly on right-of-use assets and production equipment. As at 30 June 2025, the Group had no capital expenditure commitment (31 December 2024: Nil).

Contingent Liabilities

The Group had no contingent liabilities as at 30 June 2025 (31 December 2024: Nil).

Charge on the Group's Assets

As at 30 June 2025, there was no pledge of assets of the Group for banking facilities (31 December 2024: Nil).

Treasury Policy

The Group's sales were principally denominated in Renminbi and US dollars, while purchases were transacted mainly in US dollars and Renminbi. The currencies held under cash and cash equivalents were mainly US dollars, Renminbi and Hong Kong dollars.

The fluctuation of Hong Kong dollars and other currencies did not materially affect the costs and operations of the Group for the Period and the Directors do not foresee significant risk in exchange rate fluctuation currently. The Group has not entered into any financial instruments for hedging purposes. However, the Group will closely monitor its overall foreign exchange exposures and interest rate exposures, and consider hedging against the exposures should the need arise.

Liquidity, Capital Structure and Financial Resources

Equity attributable to owners of the Company as at 30 June 2025 amounted to approximately HK\$435.9 million (31 December 2024: approximately HK\$431.2 million).

As at 30 June 2025, the net current assets of the Group amounted to approximately HK\$230.2 million (31 December 2024: approximately HK\$228.0 million). The current and quick ratio was 4.10 and 3.89 respectively (31 December 2024: 3.71 and 3.55 respectively).

As at 30 June 2025, indebtedness of the Group including amount due to ultimate holding company of approximately HK\$0.3 million (31 December 2024: approximately HK\$0.2 million) and amounts due to fellow subsidiaries of approximately HK\$1.1 million (31 December 2024: approximately HK\$1.1 million) which are unsecured, interest-free and repayable on demand.

As at 30 June 2025 and 31 December 2024, no gearing ratio was calculated as there was no net debt (defined as other financial liabilities less cash and cash equivalents) by the Group.

The number of issued ordinary shares (the “**Shares**”) of the Company was 5,042,139,374 as at 30 June 2025 (31 December 2024: 5,042,139,374 Shares).

Taking the above figures into account, the management is confident that the Group is financially strong and has adequate resources to settle its outstanding debts, to finance its daily operational expenditures and also the cash requirements for the Group’s future acquisition and expansion.

Prospect

The Group is principally engaged in the Dental Business and Health Care Business, and has a business strategy to further diversify its business so as to further enhance shareholder value. In order to build the brand “Mega” and “BIOTANIUM®”, the Group has been oriented towards advanced technologies and integrated quality medical devices in China and overseas to become a high-end dental prosthetics instrument supplier. The Group has put efforts in exploring a medical appliance system with the oral business as its up-stream and down-stream industry chain and a medical service system integrating medical care and health care, developing a closed-loop ecosystem with the coordination of these three major systems.

Dental Business

The Group considers that the increase in the consumption level in the PRC builds the base for the rapid growth in China's dental market. On this basis, through the education promoted by the overseas vendors and dentists, the populace's heightening awareness of oral hygiene provides the endogenous power for maintaining the speedy growth in the dental market. Currently, China's dental market has been rapidly developing, hence the trend of increasing dental consumption will not change, and is expected to gradually extend from the eastern coastal regions to cities in central and western part of the PRC and the overall dental market probably will continue its rapidly increasing trend for a long time in the future. It is projected that with the increase of consumption power in the PRC, regardless of whether it is in terms of the dentist proportion, consultation rate and the permeability rate of high-end dental business or the current market scale, the oral market in China has the development potential to increase over tenfold.

The Group has formulated a number of growth strategies in the dental business, including enlarging its sales network in the PRC and foreign markets (such as the US), expanding its production capacity in the PRC and developing high-end new denture prosthetics products with beauty attributes, actively participating in relevant nationwide exhibitions, and increasing its bidding of public hospitals, in order to partner with large-scale chained private clinics, providing better services such as on-site technician services for clinics.

Apart from the organic growth and sales network integration and consolidation for the dental business, the Group will also actively seek investment and collaboration opportunities in high-tech dental related areas so as to enhance cross-selling opportunities and to provide better returns of investment for the shareholders of the Company.

The Group continues to improve the production process of Basic Dental, add automated production equipment and increase capacity utilisation, while actively participating in global dental exhibitions and expanding distribution networks. The implant business is expected to achieve significant growth.

Health Care Business

Since the second half of 2024, Shenzhen has tightened its approval standards for medical insurance designated institutions as well as management standards for medical insurance consumption. As a medical insurance designated institution in Shenzhen, Hejia Rehabilitation Clinic has gained more consumer trust from patients, but it also has to face increased government oversight. In 2025, Hejia Rehabilitation Clinic has become the most extensively established medical-grade sports rehabilitation centre in Shenzhen and it was invited to become a council member of the National Sports Rehabilitation Industry Alliance, further enhancing its professional influence within the industry.

Important Event after Reporting Period

No important event affecting the Company occurred since 30 June 2025 and up to the date of this announcement.

Employees and Remuneration Policy

The Group employed approximately 917 employees in total as at 30 June 2025 (31 December 2024: approximately 861) in Hong Kong, the PRC and USA. The Group implemented its remuneration policy, bonus and share option schemes based on the performance of the Group and its employees. The Group provided benefits such as social insurance and pensions to ensure competitiveness.

In addition, the Group had also adopted a share option scheme as a long term incentive to the Directors and eligible employees. The emolument policy for the Directors and senior management of the Group is set up by the remuneration committee (the “**Remuneration Committee**”) of the Board, having regard to the Group’s performance, individual performance and comparable market conditions.

Compliance with the Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules as its code of conduct regarding Directors’ dealings in the Company’s securities. Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code 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 inside information of the Company or its securities. No incidence of non-compliance of the Employees Written Guidelines by the employees was noted by the Company during the six months ended 30 June 2025.

Purchase, Sale or Redemption of the Company’s Listed Securities

During the Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities (including treasury shares).

Compliance with the Corporate Governance Code

During the six months ended 30 June 2025, the Company has complied with all relevant code provisions of the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Listing Rules.

Review of Financial Information

The audit committee of the Company (the “**Audit Committee**”) comprise three independent non-executive Directors (“**INEDs**”), namely Dr. Liu Yanwen (chairman of the Audit Committee), Dr. Lyu Aiping and Ms. Li Zhiying. The Audit Committee of the Company has reviewed the unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2025.

Publication of 2025 Interim Results and Interim Report

This interim results announcement is published on the respective websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.kaisahealth.com). The interim report of the Company for the Period, containing all the information required by Appendix D2 to the Listing Rules, will be dispatched to the shareholders of the Company and published on the same websites in due course in the manner as required by the Listing Rules.

By order of the Board
Kaisa Health Group Holdings Limited
Kwok Ying Shing
Chairman and executive Director

Hong Kong, 27 August 2025

As at the date of this announcement, the Board comprises Mr. Kwok Ying Shing (Chairman), Mr. Luo Jun, Mr. Liu Lihao, Ms. Luo Tingting, Mr. Xie Binhong and Mr. Ye Haoda as executive Directors; and Dr. Liu Yanwen, Dr. Lyu Aiping and Ms. Li Zhiying as independent non-executive Directors.