Kangji Medical Holdings Limited
康基医疗控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 9997)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2025

The board (the "**Board**") of directors (the "**Directors**") of Kangji Medical Holdings Limited (the "**Company**",and together with its subsidiaries, the "**Group**") is pleased to announce the unaudited consolidated interim results of the Group for the six months ended June 30, 2025 (the "**Reporting Period**"), together with the comparative figures for the corresponding period in 2024, as follows:

FINANCIAL HIGHLIGHTS

	Six months ended June 30,		
	2025	2024	Changes
	RMB'000	*RMB'000*	*%*
	(Unaudited)	(Unaudited)	
Revenue	**496,555**	458,413	8.3
Gross profit	**392,361**	363,123	8.1
Profit for the period	**265,760**	275,686	(3.6)
Profit attributable to owners of the parent	**265,760**	285,847	(7.0)
Non-HKFRS adjusted net profit attributable to owners of the parent	**224,097**	274,873	(18.5)
Earnings per share			
–Basic *(RMB)*	**22.56 cents**	24.39 cents	(7.5)
–Diluted *(RMB)*	**22.56 cents**	24.39 cents	(7.5)

For the Reporting Period, the Company realized revenue of RMB496.6 million, representing an increase of 8.3% as compared to the corresponding period in 2024. The Group's increase in sales was mainly attributable to the increase in sales of disposable products.

The Group's net profit attributable to owners of the parent for the Reporting Period decreased by 7.0% from RMB285.8 million in 2024 to RMB265.8 million in 2025. The decrease was mainly due to the decrease in other income and gains and the increase in the Group's share of loss in Hangzhou Kangji Wiseking Medical Robot Co., Ltd. ("**Weijing Medical**").

The Board did not recommend the payment of any interim dividend for the six months ended June 30, 2025.

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

For the six months ended 30 June 2025

	Notes	**2025 (Unaudited) *RMB'000***	2024 (Unaudited) *RMB'000*
REVENUE	*4*	**496,555**	458,413
Cost of sales		**(104,194)**	(95,290)
Gross profit		**392,361**	363,123
Other income and gains	*4*	**81,497**	115,403
Selling and distribution expenses		**(37,898)**	(39,062)
Administrative expenses		**(37,658)**	(50,854)
Research and development costs		**(33,874)**	(43,354)
(Impairment losses)/reversal of impairment losses on financial assets, net		**(1,337)**	842
Other expenses		**(18,627)**	(11,883)
Share of losses of associates		**(19,542)**	(5,868)
Finance costs		**(46)**	(614)
PROFIT BEFORE TAX	*5*	**324,876**	327,733
Income tax expense	*6*	**(59,116)**	(52,047)
PROFIT FOR THE PERIOD		**265,760**	275,686
Attributable to:			
Owners of the parent		**265,760**	285,847
Non-controlling interests		**–**	(10,161)
		265,760	275,686

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 June 2025

	Note	**2025 (Unaudited)** ***RMB'000***	2024 (Unaudited) *RMB'000*
OTHER COMPREHENSIVE INCOME			
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(2,440)**	1,854
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods		**(2,440)**	1,854
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX		**(2,440)**	1,854
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**263,320**	277,540
Attributable to:			
Owners of the parent		**263,320**	287,701
Non-controlling interests		**–**	(10,161)
		263,320	277,540
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic	*8*	**RMB22.56 cents**	RMB24.39 cents
Diluted	*8*	**RMB22.56 cents**	RMB24.39 cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2025

	Notes	**30 June 2025 (Unaudited)** ***RMB'000***	31 December 2024 (Audited) *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**249,093**	247,846
Prepayments for property, plant and equipment		**312**	116
Right-of-use assets		**25,490**	27,470
Financial assets at fair value through profit or loss		**150,258**	146,258
Intangible assets		**1,715**	–
Investment in associates	*9*	**345,331**	377,797
Deferred tax assets		**5,528**	4,326
Time deposits		**–**	50,832
Total non-current assets		**777,727**	854,645
CURRENT ASSETS			
Inventories		**128,697**	108,219
Trade receivables	*10*	**278,478**	271,949
Prepayments, other receivables and other assets	*11*	**100,265**	100,413
Financial assets at fair value through profit or loss		**63,538**	115,706
Cash and cash equivalents	*12*	**1,707,184**	1,126,799
		2,278,162	1,723,086
Assets of a disposal group classified as held for sale		**–**	340,559
Total current assets		**2,278,162**	2,063,645

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 June 2025

	Notes	**30 June 2025 (Unaudited) *RMB'000***	31 December 2024 (Audited) *RMB'000*
CURRENT LIABILITIES			
Trade payables	*13*	**39,749**	41,142
Other payables and accruals	*14*	**359,953**	150,320
Lease liabilities		**816**	3,214
Tax payable		**42,879**	60,566
		443,397	255,242
Liabilities directly associated with the assets classified as held for sale		**–**	5,362
Total current liabilities		**443,397**	260,604
NET CURRENT ASSETS		**1,834,765**	1,803,041
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,612,492**	2,657,686
NON-CURRENT LIABILITIES			
Lease liabilities		**105**	301
Deferred tax liabilities		**18,003**	28,490
Total non-current liabilities		**18,108**	28,791
Net assets		**2,594,384**	2,628,895
EQUITY			
Equity attributable to owners of the parent			
Share capital		**85**	85
Reserves		**2,594,299**	2,628,810
Total equity		**2,594,384**	2,628,895

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	Note	**2025 (Unaudited) *RMB'000***	2024 (Unaudited) *RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**324,876**	327,733
Adjustments for:			
Finance costs		**46**	614
Share of losses of associates		**19,542**	5,868
Bank interest income	*4*	**(21,231)**	(62,630)
Foreign exchange differences, net		**10,247**	10,984
Investment income from financial assets at fair value through profit or loss		**(5,902)**	(842)
Fair value gains on financial assets at fair value through profit or loss	*4*	**(200)**	(46)
Losses on disposal of items of property, plant and equipment		**8,079**	83
Gains on disposal of right-of-use assets		**(1,252)**	–
Depreciation of property, plant and equipment		**14,192**	9,943
Depreciation of right-of-use assets		**1,750**	4,174
Amortisation of intangible assets		**68**	62
Impairment losses/(reversal of impairment losses) of trade receivables, net		**1,337**	(842)
Recognition of deferred income		**–**	(318)
Lease modification		**375**	6
Gain on deconsolidation of a subsidiary		**–**	(27,253)
Share-based payment expense		**192**	6,183
		352,119	273,719
Increase in inventories		**(20,478)**	(15,176)
(Increase)/decrease in trade receivables		**(7,866)**	19,701
Decrease/(increase) in prepayments, other receivables and other assets		**6,855**	(2,028)
(Decrease)/increase in trade payables		**(1,393)**	1,003
Decrease in other payables and accruals		**(54,506)**	(3,846)
Cash generated from operations		**274,731**	273,373
Interest received		**18,349**	36,447
Income tax paid		**(93,853)**	(88,098)
Net cash flows from operating activities		**199,227**	221,722

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 June 2025

	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	**(32,201)**	(35,300)
Purchases of items of intangible assets	**(1,783)**	–
Proceeds from disposal of items of property, plant and equipment	**–**	211
Proceeds from disposal of right-of-use assets	**29,340**	–
Purchases of financial assets at fair value through profit or loss	**(840,429)**	(623,000)
Proceeds from sales of financial assets at fair value through profit or loss	**888,797**	573,100
Investment income from financial assets at fair value through profit or loss	**5,902**	1,121
Interest received	**–**	82,960
(Increase)/decrease in time deposits with original maturity of over three months	**(115,969)**	1,253,101
Disposal of a subsidiary	**–**	50,000
Additional investment in an associate	**–**	(80,000)
Deconsolidation of a subsidiary	**–**	(8,829)
Net cash flows (used in)/from investing activities	**(66,343)**	1,213,364
CASH FLOWS USED IN FINANCING ACTIVITIES		
Shares repurchased	**(2,263)**	(30,805)
Principal portion of lease payments	**(2,395)**	(4,887)
Net cash flows used in financing activities	**(4,658)**	(35,692)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**128,226**	1,399,394

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 June 2025

	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Cash and cash equivalents at beginning of period	**1,420,418**	1,520,397
Effect of foreign exchange rate changes, net	**(12,798)**	(4,063)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**1,535,846**	2,915,728
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	**1,707,184**	2,767,713
Cash and cash equivalents attributable to a disposal group classified as held for sale	**–**	291,193
Time deposits with original maturity of over three months when acquired	**(171,338)**	(143,178)
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	**1,535,846**	2,915,728

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2025 has been prepared in accordance with HKAS 34 Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2024.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of the following amended HKFRS Accounting Standard for the first time for the current period's financial information.

Amendments to HKAS 21 *Lack of Exchangeability*

The nature and impact of the amended HKFRS Accounting Standard are described below:

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted with and the functional currencies of group entities for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the interim condensed consolidated financial information.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their products and only has one reportable operating segment. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Revenue from contracts with customers	**496,555**	458,413

Revenue from contracts with customers

(a) Disaggregated revenue information

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Type of goods		
Sale of medical instruments	**496,555**	458,413
Geographical markets		
Mainland China	**445,200**	418,213
Other countries/regions	**51,355**	40,200
Total	**496,555**	458,413
Timing of revenue recognition		
Goods transferred at a point in time	**496,555**	458,413

(b) Performance obligation

Information about the Group's performance obligation is summarised below:

Sale of medical instruments

The performance obligation is satisfied upon acceptance of the goods and payment is generally due within one month, extending up to two to six months for certain customers.

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Gain on a termination agreement*	**46,000**	–
Bank interest income	**21,231**	62,630
Gain on deconsolidation of a subsidiary	**–**	27,253
Government grants	**6,094**	24,120
Fair value gains on financial assets at fair value through profit or loss	**200**	46
Investment income from financial assets at fair through profit or loss	**5,902**	842
Gains on disposal of right-of-use assets	**1,252**	–
Others	**818**	512
Total	**81,497**	115,403

* On 28 December 2023, Hangzhou Kangji entered into the equity transfer agreement to dispose of its entire equity interest in Hangzhou Kangji Qipu Medical Instrument Co., Ltd. ("**Qipu**"), a wholly-owned subsidiary of Hangzhou Kangji, to an independent third party for an aggregate consideration of RMB366 million. On 13 May 2025, Hangzhou Kangji, Qipu and third party, amongst others, entered into a termination agreement, pursuant to which the parties have irrevocably agreed to terminate the equity transfer agreement with effect from the date of the termination agreement.

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting)：

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Cost of inventories sold	**96,577**	90,510
Impairment losses/(reversal of impairment) of trade receivables, net	**1,337**	(842)
Government grants	**(6,094)**	(24,120)
Losses on disposal of items of property, plant and equipment	**8,079**	83
Gains on disposal of right-of-use assets	**(1,252)**	–
Foreign exchange differences, net	**10,247**	10,984
Share-based payment expense	**192**	6,183

6. INCOME TAX

The Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

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

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the relevant tax law of the Hong Kong Special Administrative Region, Hong Kong profits tax has been provided at the rate of 16.5% (2024：16.5%) on the estimated assessable profits arising in Hong Kong during the period. The first HK$2,000,000 (2024：HK$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2024：8.25%) and the remaining assessable profits are taxed at 16.5% (2024：16.5%).

Pursuant to the rules and regulations of Singapore, Singapore profits tax has been provided at the rate of 17% (2024：17%) on the estimated assessable profits arising in Singapore during the period.

The provision for Mainland China current income tax is based on the statutory rate of 25% of the assessable profits of certain PRC subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008, except for certain subsidiaries of the Group in Mainland China which are granted tax concessions and are taxed at preferential tax rates.

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations, preferential tax treatment is available to Hangzhou Kangji Medical Instrument Ltd. ("**Hangzhou Kangji**"), since it was recognised as a High and New Technology Enterprise and was entitled to a preferential tax rate of 15% (2024：15%) during the period. Certain subsidiaries operating in Mainland China were identified as a Small and Micro Enterprise and were entitled to a preferential tax rate of 5.0% (2024：5.0%) during the period.

The Group calculates the income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the interim condensed consolidated statement of profit or loss and other comprehensive income are:

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Current－Mainland China:		
Charge for the period	**45,805**	61,832
Current tax－Hongkong	**–**	146
Deferred	**13,311**	(9,931)
Total	**59,116**	52,047

7. DIVIDENDS

On 23 May 2025, the final dividend of RMB24 cents per ordinary share, amounting to a total of approximately RMB289,919,000 was approved by the Company's shareholders at the annual general meeting and was fully paid on 16 July 2025.

The board does not recommend the payment of any interim dividend for the six months ended 30 June 2025.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent of RMB265,760,000 (2024：RMB285,847,000), and the weighted average number of ordinary shares of 1,178,067,315 (six months ended 30 June 2024：1,171,810,382) in issue during the period, as adjusted to reflect the shares held for share award arrangement and shares repurchased during the period.

The calculation of diluted earnings per share for the six months ended 30 June 2025 did not assume the exercise of all dilutive potential ordinary shares arising from RSUs granted by the Company because the exercise price of these RSUs was higher than the average market price for shares for the period.

The calculation of diluted earnings per share for the six months ended 30 June 2024 did not assume the exercise of all dilutive potential ordinary shares arising from RSUs granted by the Company because the exercise price of these RSUs was higher than the average market price for shares for the period.

The calculations of basic and diluted earnings per share are based on:

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	**265,760**	285,847

	For the six months ended 30 June	
	2025	2024
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**1,178,067,315**	1,171,810,382
Effect of dilution–weighted average number of ordinary shares arising from restricted share units	**–**	–
Total	**1,178,067,315**	1,171,810,382

9. INVESTMENT IN ASSOCIATES

	30 June 2025 (Unaudited) ***RMB'000***	31 December 2024 (Audited) *RMB'000*
Share of net assets	**207,043**	239,509
Goodwill on acquisition	**138,288**	138,288
Total	**345,331**	377,797

10. TRADE RECEIVABLES

	30 June 2025 (Unaudited) ***RMB'000***	31 December 2024 (Audited) *RMB'000*
Trade receivables	**283,616**	275,750
Impairment	**(5,138)**	(3,801)
	278,478	271,949

The Group's trading terms with its customers are mainly on credit. The credit period is generally one month, extending up to two to six months for certain customers. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancement over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2025 (Unaudited) ***RMB'000***	31 December 2024 (Audited) *RMB'000*
Within 3 months	**181,767**	208,292
3 to 6 months	**36,187**	38,720
6 to 12 months	**56,941**	21,768
1 to 2 years	**3,542**	3,169
Over 2 years	**41**	–
Total	**278,478**	271,949

11. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	30 June 2025 (Unaudited) ***RMB'000***	31 December 2024 (Audited) *RMB'000*
Prepayments	**612**	700
Other receivables	**1,793**	1,331
Prepaid expenses	**3,363**	1,963
Contribution receivable *(Note)*	**94,497**	96,419
Total	**100,265**	100,413

Note:

In May 2024, a director, certain key management personnel and an employee exercised a total of 16,860,000 shares at the subscription price of RMB6.45 per share, resulting in a total cash consideration of RMB108,707,000. The cash consideration is required to be fully settled no later than the fifth anniversary of the exercised date. As at 30 June 2025, the outstanding balance is RMB94,497,000 (2024: RMB96,419,000).

12. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	30 June 2025 (Unaudited) ***RMB'000***	31 December 2024 (Audited) *RMB'000*
Cash and bank balances	**834,234**	825,490
Time deposits	**872,950**	352,141
Subtotal	**1,707,184**	1,177,631
Less:		
Non-current time deposits	**–**	(50,832)
Cash and cash equivalents	**1,707,184**	1,126,799
Denominated in RMB	**386,502**	634,793
Denominated in US$	**1,165,385**	478,744
Denominated in HK$	**151,364**	9,973
Denominated in other currencies	**3,933**	3,289
Cash and cash equivalents	**1,707,184**	1,126,799

The RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods depending on the immediate cash requirements of the Group, and earn interest at the respective time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

13. TRADE PAYABLES

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

	30 June 2025 (Unaudited) ***RMB'000***	31 December 2024 (Audited) *RMB'000*
Within 3 months	**34,383**	35,534
3 to 6 months	**188**	1,579
6 to 12 months	**1,298**	903
Over 12 months	**3,880**	3,126
Total	**39,749**	41,142

Trade payables are non-interest-bearing and are normally settled on 45-day terms.

14. OTHER PAYABLES AND ACCRUALS

	30 June 2025 (Unaudited) ***RMB'000***	31 December 2024 (Audited) *RMB'000*
Contract liabilities	**7,165**	5,524
Payroll payables	**12,632**	22,882
Other payables	**26,073**	37,766
Taxes other than income tax	**20,509**	24,537
Accrued expenses	**12,867**	9,611
Dividend payables	**280,707**	–
Advance consideration for disposal of a subsidiary	**–**	50,000
Total	**359,953**	150,320

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW AND OUTLOOK

The Group is a leading China-based medical device platform specializing in minimally invasive surgery, with a mission to empower physicians and improve health and wellness of patients through providing high performing, reliable and accessible products and services. As of June 30, 2025, the Group holds approximately 40.46% equity interest in Weijing Medical, a Chinese company focused on the research and development, manufacturing and sale of laparoscopic surgical robots.

In the first half of 2025, China's medical device industry continued to undergo a critical period of structural adjustment. In terms of macro industry policies, China persistently deepened healthcare reforms, and the coverage of the volume-based procurement (the "**VBP**") policy was further expanded, exerting pressure on the prices of related products. Meanwhile, industry-wide anti-corruption initiative continued, posing challenges to the growth of both existing and new products. In terms of competition, industry integration persisted. However, there were still many market players and the competition was intense, which placed higher demands on companies with strong brand advantages. To address these challenges, the Group proactively accelerated innovation, launched new products, and implemented various measures to reduce costs and enhance efficiency. Looking back at the first half of 2025, through its dual-growth strategy focusing on both domestic and overseas markets, the Group's revenue achieved steady growth. During the Reporting Period, the Group recorded growth in domestic revenue, primarily driven by increased sales of disposable product categories, including disposable trocars, ligation clips, ultrasonic scalpels, staplers, and other disposable products. While achieving steady growth, the Group also noted that during the Reporting Period, growth in mature categories slowed and new categories was relatively small, requiring increased market investment. The Group expects to increase R&D and market investments in the future to strengthen product innovation and upgrades, optimize and empower sales network, enhance brand positioning, and solidify the foundation for its medium- to long-term development.

The centralized procurement of medical consumables continued to advance nationwide, covering multiple product lines. Following the Fujian-led nationwide alliance procurement for hemostatic tissue clips in October 2024, regional implementation is underway during the Reporting Period, with full nationwide coverage of implementation expected within this year. For surgical sutures, the Liaoning-led provincial alliance procurement began in April, and the Group's newly approved absorbable knotless sutures are expected to gain faster market access under VBP. In terms of disposable trocars, the Group secured a tender in Xinjiang, while Hebei and Hunan completed tender renewals in May 2025. Yunnan and Jilin also began implementing last year's VBP results. For ultrasonic scalpels, the Guangdong-led VBP concluded in January 2025, with provinces gradually implementing the results during the Reporting Period. Jiangsu's tender renewal for ultrasonic scalpels and staplers was completed in May 2025, where the Group won the bid and expects to maintain its existing distributorship model in the implementation stage.

In overseas markets, the Group has successfully expanded its global presence by offering high-quality products. By the end of the Reporting Period, our products were available in over 90 countries and regions, covering key markets across Asia, Europe, Latin America, Africa, and the Middle East. In the first half of 2025, the Group's export revenue increased by 27.7% compared to the corresponding period in 2024, with notable growth in Europe and Latin America. Our international sales and marketing team advanced market expansion through global exhibitions and targeted customer visits in Europe and Latin America, significantly improving client conversion rates. Additionally, the Group secured 19 new overseas product registrations, primarily in Latin America, some of which were achieved through collaborations with international customers. Going forward, the Group will continue refining its overseas marketing strategy. We will strengthen our presence in existing markets by building brand influence through international exhibitions and medical conferences, and enhancing loyalty among key partners. We will also explore emerging market segments through diversified promotional activities while strengthening strategic partnerships with global clients to further consolidate and elevate its competitive position in international markets. To underpin these expansion initiatives, we will continue to invest in overseas product registration and consider allocating substantial resources for the potential establishment of overseas branches and teams.

During the Reporting Period, Weijing Medical achieved a key milestone that its first surgical robotic system received approval from China's National Medical Products Administration ("**NMPA**"), marking a significant progress in its commercialization efforts. The losses during the Reporting Period increased, driven by further strengthened R&D investment. The Group considers that the continued investment to provide strategic support to accelerate Weijing Medical's product development and market expansion by leveraging its extensive sales network, academic resources, production technology and other extensive experience within China's minimally invasive surgery sector.

For the six months ended June 30, 2025, the Group achieved revenue of RMB496.6 million, representing an increase of 8.3% from the corresponding period in the previous year. The revenue growth was primarily attributable to the increase in sales of disposable products. The Group's net profit attributable to owners of the parent for the six months ended June 30, 2025 decreased by 7.0% from RMB285.8 million for the corresponding period in 2024 to RMB265.8 million in the Reporting Period. This decrease was mainly due to the decrease in other income and gains and the increase in share of loss in Weijing Medical.

Research and Development

During the Reporting Period, the Group added 5 new product registrations in China, excluding renewals. As of June 30, 2025, the Group had a total of 113 domestic registrations with the NMPA, including 17 for Class III medical devices,61 for Class II medical devices, and 35 for Class I medical devices. During the Reporting Period, the Group obtained 21 new patent authorizations in China, while Weijing Medical secured 23 new patent authorizations on a standalone basis.

The Group places strong emphasis on product R&D, with plans to continue to increase R&D expenditures. Our current product portfolio encompasses a comprehensive range of minimally invasive surgical equipment, instruments, and consumables that cover the entire surgical workflow from access creation and pneumoperitoneum establishment to intraoperative procedures including cutting, dissection, coagulation, closure, visualization systems, and wound closure, providing a complete one-stop solution for minimally invasive surgery. In the first half of 2025, we secured NMPA approvals for multiple products, including our 4K3D fluorescence endovision camera system, 4K3D fluorescence laparoscope, rigid hysteroscope, and single-use cystoscope. Meanwhile, our integrated ultrasonic and high-frequency surgical scalpel, microwave ablation generator, and disposable microwave ablation electrode have progressed to the regulatory registration review phase, with anticipated approvals in the second half of 2025. Within our surgical suture portfolio, the absorbable knotless suture launched last year addresses critical clinical demands. This innovative product demonstrates superior biocompatibility, offers versatile clinical applications, and is available in multiple specifications to accommodate diverse surgical requirements. Additionally, our newly introduced multi-fire ligation clips and multi-fire titanium clips enhance surgical efficiency through comprehensive ligation and closure solutions, currently undergoing clinical market promotion.

Last year, the Group successfully conducted 12 sessions of our “Dialogue with Medical Experts” series with positive feedbacks. Building on this success, the Group conducted 6 additional seminars and training sessions in the first half of 2025, inviting medical experts to enhance our R&D engineers’ clinical understanding. These activities facilitated in-depth exchanges between engineers and clinicians to better identify clinical challenges and requirements. By involving surgeons throughout the R&D process, we ensure tight alignment between product development and clinical needs, further strengthening medical-engineering collaboration.

We have established close partnerships with several top-tier domestic medical institutions through industry-academia-research initiatives, jointly driving innovation across multiple medical technology fields. These collaborations encompass various domains such as energy-based devices and absorbable materials. All current projects are progressing systematically through development, testing optimization, and clinical evaluation phases, demonstrating our ongoing commitment to advancing the translation and application of medical technology innovations.

In April 2025, Weijing Medical reached an important goal with the NMPA approval of its 4-arm surgical robotic system, which is now authorized for urological, gynecological, and general surgical procedures. The company is also advancing its product indications, having completed patient enrollment for thoracic surgery procedures across three clinical centers in Hangzhou and Shanghai in June 2025. The approval for the thoracic surgery indication is expected within the year, marking full coverage across all four major minimally invasive surgical specialties. Meanwhile, development of the single-port surgical robotic system remains on track, with type testing launched in July 2025 and animal trials planned for completion in the fourth quarter of 2025, followed by first-in-human clinical trials.

During the Reporting Period, Weijing Medical actively engaged in commercialization efforts through distributor briefings, live-streamed surgical demonstrations, and participation in key industry events such as the 2025 Medical Equipment Exhibition, the 2025 Academic Annual Conference of Chinese Society of Pancreatology, and the 2025 Annual Conference of Urological Surgeon Branch of Chinese Medical Doctor Association. During the Reporting Period, Weijing Medical organized five live-streamed demonstrations of high-difficulty urological robotic surgeries, featuring renowned domestic surgical experts in China. Weijing Medical supported three surgical robot training sessions between April and July 2025 at The First Affiliated Hospital of Wenzhou Medical University, Beijing Friendship Hospital, and Peking University Third Hospital. In addition, Weijing Medical initiated the construction of a mass production facility in Tonglu Economic Development Zone at Hangzhou in December 2024. The facility was completed in June 2025 and is now operational, with a total area of around 5,000 square meters.

Sales and Distribution

Guided by our clinical-centric philosophy, the Group has established a robust, multidimensional academic exchange platform to advance innovation and standardization in minimally invasive surgical technologies. During the Reporting Period, the Group conducted and participated in over 150 academic activities nationwide, including conferences, seminars, training workshops, and exhibitions, covering key surgical specialties such as obstetrics & gynecology, gastrointestinal surgery, hepatobiliary surgery, urology, thoracic surgery, breast surgery, pediatric surgery, and operating room management. Our "Share-Demonstration-Learn"model has effectively reinforced our market position while elevating our brand awareness among surgical professionals.

During the Reporting Period, the Group implemented a three-pronged academic platform strategy to advance surgical expertise nationwide. We partnered with leading medical institutions including Zhejiang University's Second Affiliated Hospital and Jinan University's First Affiliated Hospital to develop specialized training programs for advanced techniques like single-port laparoscopy and bariatric surgery. These programs combine classroom learning with live surgical demonstrations and procedural walkthroughs for effective skill development. Additionally, our recently concluded 3rd National Single-Port Gynecologic Surgery Video Competition successfully engaged the next generation of young surgeons, fostering technical excellence in this rapidly evolving surgical approach. This was also complemented by a series of live-streamed surgical activities, including "Single-Port Surgery Week (單孔手術周)" and "Kangji Operating Room Live (康基手術直播周)," which serve as dynamic platforms for demonstrating new techniques, innovative device applications, and optimized perioperative protocols. To ensure broad knowledge dissemination, we maintain a dual-level engagement strategy that combines participation in national forums such as the Annual Meeting of Chinese College of Surgeons with support for regional knowledge-sharing platforms such as the Yellow River Urology Forum, creating a robust nationwide surgical education network.

To enhance the Group's marketing capabilities, we will increase investments to elevate brand positioning and optimize its sales network. The Group will strengthen talent pool by recruiting senior professionals in marketing, product management, and regional operations to enhance team structure. Tailored to regional market characteristics, we have developed differentiated academic support programs that provide customized training courses, surgical demonstrations, and expert resource coordination services across different locations. Additionally, we have implemented a product enablement program, delivering systematic and modular product training through both online and offline channels to help distributors better understand the technical advantages and clinical value of our core and new products.

These synchronized academic and commercial initiatives have collectively strengthened our leading position in China's minimally invasive surgery domain. Looking ahead, we remain committed to refining this integrated model to drive continued innovation in minimally invasive surgical technology while accelerating its adoption nationwide. This includes our plan to significantly increase our investment in sales and marketing to increase commercial traction for the new products, which have not yet reached their full market penetration.

FINANCIAL REVIEW

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

Revenue

	Six months ended June 30,		
	2025	2024	Changes
	RMB'000	*RMB'000*	*%*
	(Unaudited)	(Unaudited)	
Disposable products			
Disposable trocars	**201,763**	191,702	5.2
Ligation clips	**114,180**	105,192	8.5
Disposable electrocoagulation forceps	**68,699**	67,041	2.5
Ultrasonic scalpels	**31,554**	23,737	32.9
Staplers	**9,334**	3,708	151.7
Other disposable products (1) (3)	**25,945**	17,761	46.1
Sub-total	**451,475**	409,141	10.3
Reusable products			
4K endoscopic camera systems	**3,966**	13,001	(69.5)
Other reusable products (2)	**41,114**	36,271	13.4
Sub-total	**45,080**	49,272	(8.5)
Total	**496,555**	458,413	8.3

Notes:

(1) Other disposable products primarily include, among others, disposable suction and irrigation sets and retrieval bags.

(2) Other reusable products primarily include reusable trocars and reusable forceps.

(3) Revenue from sales of titanium clips was reported under other disposable products category for the corresponding period in 2024. Comparative figures of such revenue have been re-presented to conform with current period's presentation.

The Group's revenue amounted to RMB496.6 million for the six months ended June 30, 2025, representing an increase of 8.3% as compared to RMB458.4 million for the corresponding period in 2024. The increase in revenue was primarily attributable to the increase in sales of disposable products including disposable trocars, ligation clips, ultrasonic scalpels, staplers and other disposable products.

Disposable Products

The Group's disposable products include disposable trocars, polymer ligation clips, disposable electrocoagulation forceps, ultrasonic scalpels, staplers and other disposable products. The Group's disposable products recorded revenue of RMB451.5 million for the Reporting Period, representing an increase of 10.3% as compared to RMB409.1 million for the corresponding period in 2024. Such increase was mainly attributable to the Group's main disposable products including disposable trocars and ligation clips, as well as newer products such as ultrasonic scalpels and staplers. During the Reporting Period, sales of disposable products accounted for 90.9% of the Group's total revenue as compared to 89.3% for the corresponding period in 2024.

Disposable trocars recorded revenue of RMB201.8 million for the Reporting Period, representing an increase of 5.2% as compared with RMB191.7 million for the corresponding period in 2024. Disposable trocars accounted for approximately 40.6% of the Group's total revenue during the Reporting Period as compared to approximately 41.8% for the corresponding period in 2024. During the Reporting Period, sales of disposable trocars attributable to VBP regions including Shandong, Fujian, Hunan, Hebei and Guangdong provinces continued to experience moderate growth in the first half of 2025 which were benefited from the cooperation with logistics and external promotion partners under the non-distributor model.

Ligation clips recorded revenue of RMB114.2 million for the Reporting Period, representing an increase of 8.5% as compared with RMB103.8 million for the corresponding period in 2024. Ligation clips accounted for approximately 23.0% of the Group's total revenue during the Reporting Period. Following the launch of nationwide VBP of ligation clips during the Reporting Period, sales growth of ligation clips has been resuming.

Disposable electrocoagulation forceps recorded revenue of RMB68.7 million for the Reporting Period, which accounted for approximately 13.8% of the Group's total revenue for the Reporting Period as compared to 14.6% for the corresponding period in 2024. Disposable electrocoagulation forceps recorded a moderate sales growth of 2.4% for the Reporting Period, mainly due to expectations of potential VBP in the near term.

Sales of the Group's newer disposable products such as ultrasonic scalpels and staplers were boosted by the effort in strengthening market development and seizing the demand from import substitution and VBPs. During the Reporting Period, sales of ultrasonic scalpels amounted to RMB31.6 million, representing an increase of 32.9% as compared to RMB23.7 million for the corresponding period in 2024.

Reusable Products

The Group's reusable products recorded revenue of RMB45.1 million for the Reporting Period, representing a decrease of 9.1% as compared with RMB49.3 million for the corresponding period in 2024. Such decrease was mainly due to the decrease in sales of 4K endoscopic camera systems which outweighed the increase in sales of reusable forceps and other reusable products.

Sales Channel

Revenue from domestic market for the Reporting Period increased by 6.5% as compared to that of 2024. The Group's business models in the domestic market include distributor model and non-distributor model (logistics partners + academic promotion), which is mainly used in the VBP provinces of disposable trocars.

For overseas markets, the Group's customers mainly include original design manufacture ("**ODM**") customers and overseas distributors. Revenue from overseas markets was approximately RMB51.4 million for the six months ended June 30, 2025, representing an increase of 27.7% from the corresponding period in 2024. Growth of export sales was relatively good during the Reporting Period due to the Group's continuing effort in expanding its customer bases in Europe and Latin America. Revenue from overseas markets accounted for 10.3% of the Group's total revenue for the Reporting Period as compared to 8.8% for the corresponding period in 2024.

The following table sets forth the Group's revenue by geographic market and sales channel for the periods indicated:

	Six months ended June 30,		
	2025	2024	Changes
	RMB'000	*RMB'000*	*%*
	(Unaudited)	(Unaudited)	
Domestic			
– Distributors	**380,583**	376,093	1.2
– Hospitals and other customers [1]	**64,617**	42,120	53.4
Sub-total	**445,200**	418,213	6.5
Overseas			
– ODM customers	**30,369**	28,800	5.4
– Distributors	**20,986**	11,400	84.1
Sub-total	**51,355**	40,200	27.7
Total	**496,555**	458,413	8.3

Note:

(1) Other customers include sales of disposable trocars under non-distributor (logistics partner + academic promotion partner) model in the VBP provinces.

Cost of Sales

Cost of sales during the Reporting Period mainly consisted of raw materials, direct labor costs and manufacturing costs.

For the six months ended June 30, 2025, the Group's cost of sales was RMB104.2 million, representing an increase of 9.3% as compared with RMB95.3 million for the six months ended June 30, 2024. The increase in cost of sales was generally in line with the Group's revenue.

The following table sets forth the breakdown of the Group's cost of sales by nature for the periods indicated:

	Six months ended June 30,			
	2025		2024	
	Amount	**% of total**	Amount	% of total
	RMB'000 (except percentages) (Unaudited)			
Raw materials	**55,085**	**52.9**	48,796	51.2
Direct labor costs	**26,074**	**25.0**	23,603	24.8
Manufacturing costs [1]	**23,035**	**22.1**	22,891	24.0
Total	**104,194**	**100.0**	95,290	100.0

Note:

(1) Manufacturing costs primarily include utilities costs, overhead expenses and depreciation of manufacturing equipment.

Gross Profit and Gross Margin

The Group's gross profit increased by 8.1% to RMB392.4 million for the six months ended June 30, 2025 from RMB363.1 million for the six months ended June 30, 2024, due to the increase in sales revenue.

The Group's gross profit margin was 79.0% for the six months ended June 30, 2025, which has remained stable as compared to that of 79.2% for the six months ended June 30, 2024. Specifically, the contribution from newer products such as ultrasonic scalpels and staplers increased during the Reporting Period, whereby these products have a lower gross profit margin than that of other disposable products.

The following table sets forth the breakdown of the Group's gross profit and gross profit margin by product type for the periods indicated:

	Six months ended June 30,			
	2025		2024	
	Gross profit	**Gross profit margin**	Gross profit	Gross profit margin
	RMB'000 (except percentages) (Unaudited)			
Disposable products	**368,076**	**81.5%**	335,188	81.9%
Reusable products	**24,285**	**53.9%**	27,935	56.7%
Total	**392,361**	**79.0%**	363,123	79.2%

Other Income and Gains

Other income and gains for the six months ended June 30, 2025 was RMB81.5 million, while for the six months ended June 30, 2024, it was RMB115.4 million. The net decrease was primarily the combined effects of (i) the decrease in bank interest income and government grants; (ii) the absence of one-off gain arising from the deconsolidation of Weijing Medical of RMB27.3 million for the corresponding period in 2024; and (iii) the recognition of other income of RMB46 million arising from the termination of disposal of Hangzhou Kangji Qipu Medical Instrument Co., Ltd. ("**Qipu**").

Selling and Distribution Expenses

Selling and distribution expenses were RMB37.9 million for the six months ended June 30, 2025, representing a decrease of 3.0% as compared with RMB39.1 million for the six months ended June 30, 2024. Excluding the decrease in share-based payment expense attributable to sales department personnel, selling and distribution expenses increased slightly during the Reporting Period due to more academic promotion and exhibition activities were conducted.

Administrative Expenses

Administrative expenses amounted to RMB37.7 million for the six months ended June 30, 2025, representing a decrease of 25.9% as compared with RMB50.9 million for the corresponding period in 2024. Apart from the effect of the deconsolidation of Weijing Medical in March 2024, the decrease was mainly due to the control of administrative management expenses and the decrease in share-based payment expense.

Research and Development Expenses

Research and development expenses for the six months ended June 30, 2025 was RMB33.9 million, representing a decrease of 21.9% as compared with RMB43.4 million for the six months ended June 30, 2024. Such decrease was mainly due to the absence of research and development expenses contributed by Weijing Medical during the Reporting Period following the deconsolidation of Weijing Medical in March 2024, while the effect was partially offset by the increase in research and development expenses at the Group's headquarters.

Other Expenses

Other expenses primarily consist of donation and foreign exchange loss. For the Reporting Period, the Group's other expenses of RMB18.6 million, which was primarily attributable to foreign exchange loss arising from the currency fluctuation of USD against RMB and loss on disposal of property, plant and equipment.

Investment in Weijing Medical

As at June 30, 2025, the Group held as to (i) approximately 40.46% equity interest in Weijing Medical and (ii) approximately 23.2% equity interest in its associate, which in turn held as to approximately 7.8% equity interest in Weijing Medical.

As at June 30, 2025, the Group's carrying value in Weijing Medical was approximately RMB345.3 million, representing approximately 11.3% of the Group's total assets. Therefore, the investment in Weijing Medical is considered the Group's significant investment. No market fair value was available for this private investment as at June 30, 2025.

The principal activities of Weijing Medical is the research and development of, and production of surgical robotic products and instruments for laparoscopic surgery in China. The Group treated its holding of equity interest in Weijing Medical as a long-term investment since February 2022 which is in line with the principal businesses and strategic footprint and medium to long term growth of the Group.

In April 2025, Weijing Medical obtained regulatory approval from China's NMPA for its proprietary four-arm laparoscopic surgical robot and thereafter advanced into commercialization stage. No revenue was generated and a net loss was recorded by Weijing Medical during the Reporting Period. The Group recognised a share of Weijing Medical's loss amounting to RMB19.5 million proportionate to its share of equity interest in Weijing Medical during the Reporting Period, as compared to RMB5.9 million for the corresponding period in 2024 following the Group's deconsolidation of Weijing Medical. No dividends were distributed by Weijing Medical during the Reporting Period.

Income Tax Expenses

Income tax expenses were RMB59.1 million for the six months ended June 30, 2025, representing an increase of 13.6% as compared to RMB52.0 million for the six months ended June 30, 2024. The increase in income tax expenses was primarily due to the increase in taxable profit of the Group's operating subsidiaries in China.

Non-HKFRS Adjusted Net Profit for the Reporting Period

To supplement the Group's consolidated statement of profit or loss and other comprehensive income which is presented in accordance with HKFRS, we also use adjusted net profit as a non-HKFRS measures, which are not required by, or presented in accordance with, HKFRS. We believe that the presentation of non-HKFRS measures when shown in conjunction with the corresponding HKFRS measures provides useful information to investors and management in facilitating a comparison of the Group's operating performance from period to period by eliminating potential impacts of certain non-operational or one-off expenses as detailed below. Such non-HKFRS measure allows investors to consider metrics used by management in evaluating the Group's performance.

The following table shows the Group's adjusted net profit for the Reporting Period and its reconciliation to profit for the periods indicated:

	Six months ended June 30,	
	2025	2024
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit for the period attributable to owners of the parent	**265,760**	285,847
Add／(Less)：		
Fair value gains on financial assets at fair value through profit or loss [1]	**(200)**	(46)
Foreign exchange difference [2]	**10,247**	10,984
Share-based payment expenses [3]	**192**	6,183
Investment income from short-term financial products [4]	**(5,902)**	(842)
Other income and gains arising on divestitures [5]	**(46,000)**	(27,253)
Non-HKFRS adjusted net profit for the period attributable to owners of the parent	**224,097**	274,873
Non-HKFRS adjusted earnings per share		
– Basic *(RMB)*	**19.02 cents**	23.46 cents
– Diluted *(RMB)*	**19.02 cents**	23.46 cents

Notes:

(1) Fair value gains on financial assets at fair value through profit or loss is non-operational in nature which mainly arises from the change in fair value of the Group's unlisted equity investments for the periods indicated, the amount of which may not directly correlate with the underlying performance of the Group's business operations.

(2) Foreign exchange difference is non-operational in nature which mainly arises from the currency fluctuation of USD against RMB for the periods indicated, the amount of which may not directly correlate with the underlying performance of the Group's business operations.

(3) Share-based payment expenses are non-operational expenses arising from granting restricted share units ("**RSUs**") to the Group's senior management and employees, the amount of which may not directly correlate with the underlying performance of the Group's business operations, and is also affected by non-operating performance related factors that are not closely or directly related to the Group's business activities.

(4) Investment income from short-term financial products purchased mainly for hedging foreign currency fluctuations is non-operational in nature which is affected by the currency fluctuation of USD against RMB for the periods indicated, the amount of which may not directly correlate with the underlying performance of the Group's business operations.

(5) The amount for the Reporting Period represented the income arising from the termination of disposal of Qipu, whereas the amount for the corresponding period in 2024 represented the gain on deconsolidation of Weijing Medical. These amounts may not directly correlate with the underlying performance of the Group's business operations.

The use of the non-HKFRS measures has limitations as an analytical tool, and it should not be considered in isolation from, or as a substitute for or superior to analysis of, the Group's results of operations or financial condition as reported under HKFRS. In addition, the non-HKFRS financial measure may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures presented by other companies.

Liquidity and Capital Resources

During the Reporting Period, the Group financed its operations and other capital expenditure requirements primarily through cash generated from its operations and proceeds from the Company's initial public offering on the Stock Exchange on June 29, 2020.

As of June 30, 2025, the Group had cash and cash equivalents of RMB1,707.2 million, as compared with RMB1,472.9 million as of December 31, 2024 (including RMB295.3 million recorded in assets classified as held for sale)；and short term financial products of RMB63.5 million (recorded in financial assets at fair value through profit or loss), as compared to RMB115.7 million as of December 31, 2024. The net increase in cash and cash equivalents of RMB234.3 million was primarily due to the net cash generated from the Group's operations.

As at June 30, 2025, most of the Group's cash and cash equivalents were denominated in RMB, USD and HK Dollars ("**HKD**"or "**HK$**").

Net Current Assets

The Group had net current assets of RMB1,834.8 million as of June 30, 2025, representing an increase of RMB31.7 million as compared with RMB1,803.0 million as of December 31, 2024. The increase in net current assets was primarily due to the increase in cash and cash equivalents arising from the Group's operations and partly offset by the declaration and distribution of the final dividend for the year ended December 31, 2024 amounting to RMB280.7 million to be payable to shareholders in July 2025.

Foreign Exchange Exposure

During the Reporting Period, the Group's operations were primarily based in Mainland China. Assets, liabilities and transactions in the PRC are mainly denominated in RMB, while overseas assets and transactions are mainly denominated in USD. The Group is exposed to foreign currency risks, primarily including account receivables, account payables and cash balances that are denominated in a foreign currency, i.e.,a currency other than functional currency of respective subsidiaries. For the six months ended June 30, 2025, the Group recorded an exchange loss of RMB10.2 million, as compared to RMB11.0 million for the six months ended June 30, 2024, primarily attributable to the currency fluctuations of USD against RMB.

The Group has been actively monitoring and overseeing its foreign exchange risks and mitigating its potential risk exposure with the use of short-term financial products should the need arise.

Capital Expenditure

For the six months ended June 30, 2025, the Group's total capital expenditure amounted to approximately RMB17.2 million, which was primarily used in purchase of machinery and equipment and construction of buildings. The Group's capital expenditure for the six months ended June 30, 2024 was approximately RMB33.4 million.

Charge of Assets/Pledge of Assets

As of June 30, 2025, the Group did not have any charge of assets or pledge of assets.

Borrowings

As of June 30, 2025, the Group did not have any outstanding bank loans and other borrowings. The Group monitors capital using a gearing ratio, which is debt divided by total assets. Debt includes trade payables, other payables and accruals, and lease liabilities. As of June 30, 2025, the gearing ratio of the Group was 3.9% (as of December 31, 2024：6.7%).

Contingent Liabilities

As of June 30, 2025, the Group did not have any outstanding contingent liabilities.

Material Acquisitions and Disposals and Significant Investments

Please see the section headed "Investment in Weijing Medical"above for further details in respect of the Group's significant investment of Weijing Medical during the Reporting Period.

Reference is made to the Company's announcements dated December 29, 2023 and May 13, 2025 in relation to the disposal of Qipu by Hangzhou Kangji. As the purchaser was unable to fulfil its payment of outstanding consideration, upon friendly negotiation, Hangzhou Kangji and the purchaser entered into a termination agreement on May 13, 2025 (the "**Termination Agreement**"), pursuant to which, among other things, the disposal of Qipu was terminated and Hangzhou Kangji shall be entitled to retain a sum of RMB46 million, being part of the non-refundable sum previously paid by the purchaser. The Termination Agreement has been completed during the Reporting Period and the proposed deregistration of Qipu is expected to complete in the second half of 2025.

Save for the abovementioned, the Group did not hold any significant investment, or have any other material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

Future Plans for Material Investments and Capital Assets

The Group intends to utilize the net proceeds raised from the Company's global offering to pursue strategic investment and to fund acquisition of capital assets for the Group's expansion in the manner set out in the prospectus of the Company dated June 16, 2020 (the "**Prospectus**") and as further explained in section headed "Use of Proceeds from the Global Offering"below. Save as disclosed in this announcement, the Group did not have any plan for material investments and capital assets.

Employee and Remuneration Policy

As of June 30, 2025, the Group had 1,062 employees (June 30, 2024：964 employees). Total staff remuneration expenses, including remuneration of the Directors and share-based payment expenses for the six months ended June 30, 2025 amounted to RMB82.9 million (for the six months ended June 30, 2024：RMB73.6 million).

The remuneration committee of the Company is responsible for reviewing the Company's emolument policy and structure for all remuneration of the Directors and senior management of the Company. The remuneration of Directors and senior management is determined with reference to the salaries of comparable companies and their experience, duties and performance. The remuneration of other employees is determined with reference to performance, skills, qualifications and experience of the staff concerned and in accordance with the prevailing industry practice.

In recognition of the contributions of the Directors, senior management and employees and to incentivize them to further promote the Group's development, the Company adopted the pre-IPO share option plan and the RSU plan on May 6, 2020. During the Reporting Period, no RSUs was granted, exercised or cancelled under the RSU plan. As of June 30, 2025, a total of 3,525,000 RSUs previously granted remained outstanding under the RSU plan.

USE OF PROCEEDS FROM THE GLOBAL OFFERING AND EXTENSION OF THE EXPECTED TIMEFRAME FOR USE OF PROCEEDS

In connection with the Company's global offering, 225,397,500 shares of the Company (the "**Shares**") of US$0.00001 each were issued at a price of HK$13.88 per Share for a total cash consideration of approximately HK$2,952.5 million (equivalent to RMB2,697.1 million), after deducting underwriting commissions and related fees and expenses (the "**IPO Proceeds**"). As at December 31, 2023, the Company had an unutilized net proceeds of approximately RMB1,802.4 million (the "**2023 Unutilized Net Proceeds**"). The Company announced the change in the use of the 2023 Unutilized Net Proceeds in its annual results announcement for the year ended December 31, 2023 (the "**FY2023 Results Announcement**") on March 20, 2024 and further announced the extension of the expected timeframe for using the unutilized net proceeds in its interim results announcement for the six months ended June 30, 2024 (the "**1H2024 Results Announcement**") on August 20, 2024.

The net proceeds from the global offering of the Company (adjusted on a pro rata basis based on the actual net proceeds) have been and will be utilized in that same manner, proportion and the expected timeframe as set out in the section headed "Future Plans and Use of Proceeds"in the Prospectus and as amended in the section headed "Use of Proceeds from the Global Offering and Change in Use of Proceeds"in the FY2023 Results Announcement and the section headed "Use of Proceeds from the Global Offering and Extension of the Expected Timeframe for Use of Proceeds"in the 1H2024 Results Announcement, save for the following proposed extension of the expected timeframe for using the unutilized net proceeds.

In light of the challenges in medical device industry in recent years including potential VBP and anti-corruption initiatives, the Company has been prudent in allocating its financial resources on expanding production capacity and strengthening sales and marketing activities. Furthermore, the Company continues to be cautious in identifying suitable acquisition targets and conducting feasibility studies and/or due diligence on potential acquisition targets. Having considered the above reasons, the Board has determined to extend another one year in the expected timeframe for the full utilization of the unutilized net proceeds in respect of (i) expanding production capacity of current products and further automate existing production lines, (ii) investing in domestic sales and marketing activities, (iii) investing in sales and marketing activities to increase overseas sales, and (iv) funding potential strategic investment and acquisitions, respectively, and accordingly, the full utilization of such amount allocated have been extended to (i) within three to six years, (ii) within four to six years, (iii) within three to six years and (iv) within six years, respectively, from the date of listing.

The table below sets out the planned and revised planned applications of the IPO Proceeds, the revised planned applications of the 2023 Unutilized Net Proceeds and the actual accrued usage up to, and the unutilized net proceeds as at, June 30, 2025:

Use of proceeds	Planned applications of the IPO Proceeds [1]	Revised planned application of the IPO Proceeds [1] [2]	Revised planned applications of the 2023 Unutilized Net Proceeds [3]		Utilization during the six months ended June 30, 2025	Actual accrued usage up to June 30, 2025	Unutilized net proceeds as at June 30, 2025	Expected timeframe for using the unutilized net proceeds (from the date of listing) [5]
	(RMB million)	*(RMB million)*	*(RMB million)*	*(%)*	*(RMB million)*	*(RMB million)*	*(RMB million)*	
For expanding production capacity and strengthen manufacturing capabilities, including:								
to expand production capacity of current products and further automate existing production lines	249.9	264.3	216.3	12.0	34.9	90.5	125.8	within three to six years
to build up production capabilities for pipeline products	260.1	275.1	144.2	8.0	13.9	45.5	98.7	within six years
For funding R&D activities, including:								
to establish R&D centers	433.5	458.5	90.1	5.0	16.3	34.4	55.7	within four to six years [4]
for development and expansion of product pipeline	204.0	215.8	180.3	10.0	14.0	68.0	112.3	within five to six years

Use of proceeds	Planned applications of the IPO Proceeds [1]	Revised planned application of the IPO Proceeds [1] [2]	Revised planned applications of the 2023 Unutilized Net Proceeds [3]		Utilization during the six months ended June 30, 2025	Actual accrued usage up to June 30, 2025	Unutilized net proceeds as at June 30, 2025	Expected timeframe for using the unutilized net proceeds (from the date of listing) [5]
	(RMB million)	*(RMB million)*	*(RMB million)*	*(%)*	*(RMB million)*	*(RMB million)*	*(RMB million)*	
For investing in sales and marketing activities, including:								
to be used in domestic sales and marketing activities [2]	382.5	404.5	180.3	10.0	21.7	61.9	118.4	within four to six years
to increase overseas sales	127.5	134.9	90.1	5.0	2.9	11.7	78.4	within three to six years
For funding potential strategic investment and acquisitions	637.5	674.3	360.5	20.0	4.0	265.5	95.0	within six years
For working capital and general corporate purposes	255.0	269.7	540.6	30.0	–	540.6	–	within four to six years
Total	2,550.0	2,697.1	1,802.4	100.0	107.7	1,118.1	684.3	

Notes:

(1) By excluding the underwriting commissions and related fees and expenses, the actual net proceeds planned for applications amounted to RMB2,697.1 million. Net proceeds were received in HK$ and translated to RMB for application planning. Please refer to the section headed "Future Plans and Use of Proceeds"in the Prospectus for further details of the original planned applications.

(2) On March 25, 2021, the Board had resolved to change the location of the sales and marketing center to be established from the Group's headquarters to Beijing, which is in line with the Group's latest business strategy and does not deviate from the original planned application of the net proceeds as described in the Prospectus.

(3) On March 20, 2024, the Board had resolved to change the use of the 2023 Unutilized Net Proceeds, which is in line with the Group's business strategy, and will not result in any material adverse impact on the business and financial performance of the Group. Further details of reasons for such change in use of proceeds were set out in the Announcement.

(4) On August 20, 2024, the Board determined to extend another two years in the expected timeframe for the full utilization of the unutilized net proceeds in respect of the establishment of R&D centers, and accordingly, the full utilization of such amount allocated has been extended to within four to six years from the date of listing. Further details of reasons for such change in use of proceeds, please refer to the section headed "Use of Proceeds from the Global Offering and Extension of the Expected Timeframe for Use of Proceeds"in the 1H2024 Results Announcement.

(5) The expected timeframe to use the unutilized net proceeds is prepared based on the best estimate made by the Group, which is subject to change according to the current and future development of the market condition.

OTHER INFORMATION

Compliance with the Corporate Governance Code (the "CG Code")

The Company is committed to maintaining high standard of corporate governance to safeguard the interests of its shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the code provisions of the CG Code as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as its own code of corporate governance.

The Board is of the view that the Company has complied with all applicable code provisions of the CG Code during the Reporting Period, except for a deviation from the code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer of the Company are not separate and are both performed by Mr. ZHONG Ming. The Company has a professional management team to monitor the operations of the subsidiaries. The Board considers that vesting the roles of chairman and chief executive officer in the same person is more efficient in the direction and management of the Company and does not impair the balance of power and authority of the Board and the management of the business of the Group. The Board will review the corporate governance structure and practices from time to time and shall make necessary arrangements when the Board considers appropriate.

Compliance with the Model Code for Securities Transactions

The Company has adopted the Guidelines for Securities Transactions by Directors (the "**Written Guidelines**") on no less exacting terms than the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix C3 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors.

Having made specific enquiry of all Directors, all of them have confirmed that they have complied with the Model Code and the Written Guidelines during the six months ended June 30, 2025. No incident of non-compliance of the Written Guidelines by the employees who are likely to be in possession of inside information of the Company was noted by the Company.

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

The Company repurchased a total of 410,000 Shares on the Stock Exchange at an aggregate consideration of approximately HK$2.44 million (excluding brokerage fees and taxes) during the six months ended June 30, 2025 (during the six months ended June 30, 2024：approximately HK$33.8 million) at price ranging from HK$5.88 to HK$6.04. 810,000 Shares were cancelled during the six months ended June 30, 2025. The Company did not repurchase any Shares during the period from July 1, 2025 to the date of this announcement. As at the date of this announcement, the Company has 1,207,994,000 Shares outstanding.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed interest in any of the Company's listed Shares (including sale of treasury shares) during the six months ended June 30, 2025.

Review of Interim Results

The audit committee of the Company (the "**Audit Committee**") consists of two independent non-executive Directors, Mr. CHEN Weibo and Mr. JIANG Feng, and one non-executive Director, Ms. CAI Li. The chairman of the Audit Committee is Mr. CHEN Weibo. The Audit Committee has reviewed the interim results of the Group for the six months ended June 30, 2025 and has recommended for the Board's approval thereof.

The Audit Committee has reviewed together with the management the accounting principles and policies adopted by the Group and the interim condensed consolidated financial information for the six months ended June 30, 2025. The Audit Committee was satisfied that such consolidated financial information were prepared in accordance with the applicable accounting standards and fairly present the Group's financial position and results for the Reporting Period.

This interim results announcement is made based on the unaudited condensed consolidated financial information of the Group for the six months ended June 30, 2025.

Events after the Reporting Period

On August 12, 2025, Knight Bidco Limited (the "**Offeror**") and the Company issued a joint announcement on the proposal to privatize the Company by the Offeror by way of a scheme of arrangement under section 86 of the Companies Act and the proposed withdrawal of listing of the Shares from the Stock Exchange. Please refer to the Company's announcements dated August 12, 2025 and August 22, 2025 for further details (the "**Announcements**"). Unless otherwise defined, the capitalized terms used in this section headed "Events after the Reporting Period" shall have the same meanings as those defined in the Announcements.

Save as disclosed above, no other significant event has occurred since the end of the Reporting Period and up to the date of this announcement.

Interim Dividend

The Board did not recommend the payment of any interim dividend for the six months ended June 30, 2025.

Publication of Interim Results and Interim Report

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.kangjimedical.com). The interim report of the Company for the six months ended June 30, 2025 containing all the information in accordance with the requirements under the Listing Rules will be dispatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company on or about September 23, 2025.

By order of the Board
Kangji Medical Holdings Limited
ZHONG Ming
Chairman

Hong Kong, August 28, 2025

As at the date of this announcement, the Board comprises Mr. ZHONG Ming, Ms. SHENTU Yinguang and Mr. YIN Zixin as executive Directors; Ms. CAI Li as non-executive Director; and Mr. JIANG Feng, Mr. GUO Jian and Mr. CHEN Weibo as independent non-executive Directors.