廣東康華醫療集團股份有限公司

GUANGDONG KANGHUA HEALTHCARE GROUP CO., LTD.*

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 3689)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

FINANCIAL HIGHLIGHTS

- Revenue for the Reporting Period decreased by 0.3% to RMB981.5 million (six months ended 30 June 2024: RMB984.5 million).
- Profit for the Reporting Period amounted to RMB32.6 million (six months ended 30 June 2024: Loss of RMB24.7 million).
- Profit for the period attributable to owners of the Company amounted to RMB41.6 million (six months ended 30 June 2024: Loss of RMB19.5 million).
- Earnings per share amounted to RMB12.5 cents (six months ended 30 June 2024: Loss per share of RMB5.8 cents).
- Adjusted Earnings Before Interest, Taxes, Depreciation and Amortisation[#] ("**Adjusted EBITDA**") for the Reporting Period increased by 38.7% to RMB126.7 million (six months ended 30 June 2024: RMB91.3 million).
- The Board does not recommend payment of an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: nil).

[#] *Adjusted EBITDA is earnings before accounting for bank and other interest income, interest expenses, taxes, depreciation and amortisation, fair value gain/(loss) and investment income from financial assets at fair value through profit or loss ("**FVTPL**") and net exchange gain/(loss).*

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Guangdong Kanghua Healthcare Group Co., Ltd.* (廣東康華醫療集團股份有限公司) (the "**Company**" or "**our Company**", "**we**" or "**us**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**" or "**our Group**") for the six months ended 30 June 2025 (the "**Reporting Period**") together with the comparative figures for the corresponding period in 2024.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025

		Six months ended 30 June	
		2025	2024
	NOTES	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Revenue	3	**981,535**	984,518
Cost of revenue		**(823,002)**	(838,119)
Gross profit		**158,533**	146,399
Other income	4	**22,752**	21,154
Other expenses, gains and losses, net	5	**(1,775)**	(9,888)
Net provision for impairment losses under the expected credit loss model		**(10,209)**	(3,236)
Net gain on disposals of subsidiaries	16	**19,208**	–
Loss on change in fair value of investment property	11	**(300)**	–
Share of results of an associate		**(18,358)**	–
Administrative expenses		**(108,754)**	(140,468)
Finance costs		**(8,113)**	(17,061)
Profit/(loss) before tax	6	**52,984**	(3,100)
Income tax expense	7	**(20,413)**	(21,557)
Profit/(loss) for the period		**32,571**	(24,657)
Profit/(loss) for the period attributable to:			
Owners of the Company		**41,642**	(19,542)
Non-controlling interests		**(9,071)**	(5,115)
		32,571	(24,657)
Earnings/(loss) per share			
Basic *(RMB cents)*	9	**12.5**	(5.8)
Diluted *(RMB cents)*	9	**12.5**	(5.8)

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
	NOTE	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Profit/(loss) for the period		**32,571**	(24,657)
Other comprehensive income:			
Item that will not be reclassified to profit or loss			
Gain on revaluation of a property, net of tax	11	**20,098**	–
Other comprehensive income for the period		**20,098**	–
Total comprehensive income/(loss) for the period		**52,669**	(24,657)
Total comprehensive income/(loss) for the period attributable to:			
Owners of the Company		**61,740**	(19,542)
Non-controlling interests		**(9,071)**	(5,115)
		52,669	(24,657)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025

	NOTES	At 30 June 2025 RMB'000 (unaudited)	At 31 December 2024 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	**971,123**	1,143,686
Right-of-use assets	10	**241,044**	280,147
Investment property	11	**221,700**	–
Goodwill		**143,325**	143,325
Interest in an associate		**4,800**	–
Deposits paid for acquisition of property, plant and equipment		**12,153**	29,506
Financial assets at fair value through profit or loss		**24,000**	24,000
Deferred tax assets		**10,802**	10,390
Total non-current assets		**1,628,947**	1,631,054
CURRENT ASSETS			
Inventories		**70,343**	66,441
Accounts and other receivables	12	**279,331**	312,537
Financial assets at fair value through profit or loss		**370,000**	370,000
Amount due from an associate		**11,390**	–
Restricted bank balances		**3,090**	3,088
Fixed bank deposits		**62,152**	65,800
Bank balances and cash		**359,702**	242,604
		1,156,008	1,060,470
Assets classified as held for sale		**–**	50,011
Total current assets		**1,156,008**	1,110,481

	NOTES	At 30 June 2025 RMB'000 (unaudited)	At 31 December 2024 RMB'000 (audited)
CURRENT LIABILITIES			
Accounts and other payables and provision	13	**781,577**	758,754
Bank loans – due within one year	14	**4,000**	4,000
Lease liabilities		**35,031**	61,257
Dividend payable		**48,575**	–
Tax payables		**20,428**	26,386
		889,611	850,397
Liabilities associated with assets classified as held for sale		**–**	23,181
Total current liabilities		**889,611**	873,578
NET CURRENT ASSETS		**266,397**	236,903
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,895,344**	1,867,957
NON-CURRENT LIABILITIES			
Amount due to a non-controlling shareholder of a subsidiary		**87,248**	134,248
Bank loans – due after one year	14	**287,398**	225,067
Lease liabilities		**31,807**	30,332
Deferred tax liabilities		**24,150**	15,963
Total non-current liabilities		**430,603**	405,610
NET ASSETS		**1,464,741**	1,462,347
EQUITY			
Share capital	15	**334,394**	334,394
Reserves		**1,116,890**	1,105,128
Equity attributable to owners of the Company		**1,451,284**	1,439,522
Non-controlling interests		**13,457**	22,825
TOTAL EQUITY		**1,464,741**	1,462,347

NOTES:

1. GENERAL INFORMATION AND BASIS OF PREPARATION

廣東康華醫療集團股份有限公司 Guangdong Kanghua Healthcare Group Co., Ltd.* (the "**Company**") was established as a limited liability company in the People's Republic of China (the "**PRC**" or "**China**") and its overseas listed ordinary shares (the "**H Shares**") are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**"). In the opinion of the directors of the Company, the Company's immediate and ultimate holding company is 東莞市康華投資集團有限公司 (Dongguan Kanghua Investment Group Co., Ltd.) ("**Kanghua Group**"), a limited liability company established in the PRC. The addresses of the registered office and the principal place of business in Hong Kong of the Company are 3/F, Outpatient Zone One, Dongguan Kanghua Hospital, Nancheng Street Road, Dongguan, Guangdong Province, PRC and Unit 3207, Metroplaza Tower 2, 223 Hing Fong Road, Kwai Fong, New Territories, Hong Kong, respectively.

The Company and its subsidiaries (collectively referred to as the "**Group**") are principally engaged in the provision of hospital services, provision of rehabilitation and other healthcare services, provision of haemodialysis services and provision of elderly healthcare services in the PRC.

The interim condensed consolidated financial information is presented in Renminbi ("**RMB**"), which is also the functional currency of the Company. All values are rounded to the nearest thousand, except when otherwise indicated.

The interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard ("**IAS**") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("**IASB**") as well as with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange. The interim condensed consolidation 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 consolidated financial statements for the year ended 31 December 2024.

1A. SIGNIFICANT EVENTS AND TRANSACTIONS IN THE CURRENT INTERIM PERIOD

On 9 January 2025, the Company entered into a sale and purchase agreement with an independent third-party, Beijing Pantheon Health Management Co., Ltd.* (北京鉑頌健康管理有限公司) ("**Pantheon Health**"), a company established in the PRC and is under common control with Silver Mountain Capital Limited (銀山資本有限公司) ("**Silver Mountain**"), for the disposal of 55% equity interest in Chongqing Kanghua Zhonglian Cardiovascular Hospital Co., Ltd.* (重慶康華眾聯心血管病醫院有限公司) ("**Kangxin Hospital**") at a consideration of RMB34,936,000. Details of the arrangements are set out in the Company's announcement dated 9 January 2025.

The disposal was completed on 8 February 2025. Kangxin Hospital has ceased to be a subsidiary of the Company and the financial results of Kangxin Hospital are no longer be consolidated into those of the Company. The Company has accounted for its remaining 45% equity interest in Kangxin Hospital as interest in an associate under equity method. A subsidiary of the Group, namely Chongqing Kanghua Zhonglian Healthcare Management Co., Ltd.* (重慶康華眾聯醫療管理有限公司) ("**Chongqing Kanghua Property**"), has retained the land and buildings underlying the operations of Kangxin Hospital and has leased the same to Kangxin Hospital for its operations.

At the date of disposal of Kangxin Hospital, the Group has recognised a gain on disposal of approximately RMB19,480,000 and interest in an associate at fair value of RMB23,158,000 for the remaining 45% equity interest in Kangxin Hospital.

2. PRINCIPAL ACCOUNTING POLICIES

The interim condensed consolidated financial information have been prepared on the historical cost convention, except for certain financial assets and investment property that are measured at fair values.

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 application of below accounting policies which become relevant to the Group in the current interim period and the adoption of the amendments to IFRS Accounting Standards issued by IASB for the first time for the current period's financial information.

Application of new accounting policies in respect of investment in associates and investment property

Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the

Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/ partial disposal of the relevant associate.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties also include leased properties which are being recognised as right-of-use assets and subleased by the Group under operating leases.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise. Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

If a property becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item (including the relevant leasehold land classified as right-of-use assets) at the date of transfer is recognised in other comprehensive income and accumulated in revaluation reserve.

Adoption of amendments to IFRS Accounting Standards

In the current interim period, the Group has applied, for the first time, the following amendments to IFRS Accounting Standards issued by IASB for the first time for the current period's financial information:

Amendments to IAS 21	Lack of Exchangeability

The application of the amendments to IFRS Accounting Standards 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 the interim condensed consolidated financial information.

3. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in provision of (i) hospital services; (ii) rehabilitation and other healthcare services; (iii) haemodialysis services; and (iv) elderly healthcare services.

Revenue

An analysis of the Group's revenue for the period is as follows:

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Recognised over time:		
Hospital services:		
– Inpatient healthcare services	**521,023**	522,781
– Outpatient healthcare services	**303,869**	319,288
– Physical examination services	**44,341**	38,681
– Postpartum care services	**4,065**	–
Rehabilitation and other healthcare services:		
– Rehabilitation hospital and other healthcare services	**25,011**	28,302
– Rehabilitation centre services and other services	**33,585**	31,406
Haemodialysis services	**42,711**	37,092
Elderly healthcare services	**6,930**	6,968
Total revenue from contracts with customers	**981,535**	984,518

Segment information

Information reported to the executive directors of the Company, being the chief operating decision maker (the "**CODM**"), for the purposes of resource allocation and assessment of segment performance focuses on types of service provided.

The Group's operating segments are classified as (i) hospital services; (ii) rehabilitation and other healthcare services; (iii) haemodialysis services; and (iv) elderly healthcare services. The details of the Group's operating segments are as follows:

(i)	Hospital services:	Provision of hospital services includes (i) inpatient healthcare services, which generally refer to the treatment of patients who are hospitalised overnight or for an indeterminate period of time; (ii) outpatient healthcare services, which generally refer to the treatment of patients who are hospitalised for less than 24 hours; (iii) physical examinations services, which generally refer to the clinical examination of individuals for signs of diseases and health advisory services; and (iv) postpartum care services, which generally refer to the provision of specialized care to new mothers and their newborns following childbirth.
(ii)	Rehabilitation and other healthcare services:	Provision of rehabilitation services generally refers to provision of special care services to patients with permanent or long-term physical or mental disabilities. Other healthcare services include elderly healthcare and training services for the disabled.
(iii)	Haemodialysis services:	Provision of haemodialysis services generally refers to treatments that replicate kidney's function to remove wastes in blood for patients with kidney conditions.
(iv)	Elderly healthcare services:	Provision of elderly healthcare services generally refers to assisted living, adult daycare, long-term care, residential care and hospice care to the aged patients.

These operating segments also represent the Group's reportable segments. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Segment revenues and results

The following is an analysis of the Group's revenue and results by operating segments:

For the six months ended 30 June 2025 (unaudited)

	Hospital services *RMB'000*	**Rehabilitation and other healthcare services** *RMB'000*	**Haemodialysis services** *RMB'000*	**Elderly healthcare services** *RMB'000*	**Total** *RMB'000*
SEGMENT REVENUE					
External sales	**873,298**	**58,596**	**42,711**	**6,930**	**981,535**
Segment profit	**144,787**	**6,710**	**3,919**	**3,117**	**158,533**
Other income					**22,752**
Other expenses, gains and losses, net					**(1,775)**
Net provision for impairment losses under the expected credit loss model					**(10,209)**
Net gain on disposals of subsidiaries					**19,208**
Loss on change in fair value of investment property					**(300)**
Share of results of an associate					**(18,358)**
Administrative expenses					**(108,754)**
Finance costs					**(8,113)**
Profit before tax					**52,984**

For the six months ended 30 June 2024 (unaudited)

	Hospital services *RMB'000*	Rehabilitation and other healthcare services *RMB'000*	Haemodialysis services *RMB'000*	Elderly healthcare services *RMB'000*	Total *RMB'000*
SEGMENT REVENUE					
External sales	880,750	59,708	37,092	6,968	984,518
Segment profit	132,792	10,259	186	3,162	146,399
Other income					21,154
Other expenses, gains and losses, net					(9,888)
Net provision for impairment losses under the expected credit loss model					(3,236)
Administrative expenses					(140,468)
Finance costs					(17,061)
Loss before tax					(3,100)

There were no inter-segment sales during both periods.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of other income, other expenses, gains and losses, net, loss on change in fair value of investment property, net gain on disposals of subsidiaries, net provision for impairment losses under the expected credit loss model, administrative expenses, share of results of an associate and finance costs. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

Except as disclosed above, no other amounts are regularly provided to the CODM of the Group and therefore, no further analysis is presented.

4. OTHER INCOME

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Investment income from structured bank deposits	**3,517**	4,075
Operating lease income	**8,209**	1,883
Bank and other interest income	**2,288**	3,210
Local health service income	**2,798**	1,507
Gain on early termination of lease contracts	**1,454**	–
Government subsidies	**144**	313
Clinical trial and related income	**32**	7,283
Others	**4,310**	2,883
	22,752	21,154

5. OTHER EXPENSES, GAINS AND LOSSES, NET

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Gain/(loss) on disposals of property, plant and equipment	**64**	(222)
Net exchange (loss)/gain	**(1,839)**	1,815
Fair value loss on financial assets at fair value through profit or loss	**–**	(11,400)
Donations	**–**	(81)
	(1,775)	(9,888)

6. PROFIT/(LOSS) BEFORE TAX

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Profit/(loss) before tax has been arrived at after charging:		
Depreciation of property, plant and equipment	**48,190**	53,804
Depreciation of right-of-use assets	**21,345**	21,274
Research and development expenditure	**307**	361
Short-term lease expenses	**676**	1,031
Variable lease rentals in respect of hospitals	**8,209**	7,423
Cost of inventories recognised as expenses (representing pharmaceutical products and consumables and others used, included in cost of revenue)	**426,301**	433,976

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Current tax		
PRC Enterprise Income Tax ("**EIT**")		
Provision for the period	**19,404**	21,864
(Over)/under-provision of EIT in prior years	**(67)**	12
	19,337	21,876
Deferred tax	**1,076**	(319)
	20,413	21,557

Under the Law of the PRC on EIT (the "**EIT Law**") and the Implementation Regulation of the EIT Law, a subsidiary which operates in Mainland China is subject to corporate income tax at a rate of 25% on the taxable income for both periods. Certain subsidiaries of the Group in Mainland China are regarded as "small and micro enterprises" and, accordingly, were entitled to a preferential income tax rate of 5% (six months ended 30 June 2024: 5%) during the current interim period.

No provision for Hong Kong Profits Tax had been made as the Group did not generate any assessable profits in Hong Kong during the six months ended 30 June 2025 and 2024.

8. DIVIDENDS

During the current interim period, a final dividend of RMB0.15 cents per share in respect of the year ended 31 December 2024 (six months ended 30 June 2024: nil) was declared to owners of the Company. The aggregate amount of the final dividend declared in the interim period amounted to RMB49,805,000 (six months ended 30 June 2024: nil) and was paid subsequent to the end of the reporting period.

The directors of the Company have determined that no dividend will be declared and paid in respect of the current interim period (six months ended 30 June 2024: nil).

9. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per share is based on:

	Six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Earnings/(loss):		
Profit/(loss) for the period attributable to ordinary equity holders of the Company for the purpose of calculating earnings/(loss) per share	**41,642**	(19,542)

	Six months ended 30 June	
	2025	2024
	(unaudited)	(unaudited)
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share	**334,394,000**	334,394,000

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2025 and 2024. The diluted earnings/(loss) per share amount is the same as the basic earnings/(loss) per share amount for the six months ended 30 June 2025 and 2024.

10. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT/RIGHT-OF-USE ASSETS

During the current interim period, the Group acquired property, plant and equipment and incurred expenditure on construction in progress of RMB43,560,000 and RMB3,704,000 (six months ended 30 June 2024: RMB24,904,000 and RMB29,188,000), respectively, for the purpose of upgrading and expanding the service capacity of the Group's hospital operations and development of new medical facilities.

During the current interim period, the Group entered into new lease agreements for the use of properties in the PRC for 4 to 15 years (six months ended 30 June 2024: for the use of properties in the PRC for 2 years). The Group is required to make fixed monthly payments. On commencement of the leases, the Group recognised right-of-use assets and lease liabilities of RMB10,830,000 (six months ended 30 June 2024: RMB137,000) each relating to those new leases.

During the current interim period, the Group entered into agreements with landlords for early termination of lease contracts, the carrying amounts of right-of-use assets and lease liabilities were RMB4,376,000 and RMB5,830,000, respectively, resulting in a gain of RMB1,454,000 recognised in profit or loss.

During the current interim period, upon disposal of Kangxin Hospital, the Group transferred certain land and building (the phase 1 medical facility underlying the operations of Kangxin Hospital located in Chongqing) previously classified as property, plant and equipment and right-of-use assets of carrying amounts RMB170,990,000 and RMB24,213,000, respectively, to investment property due to the change in use from self-occupied to leasing for generating rental income. Upon transfer to investment property, the asset was revalued with a surplus on valuation of RMB26,797,000 credited to property revaluation reserve and corresponding deferred tax liability of RMB6,699,000 debited to property revaluation reserve. The Group also disposed of property, plant and equipment of carrying amount RMB17,073,000 in connection with the disposal of Kangxin Hospital.

11. INVESTMENT PROPERTY

	RMB'000
Fair value	
At 1 January 2025 (audited)	**–**
Transfer from property, plant and equipment *(note 10)*	**170,990**
Transfer from right-of-use assets *(note 10)*	**24,213**
Surplus on revaluation upon transfer	**26,797**
Decrease in fair value recognised in profit or loss	**(300)**
At 30 June 2025 (unaudited)	**221,700**

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purpose are measured using the fair value model and are classified and accounted for as investment property.

The Group leases out its medical facility located in Chongqing under operating leases with rentals payable monthly with lease term of 20 years. The lease contract does not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

The valuation was arrived at by using income approach taking into account the current rent receivable from existing tenancy agreement and the reversionary potential of property interests.

12. ACCOUNTS AND OTHER RECEIVABLES

	At 30 June 2025	At 31 December 2024
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Accounts receivable	**255,354**	280,197
Less: Allowance for credit loss	**(18,493)**	(14,598)
Total accounts receivable	**236,861**	265,599
Prepayments to suppliers	**9,901**	11,255
Others	**34,265**	37,872
	44,166	49,127
Less: Allowance for credit loss	**(1,696)**	(2,189)
Total other receivables	**42,470**	46,938
Total accounts and other receivables	**279,331**	312,537

The individual patients of the Group usually settle payments by cash, credit cards, mobile payments or governments' social insurance schemes. For credit card and mobile payments, the banks and counterparties normally settle the amounts approximately 30 days after the transaction date. Payments by governments' social insurance schemes are normally settled by the local social insurance bureau or similar government departments which are responsible for the reimbursement of medical expenses for patients who are covered by the government medical insurance schemes; such settlement ranged from 30 to 180 days from the transaction date. Corporate customers will normally settle the amounts within 90 days after the transaction date by bank transfers. There has been no material change to the above pattern throughout the current and prior interim period.

The following is an ageing analysis of the accounts receivable, net of allowances for credit loss, presented based on the revenue recognition date at the end of the reporting period:

	At 30 June 2025	At 31 December 2024
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Within 30 days	**131,736**	136,837
31 to 90 days	**55,251**	39,063
91 to 180 days	**22,469**	17,236
181 to 365 days	**9,108**	26,193
Over 365 days	**18,297**	46,270
	236,861	265,599

13. ACCOUNTS AND OTHER PAYABLES AND PROVISION

	At 30 June 2025 *RMB'000* **(unaudited)**	At 31 December 2024 *RMB'000* (audited)
Accounts payable	**402,566**	357,884
Accrued expenses	**78,890**	90,552
Receipts in advance *(note)*	**241,136**	250,004
Payables for acquisition of property, plant and equipment	**23,455**	26,335
Other tax payables	**2,773**	4,227
Others	**28,886**	26,897
Other payables	**375,140**	397,985
Sub-total accounts and other payables	**777,706**	755,869
Provision for medical dispute claims	**3,871**	2,885
Total accounts and other payables and provision	**781,577**	758,754

Note: Included in the balance are contract liabilities of RMB68,609,000 (31 December 2024: RMB68,641,000) and advances from the PRC social insurance bureau of RMB172,527,000 (31 December 2024: RMB181,363,000) for the daily hospital operations of the Group.

The credit period of accounts payable is from 30 to 90 days (31 December 2024: 30 to 90 days) from the invoice date.

The following is an aged analysis of accounts payables based on the date of receipt of goods at the end of the reporting period:

	At 30 June 2025 *RMB'000* **(unaudited)**	At 31 December 2024 *RMB'000* (audited)
Within 30 days	**79,674**	86,467
31 to 90 days	**152,908**	118,661
91 to 180 days	**95,181**	77,329
181 to 365 days	**37,303**	36,522
Over 365 days	**37,500**	38,905
	402,566	357,884

14. BANK LOANS

	At 30 June 2025 *RMB'000* **(unaudited)**	At 31 December 2024 *RMB'000* (audited)
Variable-rate secured bank loans *(note (a))*	**77,378**	74,369
Variable-rate unsecured bank loans *(note (b))*	**214,020**	154,698
	291,398	229,067
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**4,000**	4,000
In the second year	**8,000**	4,000
In the third to fifth year, inclusive	**243,021**	182,699
Beyond five years	**36,377**	38,368
	291,398	229,067

Notes:

(a) As at 30 June 2025 and 31 December 2024, the Group had a variable-rate secured bank loan with an interest rate based on the Loan Prime Rate (LPR) announced by the People's Bank of China, adjusted annually from the drawdown date. As at 30 June 2025, the carrying amount of this loan was RMB77,378,000 (31 December 2024: RMB74,369,000), with an effective interest rate of 4.65% per annum (31 December 2024: 4.65%).

This bank loan was obtained primarily to finance the construction, development, and fixed asset purchases for the Kanghua Qingxi Healthcare Complex, the Group's elderly medical and healthcare complex development in Qingxi Town, Dongguan City.

As at 30 June 2025 and 31 December 2024, this bank loan was secured by:

(i) financial guarantees provided by the Company and Mr. Wang Junyang, the chairman of the Group; and

(ii) leasehold land held by a subsidiary of the Company, with a carrying amount of approximately RMB76,703,000 as at 30 June 2025 (31 December 2024: RMB77,553,000).

(b) As at 30 June 2025 and 31 December 2024, the balance comprises one variable-rate unsecured bank loan with an interest rate based on the LPR announced by the People's Bank of China, adjusted annually from the drawdown date. The loan carries an effective interest rate of 4.3% per annum (31 December 2024: 4.3%) and primarily serves to supplement the operating cash flow for Kanghua Hospital.

The loan is unsecured and financial guarantees have been provided by the Company and Mr. Wang Junyang, the chairman of the Group.

15. SHARE CAPITAL

	Number of domestic shares *'000*	Number of H shares *'000*	Share capital *RMB'000*
As at 1 January 2024 (audited), 31 December 2024 (audited) and 30 June 2025 (unaudited)	**250,000**	**84,394**	**334,394**

16. DISPOSAL/ACQUISITION OF SUBSIDIARIES

(a) Disposal of Kangxin Hospital

On 9 January 2025, the Company entered into a sale and purchase agreement with Pantheon Health for the disposal of 55% equity interest in Kangxin Hospital at a consideration of RMB34,936,000. Details of the contractual arrangements are set out in the Company's announcement dated 9 January 2025.

The disposal was completed on 8 February 2025, on which date the Group ceased to have control over Kangxin Hospital. Kangxin Hospital has ceased to be a subsidiary of the Company and the financial results of Kangxin Hospital are no longer consolidated into those of the Company. The Company has accounted for its remaining 45% equity interest in Kangxin Hospital as interest in an associate under equity method.

The net assets of Kangxin Hospital at the date of disposal were as follows:

	RMB'000 (unaudited)
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	17,073
Other assets	17,417
Deferred tax assets	31
Inventories	4,094
Accounts and other receivables	7,876
Bank balances and cash	3,520
Accounts and other payables	(23,181)
Net assets disposed of	26,830

	RMB'000 (unaudited)
Consideration received:	
Cash received	34,936
Amount due to an associate *(Note)*	(11,784)
Total consideration received	23,152
Gain on disposal of a subsidiary:	
Consideration received	23,152
Net assets disposed of	(26,830)
Investment in associate recognised	23,158
Gain on disposal	19,480
Net cash inflow arising on disposal:	
Total cash consideration received	34,936
Cash and cash equivalents disposed of	(3,520)
	31,416

Note: As part of the ancillary agreements entered between the Company and Pantheon Health, the Company would assume certain liabilities of Kangxin Hospital that existed prior to the disposal. Accordingly, amount due to an associate of RMB11,784,000 was included in the consideration of the disposal.

(b) Disposal of subsidiaries of Anhui Hualin

During the current interim period, the Group entered into several sale and purchase agreements to dispose of its 100% equity interests in certain subsidiaries of 安徽樺霖醫療投資有限公司 (Anhui Hualin Medical Investment Co., Ltd.) ("**Anhui Hualin**"). The purpose of the disposal was to dispose of certain non-performing rehabilitation related operating subsidiaries within the Anhui Hualin Group. The disposal was completed in June 2025, on which the Group ceased to have control over these subsidiaries.

The net assets of these subsidiaries at the date of disposal were as follows:

	RMB'000 (unaudited)
Loss on disposal of subsidiaries:	
Cash consideration received	90
Net assets disposed of	(496)
Non-controlling interest	134
Loss on disposal	(272)
Net cash outflow arising on disposal:	
Total cash consideration received	90
Cash and cash equivalents disposed of	(235)
	(145)

(c) Acquisition of additional interest in a subsidiary of Anhui Hualin

During the current interim period, the Group acquired additional interest of 9.4% in 合肥市愛會健康管理有限公司 (formerly known as 合肥市愛康慧健康管理有限公司) ("**Hefei Aihui Health**") from the non-controlling shareholders of Hefei Aihui Health at a consideration of RMB336,000. The change in value of the proportionate share of net assets attributable to non-controlling interests of that subsidiary was approximately RMB163,000. The Group owned 100% equity interest in Hefei Aihui Health as a result of the acquisition.

17. CAPITAL COMMITMENTS

	At 30 June 2025 ***RMB'000*** **(unaudited)**	At 31 December 2024 *RMB'000* (audited)
Capital expenditure in respect of property, plant and equipment contracted for but not provided in the interim condensed consolidated financial information	**78,721**	153,706

18. CONTINGENT LIABILITIES

The Group is involved as defendants in certain medical disputes arising from its normal business operations. Except for those disputes with provision made as disclosed in note 13, the management of the Group believes that the final result of other medical disputes with total claims of RMB12,374,000 (31 December 2024: RMB14,292,000) as at 30 June 2025 will not have a material impact on the financial position or operations of the Group and the amount of outflow, if any, cannot be determined with sufficient reliability prior to judicial appraisals. Accordingly, no provision is made in this regard.

MANAGEMENT DISCUSSION AND ANALYSIS

PRINCIPAL OPERATIONS

The Group is a well-recognised hospital operator and healthcare services provider in the PRC with the mission of "Caring for the People and Practicing Medicine with Integrity" (蒼生為念•厚德載醫). The Group operates four major business segments: (i) provision of hospital services; (ii) provision of rehabilitation and other healthcare services; (iii) provision of haemodialysis services; and (iv) provision of elderly healthcare services.

Our hospital services segment currently comprised two self-owned hospitals. We operate one of the largest private general hospitals in the PRC, namely Dongguan Kanghua Hospital (東莞康華醫院) ("**Kanghua Hospital**"), located in Nancheng District, Dongguan, Guangdong Province. Kanghua Hospital was also one of the first private general hospital in the PRC to attain a Grade A Class III rating under the National Health and Family Planning Commission of the PRC classification system, the highest rating attainable by hospitals in the PRC. Kanghua Hospital commenced operation in November 2006 and covers a land area of 563 acres, with a total building area of 398,000 square meters and has a designed capacity of 2,006 beds, of which approximately 1,500 beds are already in use and operating. Kanghua Hospital is an ecological largescale hospital, it was rated as the highest level of "Industry Credit AAA" (行業信用 AAA) and "Five-Star Service Capability" (服務能力五星) by the China Association of Non-Public Medical Institutions (中國非公立醫療機構協會), being the first in Southern China region. Kanghua Hospital offers a continuum of healthcare services to a diverse range of patients, particularly those with critical, complex or rare medical conditions. Kanghua Hospital received numerous awards in the past, including the 2024 Top 100 Best Hospitals in the Guangdong-Hong Kong-Macao Greater Bay Area (2024粵港澳大灣區最佳醫院100強) and 2024 Dongguan Excellent Medical Insurance Demonstration Hospital (2024年東莞市優秀醫保示範醫院).

We also operate Dongguan Renkang Hospital (東莞仁康醫院) ("**Renkang Hospital**") located in Houjie Town, Dongguan, Guangdong Province, a Grade A Class II private general hospital servicing the local communities in the surrounding area. Located in Dongguan, Guangdong Province, Kanghua Hospital and Renkang Hospital complement each other through patient referrals, technical assistance, multisite practices and research and teaching collaboration. Renkang Hospital commenced operation in March 2008 and covers a land area of 118 acres, with a total building area of 110,000 square meters with close to 500 beds in service capacity.

Our presence outside of Guangdong Province is Chongqing Kanghua Zhonglian Cardiovascular Hospital (重慶康心醫院) ("**Kangxin Hospital**"), a specialty hospital in cardiovascular diseases in Chongqing, the PRC. Kangxin Hospital is an investment attraction project of the Chongqing Investment and Trade Fair (重慶渝洽會) and the first cardiovascular disease private hospital in Chongqing. Kangxin Hospital was built according to the national Grade A Class III rating specialized hospital standards. The campus covers an area of more than 30 acres, with a planned building area of approximately 100,000 square meters and can accommodate 505 beds in service capacity. In January 2025, the Group disposed 55% equity interest in Kangxin Hospital but retained 45% equity interest as our associate company. The Board is confident that Kangxin Hospital will benefit from the comprehensive resources and networks that the new investment partner, Silver Mountain Capital Limited (銀山資本有限公司) ("**Silver Mountain**"), can offer as a 55% shareholder of Kangxin Hospital following the disposal. Such majority stake will incentivize the new shareholder to deploy additional resources, which are expected to, among other things, accelerate the deployment of Kangxin Hospital's second-phase complex. By retaining a 45% stake in Kangxin Hospital, the Group will be able to benefit financially from its future prospects. Silver Mountain's management of Kangxin Hospital began in June 2022 and has since yielded encouraging results.

Our rehabilitation and other related healthcare services segment, with its operations located in Anhui Province, the PRC, mainly consist of two major rehabilitation hospitals, namely, Hefei Kanghua Rehabilitation Hospital (合肥康華康復醫院) and Hefei Jingu Hospital (合肥金谷醫院), a Grade A Class I general hospital, Bengbu Renkang Hospital (蚌埠仁康醫院) and an out-patient centre (these hospitals and out-patient centre represent our rehabilitation hospital and other healthcare services operation), and thirteen rehabilitation centres and one vocational training school (representing our rehabilitation centre services and other services operation). These operations primarily consist of provision of special care services to patients with permanent or long-term physical or mental disabilities and also healthcare and training services for the disabled. These operations signify the Group's offerings into disability rehabilitation services outside of Guangdong Province, and our expansion initiatives and confidence into quality rehabilitation services in the PRC.

Our haemodialysis services segment is principally engaged in the operation of haemodialysis outpatient centres in the PRC, referred to as the "Kanghua Haemodialysis Group" (康華血液透析集團) or "Kanghua Sunshine" (康華陽光). The provision of haemodialysis services generally refers to treatments that replicate kidney's function to remove wastes in blood for patients with kidney conditions. The first outpatient centre of the Kanghua Haemodialysis Group commenced operation in 2016. The Kanghua Haemodialysis Group operates 12 haemodialysis centres, located in Guangzhou (2), Chengdu (3), Shenzhen (1), Foshan (1), Zhongshan (1), Zhuhai (1), Yangjiang (1), Jieyang (1) and Jiangmen (1), serving more than 960 regular haemodialysis patients. During the current interim period, the haemodialysis outpatient centres had performed more than 66,000 (six months ended 30 June 2024: 56,000) haemodialysis operations. The Kanghua Haemodialysis Group has introduced advanced concepts and technologies from haemodialysis outpatient centres in Singapore and implemented high-quality dialysis and refined chronic disease management. The Kanghua Haemodialysis Group is a pioneer in introducing "harmless dialysis" (無傷害透析), which is a protocol significantly more advanced than the prevalent standard in the PRC and has significantly improved the life span and quality of life of kidney patients.

Our elderly healthcare services segment represents the operation of Renkang Elderly Care Centre (仁康護理院). Our comprehensive elderly healthcare centre with a capacity of 108 elderly beds located inside Renkang Hospital aims to provide quality high-end elderly care services to local residents in Houjie Town, Dongguan City, the PRC. In view of the accelerating aging population issue in the PRC that leads to the high development potential of the healthcare and elderly care industry, Renkang Elderly Care Centre signifies our Group's presence and extension of our "big health" concept business development.

BUSINESS REVIEW AND OUTLOOK

Business Overview for the six months ended 30 June 2025

The healthcare market in China continues to evolve significantly in the first half of 2025, driven by technological advancements, government initiatives, and shifting consumer preferences. The government's "Healthy China 2030" initiative remains a pivotal driver, aiming to enhance healthcare accessibility through digital means. The rapidly aging population in China is significantly driving up healthcare demand. This demographic shift is creating increased demand for geriatric care and chronic disease management services. Consumer preferences in China are shifting towards personalized and preventive healthcare, driven by an increasingly health-conscious middle class and technological advancements.

In 2025, China's DRG (Diagnosis-Related Groups)/DIP (Diagnosis-Intervention Packet) payment reform is continuing its nationwide rollout, aiming for full implementation by the end of the year. This reform is a key part of China's healthcare system overhaul, focusing on shifting from volume-based to value-based healthcare. The focus is shifting to refining DRG weights and rates, aligning them with supply-side reforms and addressing price transparency issues. This involves adjusting payment mechanisms to reflect the true cost of care and encourage efficiency. Price transparency is becoming increasingly important, with regional price variations potentially influencing provider behaviour. The DRG/DIP payment reform had significantly caused reduction in average hospitalization costs. During the current interim period, the Group continues to focus on controlling medical costs and placed emphasis on personalized and preventive healthcare services.

During the Reporting Period, the Group's consolidated revenue amounted to RMB981.5 million (six months ended 30 June 2024: RMB984.5 million), representing a period-on-period decrease of 0.3%, despite the disposal and de-consolidation of Kangxin Hospital's revenue since the beginning of 2025.

The Group recorded a consolidated profit of RMB32.6 million for the Reporting Period as compared to a loss of RMB24.7 million for the same period last year. The profit for the Reporting Period is primarily attributable to (i) disposal of 55% equity interest in Kangxin Hospital and de-consolidation of its results. As a result of the disposal, the Group has recorded a gain on disposal of RMB19.5 million for the Reporting Period. Kangxin Hospital has been loss-making. Subsequent to the disposal, the financial results of Kangxin Hospital (loss-making) have been de-consolidated from those of the Group. While the Group has accounted for its remaining 45% equity interest in Kangxin Hospital and recorded a share of the loss of Kangxin Hospital (such share of loss amounted to RMB18.4 million for the Reporting Period), the de-consolidation of Kangxin Hospital had a net positive impact to the financial results of the Group, as compared to full consolidation of Kangxin Hospital's loss prior to the disposal; (ii) the continual growth in revenue from our haemodialysis services business operations (although such business is still operating at a loss, its negative impact to the financial performance has improved); and (iii) a substantial decrease in our administrative expenses and finance costs as a result from our efforts in cost saving initiatives and policies during the current interim period.

Our hospital services segment has recorded a revenue for the Reporting Period of RMB873.3 million (six months ended 30 June 2024: RMB880.8 million), representing a period-on-period decrease of 0.8% as compared to same period last year. For the first half of 2025, the overall patient visits of our hospital services segment recorded a decrease of 12.8% (include the impact of de-consolidation of Kangxin Hospital patient visits) as compared to same period of 2024. The Group's self-owned hospitals (currently making up our hospital services segment), Kanghua Hospital and Renkang Hospital have recorded increase in revenue of 4.3% and decrease in revenue of 7.6%, respectively.

Our rehabilitation and other related healthcare services segment, through our ownership of 57% equity interest in Anhui Hualin Medical Investment Co., Ltd.* (安徽樺霖醫療投資有限公司) ("**Anhui Hualin**") (Anhui Hualin and its subsidiaries, directly and indirectly holds sponsor interests in the managed and controlled entities, certain of which are private non-enterprise entities in Anhui Province, the PRC, collectively the "**Anhui Hualin Group**"), has recorded revenue for the Reporting Period of RMB58.6 million (six months ended 30 June 2024: RMB59.7 million), representing a period-on-period decrease of 1.9%. Revenue for the Reporting Period from our (i) rehabilitation hospitals and other healthcare services operation; and (ii) rehabilitation centre services and other services operation have decreased by 11.6% and increased by 6.9%, respectively. The decrease in revenue is primarily due to decrease in the inpatient intake and patients average spending at our rehabilitation hospitals, but partly offset by the increase in patient visits at our rehabilitation centres. Continued from 2024, although the private rehabilitation market is expanding, driven by an increasing elderly population and shift towards preventive rehabilitation services, however, the competition is also increasingly intense with more private clinics and facilities emerging to compete for the demand, which as a whole had a negative impact on our business operations.

Our haemodialysis services segment, the business segment that we acquired in January 2024, has recorded revenue for the Reporting Period of RMB42.7 million (six months ended 30 June 2024: RMB37.1 million). The demand for hemodialysis services in China is significantly increasing due to a rising incidence of chronic kidney disease (CKD) and number of end-stage kidney disease (ESKD) patients. This increase is driven by factors like the growing prevalence of diabetes and hypertension, coupled with a shortage of kidney donors. As people's income and expectation for quality services increase, patients are seeking alternative options in the private sector for haemodialysis services, where they can enjoy more convenience, flexibility, and personalized care. It is expected that the proportion of patients opting for private sector providers to undergo haemodialysis-related treatments in the PRC will continue to increase. The geographical presence of our haemodialysis out-patient centres aligns with the Group's strategy of expanding and promoting the "Kanghua" brand in the Greater Bay Area. The Kanghua Haemodialysis Group operates in major cities outside of Dongguan, where Kanghua Hospital is located.

Our elderly healthcare services segment has recorded a revenue for the Reporting Period of RMB6.9 million (six months ended 30 June 2024: RMB7.0 million), representing a period-on-period decrease of 0.5%. As Renkang Elderly Care Centre is currently operating at close to maximum capacity, the decrease in revenue for the Reporting Period was mainly due to the slight fluctuation in utilisation and average spending during the Reporting Period. Over the past years, China's elderly care service policies have continued to evolve in response to the growing aging population and the need for diverse care options. The demand for elderly healthcare services in China is rapidly increasing. This growing demand is outpacing the current supply of services, particularly in areas like home-based care and specialized services like rehabilitation and psychological counselling.

The Group's Adjusted EBITDA (Adjusted EBITDA is earnings before accounting for bank and other interest income, interest expenses, taxes, depreciation and amortisation, fair value gain/(loss) and investment income from financial assets at FVTPL and net exchange gain/(loss)) recorded a period-on-period increase of 38.7% to RMB126.7 million (six months ended 30 June 2024: RMB91.3 million). This indicates that the Group's core operations have remained strong, after eliminating the effects of financing, investment-related income, fair value changes of investments, effects of exchange rates, capital expenditures and extraordinary non-cash related losses.

Hospital Services

The Group's self-owned hospitals, namely, Kanghua Hospital (our Grade A Class III standard general hospital) and Renkang Hospital (our Grade A Class II standard general hospital), currently represented our Group's hospital services segment (during the Reporting Period, the Group disposed 55% equity interest in Kangxin Hospital but retained 45% equity interest as our associate company). During the Reporting Period, the key metrics of our financial and operational performance (the financial and operational figures of Kangxin Hospital has been excluded for the Reporting Period as it was no longer included in the Group's hospital services segment following its disposal) are as follows: (i) the total number of inpatient visits decreased to 35,311 (six months ended 30 June 2024: 37,979), representing a period-on-period decrease of 7.0%; (ii) the overall average spending per inpatient visit amounted to RMB14,755.3 (six months ended 30 June 2024: RMB13,765.0), representing a period-on-period increase of 7.2%; (iii) the overall bed utilisation rate increased to 81.0% (six months ended 30 June 2024: 73.2%); (iv) the average length of maintain steady at 6.4 days (six months ended 30 June 2024: 6.4 days); (v) the total number of outpatient visits decreased to 651,350 (six months ended 30 June 2024: 757,695), representing a period-on-period decrease of 14.0%; (vi) the overall average spending per outpatient amounted to RMB466.5 (six months ended 30 June 2024: RMB421.4), representing a period-on-period increase of 10.7%; and (vii) the total number of surgical operations increased to 25,898 (six months ended 30 June 2024: 19,692), representing a period-on-period increase of 31.5%.

The table below sets forth certain key operational data of the Group's self-owned hospitals of our hospital services segment for the periods indicated:

		For the six months ended 30 June	
	Change	**2025**	2024
Inpatient healthcare services			
Inpatient visits	-7.0%	**35,311**	37,979
Average length of stay *(days)*	–	**6.4**	6.4
Average spending per visit *(RMB)*	+7.2%	**14,755.3**	13,765.0
Outpatient healthcare services			
Outpatient visits	-14.0%	**651,350**	757,695
Average spending per visit *(RMB)*	+10.7%	**466.5**	421.4
Physical examination services			
Physical examination visits	-3.5%	**82,373**	85,350
Average spending per visit *(RMB)*	+20.2%	**538.3**	448.0

The healthcare industry has continued to face unprecedented operational pressure in 2025. However, under the strategic guidance of the Board with "Three Precision Management" (三精管理) approach, Kanghua Hospital and Renkang Hospital firmly implemented its core strategy of "improving quality, controlling costs, and increasing efficiency" actively responded to market changes, promoted group integration, and achieved satisfactory phased results during the Reporting Period.

Kanghua Hospital's revenue for the Reporting Period was RMB763.5 million, representing a 4.3% increase from the previous period. During the first half of 2025, despite an increase in revenue, our general and emergency patient visits experienced a decline. Notably, departments such as pediatrics, respiratory medicine, and obstetrics and gynecology recorded the most significant drops. This decline can be attributed to several factors, including reduced incidences of respiratory illnesses, a notable decrease in fertility and birth rates, evolving healthcare, pharmaceutical, and insurance policies (the "**Three Medical**" policies), tighter community referral restrictions, enhanced service capabilities at local town-level hospitals, and the strengthening of medical alliances among public hospitals. Additionally, increased regional competition in medical specialties has contributed to a decrease in the business volume of the relevant departments at Kanghua Hospital. Nevertheless, revenue growth was primarily driven by our continued focus on optimizing admission and treatment processes, an increase in the average spending per patient visit, and a rise in the number of surgical procedures performed.

Renkang Hospital's revenue for the Reporting Period was RMB105.8 million, representing a 7.6% decrease from the previous period. During the Reporting Period, both outpatient and inpatient volumes experienced a decline, although there was a modest increase in the number of surgical procedures. Improved service capabilities at nearby public hospitals and community centers have led local healthcare providers to limit patient referrals to Renkang Hospital, thereby reducing demand. The hospital has yet to fully develop distinctive specialties and core competencies, resulting in limited regional influence and a lack of differentiated competitive advantages in the short term. Moving forward, it is essential for Renkang Hospital to invest in strengthening its brand reputation and enhancing patient loyalty. Furthermore, as the "Three Medical" policies continue to evolve, the increased emphasis on precise hospital management is intensifying the need for stringent cost control measures.

During the Reporting Period, revenue from our postpartum care service (康華月子中心) amounted to RMB4.1 million. Postpartum care services which encompass specialized care for new mothers and their newborns following childbirth, located in the Huaxin Building at Kanghua Hospital and aim to deliver high-quality, premium care to local residents. Previously, revenue from postpartum care was incorporated into inpatient healthcare services within the obstetrics and gynecology (O&G) departments, however, during the Reporting Period, the Group restructured its reporting approach to streamline financial reporting and enhance the performance measurement, as a result, a new reporting entity was established to separately capture the performance of postpartum care services, but will continue to be included within our hospital services segment. The Board is confident that this strategic move will improve our performance measurement, better align with our service differentiation strategies, and can further strengthen the Kanghua brand.

The table below sets forth the revenue contribution by healthcare disciplines of our hospital services segment for the periods indicated:

		For the six months ended 30 June			
Healthcare disciplines *(note (i))*	**Change**	**2025** *RMB'000*	**% of revenue of the Group's owned hospitals**	2024 *RMB'000*	% of revenue of the Group's owned hospitals
Internal medicine related disciplines (內科有關科室)	+0.6%	**112,082**	**12.8**	111,408	12.6
Cardiovascular related disciplines *(note (ii))* (心血管有關科室)	-20.2%	**101,280**	**11.6**	126,900	14.4
O&G related disciplines (婦產科有關科室)	-8.8%	**94,233**	**10.8**	103,306	11.7
General surgery related disciplines (普通外科有關科室)	+16.2%	**74,296**	**8.5**	63,950	7.3
Neurology related disciplines (神經醫學有關科室)	+2.8%	**60,777**	**7.0**	59,119	6.7
Oncology related disciplines (腫瘤有關科室)	+26.6%	**41,895**	**4.8**	33,095	3.8
Emergency medicine related disciplines (急診有關科室)	+4.4%	**40,021**	**4.6**	38,329	4.4
Orthopaedics related disciplines (骨科有關科室)	+0.2%	**39,668**	**4.5**	39,574	4.5
Nephrology related disciplines (腎臟科有關科室)	+8.7%	**38,285**	**4.4**	35,214	4.0
Medical aesthetic related disciplines (醫學美容有關科室)	+12.1%	**25,924**	**3.0**	23,129	2.6
Paediatrics related disciplines (兒童醫學有關科室)	-34.8%	**17,607**	**2.0**	27,022	3.1
Physical examination (體檢科)	+14.6%	**44,341**	**5.1**	38,681	4.4
Postpartum care service (月子服務)	N/A	**4,065**	**0.5**	–	–
Other disciplines (其他臨床科室)	-1.2%	**178,824**	**20.4**	181,023	20.5
Total		**873,298**	**100.0**	880,750	100.0

Notes:

(i) The Group's healthcare disciplines can generally be classified into clinical disciplines and medical technology disciplines. Medical technology disciplines provide diagnostic and treatment support according to the requirements of clinical disciplines from time to time. Revenue derived from services delivered through medical technology disciplines is generally recognised in the relevant clinical disciplines that utilised such services.

(ii) During the Reporting Period, the Group disposed 55% equity interest in Kangxin Hospital but retained 45% equity interest as our associate company. The revenue of cardiovascular related disciplines from Kangxin Hospital has been excluded for the Reporting Period as it was no longer included in the Group's hospital services segment following its disposal.

In the first half of 2025, the Group performed a total of 25,898 surgeries (six months ended 30 June 2024: 19,692), including 11,447 surgeries (six months ended 30 June 2024: 11,561) with level 3 or level 4 complexities. This represents a period-on-period increase of 31.5% in total surgeries and decrease of 1.0% in complex surgeries. The significant increase in total surgeries demonstrates the advancements in our medical service quality and capabilities, as well as the increasing recognition of our brand and reputation.

The Group's VIP healthcare services are high-end healthcare services that extend beyond basic medical services and are specifically catered for more affluent patients who are willing to pay a premium for higher quality and customised services that are not generally available in public hospitals. Revenue of our VIP healthcare services amounted to RMB52.2 million for the Reporting Period (six months ended 30 June 2024: RMB53.5 million), representing a period-on-period decline of 2.4% as compared with the same period last year. Our VIP service offerings include inpatient and outpatient services, and O&G services at Huaxin Building (華心樓) (a complex in Kanghua Hospital dedicated to VIP healthcare services). The Group believes the decline is related to the staggering economic environment in the Dongguan region.

Rehabilitation and other Healthcare Services

As at 30 June 2025, the Group's rehabilitation and healthcare services segment, represented by Anhui Hualin Group, operates two rehabilitation hospitals, a general hospital, an outpatient center, thirteen rehabilitation centers, and one vocational training school. During the Reporting Period, this segment recorded a revenue of RMB58.6 million (six months ended 30 June 2024: RMB59.7 million), representing a period-one-period decrease of 1.9%.

Anhui Hualin Group currently employs approximately 990 staff (31 December 2024: 1,040) and maintains stable cooperation with the Anhui Disabled Persons Federation (安徽省殘疾人聯合會) and local governments for training services for the disabled. It is also a major provider of children's rehabilitation services in Anhui Province. As at 30 June 2025, Hefei Kanghua Rehabilitation Hospital (合肥康華康復醫院) and Hefei Jingu Hospital (合肥金谷醫院) operated a total of 260 registered beds (31 December 2024: 265). During the Reporting Period, the rehabilitation hospitals recorded 15,133 outpatient visits (six months ended 30 June 2024: 13,740) and 936 inpatient visits (six months ended 30 June 2024: 2,369).

In the first half of 2025, China's rehabilitation healthcare industry continues to experience intense competition amid several challenges. The rehabilitation service segment is grappling with revenue constraints from inpatient visits due to limitations imposed by social security insurance and stricter safety regulations. Furthermore, the new DRG regulations introduced in 2024 have maintained the annual social security insurance quotas, thereby influencing current revenue projections. Efforts to capture new patient markets in regions have been implemented, however, the increase in patient volume has not met expectations. This shortfall in patient numbers is exerting pressure on the anticipated revenue growth for 2025, prompting industry stakeholders to seek innovative strategies and enhanced partnerships to navigate these challenges and maintain a competitive edge. The business environment for children's rehabilitation services remains more favorable than for adults. Measures are being implemented to promote the growth and sustainability of children's rehabilitation centers. The Group continues to monitor the market and seek partnerships with suitable local rehabilitation centers.

During the Reporting Period, revenue from rehabilitation hospitals and other healthcare services decreased by 11.6% to RMB25.0 million (six months ended 30 June 2024: RMB28.3 million), and revenue from rehabilitation center services and other services increased by 6.9% to RMB33.6 million (six months ended 30 June 2024: RMB31.4 million).

Haemodialysis services

The Group's haemodialysis services segment represents the operation of haemodialysis outpatient centres in the PRC. As at the date of this announcement, the Group operates 13 haemodialysis centres, located in Guangzhou (3), Chengdu (3), Shenzhen (1), Foshan (1), Zhongshan (1), Zhuhai (1), Yangjiang (1), Jieyang (1) and Jiangmen (1), serving more than 960 regular haemodialysis patients. In the first half of 2025, the haemodialysis outpatient centres had performed more than 80,000 (例次) haemodialysis operations as compared with approximately 56,000 haemodialysis operations with the same period last year, representing a period-on-period growth of over 42.0%.

The Kanghua Haemodialysis Group benefits from a strong recurring patient flow and stable income stream, as haemodialysis requires ongoing and regular sessions rather than being a one-time treatment. The Group plans to increase its service capacity to capture more market share, thereby expanding its revenue base. During the Reporting Period, the Kanghua Haemodialysis Group generated revenue of RMB42.7 million (six months ended 30 June 2024: RMB37.1 million), representing a period-on-period increase of 15.1%.

Although revenue from the haemodialysis services segment has increased, however, average patient spending has decreased compared to the same period last year. During the Reporting Period, significant efforts were directed towards reducing costs through optimising procurement of consumables and adoption of new perfusion techniques. Nevertheless, these cost reduction initiatives have been partially offset by adjustments in pricing specifications. Further pricing restrictions in certain regions have imposed additional limits on revenue growth. With the average spending per visit declining, due to reduction in service charge for each haemodialysis operation performed, the revenue growth from increased outpatient volumes have been partially offset by lower average spending. Looking ahead to the second half of 2025, as new policies in social insurance systems and procurement channels are implemented across regions, the Group will continue to refine internal systems, enhance cost controls, and improve operational efficiency. Although currently loss-making, the haemodialysis services segment is anticipated to generate positive returns for the Company and its Shareholders in the long term.

Elderly Healthcare Services

The Group's elderly healthcare services segment comprised of our comprehensive elderly healthcare centre, the Renkang Elderly Care Centre (仁康護理院), which aims to provide quality high-end elderly care services to local residents in Houjie Town, Dongguan City.

In the first half of 2025, Renkang Elderly Care Centre had a total of 108 beds with an average length of stay of 132.0 days (six months ended 30 June 2024: 129.6 days) and recorded total patient visits of 133 (six months ended 30 June 2024: 138). Revenue from the provision of elderly healthcare services for the Reporting Period amounted to RMB6.9 million (six months ended 30 June 2024: RMB7.0 million), representing a period-on-period decrease of 0.5%. As Renkang Elderly Care Centre is currently operating at close to maximum capacity, the decrease in revenue for the Reporting Period was mainly due to the slight fluctuation in utilisation and average spending during the Reporting Period. In 2025, the center has continued to place emphasis on providing high-quality follow-up services for elderly residents, including traditional Chinese medicine physiotherapy and rehabilitation training. Additionally, the center has strengthened internal management, revising and improving safety protocols and other systems for nursing homes to ensure the standardization and institutionalization of all service aspects. Renkang Elderly Care Centre will continue to focus on enhancing service quality and cooperating with the evaluation process of Guangdong Province's Pension Institution (廣東省養老機構), striving to achieve accreditation as a five-star pension institution.

Industry Outlook and Strategy

In 2025, China's healthcare industry is entering a dynamic phase, shaped by significant policy reforms, technological innovation, and evolving public demand. With the outlook for 2025, the national focus is on innovation-driven growth, quality improvements, and enhancing accessibility through strategic reforms in healthcare investments and social insurance policies. National healthcare policies continue to emphasize the need for more integrated, reasonable and quality services, particularly as the population ages and rises in chronic diseases across the country. Recent policy updates prioritize enhancing community health centers, incentivizing practitioners to serve in underserved rural regions, and fostering a smoother referral process between primary and tertiary care. This integrated model will help balance the demand on urban hospitals and provide a more accessible healthcare system across the country.

Simultaneously, a wave of reforms in social insurance policy is reshaping the financing of healthcare services. With the expansion of medical insurance schemes, individuals will benefit from broader coverage and lower cost barriers. New measures aim to create a more unified insurance system through flexible premium collections and improved compensation structures, ensuring sustainability in the face of rising healthcare expenditures. Public-private partnerships have also been proposed as a strategy to support infrastructure development without compromising fiscal integrity.

The National Healthcare Security Administration's "Three-Year Action Plan for DRG/DIP Payment Reform" mandates that Diagnosis-Related Groups (DRG)/Diagnosis-Intervention Packet (DIP) payment models have been implemented in all planning areas at the end of 2024 and will cover all qualified medical institutions providing inpatient services by the end of 2025. This plan promotes transparency and efficiency in medical insurance, requiring high standards from private medical institutions and attracting patients with long-term and complex illnesses.

Cross-sector collaboration is also a central element of the 2025 healthcare reform. The Chinese government encourages joint ventures between domestic and international partners, allowing the rapid adoption of global best practices and advanced technologies. This cooperation is expected to further stimulate innovation, ensuring that both urban and rural healthcare services are improved. China's industry outlook for 2025 is characterized by a balanced approach integrating digital transformation, enhanced social insurance mechanisms, and robust policy reforms. These collective efforts are designed to build a resilient healthcare system that meets the evolving needs of China's diverse population and sets a benchmark for quality and accessibility in healthcare services.

Our Strategy

In 2025, our Group intends to capitalize on industry opportunities through the following measures:

Continue to strengthen the development of key specialties and improve patient visits: Enhance the development of our key specialty departments, such as, Cardiovascular Center, Plastic and Cosmetic Surgery, Obstetrics and Gynecology and Rehabilitation Medicine in Kanghua Hospital, through introduction and cultivate prominent leaders in these fields, further optimize the specialty layout, build top-notch specialized departments, and lead the hospital's development. Implement necessary measures to improve patient visits by enhancing outpatient management, particularly for departments such as pediatrics and respiratory care. Strategically reassign personnel or recruit qualified experts to departments facing low engagement or a paucity of specialized influence.

Focus on high-end medical services: As society develops, the demand for medical services is increasing, and patients' expectations for high-quality medical experiences are rising. Our Group needs to continue to promote the hospitals' differentiated development and high-end services, providing patients with convenient, personalized, and comprehensive diagnostic and treatment management across the entire cycle, thus meaningfully enhancing the hospital's high-end service capabilities.

Strengthen social security payment management systems: The downward adjustments in payment rates for different DRG groups and tightened social insurance payment quotas under the DIP model implemented by the Ministry of Human Resources and Social Security are expected to continue to put a pressure on our revenue growth. Our Group will collaborate proactively with the social security bureau to advance diverse and comprehensive payment models, including disease-based payment. Further standardize the management of medical records and enforce quality control measures for both medical records and medical insurance settlement lists, in accordance with relevant regulations.

Rigid control of labor costs and dynamic adjustment of our medical professionals: Our Group will optimize and integrate our human resources to achieve both cost efficiency and high effectiveness. This will involve enhancing departmental management through refined practices and strengthening our reserve of professional talent.

Future Plans for Material Investments and Capital Assets

The Kanghua Qingxi Healthcare Complex (康華•清溪分院)

The Kanghua Qingxi Healthcare Complex is the Group's new elderly medical and healthcare complex development in Qingxi Town, Dongguan City (the land use rights of a land parcel which was acquired in year 2020), construction work of the main facilities had commenced in 2021. The development involves a comprehensive elderly healthcare medical facility with a particular focus on geriatric patients and rehabilitation, and will further enhance the Group's capability in providing high-end integrated medical care to meet the increasing demand for such services in Guangdong Province, the PRC.

The Kanghua Qingxi Healthcare Complex has a total construction area of more than 130,000 square meters, and the planned architectural content includes several medical technology buildings, inpatient buildings, and nursing buildings, among which we expect there will be 500 inpatient beds and about 800 nursing and rehabilitation beds. The first phase of construction covers the medical technology building, the inpatient building, and the rehabilitation building, with a total construction area of approximately 44,000 square meters. The construction and inspection of the main structure of the buildings for the first phase of the construction has been completed in 2024. The relevant interior decoration is in progress of re-design and amendments and we expect to complete in year 2026, and aim to put the first phase of the project into operation by 2027. As of 30 June 2025, the total investment in Kanghua Qingxi Healthcare Complex amounted to approximately RMB232.1 million.

Save as disclosed in this announcement, the Group did not have other plans for material investments or capital assets as of the date of this announcement.

FINANCIAL REVIEW

Segment Revenue

The Group generates revenue primarily from: (i) hospital services – provision of healthcare services through its owned hospitals, namely Kanghua Hospital and Renkang Hospital (six months ended 30 June 2024: Kanghua Hospital, Renkang Hospital and Kangxin Hospital), comprising inpatient healthcare services, outpatient healthcare services, physical examination services and postpartum care service; (ii) rehabilitation and other healthcare services – provision of rehabilitation services to patients with physical or mental disabilities and other healthcare related services including elderly care and training service for the disabled; (iii) haemodialysis services – provision of haemodialysis services primarily refers to treatments that replicate kidney's function to remove wastes in blood for patients with kidney disease or failure; and (iv) elderly healthcare services – provision of elderly healthcare services, including assisted living, adult daycare, long-term care, residential care and hospice care to the aged patients.

The following tables below set forth the revenue, costs of revenue, gross profit and gross profit margin of the Group by segment for the periods indicated:

For the six months ended 30 June 2025 (unaudited)

	Hospital services *RMB'000*	**Rehabilitation and other healthcare services** *RMB'000*	**Haemodialysis services** *RMB'000*	**Elderly healthcare services** *RMB'000*	**Total** *RMB'000*
Revenue	**873,298**	**58,596**	**42,711**	**6,930**	**981,535**
Cost of revenue	**(728,511)**	**(51,886)**	**(38,792)**	**(3,813)**	**(823,002)**
Gross profit	**144,787**	**6,710**	**3,919**	**3,117**	**158,533**
Gross profit margin	**16.6%**	**11.5%**	**9.2%**	**45.0%**	**16.2%**

For the six months ended 30 June 2024 (unaudited)

	Hospital services *RMB'000*	Rehabilitation and other healthcare services *RMB'000*	Haemodialysis services *RMB'000*	Elderly healthcare services *RMB'000*	Total *RMB'000*
Revenue	880,750	59,708	37,092	6,968	984,518
Cost of revenue	(747,958)	(49,449)	(36,906)	(3,806)	(838,119)
Gross profit	132,792	10,259	186	3,162	146,399
Gross profit margin	15.1%	17.2%	0.5%	45.4%	14.9%

Revenue from the Group's hospital services amount to RMB873.3 million for the Reporting Period (six months ended 30 June 2024: RMB880.8 million), representing a period-on-period decrease of 0.8%, accounting for 89.0% (six months ended 30 June 2024: 89.5%) of the total revenue of the Group.

Revenue from hospital services comprised (i) revenue from inpatient healthcare services amounted to RMB521.0 million (six months ended 30 June 2024: RMB522.8 million), representing a period-on-period decrease of 0.3%, accounting for 53.1% (six months ended 30 June 2024: 53.1%) of the total revenue of the Group; (ii) revenue from outpatient healthcare services amounted to RMB303.9 million (six months ended 30 June 2024: RMB319.3 million), representing a period-on-period decrease of 4.8%, accounting for 31.0% (six months ended 30 June 2024: 32.4%) of the total revenue of the Group; (iii) revenue from physical examination services amounted to RMB44.3 million (six months ended 30 June 2024: RMB38.7 million), representing a period-on-period increase of 14.6%, accounting for 4.5% (six months ended 30 June 2024: 3.9%) of the total revenue of the Group; and (iv) revenue from postpartum care service amounted to RMB4.1 million (six months ended 30 June 2024: nil), accounting for 0.4% (six months ended 30 June 2024: nil) of the total revenue of the Group. The decrease in revenue from hospital services is primarily attributable to (i) the decline in revenue of our major medical disciplines, in particular, the cardiovascular related disciplines (following the disposal of 55% equity interest in Kangxin Hospital during the Reporting Period), paediatrics related disciplines and O&G related disciplines; (ii) the decrease in both outpatient and inpatient visits; and (iii) despite the increase in patient's average spending during the Reporting Period. During the first half of 2025, departments such as pediatrics, respiratory medicine, and obstetrics and gynecology recorded the most significant drops in patient visits. This decline in revenue can be attributed to several factors, including the decrease in general outpatient visits which has a carry-over impact on inpatient visits, a notable decrease in fertility and birth rates which has the most significant impact in paediatrics related disciplines and O&G related disciplines, the evolving Three Medical policies which has downward pressure on medical service charges and per patient spendings, tighter community medical referral restrictions, enhanced service capabilities at local town-level hospitals which has impact over patient referrals to Kanghua Hospital, and the strengthening of medical alliances among public hospitals. Additionally, increased regional competition in medical specialties has contributed to a decrease in the business volume of the relevant departments at Kanghua Hospital and Renkang Hospital.

Revenue from rehabilitation and other healthcare services amounted to RMB58.6 million (six months ended 30 June 2024: RMB59.7 million), representing a period-on-period decrease of 1.9%, accounting for 6.0% (six months ended 30 June 2024: 6.1%) of the total revenue of the Group. Anhui Hualin Group is principally engaged in provision of rehabilitation services to the patients with physical or mental disabilities and other healthcare related services including care services for elderly and training services for the disabled. The decrease in revenue is mainly attributable to (i) decrease in the inpatient intake and patients average spending at our rehabilitation hospitals, but partly offset by the increase in patient visits at our rehabilitation centres; and (ii) continuing reforms and policy implementation in payment rates adjustments as well as restrictions on annual insurance payout quotas.

Revenue from haemodialysis services amounted to RMB42.7 million (six months ended 30 June 2024: RMB37.1 million), representing a period-on-period increase of 15.1%, accounting for 4.4% (six months ended 30 June 2024: 3.8%) of the total revenue of the Group. The haemodialysis services segment was acquired by the Group in January 2024 and is still operating at loss. The increase in revenue is mainly attributable to the growth in overall patient visits and the rise in regular haemodialysis patients, furthermore, several new centers that commenced operations in 2024 have continued to ramp-up and mature, which have further contributed to the overall growth. The Board is optimistic that the haemodialysis services segment will be one of the key revenue drivers of the Group in the medium to long term.

Revenue from elderly healthcare services represents the provision of elderly healthcare services at our Renkang Elderly Care Centre, which amounted to RMB6.9 million (six months ended 30 June 2024: RMB7.0 million), representing a period-on-period decrease of 0.5%, accounting for 0.7% (six months ended 30 June 2024: 0.7%) of the total revenue of the Group. As Renkang Elderly Care Centre is currently operating at close to maximum capacity, the decrease in revenue for the Reporting Period was mainly due to the slight fluctuation in utilisation and average spending during the Reporting Period.

Cost of Revenue

Cost of revenue of the Group's hospital services segment (consisting of inpatient healthcare services, outpatient healthcare services, physical examination services and postpartum care service) primarily consisted of pharmaceuticals, medical consumables, staff cost, depreciation, service expenses, utilities expenses, rental expenses and other costs. Cost of revenue of the Group's hospital services segment increased to RMB728.5 million (six months ended 30 June 2024: RMB748.0 million), representing a period-on-period decrease of 2.6%. The decrease in cost of revenue of our hospital services segment is mainly attributable to the full de-consolidation of Kangxin Hospital's cost of revenue from those of the Group following the disposal of a 55% equity interest. The disposal had a net positive impact to the financial results of the Group, as compared to full consolidation of Kangxin Hospital's loss prior to the disposal. Despite the disposal of Kangxin Hospital, the Group's hospital services segment recorded an increase in direct staff-related costs and rental expenses. The rise in staff-related costs reflects ongoing challenges in retaining professional staff personnel in the market.

Cost of revenue of the Group's rehabilitation and other healthcare services segment amounts to RMB51.9 million (six months ended 30 June 2024: RMB49.4 million), representing a period-on-period increase of 4.9%, and primarily consisted of staff costs, medical consumables, depreciation, utilities and rental expenses. Staff costs are salaries and benefits for healthcare professionals, including physical therapists, occupational therapists, speech therapists, and nursing staff involved in patient care. Medical consumables are therapeutic supplies associated with purchasing and maintaining rehabilitation equipment (e.g., treadmills, weights, adaptive devices) and consumable supplies. The increase in cost of revenue within our rehabilitation and healthcare services segment is primarily driven by increased staff costs, resulting from a general rise in wage levels across the industry as companies enhance compensation packages to attract and retain talent in a competitive labour market.

Cost of revenue of the Group's haemodialysis services segment amounts to RMB38.8 million (six months ended 30 June 2024: RMB36.9 million), representing a period-on-period increase of 5.1%, and primarily consisted of staff costs, medical consumables, depreciation, utilities and rental expenses. Direct staff costs include expenses related to the salaries and benefits of healthcare professionals, such as nephrologists, nurses, and technicians who provide dialysis treatments. Medical consumables refer to medical supplies and costs associated with the purchases and maintenance of dialysis machines, tubing, filters, and other consumables necessary for each treatment session. Facility overhead such as utility expenses relates to the operational costs of the dialysis centres, including rent, water and electricity and maintenance of the facility. Other costs are expenses related to ancillary services, such as lab tests and cleaning and waste treatment. The increase in cost of revenue within our haemodialysis services segment is primarily attributable to the increase in business operations, which corresponds with the overall increase in total revenue generated from this segment.

Cost of revenue of the Group's elderly healthcare services represents cost of revenue at Renkang Elderly Care Centre amounted to RMB3.8 million (six months ended 30 June 2024: RMB3.8 million). There were no significant changes in cost of revenue as the centre had been operating at high utilisation.

During the Reporting Period, pharmaceuticals, medical consumables and staff cost accounted for approximately 26.8% (six months ended 30 June 2024: 25.9%), 25.1% (six months ended 30 June 2024: 25.8%) and 34.5% (six months ended 30 June 2024: 34.2%), respectively, of the total cost of revenue of the Group. The proportion of cost of pharmaceuticals and medical consumables as percentage of total cost of revenue maintain relatively stable during the Reporting period, despite the de-consolidation of Kangxin Hospital and the decline in both outpatient and inpatient visits. Our total staff-related costs, including salaries, bonuses, and other benefits, decreased slightly by 1.0% compared to the prior period, primarily due to the financial impact from the disposal of Kangxin Hospital. Nonetheless, the Group continues to encounter pressures from elevated salary levels, retention costs, and a shortage of qualified medical professionals in the market.

Gross Profit and Gross Profit Margin

Total gross profit of the Group amounted to RMB158.5 million (six months ended 30 June 2024: RMB146.4 million), representing a period-on-period increase of 8.3%. The overall gross profit margin rose to 16.2% (six months ended 30 June 2024: 14.9%), primarily due to: (i) full de-consolidation of Kangxin Hospital's cost of revenue from those of the Group following the disposal of a 55% equity interest; (ii) the increase in the overall average patient spending, despite a decline in patient visits; and (iii) continual improvement in the operating performance of our haemodialysis services segment.

Other Income

The other income of the Group primarily consisted of bank and other interest income, investment income from financial assets at FVTPL, government subsidies, fixed operating lease income (rental income), clinical trial and related income and others. In the first half of 2025, other income amounted to RMB22.8 million (six months ended 30 June 2024: RMB21.2 million), representing a period-on-period increase of 7.6%, primarily attributable to (i) the increase in rental income to RMB8.2 million (six months ended 30 June 2024: RMB1.9 million). Rental income primarily comprised rents received from staff for the use of staff quarters, as well as leasing arrangements for the café and shops within our hospital premises. During the Reporting Period, following the disposal of Kangxin Hospital, the Group entered into a rental agreement with Kangxin Hospital to lease Phase 1 of the hospital building in Chongqing for a term of 20 years, which includes a two-year rent-free period starting in January 2025. The Group recognized an effective rental income of RMB6.0 million during the Reporting Period; (ii) a decrease in investment income from financial assets at FVTPL to RMB3.5 million (six months ended 30 June 2024: RMB4.1 million) primarily due to a decrease in amount of structured deposits being placed during the Reporting Period; (iii) a decrease in government related subsidies to RMB0.1 million (six months ended 30 June 2024:

RMB0.3 million); (iv) a decrease in clinical trial and related income to RMB0.03 million (six months ended 30 June 2024: RMB7.3 million) as the Group substantially ceased such operations since November 2024; (v) a decrease in bank and other interest income to RMB2.3 million (six months ended 30 June 2024: RMB3.2 million); and (vi) offset by an increase in local health service income, gain on early termination of leases and other miscellaneous income such as work-related injuries and disability assessment income.

Other Expenses, Gains and Losses

The other expenses, gains and losses of the Group primarily consisted of fair value gain/(loss) on financial assets at FVTPL, loss on disposals of property, plant and equipment, donations and net exchange gain/(loss). In the first half of 2025, other expenses, gains and losses amounted to a net loss of RMB1.8 million (six months ended 30 June 2024: net loss of RMB9.9 million), primarily attributable to (i) a recorded net exchange loss of RMB1.8 million (six months ended 30 June 2024: net exchange gain of RMB1.8 million) mainly arising from our Hong Kong dollar denominated financial assets; (ii) a recorded gain on disposal of property, plant and equipment of RMB0.06 million (six months ended 30 June 2024: loss on disposal of RMB0.2 million); and (iii) a recorded fair value loss on financial assets at FVTPL of RMB11.4 million for six months ended 30 June 2024 (nil for the Reporting Period).

Net Provision for Impairment Losses under Expected Credit Loss (ECL) Model

During the Reporting Period, impairment losses under expected credit loss model recorded a net provision of RMB10.2 million (six months ended 30 June 2024: RMB3.2 million). The net provision for the Reporting Period is mainly attributable to: (i) specific provisions were made to certain receivables from social security bureau and written-off during Reporting Period following an annual review conducted by the bureau; and (ii) the effects of increase in the Group's accounts receivable aging and deterioration in credit rating of certain corporate customers and outstanding debts from patients. In the past years, the Group has increased its efforts to recover overdue debts, including recovering receivables from patients through legal actions, as well as tightening credit reviews given to corporate customers.

The Group collectively assesses ECL for the accounts and other receivables, except for accounts receivable from the PRC government's social insurance scheme and certain credit impaired debtors which are assessed for ECL individually. The provision rates are based on internal credit ratings as groupings of various receivables that have similar loss patterns. The collective assessment is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and available without undue costs or effort. At every reporting date, the historically observed default rates are reassessed and changes in the forward-looking information are considered.

The management of the Group closely monitors the credit quality of accounts and other receivables and considers the debts that are neither past due nor impaired to be of a good credit quality. Receivables that were neither past due nor impaired related to the customers and debtors for whom there was no history of default. As part of the Group's credit risk management, the Group uses receivables' aging to assess the impairment for its receivables except for accounts receivables from the PRC government's social insurance schemes and certain credit impaired debtors of which ECL are assessed individually. These receivables consist of a large number of small patients with common risk characteristics that are representative of the patients' abilities to pay all amounts due in accordance with the contractual terms.

Administrative Expenses

The administrative expenses of the Group primarily consisted of staff costs, repairs and maintenance expenses, office expenses, depreciation and amortisation, rental expenses, utilities expenses, entertainment and travelling expenses and other expenses. In the first half of 2025, administrative expenses amounted to RMB108.8 million (six months ended 30 June 2024: RMB140.5 million), representing a period-on-period decrease of approximately 22.6%, primarily due to (i) full de-consolidation of Kangxin Hospital's administrative costs from those of the Group following the disposal of a 55% equity interest; and (ii) initiatives to enforce stringent cost control policies during the Reporting Period. Staff costs, repairs and maintenance expenses and office expenses have all recorded a 21.1%, 23.9% and 35.2% decrease, respectively, as compared with the same period last year.

Finance Costs

Finance costs for the Reporting Period amounted to RMB8.1 million (six months ended 30 June 2024: RMB17.1 million), representing a period-on-period decrease of 52.4%. Finance costs for the Reporting Period represents (i) interest on bank loans raised of RMB5.6 million (six months ended 30 June 2024: RMB18.7 million, including a bank arrangement fee of approximately RMB11.7 million was charged to profit or loss on a one-off basis); (ii) interest on loan from Kanghua Group of RMB0.6 million for the six months ended 30 June 2024 (nil for the Reporting Period); (iii) the interest element relating to lease liabilities charged to profit or loss during the Reporting Period of RMB2.5 million (six months ended 30 June 2024: RMB3.9 million); and (iv) less the amount of interest capitalised in the cost of qualifying assets of RMB6.2 million for six months ended 30 June 2024 (nil for the Reporting Period).

Income Tax Expenses

The income tax expenses of the Group primarily consisted of PRC enterprise income tax, Hong Kong Profits Tax and deferred tax. In the first half of 2025, income tax expenses amounted to RMB20.4 million (six months ended 30 June 2024: RMB21.6 million), representing a period-on-period decrease of approximately 5.3%. The subsidiaries of the Group in the PRC are generally subject to income tax rate of 25% on their respective taxable income. The decrease in income tax expenses was primarily due the decrease in profits generated at Kanghua Hospital during the Reporting Period.

Profit/(Loss) for the Period

The Group recorded profit for the Reporting Period amounting to RMB32.6 million (six months ended 30 June 2024: loss of RMB24.7 million), and profit attributable to the shareholders amounting to RMB41.6 million (six months ended 30 June 2024: loss of RMB19.5 million).

Adjusted EBITDA

The profit/(loss) for the period is the primary performance indicator of the Group, which reflects the totality of the Group's performance based on IFRS and has been discussed in the management discussion in this announcement. The relevant disclosures on Adjusted EBITDA are intended to provide an additional measure for investors to understand the Group's core operating performance based on elimination of impact that the management considers is not reflective of the core operations of the Group.

The following table sets out the reconciliation from profit/(loss) before tax to Adjusted EBITDA and explanation notes:

		For the six months ended 30 June	
		2025	2024
	Notes	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Profit/(loss) for the period		**32,571**	(24,657)
Add: Income tax expenses		**20,413**	21,557
Profit/(loss) before tax (IFRS measure)		**52,984**	(3,100)
Add: Finance costs	(i)	**8,113**	17,061
Add: Depreciation of right-of-use assets	(i)	**21,345**	21,274
Add: Depreciation of property, plant and equipment	(i)	**48,190**	53,804
EBITDA (non-IFRS measure)		**130,632**	89,039
Add: Fair value loss on financial assets at FVTPL	(ii)	**–**	11,400
Less: Investment income from structure bank deposits	(iii)	**(3,517)**	(4,075)
Add: Exchange loss/(gain)	(iv)	**1,839**	(1,815)
Less: Bank and other interest income	(v)	**(2,288)**	(3,210)
Adjusted EBITDA (non-IFRS measure)		**126,666**	91,339

Notes:

(i) EBITDA (represents earnings before interest, taxes, depreciation and amortization) is an additional tool for users of the financial information to understand the cash profit generated by the Group's operations, by eliminating the impact of taxes, cost of debts (finance costs) and non-cash depreciation of right-of-use assets and property, plant and equipment. EBITDA can also represent the financial outcome of operating management decisions by eliminating the impact of non-operating management decisions, such as tax expenses, interest expenses and depreciation, and enables to assess the substantive profitability of the Group net of expenses dependent on financing decisions, tax strategy, and discretionary depreciation schedules.

(ii) Fair value loss on financial assets at FVTPL represents fair value changes of investments held by the Group. As part of the Group's cash management policy to manage excess cash, the Group purchased investment products from financial institutions or invest into funds to achieve higher interest income without interfering with the business operations or capital expenditures. Such investment products or investment funds held by the Group does not form part of the Group's core business operations and subject to fair value changes from time to time with fair value gains or losses recognised in the consolidated statement of profit or loss. In the opinion of the Directors, such gains or losses associated with the investment is not reflective of the daily business operations of the Group, and removal of such gains or losses would enable the users of the financial information to better understand the core operating performance of the Group.

(iii) Investment income from structured bank deposits represents investment income earned by the Group which primarily includes interest income from structured bank deposits purchased by the Group. As part of the Group's cash management policy to manage excess cash, the Group purchased investment products from financial institutions to achieve higher interest income without interfering with the business operations or capital expenditures. Such structured bank deposits do not form part of the Group's core business operations. In the opinion of the Directors, the income associated with the structured bank deposits is not reflective of the daily business operations of the Group, and the removal of such income would enable the users of the financial information to better understand the core operating performance of the Group.

(iv) Exchange loss/(gain) represents the financial impact in movements of exchange rates primarily on the Group's portfolio investment fund, bank balances and fixed bank deposits which are denominated in Hong Kong dollars. Other than the portfolio investment fund, bank balances and fixed bank deposits, the Group does not have other significant foreign currency denominated financial assets and liabilities. In the opinion of the Directors, such exchange gains or losses associated with portfolio investment fund, bank balances and fixed bank deposits are not reflective of the daily business operations of the Group, and the removal exchange gains or losses would enable the users of the financial information to better understand the core operating performance of the Group.

(v) Bank and other interest income primarily represents interest income from bank deposits from the savings accounts. In the opinion of the Directors, such interest income is not reflective of the daily business operations of the Group, and the removal of such interest income would enable the users of the financial information to better understand the core operating performance of the Group.

FINANCIAL POSITION

Property, Plant and Equipment, Right-of-use assets and Deposits Paid for Acquisition of Property, Plant and Equipment

During the Reporting Period, the Group acquired property, plant and equipment and incurred expenditure on construction in progress of RMB43.6 million and RMB3.7 million (six months ended 30 June 2024: RMB24.9 million and RMB29.2 million), respectively, mainly for the purpose of (i) upgrading and expanding the service capacity of our hospital operations; (ii) construction of Phase II medical facility at our Kangxin Hospital; and (iii) the construction for the development of our Kanghua Qingxi Healthcare Complex.

As at 30 June 2025, the Group had right-of-use assets of RMB241.0 million (31 December 2024: RMB280.1 million) which includes leasehold lands of RMB185.6 million (31 December 2024: RMB212.0 million) and leasehold land and buildings relating to leases of RMB55.5 million (31 December 2024: RMB68.2 million). During the Reporting Period, the Group entered into new lease agreements for the use of properties in the PRC for 4 to 15 years and is required to make fixed monthly payments. In relation to such leases, the Group recognised right-of-use assets and lease liabilities of RMB10.8 million (six months ended 30 June 2024: RMB0.1 million).

During the Reporting Period, the Group entered into agreements with landlords for early termination of lease contracts, the carrying amounts of right-of-use assets and lease liabilities were RMB4.4 million and RMB5.8 million, respectively, resulting in a gain of RMB1.5 million recognised in profit or loss as other income.

In addition, during the Reporting Period, the Group disposed of certain property, plant and equipment of carrying amount RMB17.1 million, upon disposal of Kangxin Hospital and other subsidiaries within the Anhui Hualin Group.

During the Reporting Period, the Group transferred certain land and building (the phase 1 medical facility underlying the operations of Kangxin Hospital located in Chongqing) previously classified as property, plant and equipment and right-of-use assets of carrying amounts RMB171.0 million and RMB24.2 million, respectively, to be classified under investment property and leased them to Kangxin Hospital (an associate of the Group) for generating rental income. Upon transfer to investment property, the asset was revalued with a surplus on valuation of RMB20.1 million (net of tax) and credited to property revaluation reserve.

As at 30 June 2025, the Group had deposits paid for acquisition of property, plant and equipment amounting to RMB12.2 million (31 December 2024: RMB29.5 million). The deposits mainly represent deposits paid for construction cost of Phase II medical facility located in Chongqing and amount paid for acquisition of new medical equipment and other new facilities as the Group continues to upgrade its medical facilities and expand its operation capacity.

Investment Property

As at 30 June 2025, the Group's investment property represented land and building, being the phase 1 medical facility underlying the operations of Kangxin Hospital located in Chongqing, held and leased to Kangxin Hospital. In July 2024, Kangxin Hospital has completed a demerger under PRC laws, pursuant to which the Chongqing Kanghua Zhonglian Healthcare Management Co., Ltd. ("**Chongqing Kanghua Property**") (as a wholly-owned subsidiary of the Company) has been established to hold the land and buildings underlying the operations of Kangxin Hospital. Upon entering the sale and purchase agreement for the disposal of 55% equity interest in Kangxin Hospital (as the lessee) in January 2025, Chongqing Kanghua Property (as the lessor) also entered in a lease agreement with Kangxin Hospital (as the lessee) for the lease of the phase 1 medical facility with lease term of 20 years, which includes a two-year rent-free period starting in January 2025. In connection to the leasing arrangement, the Group transferred the phase 1 medical facility (land and building) previously classified under property, plant and equipment and right-of-use assets with aggregated carrying amount RMB195.2 million to investment property. Upon transfer to investment property, the property was revalued at RMB222.0 million, with a surplus on valuation of RMB20.1 million (net of tax) and credited to property revaluation reserve. The phase 2 medical facility remained as leasehold land and construction in progress held by Chongqing Kanghua Property, and was not transferred to investment property. As at 30 June 2025, the Group's investment property was measured using the fair value model with carrying amount of RMB221.7 million.

Other Asset

Other asset represented a brand introduction fee paid by the Group to procure the introduction of the "Artemed" brand by Silver Mountain Capital Limited (銀山資本有限公司) ("**Silver Mountain**") to Kangxin Hospital under a management arrangement with Silver Mountain in 2022 ("**Management Arrangements**"). Details of the Management Arrangements are set out in the Company's announcement dated 23 May 2022. Pursuant to the Management Arrangements, Silver Mountain shall provide a series of services with a view to improving and optimising the operations of Kangxin Hospital including the introduction of a German medical group "Artemed" to Kangxin Hospital to participate in daily management and operations, overseas and domestic resources, research capabilities, clinical achievement transformation, policy innovation, cooperation with medical colleges, key scientific construction, medical informatics, medical payment system, quality control, expert collaboration and cost control. The "Artemed" license holder has granted Kangxin Hospital for a non-exclusive right to use Artemed brand in Mainland China. As at 31 December 2024, other asset of RMB17.4 million has been reclassified to and included in assets classified as held for sale, and was disposed upon disposal of Kangxin Hospital during the Reporting Period.

Interest in an Associate (Kangxin Hospital)

On 9 January 2025, the Company entered into a sale and purchase agreement for the disposal of 55% equity interest in Kangxin Hospital at a consideration of RMB34.9 million. Details of the arrangements are set out in the Company's announcement dated 9 January 2025. The disposal was completed in February 2025. Kangxin Hospital has ceased to be a subsidiary of the Company and the financial results of Kangxin Hospital are no longer consolidated into those of the Company. The Company has accounted for its remaining 45% equity interest in Kangxin Hospital as interest in an associate under equity method. At the date of disposal of Kangxin Hospital, the Group has recognised a gain on disposal of approximately RMB19.5 million and interest in an associate (at fair value) of RMB23.2 million for the remaining 45% equity interest in Kangxin Hospital.

During the Reporting Period, the Group has shared of the loss of Kangxin hospital amounted to RMB18.4 million and the carrying amount of our interest amounted to RMB4.8 million as at 30 June 2025.

Accounts and Other Receivables

The account receivables of the Group primarily consisted of balances due from social insurance funds, certain corporate customers and individual patients. As at 30 June 2025, accounts receivables amounted to RMB236.9 million (31 December 2024: RMB265.6 million), of which 78.9% (31 December 2024: 66.2%) were aged within 90 days. Average accounts receivables turnover days for the Reporting Period is 46.3 days (31 December 2024: 46.4 days). The decrease in accounts receivables and accounts receivable turnover days was primarily due to the decrease in balance due from social insurance funds and other government authorities, and certain corporate customers, as well as the de-consolidation of Kangxin Hospital's accounts receivables following the disposal of a 55% equity interest. As at 30 June 2025, the Group has carried out credit assessment on its accounts and other receivables and a net provision of impairment loss of RMB10.2 million (six months ended 30 June 2024: RMB3.2 million) has been charged to profit or loss during the Reporting Period.

The other receivables of the Group primarily consisted of prepayments to suppliers and others. As at 30 June 2025, total other receivables amounted to RMB42.5 million (31 December 2024: RMB46.9 million) and primarily comprised (i) prepayments to suppliers of RMB9.9 million (31 December 2024: RMB11.3 million); and (ii) other receivables comprising prepayments to other non-trade suppliers, security deposits and other prepaid expenses and others amounted to RMB34.3 million (31 December 2024: RMB37.9 million), which is offset by a net provision expected for credit loss of RMB1.7 million (31 December 2024: RMB2.2 million).

Accounts and Other Payables and Provision

The accounts and other payables and provision of the Group primarily consisted of accounts payable, accrued expenses, receipts in advance, payables for acquisition of property, plant and equipment, provision for medical dispute claims, other tax payables and others. At 30 June 2025, accounts and other payables and provisions increased to RMB781.6 million (31 December 2024: RMB758.8 million) primarily attributable to: (i) an increase in accounts payable to RMB402.6 million (31 December 2024: RMB357.9 million) primarily due to the expansion of haemodialysis service operations and delayed payments resulting from a more stringent cash-flow management policy of the Group; (ii) a decrease of accrued expenses to RMB78.9 million (31 December 2024: RMB90.5 million); (iii) a decrease in receipt in advance to RMB241.1 million (31 December 2024: RMB250.0 million) which mainly represents temporary funds received from social security insurance fund; (iv) a decrease in payables for acquisition of property, plant and equipment to RMB23.5 million (31 December 2024: RMB26.3 million); and (v) an increase in provision for medical dispute claims to RMB3.9 million (31 December 2024: RMB2.9 million), comprising a net provision for the Reporting Period of RMB2.7 million (six months ended 30 June 2024: RMB3.2 million).

Net Current Assets and Net Assets

As at 30 June 2025, the Group recorded net current assets of RMB266.4 million (31 December 2024: RMB236.9 million) and net assets position of RMB1,464.7 million (31 December 2024: RMB1,462.3 million).

LIQUIDITY AND CAPITAL RESOURCES

Financial Resources

As at 30 June 2025, the Group continued to maintain a good financial position with cash and cash equivalents of RMB359.7 million (31 December 2024: RMB242.6 million), fixed bank deposits of RMB62.2 million (31 December 2024: RMB65.8 million) and restricted bank balances of RMB3.1 million (31 December 2024: RMB3.1 million). The Group continues to generate steady cash flow from operations. Taking into account sufficient cash and bank balances, in the opinion of the Directors, the Group will have adequate and sufficient liquidity and financial resources to meet the working capital requirement of the Group for at least the next twelve months following the end of the Reporting Period.

As at 30 June 2025, as part of the Group's cash management activities, the Group had investments (classified as financial assets at FVTPL) in aggregate of RMB394.0 million (31 December 2024: RMB394.0 million), primarily consisting of, (i) a fund investment of RMB24.0 million (31 December 2024: RMB24.0 million). In 2021, the Group entered into a partnership agreement with two independent third parties for the establishment of a fund, namely, Guangdong Bosong Kanghua Equity Investment Partnership, L.P. (廣東鉑頌康華股權投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC. The purpose of the fund is to achieve investment returns and capital appreciation through carrying out investment, investment management and other activities in accordance with PRC laws, business scope under business registration, and the partnership agreement. To the extent permitted by the applicable laws, the fund will invest primarily in the fields of medical services, biotechnology, medical equipment, and medical informatics. The initial term of the fund shall be seven years. As at 30 June 2025, the fund had made equity investments in two (31 December 2024: two) unlisted companies and the aggregate carrying amounts of the equity investments was RMB24.0 million (31 December 2024: RMB24.0 million), which were measured at fair values. During the six months ended 30 June 2024, the Group recognised a fair value loss of RMB11.4 million (nil for the Reporting Period) in relation to fund investment; and (ii) structured short-term bank deposits of RMB370.0 million (31 December 2024: RMB370.0 million), representing low-risk structured investment products issued by commercial banks in the PRC for variable investment returns. Majority of these structured deposits are with maturities of less than six months and the principal is generally renewed when matured.

As part of the Group's cash management policy to manage excess cash, the Group purchases investment products from financial institutions to achieve higher interest income without interfering with business operations or capital expenditures. The Group carefully balances the risks and returns associated with the investment products when making the investment decisions. The senior management of the Group is closely involved in scrutinizing any decision of the Group to purchase investment products. The investment products should generally satisfy the following criteria, including: (i) its term should generally not exceed one year; (ii) it should not interfere with the Group's business operations or capital expenditures; (iii) it should be issued by a reputable bank which the Group has a long-term relationship, preferably exceeding five years; and (iv) the underlying investment portfolio should generally be low risk.

Cash Flow Analysis

The table below sets forth the information as extracted from the condensed consolidated statement of cash flow (unaudited) of the Group for the periods indicated:

		For the six months ended 30 June	
	Change	**2025**	2024
		RMB'000	*RMB'000*
Net cash flow from operating activities	+200.8%	**146,758**	48,783
Net cash flow used in investing activities	-78.6%	**(10,663)**	(49,824)
Net cash flow used in financing activities	-88.6%	**(22,534)**	(198,102)
Net increase/(decrease) in cash and cash equivalents		**113,561**	(199,143)

Net cash flow from operating activities

During the Reporting Period, the net cash flow from operating activities amounted to RMB146.8 million (six months ended 30 June 2024: RMB48.8 million), representing a period-on-period increase of 200.8%, which is primarily attributable to the significant improvement in adjusted EBITDA performance and turn-around from loss to profit during the Reporting Period.

Net cash flow used in investing activities

During the Reporting Period, the net cash flow used in investing activities amounted to RMB10.7 million (six months ended 30 June 2024: RMB49.8 million), representing a period-on-period decrease of 78.6%, which is primarily attributable to (i) net cash flow from disposal of 55% equity interest in Kangxin Hospital and other subsidiaries of Anhui Hualin Group in aggregate of RMB31.3 million (six months ended 30 June 2024: net cash flow from acquisition of 70% in the Kanghua Haemodialysis Group of RMB6.1 million); (ii) an advance made to Kangxin Hospital (our associate company) of RMB17.2 million during the Reporting Period to support its operations; (iii) a decrease in purchase of property, plant and equipment to RMB26.9 million (six months ended 30 June 2024: RMB36.9 million); and (iv) a decrease in deposits paid for acquisition of property, plant and equipment to RMB5.9 million (six months ended 30 June 2024: RMB12.1 million).

Net cash flow used in financing activities

During the Reporting Period, the net cash flow used in financing activities amounted to RMB22.5 million (six months ended 30 June 2024: RMB198.1 million), representing a period-on-period decrease of 88.6%, which is primarily attributable to (i) new bank loan raised of RMB63.3 million (six months ended 30 June 2024: RMB21.8 million); (ii) the Group has net repayment to non-controlling shareholders of subsidiaries of RMB47.0 million (six months ended 30 June 2024: RMB75.1 million); (iii) repayment of bank loans of RMB1.0 million (six months ended 30 June 2024: RMB283.4 million); and (iv) advance from the Company's immediate holding company, Kanghua Group of RMB177.0 million during the six months ended 30 June 2024 (nil for the Reporting Period).

Significant Investment, Acquisition and Disposal

Disposal of Equity Interest in Kangxin Hospital

On 20 December 2024, the Board resolved to dispose of 55% equity interest of Kangxin Hospital to Silver Mountain or its affiliates. As the demerger of Kangxin Hospital (which was conducted under PRC laws, pursuant to which Chongqing Kanghua Property has been established to hold the land and buildings underlying the operations of Kangxin Hospital) was completed and the land and buildings were transferred to Chongqing Kanghua Property, Kangxin Hospital was in a condition ready for immediate sale. The assets and liabilities of Kangxin Hospital have been presented separately in the consolidated statement of financial position as at 31 December 2024.

On 9 January 2025, the Company entered into a sale and purchase agreement with Beijing Pantheon Health Management Co., Ltd.* (北京鉑頌健康管理有限公司) ("**Pantheon Health**"), a company established in the PRC and is under common control with Silver Mountain for the disposal of 55% equity interest in Kangxin Hospital at a consideration of RMB34.9 million. Details of the contractual arrangements are set out in the Company's announcement dated 9 January 2025.

The disposal was completed on 8 February 2025. Kangxin Hospital has ceased to be a subsidiary of the Company and the financial results of Kangxin Hospital are no longer consolidated into those of the Company. Subsequent to the disposal, the Company has accounted for its remaining 45% equity interest in Kangxin Hospital as interest in an associate under equity method.

Disposal of subsidiaries of Anhui Hualin Group

During the Reporting Period, the Group entered into several sale and purchase agreements to dispose of its 100% equity interests in certain subsidiaries of Anhui Hualin for a total consideration of RMB90,000. The purpose of the disposal was to dispose of certain non-performing rehabilitation related operating subsidiaries within the Anhui Hualin Group. The disposal was completed in June 2025, upon which the Group ceased to have control over these subsidiaries.

Save as disclosed in this announcement, the Group had no significant investment, acquisition or disposal during the Reporting Period.

Cash Management Activities

As part of the Group's cash management, the Group has from time to time purchased investment products (structured bank deposits) issued by a reputable PRC commercial bank with terms ranging from 91 to 191 days and investment funds to achieve higher interest income without interfering with business operations or capital expenditures. The investment products are not rated by any credit rating agency but is classified as low-risk by the issuing bank and may involve liquid listed securities. The Group carefully balances the risks and returns associated with the investment products when making the investment decisions. The senior management of the Group is closely involved in scrutinizing any decision of the Group to purchase investment products. Furthermore, the Group has also invested in equity investment fund for the purpose of generating long-term investment returns. It has been the strategy of the Group to explore new potential investments projects and capital market investments in order to diversify business risk as well as broaden income source and spectrum of the Group and eventually maximizing shareholders' values. The Company considers that these investment funds involve scopes that covers quality capital market stocks and high value-added health industries which are in line with PRC's development trajectories in the healthcare and technology space which is highly relevant to the Group's core business. The Directors consider that, through appropriate market screening of investment projects by the funds, they will in the long term be a reasonable investment of the Company and certain of which, may facilitate the Group's entry into the relevant healthcare space and establishing strategic cooperation with relevant players in the market.

Capital Expenditure

The Group regularly makes capital expenditures to expand its operations, maintain its medical facilities and improve its operating efficiency. Capital expenditure primarily consists of purchases of property, plant and equipment. The capital expenditure of the Group during the Reporting Period was RMB47.3 million (six months ended 30 June 2024: RMB54.1 million). The Group has financed its capital expenditure mainly through cash flows generated from operating activities and bank loans.

USE OF PROCEED FROM THE INITIAL PUBLIC OFFERING

The Company's H shares were listed on the Stock Exchange on 8 November 2016. The Company's net proceeds from the initial public offering of its H shares amounts to approximately RMB782.6 million (equivalently to approximately HK$874.9 million) after deducting underwriting commissions and all related expenses. The net proceeds from the initial public offering have been and will be utilised in accordance with the purposes set out in the prospectus of the Company dated 27 October 2016 (the "**Prospectus**").

Up to 30 June 2025, of the net proceeds from the initial public offering, (i) RMB78.3 million, representing approximately 10% of the net proceeds, have been fully utilised and used as general working capital; (ii) RMB134.7 million, representing approximately 17.2% of the net proceeds, have been utilised and used on expansion of our current operations and upgrading our hospital's facilities; and (iii) RMB208.8 million, representing approximately 26.7% of the net proceeds, have been utilised and used for acquisition and potential acquisition of businesses. As at 30 June 2025, out of the balance of the unutilised net proceeds of RMB360.8 million, part of such proceeds have been used to purchase certain financial products (classified as financial assets at FVTPL) or placed in fixed bank deposits to achieve higher interest income and capital return without interfering with our business operations or capital expenditures to earn better return on our excess cash balance, and the remaining balance have been kept at the bank accounts of the Group (included in bank balances and cash). As at the date of this announcement, the Company does not anticipate any material change to its plan on the use of proceeds as stated in the Prospectus.

INDEBTEDNESS

Bank Loans

As at 30 June 2025, the Group had a secured bank loan of carrying amount of RMB77.4 million (31 December 2024: RMB74.4 million) and an unsecured bank loan of carrying amount of RMB214.0 million (31 December 2024: RMB154.7 million).

As at 30 June 2025, the Group had two bank loan facilities and details are as follows:

(i) RMB330.0 million fixed asset facility agreement (固定資產貸款合同) with Bank of Dongguan Co., Ltd. and carries variable interest rate using five-year LPR (Loan Prime Rate) (貸款基礎利率) offered by the People's Bank of China plus 0.5%, at each drawn down date and adjusted annually. Loan principal can be drawn down up to 25 April 2026 with full repayment term of 15 years from each drawn down date. As at 30 June 2025, the carrying amount of this variable-rate secured bank loan amounted to RMB77.4 million (31 December 2024: RMB74.4 million). The main purpose of the loan is to finance payments for the construction development and fixed assets purchase of the Kanghua Qingxi Healthcare Complex (the Group's elderly medical and healthcare complex development in Qingxi Town, Dongguan City). The bank loan is secured with (i) financial guarantees provided by the Company and Mr. Wang Junyang, the chairman of the Group; and (ii) pledge of leasehold land held by a subsidiary of the Company with carrying amount of approximately RMB76.7 million as at 30 June 2025 (31 December 2024: RMB77.6 million).

(ii) RMB299.0 million revolving credit facility agreement (循環額度貸款合同) with Bank of Dongguan Co., Ltd. and carries variable interest rate using one-year LPR (Loan Prime Rate) (貸款基礎利率) offered by the People's Bank of China plus 0.85%, at each drawn down date and adjusted annually. Loan principal can be drawn down up to 29 May 2026 with full repayment term of 3 years from each drawn down date. As at 30 June 2025, the carrying amount of this variable-rate unsecured bank loan amounted to RMB214.0 million (31 December 2024: RMB154.7 million). The main purpose of the loan is to supplement operating cash flow for Kanghua Hospital. The bank loan is unsecured with financial guarantees provided by the Company and Mr. Wang Junyang, the chairman of the Group.

In connection with the bank loan facility above, Mr. Wang Junyang, the chairman of the Group, provided guarantees and undertakings in favour of the relevant lender. The financial assistance provided by Mr. Wang Junyang is exempted from the connected transaction requirements under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**") by virtue of Rule 14A.90.

Amount Due to a Non-Controlling Shareholder of a Subsidiary

As at 30 June 2025, the Group had an amount due to a non-controlling shareholder of a subsidiary of RMB87.2 million (31 December 2024: RMB134.3 million). In 2024, the Group completed the acquisition of 70% in Kanghua Haemodialysis Group, and as of the acquisition date, the Kanghua Haemodialysis Group had an amount due to the vendor, namely Dongguan YouWang Enterprise Investment Co., Ltd.* (東莞市優旺實業投資有限公司) (the "**Vendor**"), representing a shareholder's loan of approximately RMB203.8 million to Kanghua Haemodialysis. Pursuant to the acquisition agreement, the Vendor had agreed that it would not require immediate repayment of such shareholder's loan after completion and would continue to provide such shareholder's loan for the benefit of the Kanghua Haemodialysis Group until Kanghua Haemodialysis has sufficient cash resources and the board of directors of the Kanghua Haemodialysis considers appropriate to repay such shareholder's loan. In view of the loss-making position of Kanghua Haemodialysis Group, the Directors expects that financial assistance of up to RMB100 million within one year from the completion date may be required from the Group, which will primarily be used: (i) to support the ongoing operations of Kanghua Haemodialysis Group; (ii) for the capital expenditure of medical equipment and expansion plans (if any); and/or (iii) for the repayment of debt obligations of the Kanghua Haemodialysis Group as and when the board of directors of Kanghua Haemodialysis considers appropriate. During the Reporting Period, the Group repaid RMB47.0 million to the Vendor. The amount due to a non-controlling shareholder of a subsidiary was unsecured, non-interest bearing, and not due within one year from the end of the Reporting Period, and has therefore been classified as non-current liabilities as of 30 June 2025.

Contingent Liabilities

The Group is subject to legal proceedings and claims in the ordinary of business primarily arising from medical disputes brought by patients. Provision for medical disputes is made based on the status of potential and active claims outstanding as at the end of the relevant period, and primarily taking into account any judicial appraisal or court determination against the Group. As at 30 June 2025, except for those disputes with provision made, the total stated claim amount of the Group's on-going medical disputes was approximately RMB12.4 million (31 December 2024: RMB14.3 million) and there were certain medical disputes without claim amount stated. Based on the Group's assessment, as at 30 June 2025, approximately RMB3.9 million (31 December 2024: RMB2.9 million) had been provided and included in accounts and other payables and provisions of the Group.

As at 30 June 2025, the Group had no contingent liabilities or guarantees that would have a material impact on the financial position or operation of the Group.

Pledge of Assets

As at 30 June 2025, leasehold land (included in right-of-use assets) with net carrying amount of RMB76.7 million (31 December 2024: RMB77.6 million) had been pledged to secure a banking facility granted to the Group.

Capital Commitments

The capital commitments of the Group were primarily attributable to construction costs relating to the expansion and renovation of the Group's medical facilities. As at 30 June 2025, the capital commitments in respect of property, plant and equipment contracted for but not provided in the condensed consolidated financial information were RMB78.7 million (31 December 2024: RMB153.7 million).

Financial Instruments

The Group's financial instruments primarily consisted of accounts and other receivables, financial assets at FVTPL, fixed bank deposits, bank balances and cash, restricted bank balances, accounts and other payables, amounts due to non-controlling shareholder of a subsidiary, bank loans and lease liabilities. The management of the Company manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Exposure to fluctuation in Exchange rates

The proceeds of raised by the Company in its initial public offering of its H Shares is denominated in Hong Kong dollars. The Group deposits certain of its financial assets in Hong Kong dollars, and is mainly exposed to fluctuation in exchange rates of Hong Kong dollars against RMB. The Group is therefore exposed to foreign exchange risk.

The Group has not used any derivatives financial instruments to hedge against its exposure to currency risk. The management manages the currency risk by closely monitoring the movement of the foreign currency rates and will consider hedging significant foreign currency exposure should such need arise.

Gearing Ratio

As at 30 June 2025, the Group's gearing ratio (total interest-bearing bank loans divided by total equity and multiplied by 100%) was 19.2% (31 December 2024: 15.7%).

EMPLOYEES, REMUNERATION POLICIES AND TRAINING SCHEMES

The Group's comprehensive staff remuneration policy comprise basic salary determined with reference to the individual's position, seniority and length of service, performance bonus determined with reference to the metrics specific to the individual's job function and other benefits. The Group regularly benchmarks against available market data and adjusts its remuneration structure with a view to remaining competitive. As at 30 June 2025, the Group had a total of 3,836 (31 December 2024: 4,320) full-time staff. Total staff related costs for the Reporting Period (excluding directors' and supervisors' emoluments) amounted to approximately RMB314.8 million (six months ended 30 June 2024: RMB336.3 million). The Group endeavours to ensure that the compensation level of its employees remains competitive and in line with market conditions and its employees are appropriately rewarded based on their performance within the general framework of the Group's salary and bonus system.

The Group provides structured training and education programmes to enable its staff to consistently deliver high quality services. These programmes aim to equip the staff with a sound foundation of the medical principles and knowledge as well as practical skills in their respective practice area and foster a high standard of practice, organisation capability and vigilant attitude. Regular internal and external mandatory trainings are organised for medical staff to keep them abreast of the latest development in healthcare. From time to time, the Group identifies and sponsors its staff with high development potential to undertake further studies and professional training in prestigious academic institutions and participate in industry conventions. Medical teams also benefit from the experience and knowledge exchange during seminars and sharing sessions regularly held. The Group encourages medical staff to apply for professional and technical qualifications and enrol in specialised training programmes and assessments from time to time, including induction training for new employees, development training for young and middle-aged core talent, medical service quality training and management training for young core talent, with a view to ensuring that their relevant professional competencies meet the required standards. Through various training and education programmes, the Group also aims to foster a proactive risk reporting culture among staff, which is important in the early detection of clinical failure and damage control.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2025 (six months ended 30 June 2024: nil).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

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

MODEL CODE FOR SECURITIES TRANSACTIONS

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company had complied with all applicable code provisions contained in Part 2 of the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules during the Reporting Period.

EVENTS AFTER THE REPORTING PERIOD

As at the date of this announcement, save as disclosed above, the Group did not have any other significant event after the Reporting Period.

REVIEW OF INTERIM RESULTS

The audit committee of the Company (the "**Audit Committee**") has reviewed the Group's interim results for the six months ended 30 June 2025 and has opined that applicable accounting standards and requirements have been complied with and that adequate disclosures have been made by the Company.

The Audit Committee consists of three independent non-executive Directors, Mr. Chan Sing Nun (the chairman of the Audit Committee), Ms. Lam Shiu Ling Cecilia and Dr. Chen Keji. Among them, Mr. Chan Sing Nun has the appropriate professional qualifications (a certified public accountant accredited by the Hong Kong Institute of Certified Public Accountants).

The auditor of the Company has also reviewed the Group's interim results for the six months ended 30 June 2025 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

CHANGES IN THE BOARD AND THE INFORMATION OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES

Changes in the Board since the publication of the 2024 annual report of the Company and as at the date of this announcement are set out below:

With effect from 18 June 2025, (i) Mr. Yeung Ming Lai has resigned as an independent non-executive Director and ceased to be a member of each of the Audit Committee, nomination committee of the Company (the "**Nomination Committee**") and remuneration committee of the Company (the "**Remuneration Committee**"); and (ii) Ms. Lam Shiu Ling Cecilia has been appointed as an independent non-executive Director and a member of each of the Audit Committee, Nomination Committee and Remuneration Committee.

Save as disclosed above, there was no change in the Board and any information of each Directors, supervisors and chief executives that is required to be disclosed pursuant to Rules 13.51(2) and 13.51B(1) of the Hong Kong Listing Rules since the publication date of the 2024 annual report of the Company.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE HONG KONG LISTING RULES

The Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Hong Kong Listing Rules.

PUBLICATION OF THE 2025 CONDENSED CONSOLIDATED INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.kanghuagp.com). The 2025 interim report of the Company containing all the information required by the Hong Kong Listing Rules will be dispatched to the shareholders of the Company and made available on the above websites in due course.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our appreciation to the management team and staff of the Group for their contribution and also to extend my sincere gratitude to all our shareholders and business partners for their continuous support.

By order of the Board
Guangdong Kanghua Healthcare Group Co., Ltd.*
WANG Junyang
Chairman

Hong Kong
29 August 2025

As at the date of this announcement, the Board comprises:

Executive Directors:
Mr. Wang Junyang *(Chairman)*
Mr. Chen Wangzhi *(Chief executive officer)*
Mr. Wong Wai Hung *(Vice chairman)*
Ms. Wang Aiqin

Independent non-executive Directors:
Dr. Chen Keji
Ms. Lam Shiu Ling Cecilia
Mr. Chan Sing Nun

Non-executive Director:
Mr. Lv Yubo

This announcement contains forward-looking statements relating to the business outlook, estimates of financial performance, forecast business plans and growth strategies of the Group. These forward-looking statements are based on information currently available to the Group and are stated herein on the basis of the outlook at the time of this announcement. They are based on certain expectations, assumptions and premises, some of which are subjective or beyond control of the Group. These forward-looking statements may prove to be incorrect and may not be realized in the future. Underlying these forward-looking statements are a large number of risks and uncertainties. In light of the risks and uncertainties, the inclusion of forward-looking statements in this announcement should not be regarded as representations by the Board or the Company that the plans and objectives will be achieved. Furthermore, this announcement also contains statements based on the Group's management accounts, which have not been audited or reviewed by the Group's auditor. Shareholders and potential investors should therefore not place undue reliance on such statements.

* *English translated name for identification purpose only.*