

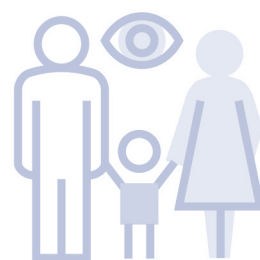
**ADICON<sup>®</sup> 艾迪康<sup>®</sup>**

**ADICON HOLDINGS LIMITED**  
**艾迪康控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

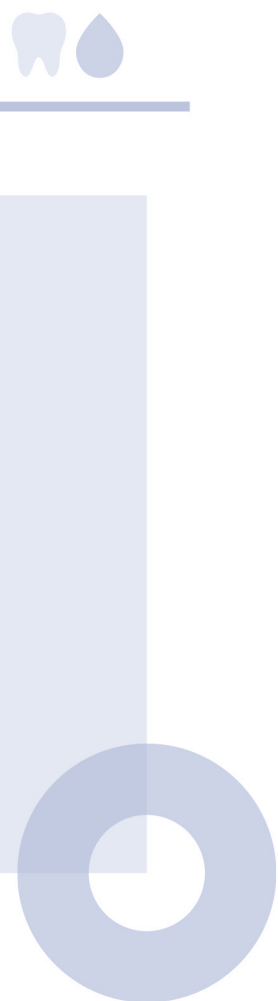
(Stock Code: 9860)

**20**  
**25**  
**INTERIM**  
**REPORT**



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## DEFINITIONS

"associates"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board"	the board of directors of the Company
"Carlyle"	The Carlyle Group Inc., a company listed on Nasdaq Global Select Market (ticker symbol: CG)
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"China" or "the PRC"	the People's Republic of China, but for the purpose of this interim report and for geographical reference only and except where the context requires, references in this interim report to "China" and the "PRC" do not include Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Company," "our Company" or "the Company"	ADICON Holdings Limited (艾迪康控股有限公司), an exempted limited liability company incorporated in the Cayman Islands on March 20, 2008
"Corelink"	Corelink Group Limited, a limited liability company incorporated in the British Virgin Islands on January 2, 2008, a company wholly-owned by Mr. LIN Jixun, one of the founders of the Group and a non-executive Director
"Director(s)"	the director(s) of the Company
"Global Offering"	the global offering of Shares by the Company, including the exercise of the over-allotment option, as described in the Prospectus
"Group," "our Group" or "the Group"	the Company, its subsidiaries and consolidated affiliated entities from time to time
"HK\$" or "Hong Kong Dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"ICL"	independent clinical laboratory
"IFRS"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules

## DEFINITIONS

"Prospectus"	the prospectus issued by the Company on June 19, 2023
"Reporting Period"	for the six months ended June 30, 2025
"Renminbi" or "RMB"	Renminbi, the lawful currency of China
"RSU(s)"	the restricted share units
"R&D"	research and development
"Share(s)"	ordinary share(s) in the share capital of our Company with a par value of US\$0.00002 each
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"2019 Incentive Plans"	the senior executive incentive plan of the Company and the senior management incentive plan of the Company adopted and approved on July 9, 2019, as amend from time to time
"2024 Incentive Plan"	the 2024 incentive plan of the Company adopted and approved on March 28, 2024, as amend from time to time
"2025 Incentive Plan"	the 2025 incentive plan of the Company adopted and approved on May 26, 2025, as amended from time to time
"%"	per cent

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Director

Mr. GAO Song (*Chief Executive Officer*)

### Non-executive Directors

Ms. Yang Ling (*Chairwoman of the Board*)

Mr. LIN Jixun

Ms. FENG Janine Junyuan

Mr. ZHOU Mintao

Mr. ZHU Jonathan (*appointed on August 22, 2025*)

### Independent Non-executive Directors

Mr. MI Brian Zihou

Mr. YEH Richard

Mr. ZHANG Wei

## AUDIT COMMITTEE

Mr. YEH Richard (*Chairman*)

Mr. ZHANG Wei

Mr. MI Brian Zihou

## REMUNERATION COMMITTEE

Mr. MI Brian Zihou (*Chairman*)

Ms. YANG Ling

Mr. ZHANG Wei

## NOMINATION COMMITTEE

Ms. YANG Ling (*Chairwoman*)

Mr. ZHANG Wei

Mr. YEH Richard

## STRATEGY COMMITTEE

Mr. ZHOU Mintao (*Chairman*)

Ms. YANG Ling

Mr. GAO Song

Mr. LIN Jixun

Ms. FENG Janine Junyuan

Mr. ZHU Jonathan (*appointed on August 22, 2025*)

## AUTHORIZED REPRESENTATIVES

Ms. YANG Ling

Mr. WANG Lawrence Allen

## JOINT COMPANY SECRETARIES

Mr. WANG Lawrence Allen

Ms. SO Ka Man (*FCG, HKFCG (PE)*)

## REGISTERED OFFICE

P.O. Box 31119 Grand Pavilion

Hibiscus Way, 802 West Bay Road, Grand Cayman

KY1-1205

Cayman Islands

## PRINCIPAL PLACE OF BUSINESS AND HEADQUARTERS IN THE PRC

No. 208, Zhenzhong Road

West Lake District

Hangzhou, the PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 1303, 13/F, Golden Centre

188 Des Voeux Road Central

Sheung Wan

Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

### Vistra (Cayman) Limited

P.O. Box 31119 Grand Pavilion

Hibiscus Way, 802 West Bay Road, Grand Cayman

KY1-1205

Cayman Islands

## CORPORATE INFORMATION

## HONG KONG SHARE REGISTRAR

**Tricor Investor Services Limited**

17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

## HONG KONG LEGAL ADVISOR

Kirkland & Ellis  
26th Floor, Gloucester Tower  
The Landmark, 15 Queen's Road Central  
Central, Hong Kong

## AUDITOR

Ernst & Young  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditor*  
27/F, One Taikoo Place  
979 King's Road  
Quarry Bay, Hong Kong

## INVESTOR RELATIONS

Email: [ir@adicon.com.cn](mailto:ir@adicon.com.cn)  
Telephone: (86) 0571 8777 5775

## COMPANY WEBSITE

[www.adicon.com.cn](http://www.adicon.com.cn)

## STOCK CODE

9860

## KEY FINANCIAL HIGHLIGHTS

Unaudited For the six months ended June 30,		
	2025 (RMB'000)	2024 (RMB'000)
<b>Revenue</b>	1,270,559	1,465,701
<b>Gross Profit</b>	454,472	559,733
Profit for the period	28,569	103,478
Attributable to:		
Owners of the parent	27,273	101,582
Non-controlling interests	1,296	1,896
<b>Earnings per Share</b> <b>(Expressed in RMB per Share)</b>		
Basic	0.04	0.14
Diluted	0.04	0.14

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

We are one of the leading ICL service providers in China. We offer comprehensive and best-in-class testing services primarily to hospitals and health check centers through an integrated network of 34 self-operated laboratories across China. The high quality of our services is backed by our strong performance in terms of international accreditation and comprehensive testing menu. Currently, 24 of our laboratories have been accredited by ISO15189, which enables us to provide customers with the quality assurance that comes with this rigorous international standard. Our testing portfolio consists of over 4,000 medical diagnostic tests, including the introduction of over 130 new high-end diagnostic tests in the first half of 2025. Our expanded testing portfolio includes the NGS small-panel companion diagnostic assays for solid and hematologic tumors, a series of assays for neuroimmunological diseases, and targeted NGS (tNGS) assays designed for the detection of central nervous system infectious pathogens. Additionally, we successfully completed the technology transfer of two additional products with Guardant Health, a global leader in precision oncology — Guardant OMNI and G360 Response. We are committed to continuously serving our patients and the general public with our high-quality testing services as a leading ICL service provider in China, and becoming a trusted and reliable partner for medical professionals and the general public.

During the first half of 2025, the Company achieved notable progress in the following areas:

- The Company reported total revenue of RMB1.27 billion, representing a 13.3% year-on-year decline. Despite short-term pressures from economic cyclical adjustments and policy shifts, the Company's business portfolio continued to underpin resilience and supported sound growth across multiple segments.
- Notable Highlights Include:
  - Co-construction Business: grew by 30% year-on-year, with a four-year CAGR of 48%, primarily benefiting from the successful sign-up of multiple Class IIIA hospital projects. Looking ahead to the second half of 2025, the Company plans to deepen strategic collaborations with leading medical institutions to accelerate the rollout of additional flagship projects.
  - CRO Business: increased by 18% year-on-year, supported by continued consolidation of our leading position in the diabetes field through deep partnerships with our global and domestic leading pharmaceutical clients. The division achieved strong performance in NASH and made innovative breakthroughs in solid tumor therapies, expanding into new business frontiers.
  - Esoteric Testing Segment: revenue in the esoteric testing segment declined 6% year-on-year; however, the key segments maintained positive momentum, with oncology rising over 9%.

In May 2025, the Group announced the acquisition of Yuande Youqin, a leader in China's hematological diagnostics market, and its IVD subsidiary Yuande Weikang, with integration initiatives now progressing steadily. By leveraging detailed mapping of tertiary hospital accounts, the Company has identified a group of high-potential clients and implemented tailored engagement strategies with selected priority institutions to drive volume growth. Looking ahead, the Company will intensify collaboration with Yuande Youqin to fully capitalize on their highly differentiated capabilities in hematology testing.



## MANAGEMENT DISCUSSION AND ANALYSIS

- **Information Technology:** the next-generation LIMS system has been successfully deployed across an additional 18 companies this year, and is now rolled out in 32 subsidiaries. This deployment has provided strong digital support for the development of multiple business segments. In the second half of 2025, the LIMS system is scheduled for full rollout, further enhancing the Group's digital capabilities.

In terms of master data management, substantial progress has been made in data governance, alignment, and the organization and application of marketing portfolios. The master data framework is expected to be completed within the year, laying a solid foundation for the Group's digital transformation and comprehensive data management.

- **Artificial Intelligence Applications:** the Company continues to advance the implementation and innovation of AI solutions across multiple domains, consistently enhancing diagnostic efficiency and overall value:
  - The AI-assisted pathology slide review technology has been widely adopted and is now utilized in key areas such as cervical cancer diagnosis and reproductive genetics, enhancing both the efficiency and consistency of pathological diagnoses. Operating six to seven times faster than manual methods, AI-assisted reviews have cumulatively processed nearly 10 million slides, providing strong support for higher testing throughput and consistent service quality.
  - Ai Xiao Yi (艾小醫), the generative-AI medical laboratory assistant, was formally launched in the first half of 2025 and rolled out to clinicians. Leveraging generative-AI technology, it delivers one-stop services — including test item recommendations, intelligent inquiries, report interpretation and professional question-and-answer capabilities, further streamlining the retrieval and interpretation of medical test data.
  - The Company launched an AI-enabled pathology report quality-control system that automatically identifies and corrects typographical errors, incorrect anatomical sites and missing diagnoses in dictated reports, effectively minimizing human error. In addition, an AI-driven flow-cytometry analysis platform was deployed; its lymphocyte-subset diagnostic algorithm has been validated to demonstrate high concordance with manual results and can generate diagnostic reports within seconds, significantly reducing report turnaround times.
  - Looking ahead, the Company will focus on developing intelligent-agent applications, further integrating the intelligent medical laboratory assistant with a comprehensive report portal. Efforts will continue to accelerate the construction of "AI + diagnostics" initiatives, expand application scenarios, and foster collaboration with multiple business units across the Group to fully realize the potential of AI in medical testing.
- **Data Assets:** Leveraging twenty years of precision medicine testing data, the Company has completed phased unification, governance, de-identification, and cleansing of its data, establishing a proprietary data warehouse and enhancing the tiered data-security framework. This foundation strengthens the Company's data processing and modeling capabilities and enables the development of multi-dimensional analytical products that support both internal decision-making and external value-added services. At the same time, the Company is actively exploring commercial applications of its data assets to identify additional collaboration opportunities.

## MANAGEMENT DISCUSSION AND ANALYSIS

- **Operational Excellence:** while maintaining steady business growth for years, the Company has continuously refined its cost structure and improved efficiency, delivering industry-leading performance. In the first half of 2025, reagent procurement costs declined by approximately 13% year-on-year, logistics cost per test declined by around 4%, and laboratory productivity improved by 11%, demonstrating the Company's excellence in lean management. Looking ahead, cost optimization will continue to be a key driver for our sustainable development. Through initiatives such as centralizing laboratory capacity, deploying AI, and optimizing and integrating our laboratory network, coupled with a rigorous management system, the Company aims to maintain cost reductions while sustaining efficiency gains.
- **Research and Development:** Adicon remains committed to advancing cutting-edge diagnostic technologies. In April this year, the Company presented clinical progress with optical genome mapping (OGM) and outlined future hematological research at I-MDx 2025, the 7th Molecular Diagnostics Industry Congress; in June, Adicon presented at the "Current Status Analysis and Comprehensive Improvement of Medical Diagnostic Services under a Quality-Control Framework—Leukemia Precision Diagnosis & Treatment Academic Conference" hosted by the China National Health Association and co-organized by Adicon, providing in-depth analysis of clinical challenges and promoting the adoption of advanced technologies in standardized management of leukemia.
- **Logistics:** at the beginning of the year, 23 subsidiaries were selected as pilot sites for the development of the national standard "Operating Code for Cold-Chain Logistics of Medical Testing Biological Specimens (《醫學檢驗生物樣本冷鏈物流運作規範》)". By June 30, 2025, all 23 subsidiaries had successfully obtained certification to this national standard, demonstrating the Company's commitment to excellence in logistics and specimen handling.
- **Laboratory Quality Management:** 14 subsidiaries have now secured integrated triple-system certification, while 24 laboratories have achieved ISO15189 accreditation, with the average number of accredited items exceeding industry average. Looking ahead, the Company will continue to enhance laboratory quality standards and optimize systems, further consolidating its industry-leading position and maximizing the value of its services to clients and partners.

**Strategic Outlook:** over the next five years, Adicon will remain grounded while maintaining a long-term perspective. Routine testing will continue to serve as the foundation of our development, supported by deeper customer acquisition and retention efforts to sustain growth. The esoteric testing division will remain focused on clinical value, leveraging major programs to drive rapid expansion. The CRO segment will capitalize on industry opportunities to accelerate business development and contract acquisition. In the co-construction segment, the Company will enhance supply-chain and service capabilities to establish differentiated competitive advantages. Concurrently, mergers and acquisitions will serve as a growth engine, enabling the integration of high-quality resources and accelerating cross-segment synergies. Amid today's complex and volatile market environment, Adicon maintains strong confidence in the sector's medium- and long-term prospects, strategically positioning itself in high-potential areas to achieve breakthrough development while consolidating existing operations.

## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY OVERVIEW

#### Various government policies promote the rapid development of medical services

In 2013, the National Health and Family Planning Commission and State Administration of Traditional Chinese Medicine issued the Several Opinions on Accelerating the Development of Socially-run Medical Institutions (《關於加快發展社會辦醫的若干意見》), allowing non-public medical institutions to be included in the designated scope of medical insurance and allowing doctors to practice at multiple sites to help them simultaneously work in private and public hospitals. In 2019, the National Health Commission and the National Development and Reform Commission jointly issued the Opinions on Promoting the Sustainable and Standardized Development of Medical Services in the Society (《關於促進社會辦醫持續健康規範發展的意見》), supporting tertiary public hospitals to share medical imaging, clinical testing, pathological diagnosis and other services with private medical institutions to form a cooperative medical management system, and standardizing and guiding social forces to set up chain and group-based ICLs. In 2021, the National Health Commission issued the Notice on Printing and Distributing the Guiding Principles for the Setup Plan of Medical Institutions (2021-2025) (《關於印發醫療機構設置規劃指導原則(2021-2025年)的通知》), further loosening planning restrictions on the total amount and space of social medical areas and encouraging medical institutions organized by social forces to take the lead in establishing or joining medical consortia. In addition, by providing service-oriented care with lengthier patient visits and an increased emphasis on preventative care, private hospitals have gradually gained public trust and being perceived more favorably, which in turn encouraged further growth of private hospitals. This initiative reflects the Chinese government's commitment to improving healthcare accessibility and quality by encouraging private investment and innovation in the medical sector. By supporting non-public medical institutions, China aims to provide a more diverse and comprehensive range of healthcare services to its citizens.

#### Series of healthcare reforms benefiting the ICL market

The PRC government had carried out a series of healthcare reforms and introduced favorable policies aiming to reshape the ICL industry and further support growth and investment in the private sector. In a bid to promote high-quality development of the sector, the National Development and Reform Commission released the 14th Five-Year Plan in May 2022, which unveiled a new road map to spur China's bioeconomy. The new plan pledged to promote the integration and innovation of biotechnology and information technology, as well as accelerate the development of biomedicine, biological breeding, biomaterials, bioenergy and other industries to enhance bioeconomy in terms of scope and strength. In March 2021, the State Council issued Regulations for the Supervision and Administration of Medical Devices (《醫療器械監督管理條例》). This regulation, which has undergone a second revision as per the Decision of the State Council on Amending and Repealing Some Administrative Regulations (《國務院關於修改和廢止部分行政法規的決定》) and effective since January 20, 2025, stipulates that for in-vitro diagnostic reagents that do not have the same product on the market in China, qualified medical institutions can develop required in-vitro diagnostic reagents that are not available in China on their own according to their clinical needs, and use them in their own units under the guidance of medical practitioners. This can be seen as a favorable policy for laboratory developed tests.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Unfulfilled needs of the healthcare services market are driving the growth of the ICL business

China's healthcare services market is rapidly growing. Unfulfilled needs of the market include the following:

Various initiatives have been rolled out by the PRC government to drive a hierarchical healthcare system, including hospital alliances and publication of standardized referral pathways and reimbursement reform, to further improve patients' access to primary care and balance public medical resources. The promotion of the hierarchical healthcare system is also conducive to the increase in demand for ICL testing.

There is expected to be an increasing number of hospitals established in lower tier cities, which will drive the demand for ICL testing in these areas.

In recent years, a series of healthcare reforms have been carried out by the PRC government to optimize hospital revenue structures by reducing their reliance on medication and emphasizing examination and treatment, which requires more expertise and the service capabilities of physicians and hospitals. It is expected that revenues generated by examination and treatment will contribute a growing percentage to the total revenues of hospitals. The change in revenue structure and emphasis on examination and treatment may result in an increasing demand for clinical testing, which will lead to more outsourcing demand to ICLs.

The PRC government has made strong efforts to further increase the accessibility and affordability of healthcare services through its healthcare reforms. Huge investments have been made to construct and upgrade healthcare infrastructure and expand medical insurance coverage. In order to respond to cost pressure, public medical institutions could choose to outsource laboratory testing, a trend that encourages the development of ICLs.

### Growing testing volume driven by population aging and better diagnostic services

Population aging has directly led to a surge in the prevalence of chronic diseases and an increase in the number of patients affiliated with serious diseases, both of which have driven and will continue to drive testing demands, thereby boosting the testing volume. In addition, growing health awareness and soaring instances of chronic diseases are pushing people to conduct early detection and take initiatives for preventive measures. Driven by increasing demand from customers, there has been a growing outsourcing rate of tests from health check centers as they are incentivized to seek cost competitive tests performed with premium quality. In addition, the evolving field of precision medicine and emergence of novel technologies have also significantly stimulated the development of China's ICL market. ICLs are increasingly important in the era of precision medicine. It will largely help physicians to integrate individual health data and information from clinical factors, real-time monitoring factors, molecular/diagnosis factors (multi-omics including epigenetics), and exogenous factors (environmental, behavioral, socio-economic, lifestyle) to develop personalized evidence-based treatment interventions and deliver superior therapeutic outcomes.

### Unique advantages of ICLs over hospital-based laboratories

ICL chain operators have broad network coverage, which enables them to more easily connect to and cater to hospitals in different classes across regions. Moreover, once ICLs have expanded to a certain scale, they are capable of performing a large volume of tests with lower costs, benefiting from centralized management, procurement and optimized utilization of equipment, human resources, reagents and facilities. In addition, ICLs generally are capable of performing a broad range of tests. Furthermore, with more capital resources and capital investment, ICLs are faster at introducing and applying new technologies and equipment, and are more proactive in achieving clinical laboratory accreditation and hire experienced and quality personnel to enhance their competitiveness, enabling them to deliver higher quality testing services.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Multi-tiered Market Collaboration: Promoting balanced distribution of medical resources

In China, the distribution of medical resources remains significantly uneven, concentrated primarily in a few provinces and cities. This has led to overcrowding in Class IIIA hospitals (the highest level of hospitals in China) and their disproportionate share in medical services. ICLs, leveraging their strong capabilities in bidding and specialized testing, have established strategic partnerships with top-tier Class IIIA hospitals. At the same time, ICLs are capitalizing on their extensive and specialized testing menus and economies of scale to facilitate the expansion and accessibility of high-quality medical resources. They achieve this by providing comprehensive, high-quality medical testing services comparable to those of tertiary hospitals to lower-tiered medical institutions. This collaborative development model not only significantly enhances the diagnosis, treatment, and service capabilities of primary healthcare facilities but also effectively promotes a more balanced distribution of medical resources. Ultimately, it addresses the issue of uneven and inefficient healthcare resource allocation.

In December 2023, 10 departments, including the National Health Commission issued the Guiding Principles on Promoting Construction of County-level Medical and Health Communities (《關於全面推進緊密型縣域醫療衛生共同體建設的指導意見》), which in essence encourages the sharing of medical resources and capabilities amongst county-level medical institutions, making healthcare services more accessible in these areas. This will consolidate the scattered demand from county-level medical institutions for ICLs to capture, so ICLs can deal directly with these newly established and consolidated health communities. Moreover, these health communities will often require upgrades to medical equipment and testing capabilities, providing more opportunities for ICL-led co-construction contracts.

### Stricter regulatory policy promoting a regular and sustainable development of the ICL industry

In May 2024, 14 departments, including the National Health Commission, issued the Key Points for Correcting Misconduct in Purchase and Sale of Medicine and Medical Services in 2024 (《2024年糾正醫藥購銷領域和醫療服務中不正之風工作要點》), pursuant to which a one-year national centralized rectification of corruption in the medical industry was launched to conduct in-depth governance improvement of the entire healthcare industry and its supply chain. Further, in May 2025, subsequent Key Points for Correcting Misconduct in Purchase and Sale of Medicine and Medical Services in 2025 (《2025年糾正醫藥購銷領域和醫療服務中不正之風工作要點》) was released, guiding actions and improvements for the following year. In addition, several regions such as Hunan Province, Shaanxi Province and Shanghai Municipality introduced special measures for the outsourcing of diagnostic testing services. The implementation of these regulatory policies will create a fair and transparent market environment for ICLs, especially industry leaders, and provide greater development opportunities. Driven by these policies, unfair competition in commercial activities will be largely eliminated, allowing legitimate industry-leading companies to leverage their advantages in resources, technology, and brand to gain greater market share through higher service quality and innovation. Furthermore, the transparency of these policies enhances the credibility of the entire industry, thereby promoting the sound and sustainable development of the ICL industry.

## MANAGEMENT DISCUSSION AND ANALYSIS

### DRG/DIP 2.0 issued further improving the efficiency of medical insurance settlement

In July 2024, the National Healthcare Security Administration issued the Notice on the Issuance of the Version 2.0 Grouping Scheme for Payment by DRG and DIP and Related Work Arrangements (《關於印發按病組和病種分值付費2.0版分組方案並深入推進相關工作的通知》) (the "Notice"), accompanied by the documents for the Version 2.0 Grouping Scheme for Payment by Diagnosis Related Groups (DRG) (《按病組 (DRG) 付費分組方案2.0版》) and the Version 2.0 Disease Database for Payment by Diagnosis-Intervention Packet (DIP) (《按病組分值 (DIP) 付費病種庫2.0版》). The adjustments to the DRG and DIP programs continue to emphasize and refine cost containment measures which we believe will be beneficial in the long run to the lowest cost provider of healthcare services and products, including to ICLs, who are the lowest cost providers of diagnostic testing services across various testing providers. In addition, the Notice emphasizes that measures such as prepayment of medical insurance fund shall be encouraged to alleviate the financial pressure of medical institutions, and the backlog of outstanding payables by medical insurance fund shall be fully settled. The policy implementation aims to improve the efficiency of medical insurance settlement, assisting hospitals in timely refunding suppliers including ICL enterprises and further improving the cash flow and operational stability of ICL enterprises. Consequently, ICL enterprises can plan the use of funds more effectively, enhance operational efficiency, and further improve market competitiveness.

### China's medical industry opening-up

On September 7, 2024, three departments, including the National Health Commission, jointly issued the Notice of the Ministry of Commerce, the National Health Commission and the National Medical Products Administration on Launching Pilot Projects to Expand Opening-up in the Medical Field (《商務部國家衛生健康委國家藥監局關於在醫療領域開展擴大開放試點工作的通知》), which outlines pilot programs for expanded openness in the medical field. These developments are aimed at attracting foreign investment to promote the high-quality development of China's medical sector and better meet people's healthcare needs. Key aspects of the pilot programs include (i) allowing foreign-invested enterprises to engage in human stem cell and gene diagnosis and treatment technologies in selected free trade zones and Hainan Free Trade Port; and (ii) permitting the establishment of wholly foreign-owned hospitals in specific cities and regions, excluding traditional Chinese medicine hospitals and public hospital acquisitions. This pilot program represents an important step in efforts to attract foreign investment and expertise in the healthcare sector, and is consistent with the broader goals of healthcare reform and the government's efforts to improve the country's medical capabilities.

### Big data processing, artificial intelligence and other technologies continue to promote the transformation and advancement of the pharmaceutical and biological industry

Biopharmaceutical R&D is developing rapidly, discovering new targets, therapies and disease models, and accelerating the advancement of diagnostic technologies, which helps R&D and clinical trial development, clinical trial enrollment and follow-up diagnosis, treatment monitoring and disease progression/recurrence monitoring. As testing technology continues to develop, the key role of diagnostic technology continues to be highlighted. Traditional technologies such as polymerase chain reaction (PCR) and next-generation sequencing (NGS) are constantly improving, while the application of emerging technologies such as mass spectrometry, flow cytometry and multi-omics technology groups is leading the development of the industry. As an early adopter of new technologies, ICL can provide comprehensive diagnostic solutions for research and clinical use, ultimately providing patients with more accurate diagnosis and treatment options.

## MANAGEMENT DISCUSSION AND ANALYSIS

At the same time, big data and artificial intelligence are also reshaping the clinical testing industry. The intelligent integration of information such as genomic data and electronic health records makes disease identification, risk prediction and personalized treatment more accurate. AI technology not only improves laboratory quality control and enhances the accuracy and consistency of test results, but also supports disease monitoring and health trend analysis. We continue to invest in upgrading laboratory information systems and data management capabilities, and use AI to optimize warehousing, reporting and logistics operations to improve efficiency and accuracy. We believe that the ICL industry is at the forefront of digitalization of healthcare and will become an important promoter and beneficiary of future technological progress. As AI technology ushers in a generational breakthrough in the medical field, the ICL industry, with its extensive data sets and broad-based application development, has become a key hub for the implementation and innovation of AI technology, promoting the development of medical testing towards greater intelligence and precision.

### Medical service price reforms in many places provide new opportunities for the ICL industry

In recent years, both the national and local governments have successively issued relevant documents to adjust the pricing of various types of diagnostic testing projects, and have carried out price adjustments for diagnostic tests nationwide in batches. Since October 2024, the National Healthcare Security Administration has begun to standardize the prices of diagnostic tests in batches. For example, the "Notice on Carrying out the Standardization of Medical Service Prices (First Batch)" issued in October 2024 required price adjustments for multiple diagnostic tests, and then relevant documents were successively issued to standardize the prices of more diagnostic tests. "Notice on Optimizing the Management Process of Medical Service Prices" issued by the General Office of the National Health Insurance Administration on June 20, 2025 stipulates that medical service prices are subject to local management and emphasizes that provincial health insurance departments should strengthen their main responsibilities, ensure that price policies are in line with the guidance, adapt to local conditions and strengthen self-evaluation. At the same time, it requires all localities to report price trends in a timely manner, and the National Health Insurance Administration will strengthen the tracking of results. These measures are aimed at controlling medical costs and reducing the burden on patients, especially for standardizing costly and commonly used diagnostic tests.

However, these price management measures will have significant impacts to hospitals operating profits, especially after the price adjustment of diagnostic tests, hospitals may face greater profit pressure or even operate at a loss. Hospitals may need to respond to this challenge by controlling internal expenditures or outsourcing some test items. As hospitals increase their demand for outsourced test services, ICL companies, as third-party testing service providers, can provide high-quality and cost-effective testing services, significantly helping hospitals reduce overall expenses, and expand ICL's share in overall diagnostic testing market.

### China's anti-involution campaign to relief pricing pressure

At the July 2025 Chinese politburo meeting, there was emphasis on an anti-involution campaign to prevent irrational price competition. The focus was on preserving quality and innovation across key sectors, with further regulatory enforcement expected over the coming months. This is expected to reduce competition arising from bids below cost-line at the expense of quality, to preserve a healthier and more sustainable competitive environment for the ICL industry.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

#### Selected Items from the Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income

##### *Revenue*

Our revenue for the six months ended June 30, 2025 amounted to RMB1,270.6 million, representing a decrease of approximately 13.3% as compared with RMB1,465.7 million for the six months ended June 30, 2024. This decrease was primarily due to industry headwinds arising from a disproportional price and demand relationship.

However, as discussed in our business review section, we saw robust growth in our co-construction and CRO segments, and took major steps forward in new client acquisitions. This cushioned us from the broader disproportional price and demand relationship that caused a more pronounced impact across the ICL industry.

##### *Cost of Sales*

Our cost of sales for the six months ended June 30, 2025 amounted to RMB816.1 million, representing a decrease of approximately 9.9% as compared with RMB906.0 million for the six months ended June 30, 2024, primarily due to our active efforts to reduce our reagent procurement costs as described below, as well as our continuous improvements in operational efficiency.

##### *Gross Profit and Gross Profit Margin*

Based on the factors described above, the gross profit of our Group was RMB454.5 million for the six months ended June 30, 2025, as compared with RMB559.7 million for the six months ended June 30, 2024.

Gross profit margin is calculated as gross profit divided by revenue. The overall gross profit margin of our Group was approximately 35.8% for the six months ended June 30, 2025, compared with 38.2% for the six months ended June 30, 2024. The decrease in gross profit margin was primarily due to the decline in our revenue, which resulted in a weaker operational leverage, and only partially mitigated through our cost reduction efforts.

Leveraging our nationwide laboratory network and strong purchasing power, we centralized procurement for reagents and consumables to achieve cost savings. In general, our experienced procurement team in headquarters negotiates with and coordinates suppliers and vendors to aggregate purchase volume and thereby secure better terms for our subsidiaries. All of our suppliers and vendors are periodically tendered to ensure that we are able to take advantage of our operating scale effectively and ensure optimal and cost-effective reagents and consumables for delivering testing services. Moreover, our continued improvements in operating scale and business growth enabled us to gain stronger bargaining power with our suppliers, which have enabled us to mitigate the effects of reduced operating leverage.

To ensure that local suppliers can provide a comparable level of quality and consistency, we internally validate local suppliers' offerings, and only cooperate with those that meet our standards. For suppliers that meet our requirements, we will make an effort to transit our testing volume to lower cost local suppliers for these reagents. We are in a continuous process of assessing and validating new local supplier alternatives on a test-by-test or testing group-by-testing group basis and have been able to secure the benefits of lower costs while maintaining the same strict quality standards of imported equipment and reagents.



## MANAGEMENT DISCUSSION AND ANALYSIS

### *Selling and Marketing Expenses*

Our selling and marketing expenses for the six months ended June 30, 2025 amounted to RMB196.4 million, representing a decrease of approximately 2.8% as compared with RMB202.0 million for the six months ended June 30, 2024. This decrease was primarily due to the decrease in staff costs and travel expenses as we implemented the enhanced cost control measures in the first half of 2025.

### *Administrative Expenses*

Our administrative expenses for the six months ended June 30, 2025 amounted to RMB112.6 million, representing an increase of approximately 4.7% as compared with RMB107.5 million for the six months ended June 30, 2024. This increase was primarily due to our investments in IT, including AI and cloud infrastructure.

### *R&D Expenses*

Our R&D expenses for the six months ended June 30, 2025 amounted to RMB54.9 million, representing a decrease of approximately 6.5% as compared with RMB58.7 million for the six months ended June 30, 2024. This decrease was primarily due to the reduced laboratory expenses and reagent consumables due to reduction in development projects in the first half of 2025.

### *Other Expenses*

Our other expenses for the six months ended June 30, 2025 amounted to RMB35.7 million, representing a decrease of approximately 28.6% as compared with RMB50.0 million for the six months ended June 30, 2024. This decrease was primarily because of the reduction in the amount of allowance for expected credit losses associated with the receivables and lower inventory impairment losses, net of reversal. These impairment losses consists mainly of RMB26.4 million of COVID-19 related customer receivables impairment. In addition, we recorded a RMB5.3 million net losses from foreign exchange and RMB1.5 million increase in loss of disposal of property, plant and equipment and other intangible assets due to cost reduction and laboratory network optimization efforts.

### *Other Income and Gains*

Our other income and gains for the six months ended June 30, 2025 amounted to RMB12.7 million, representing a decrease of approximately 35.6% as compared with RMB19.7 million for the six months ended June 30, 2024. This decrease was primarily due to the reduced income from bank interest.

### *Finance Costs*

Our finance costs for the six months ended June 30, 2025 amounted to RMB22.0 million, representing a decrease of approximately 19.8% as compared with RMB27.4 million for the six months ended June 30, 2024. This decrease was primarily due to our reduced cost of bank loans.

## MANAGEMENT DISCUSSION AND ANALYSIS

### *Income Tax Expenses*

Our income tax expenses for the six months ended June 30, 2025 amounted to RMB16.9 million, representing a decrease of approximately 44.1% as compared with RMB30.3 million for the six months ended June 30, 2024. This decrease was generally in line with decrease in our profit before tax, as adjusted by non-taxable fair value gains and losses and share-based payment expenses in the first half of 2025.

### *Profit for the Period*

As a result of the foregoing, our profit for the period decreased by approximately 72.4% from RMB103.5 million for the six months ended June 30, 2024 to RMB28.6 million for the corresponding period in 2025.

## **Selected Items from the Unaudited Consolidated Statement of Financial Position**

### *Current Assets/Liabilities*

Our total current assets decreased to RMB2,931.0 million as of June 30, 2025 from RMB3,050.7 million as of December 31, 2024, and our total current liabilities decreased to RMB1,870.2 million as of June 30, 2025 from RMB1,925.1 million as of December 31, 2024.

### *Inventories*

Our inventories as of June 30, 2025 amounted to RMB115.9 million, representing a decrease of approximately 8.7% as compared with RMB126.9 million as of December 31, 2024. This decrease was primarily due to reduced purchases in reagents and consumables. Our inventory turnover days decreased from 31 days in 2024 to 27 days in the six months ended June 30, 2025, primarily due to our continuous efforts on better inventory management.

### *Trade and Bills Receivables*

Our trade and bill receivables as of June 30, 2025 amounted to RMB1,545.0 million, representing an increase of approximately 12.2% as compared with RMB1,377.4 million as of December 31, 2024. This increase was primarily due to the generally increased budgetary pressures of our customers in the industry. Our gross trade and bills receivables turnover days increased from 220 days in 2024 to 262 days in the six months ended June 30, 2025 for the same reason, and our receivables turnover days from our base business increased from 172 days in 2024 to 217 days in the six months ended June 30, 2025.

### *Prepayments, Deposits and Other Receivables*

Our prepayments, deposits and other receivables as of June 30, 2025 amounted to RMB258.4 million, representing an increase of approximately 2.9% as compared with RMB251.1 million as of December 31, 2024. This increase was primarily due to (i) a RMB4.9 million increase in prepayments for our reagents and consumables; (ii) a RMB2.7 million increase in prepaid taxes was partially due to some local tax bureaus requesting earlier payments.

### *Trade and Bills Payables*

Our trade and bills payables as of June 30, 2025 amounted to RMB681.4 million, representing a decrease of approximately 5.6% as compared with RMB721.8 million as of December 31, 2024. This decrease was primarily due to the reduction in COVID-19 related trade payables. Our trade and bills payables turnover days increased from 148 days in 2024 to 156 days in the six months ended June 30, 2025, primarily attributable to the negotiation of better payment terms with our suppliers.

## MANAGEMENT DISCUSSION AND ANALYSIS

### *Other Payables and Accruals*

Our other payables and accruals as of June 30, 2025 amounted to RMB515.7 million, representing a decrease of approximately 15.9% as compared with RMB613.4 million as of December 31, 2024. This decrease was primarily due to a decrease of RMB71.9 million in payroll payables mainly resulting from the change in our Company's year-end bonus payroll cycle.

### *Contract Liabilities*

Our contract liabilities as of June 30, 2025 amounted to RMB21.9 million, representing a decrease of approximately 26.7% as compared with RMB29.9 million as of December 31, 2024. This decrease was primarily due to the decrease in advance payments from customers for the delivery of equipment in the first half of 2025.

### *Pledged Deposits*

Our pledged deposits as of June 30, 2025 remained the same to RMB956.0 million as of December 31, 2024, as a result of the unchanged collateral requirements from financial institutions.

## Liquidity and Capital Resources

During the six months ended June 30, 2025, our Group funded cash requirements principally from cash generated from the operating activities. As of June 30, 2025, we had cash and cash equivalents of RMB751.1 million, representing a decrease of approximately 28.0% as compared with RMB1,043.8 million as of December 31, 2024. This decrease was primarily due to negative net operating cashflow as a result of seasonality in our customer's repayment cycles.

Our current cash and cash equivalents, together with anticipated operating cash inflows, is expected to be sufficient to meet our working capital requirements, daily operational needs, and financial commitments. As of the date of this interim report, we do not have any definitive plans for material fundraising activities. However, we will continue to monitor market conditions and may pursue equity or debt financing opportunities should the need arise to support future growth initiatives or enhance liquidity.

## Indebtedness

During the six months ended June 30, 2025, we incurred borrowings to finance our capital expenditure and working capital requirements, which were primarily denominated in RMB. All of the interest-bearing bank borrowings during the six months ended June 30, 2025 were loans with effective annual interest rates ranging from 1.9% to 3.5% as of June 30, 2025. Our net cash position (equals cash and cash equivalents plus pledged deposits and net of interest-bearing bank borrowing) decreased by approximately 45.3% from RMB693.9 million as of December 31, 2024 to RMB379.9 million as of June 30, 2025.

## Contingent Liabilities

As of June 30, 2025, we were not involved in any material legal, arbitration or administrative proceedings that, if adversely determined, would be expected to materially and adversely affect our financial position or result of operations.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Capital Expenditures

Capital expenditures primarily consisted of expenditures on (i) property and equipment, and (ii) other intangible assets, which primarily include patents, software and customer relationship.

Our capital expenditures for the six months ended June 30, 2025 amounted to RMB57.2 million, representing an increase of approximately 6.6% as compared with RMB53.7 million for the corresponding period in 2024. This increase was primarily due to the increase in our purchases of property and equipment and other intangible assets as a result of our continued expansion of our co-construction business in the first half of 2025.

### Capital Commitments

Capital commitments primarily constituted our purchase of property and equipment for the construction, expansion and enhancement of our facilities.

Our capital commitments as of June 30, 2025 amounted to RMB9.6 million, representing an increase of approximately 3.0% as compared with RMB 9.3 million as of December 31, 2024. This increase was primarily due to expansion and enhancement of our facilities.

### Financial Ratios

The following table sets forth certain of the key financial ratios as of the dates indicated:



	As of	
	June 30, 2025 (Unaudited)	December 31, 2024 (Audited)
<b>Liquidity ratios</b>		
Current ratio <sup>(1)</sup>	1.57	1.58
Quick ratio <sup>(2)</sup>	1.51	1.52
<b>Capital adequacy ratios</b>		
Gearing ratio <sup>(3)</sup>	0.75	0.74

Notes:

- (1) Current assets divided current liabilities as of the end of the periods.
- (2) Current assets less inventories divided by current liabilities as of the end of the periods.
- (3) Total borrowings divided by total equity as of the end of the periods.

### Charges on Assets

As of June 30, 2025, the Group had no charges on assets.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Future Plans for Material Investments

As of the date of this interim report, the Group does not have any concrete committed plans for material investments and capital assets in 2025.

### Foreign Exchange Risk and Hedging

We primarily operate in the PRC with most of our transactions denominated and settled in RMB. However, certain of our time deposits, bank balances and cash and other financial assets are denominated in foreign currencies and exposed to foreign currency risks. We currently do not have a foreign currency hedging policy. However, we manage foreign exchange risks by closely monitoring our foreign exchange exposure and will consider hedging against significant foreign exchange risks should the need arise.

### Material Acquisitions, Significant Investments and Disposals

During the six months ended June 30, 2025, we did not make any material acquisitions, significant investments or disposals of subsidiaries, associates and joint ventures.

### Employees and Remuneration

As of June 30, 2025, we had a total of 5,151 employees. For the six months ended June 30, 2025, we incurred total remuneration costs of RMB404.2 million. The remuneration packages of our employees include salaries, benefits, social insurance and share based compensation, the amount of which is generally determined by their qualifications, industry experience, position and performance. We contribute to social insurance and housing provident funds as required by the PRC laws and regulations.

To maintain the quality, knowledge and skill levels of the workforce, our Group provides regular and specialized trainings tailored to the needs of employees in different departments, including regular training sessions conducted by senior employees or third party consultants covering various aspects of our business operations.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATIONS

As of June 30, 2025, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:



Name	Nature of Interests	Number of Shares	Approximate percentage of interest in the Company <sup>(3)</sup>
Mr. GAO Song <sup>(1)</sup>	Interests in a controlled corporation	303,750 (L)	0.04%
	Beneficial owner	11,249,646 (L)	1.55%
Mr. LIN Jixun <sup>(2)</sup>	Interest in a controlled corporation	90,061,994 (L)	12.38%

*Remark:* The Letter (L) denotes the long position in such securities.

*Notes:*

- (1) Mr. GAO Song is deemed to be interested in 303,750 Shares directly held by his wholly-owned investment holding company, Nice Sure Holding Co., Limited. In addition, he has been granted RSUs and options under the employee incentive plans entitling him to receive up to an aggregate of 11,249,646 Shares.
- (2) Mr. LIN Jixun is deemed to be interested in 90,061,994 Shares directly held by his wholly-owned company, Corelink.
- (3) Calculated based on the number of the total issued share capital of the Company as of June 30, 2025, being 727,260,291 Shares (including 1,617,000 treasury shares).

Save as disclosed above, as of June 30, 2025, none of the Directors or chief executives of the Company has or is deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO); or which will be required to be recorded in the register to be kept by the Company pursuant to Section 352 of the SFO, or which will be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As of June 30, 2025, the following persons who had interests or short positions in the Shares or underlying Shares which would be required to be notified to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO; or as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO:



Name	Nature of Interests	Number of Shares	Approximate percentage of interest in the Company <sup>(4)</sup>
Pearl Group Limited <sup>(1)</sup>	Beneficial owner	281,541,805 (L)	38.71%
Mr. LIN Jixun <sup>(2)</sup>	Interest in a controlled corporation	90,061,994 (L)	12.38%
Corelink <sup>(2)</sup>	Beneficial owner	90,061,994 (L)	12.38%
Mr. LIN Feng <sup>(3)</sup>	Interest in a controlled corporation	72,005,994 (L)	9.90%
Mega Stream Limited <sup>(3)</sup>	Beneficial owner	72,005,994 (L)	9.90%

Remark: The Letter (L) denotes the long position in such securities.

Notes:

- (1) Pearl Group Limited is 94.57% owned by Carlyle Asia Partners V, L.P. and 5.43% owned by CAP V Co-Investment, L.P.. The general partner of Carlyle Asia Partners V, L.P. and CAP V Co-Investment, L.P. is CAP V General Partner, L.P.. The general partner of CAP V General Partner, L.P. is CAP V, L.L.C., an indirect subsidiary of Carlyle. CAP V, L.L.C. is wholly-owned by TC Group Cayman Investment Holdings Sub L.P.. The general partner of TC Group Cayman Investment Holdings Sub L.P. is TC Group Cayman Investment Holdings L.P.. The general partner of TC Group Cayman Investment Holdings L.P. is CG Subsidiary Holdings L.L.C.. The managing member of CG Subsidiary Holdings L.L.C. is Carlyle Holdings II L.L.C.. The managing member of Carlyle Holdings II L.L.C. is Carlyle Holdings II GP L.L.C.. The sole member of Carlyle Holdings II GP L.L.C. is Carlyle. As such, under the SFO, each of Carlyle Asia Partners V, L.P., CAP V General Partner, L.P., CAP V L.L.C., TC Group Cayman Investment Holdings Sub L.P., TC Group Cayman Investment Holdings L.P., CG Subsidiary Holdings L.L.C., Carlyle Holdings II L.L.C., Carlyle Holdings II GP L.L.C. and Carlyle is deemed to be interested in the equity interests held by Pearl Group Limited.
- (2) Corelink is wholly-owned by Mr. LIN Jixun, one of the founders of the Group and a non-executive Director. Mr. LIN Jixun is the brother of Mr. LIN Feng.
- (3) Mega Stream Limited is wholly-owned by Mr. LIN Feng, one of the founders of the Group. Mr. LIN Feng is the brother of Mr. LIN Jixun.
- (4) Calculated based on the number of the total issued share capital of the Company as of June 30, 2025, being 727,260,291 Shares (including 1,617,000 treasury shares).

Save as disclosed above, to the best knowledge of the Directors and the chief executives of the Company, as of June 30, 2025, the Company is not aware of any other person (other than the Directors or chief executives of the Company) who had an interest or short position in the shares or underlying shares of the Company which would be required to be notified to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO; or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### EMPLOYEE INCENTIVE PLANS

As of the date of this interim report, the Company has adopted four share schemes, namely, the senior executive incentive plan, the senior management incentive plan (together with the senior executive incentive plan, the “**2019 Incentive Plans**”), the 2024 Incentive Plan and the 2025 Incentive Plan. The employee incentive plans are for retaining and motivating the senior executives, senior management members, as well as the employees of the Group.

As of the date of this interim report, no option was outstanding under the 2019 Incentive Plans and the 2024 Incentive Plan. The underlying Shares under the 2019 Incentive Plans had already been fully issued and are held by Trident Trust Company (HK) Limited and Computershare Hong Kong Investor Services Limited’s account at DBS Vickers (Hong Kong) Limited. The terms of the employee incentive plans are substantially similar and not subject to Chapter 17 of the Listing Rules. The options and RSUs to be granted under the 2024 Incentive Plan are funded by existing Shares only. The 2024 Incentive Plan constitutes a share scheme under Chapter 17 of the Listing Rules and shall be subject to the applicable disclosure requirements under Rule 17.12 of the Listing Rules.

#### 2025 Incentive Plan

2025 Incentive Plan was adopted and approved on May 26, 2025. The principal terms of the 2025 Incentive Plan are set out in the Appendix I to the Company’s circular dated May 6, 2025.

The maximum number of Shares which may be issued upon exercise of all options and RSUs to be granted under the 2025 Incentive Plan (the “**Award**”), together with options and awards which may be issued under other share scheme(s) shall not in aggregate exceed 3% of the total number of Shares in issue, excluding treasury Shares (the “**Scheme Mandate Limit**”) as at the date of approval of the 2025 Incentive Plan, being 21,769,298 Shares, unless shareholders’ approval has been obtained. Awards lapsed or forfeited in accordance with the terms of the 2025 Incentive Plan will not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit. Within the Scheme Mandate Limit, no option and award may be granted to service providers under the 2025 Incentive Plan. During the Reporting Period and up to the date of this interim report, no option or award were granted by the Company under the 2025 Incentive Plan.

### CHANGES IN DIRECTORS’ INFORMATION

Mr. ZHU Jonathan has been appointed as a non-executive Director and a member of the strategy committee of the Board with effect from August 22, 2025. For his information, please refer to the announcement of the Company dated August 22, 2025.

Save as disclosed above, the Company is not aware of any changes in the information of Directors which are required to be disclosed pursuant to Rule 13.51B of the Listing Rules during the period from the date of 2024 annual report of the Company to the date of this interim report.

### COMPLIANCE WITH THE CG CODE

The Company has adopted the code provisions of the CG Code and regularly reviews its compliance with the CG Code. The Board has committed to maintaining good corporate governance standards. The Board believes that good corporate governance standards are essential in providing framework for the Group to safeguard the interests of Shareholders and to enhance corporate value and accountability.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

In response to the amendments to the CG Code effective July 1, 2025, the Board has approved changes to the terms of reference for the nomination committee. For details, see announcement of the Company dated August 22, 2025.

To the best knowledge of the Directors, the Company has complied with all applicable code provisions of the CG Code for the six months ended June 30, 2025 and up to the date of this interim report.

### COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code as its code of conduct regarding dealing in the securities of the Company by the Director and the Group's senior management who, because of their office or employment, are likely to possess inside information of the Company and/or securities. Specific enquiry has been made of all the Directors and they have confirmed their compliance with the Model Code for the six months ended June 30, 2025 and up to the date of this interim report. In addition, no incident of non-compliance of the Model Code by the senior management of the Group was noted for the six months ended June 30, 2025 and up to the date of this interim report.

In case when the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its Directors and senior management in advance.

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

On December 16, 2024, the Board resolved to repurchase Shares in the open market not more than 36,287,165 Shares. For details, please refer to the announcement of the Company dated December 19, 2024.

During the six months ended June 30, 2025 and up to the date of this interim report, the Company has repurchased 100,000 Shares on the Stock Exchange at an aggregate consideration of HK\$0.7 million (including brokerage and other fees), of which 100,000 Shares are held as treasury Shares. As of the date of this interim report, the Company held 1,617,000 Shares intended to be held as treasury Shares. The Company has not yet determined on the intended use of such treasury Shares and will utilize them as permitted under the Listing Rule, subject to, market conditions and its capital management needs. Details of the Shares repurchased are summarized as follows:

Month of repurchase	Total number of Shares repurchased	Repurchase price per Share		Aggregate consideration (including brokerage and other fees)
		Highest	Lowest	
		HK\$	HK\$	HK\$ million
January 2025	100,000	7.62	6.73	0.7

Save as disclosed above, neither the Company nor any member of the Group has purchased, sold or redeemed any of the listed securities of the Company (including sale of treasury shares) during the six months ended June 30, 2025 and up to the date of this interim report.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Group's unaudited consolidated interim financial statements for the six months ended June 30, 2025 have been prepared in accordance with IFRS and reviewed by the Company's independent auditor, Ernst & Young, 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.

The Audit Committee comprises three independent non-executive Directors, namely Mr. YEH Richard (chairman), Mr. ZHANG Wei and Mr. MI Brian Zihou. The Audit Committee is governed by terms of reference that are in compliance with the requirements of the Listing Rules.

The Audit Committee has jointly reviewed with the Company's senior management and independent auditor the unaudited consolidated interim financial information of the Group for the six months ended June 30, 2025. The Audit Committee has also discussed the accounting policies and practices adopted by the Company and internal control measures with senior management. The Audit Committee does not have any disagreement with the accounting treatment adopted by the Company.

### SCOPE OF AUDITOR'S WORK

The figures in respect of the Group's unaudited consolidated financial information for the six months ended June 30, 2025 as set out in this interim report have been agreed by the Company's auditors, Ernst & Young. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on this interim report.

### USE OF PROCEEDS

The total net proceeds from the Global Offering (after deduction of underwriting commissions and related costs and expenses) amounted to RMB230.9 million. The net proceeds raised from the Global Offering had been used in the manner as disclosed in the section headed "Future Plans and Use of Proceeds" of the Prospectus, and was fully utilized as of December 31, 2024.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### EVENTS AFTER THE SIX MONTHS ENDED JUNE 30, 2025

The Directors are not aware of any significant events requiring disclosure that took place subsequent to June 30, 2025 and up to the date of this interim report.

### INTERIM DIVIDENDS

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

### CONTINUING DISCLOSURE OBLIGATION PURSUANT TO THE LISTING RULES

As of June 30, 2025, the Directors were not aware of any circumstances giving rise to the disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

# INDEPENDENT REVIEW REPORT



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## To the board of directors of ADICON Holdings Limited

(Incorporated in Cayman Islands with limited liability)

## Introduction

We have reviewed the interim financial information set out on pages 28 to 56, which comprises the condensed consolidated statement of financial position of ADICON Holdings Limited (the "Company") and its subsidiaries (the "Group") as at 30 June 2025 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board ("IASB"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## Scope of Review

We conducted our review 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. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion


Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

### **Ernst & Young**

Certified Public Accountants  
Hong Kong

22 August 2025

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




Six months ended 30 June			
	Notes	2025 (Unaudited) RMB'000	2024 (Unaudited) RMB'000
<b>REVENUE</b>	4	1,270,559	1,465,701
Cost of sales		(816,087)	(905,968)
<b>Gross profit</b>		454,472	559,733
Other income and gains		12,664	19,672
Selling and marketing expenses		(196,376)	(201,975)
Administrative expenses		(112,638)	(107,531)
Research and development costs		(54,904)	(58,707)
Other expenses		(35,730)	(50,024)
Finance costs		(21,980)	(27,404)
<b>PROFIT BEFORE TAX</b>	5	45,508	133,764
Income tax expense	6	(16,939)	(30,286)
<b>PROFIT FOR THE PERIOD</b>		28,569	103,478
Attributable to:			
Owners of the parent		27,273	101,582
Non-controlling interests		1,296	1,896
		28,569	103,478

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

Six months ended 30 June			
	Notes	2025 (Unaudited) RMB'000	2024 (Unaudited) RMB'000
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of the financial statements of the subsidiaries		1,996	(2,457)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of the financial statements of the Company		1,136	(2,640)
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX</b>		<b>3,132</b>	<b>(5,097)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>31,701</b>	<b>98,381</b>
Attributable to:			
Owners of the parent		30,405	96,485
Non-controlling interests		1,296	1,896
		<b>31,701</b>	<b>98,381</b>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
<b>(Expressed in RMB per share)</b>			
Basic	8	0.04	0.14
Diluted	8	0.04	0.14


# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION



	Notes	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
<b>NON-CURRENT ASSETS</b>			
Property and equipment	9	379,912	398,520
Right-of-use assets		145,143	165,719
Goodwill		79,802	79,802
Other intangible assets		150,478	154,064
Deferred tax assets		123,471	129,180
Prepayments, deposits and other receivables	11	45,794	54,543
Amounts due from related parties	17	2,171	2,511
Pledged deposits		650,000	650,000
<b>Total non-current assets</b>		<b>1,576,771</b>	<b>1,634,339</b>
<b>CURRENT ASSETS</b>			
Inventories		115,875	126,935
Trade and bills receivables	10	1,544,989	1,377,364
Prepayments, deposits and other receivables	11	212,647	196,521
Amounts due from related parties	17	368	25
Pledged deposits		306,000	306,000
Cash and bank balances		751,113	1,043,833
<b>Total current assets</b>		<b>2,930,992</b>	<b>3,050,678</b>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	12	681,400	721,814
Other payables and accruals	13	515,716	613,380
Contract liabilities		21,915	29,905
Interest-bearing bank borrowings		582,419	467,975
Income tax payable		10,159	30,274
Amounts due to related parties	17	1,626	1,081
Lease liabilities		56,972	60,709
<b>Total current liabilities</b>		<b>1,870,207</b>	<b>1,925,138</b>
<b>NET CURRENT ASSETS</b>		<b>1,060,785</b>	<b>1,125,540</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>2,637,556</b>	<b>2,759,879</b>



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION



	Notes	30 June 2025 (Unaudited) RMB'000	31 December 2024 (Audited) RMB'000
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank borrowings		744,835	837,943
Lease liabilities		101,563	124,523
Deferred tax liabilities		19,355	22,737
<b>Total non-current liabilities</b>		<b>865,753</b>	<b>985,203</b>
<b>NET ASSETS</b>			
		<b>1,771,803</b>	<b>1,774,676</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	14	97	97
Treasury shares	14	(144,903)	(112,120)
Reserves		1,786,662	1,760,108
		<b>1,641,856</b>	<b>1,648,085</b>
Non-controlling interests		129,947	126,591
<b>Total equity</b>		<b>1,771,803</b>	<b>1,774,676</b>




# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Attributable to owners of the parent									
	Share capital	Treasury Shares	Capital reserve	Share-based payments reserve	Other reserve	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000 (Note 14)	RMB'000 (Note 14)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>At 1 January 2025 (audited)</b>	97	(112,120)	1,765,998	2,724	(569,153)	(127,749)	688,288	1,648,085	126,591	1,774,676
Profit for the period	—	—	—	—	—	—	27,273	27,273	1,296	28,569
Other comprehensive income for the period:	—	—	—	—	—	—	—	—	—	—
Exchange differences on translation of the financial statements of the subsidiaries	—	—	—	—	—	1,996	—	1,996	—	1,996
Exchange differences on translation of the financial statements of the Company	—	—	—	—	—	1,136	—	1,136	—	1,136
Acquisition of non-controlling interests	—	—	—	—	(7,374)	—	—	(7,374)	2,060	(5,314)
Share awards (Note 15)	—	—	—	3,523	—	—	—	3,523	—	3,523
Share repurchase	—	(32,783)	—	—	—	—	—	(32,783)	—	(32,783)
<b>At 30 June 2025 (unaudited)</b>	97	(144,903)	1,765,998	6,247	(576,527)	(124,617)	715,561	1,641,856	129,947	1,771,803

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024



	Attributable to owners of the parent									
	Share capital RMB'000 (Note 14)	Treasury Shares RMB'000 (Note 14)	Capital reserve RMB'000	Share-based payments reserve RMB'000	Other reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
<b>At 1 January 2024 (audited)</b>	97	—	1,702,430	47,902	(567,195)	(116,437)	641,274	1,708,071	120,519	1,828,590
Profit for the period	—	—	—	—	—	—	101,582	101,582	1,896	103,478
Other comprehensive loss for the period:										
Exchange differences on translation of the financial statements of the subsidiaries	—	—	—	—	—	(2,457)	—	(2,457)	—	(2,457)
Exchange differences on translation of the financial statements of the Company	—	—	—	—	—	(2,640)	—	(2,640)	—	(2,640)
Acquisition of non-controlling interests	—	—	—	—	(1,957)	—	—	(1,957)	(2,605)	(4,562)
Share awards (Note 15)	—	—	—	205	—	—	—	205	—	205
Capital injection into subsidiaries by non-controlling shareholders	—	—	—	—	—	—	—	—	1,000	1,000
Share repurchase	—	(14,033)	—	—	—	—	—	(14,033)	—	(14,033)
Dividends declared to non-controlling shareholders	—	—	—	—	—	—	—	—	(4,857)	(4,857)
<b>At 30 June 2024 (unaudited)</b>	<u>97</u>	<u>(14,033)</u>	<u>1,702,430</u>	<u>48,107</u>	<u>(569,152)</u>	<u>(121,534)</u>	<u>742,856</u>	<u>1,788,771</u>	<u>115,953</u>	<u>1,904,724</u>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 June			
	Notes	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax:		45,508	133,764
Adjustments for:			
Bank interest income		(6,804)	(12,576)
Foreign exchange losses, net	5	5,335	93
Finance costs		21,980	27,404
Losses on disposal of property and equipment and other intangible assets	5	1,522	751
Gain on disposal of items of right-of-use assets, net	5	(18)	(56)
Depreciation of property and equipment		53,471	51,206
Depreciation of right-of-use assets		29,304	28,611
Amortisation of intangible assets		5,523	4,902
Impairment losses, net of reversal:			
– Financial assets under expected credit losses ("ECL") model	5	26,424	39,488
– Inventories	5	(38)	2,063
Share awards		3,523	205
Fair value losses on financial assets at fair value through profit or loss ("FVTPL"), net	5	—	2,234
Deposits received from bank overdraft facilities		—	21,000
		185,730	299,089
Decrease in inventories		11,100	43,664
Increase in trade and bills receivables		(194,011)	(232,810)
Increase in prepayments, deposits and other receivables		(5,532)	(13,694)
Decrease in trade payables		(40,500)	(37,687)
Decrease in other payables and accruals		(85,599)	(129,145)
Cash used in operations		(128,812)	(70,583)
Income tax paid		(36,137)	(92,197)
Net cash flows used in operating activities		(164,949)	(162,780)

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	6,804	4,948
Purchase of items of property and equipment	(55,249)	(53,444)
Purchase of other intangible assets	(1,967)	(216)
Proceeds from disposal of property and equipment	2,994	1,251
Proceeds from disposal of wealth management products	—	46,395
Net cash flows used in investing activities	(47,418)	(1,066)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
New bank loans	182,433	576,000
Deposits received for bank loans	—	21,600
Repayment of bank loans	(161,000)	(269,125)
Interest paid	(15,360)	(19,352)
Lease payments	(40,889)	(34,859)
Payment of listing expenses	—	(24,286)
Contribution from non-controlling shareholders	—	1,000
Payments for share repurchase	(32,783)	(14,033)
Payments of dividends to non-controlling shareholders	(4,000)	(4,857)
Deposits paid for bank loans	—	(250,000)
Acquisition of non-controlling interests	(5,314)	(4,562)
Repayment for subscription of share options	—	(2,347)
Net cash flows used in financing activities	(76,913)	(24,821)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(289,280)	(188,667)
Cash and cash equivalents at beginning of period	1,043,833	959,423
Effect of foreign exchange rate	(3,440)	(2,795)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	751,113	767,961
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	1,707,113	1,695,589
Time deposits when acquired, pledged as security for long term bank loans	(950,000)	(927,628)
Time deposits when acquired, pledged as security for bank overdraft facilities	(6,000)	—
Cash and cash equivalents as stated in the statement of financial position	751,113	767,961
Cash and cash equivalents as stated in the statement of cash flows	751,113	767,961

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 1. CORPORATE INFORMATION

ADICON Holdings Limited ("the Company") is a limited liability company incorporated in the Cayman Islands on 20 March 2008 and its shares have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 30 June 2023. Its registered office is located at P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands.

The Company is an investment holding company. During the reporting periods, the Company's subsidiaries were principally engaged in providing medical testing services and trade of medical testing equipment in People's Republic of China (the "PRC").

## 2.1 BASIS OF PREPARATION

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

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IAS 21

*Lack of Exchangeability*

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

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

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 3. OPERATING SEGMENT INFORMATION

#### Information about geographical areas

For management purposes, the Group is organised into a whole business unit based on its products and services. Management monitors the results of the Group's operations as a whole for the purpose of making decisions about resource allocation and performance assessment.

Since nearly all of the Group's non-current assets were located in Mainland China, no geographical segment information is presented in accordance with IFRS 8 *Operating Segments*.

#### Information about major customers

No revenue from the Group's sales to a single customer amounted to 10% or more of the Group's revenue during the periods.

### 4. REVENUE

An analysis of revenue is as follows:

#### (i) Disaggregated revenue information

Six months ended 30 June		
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
<b>Revenue from contracts with customers</b>		
Medical diagnostic services	1,270,559	1,465,701
<b>Timing of revenue recognition</b>		
At a point in time	1,247,993	1,446,544
Transferred over time	22,566	19,157
Total	1,270,559	1,465,701

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 4. REVENUE (Continued)

#### (i) Disaggregated revenue information (Continued)

The following table shows the amounts of revenue recognized during the periods that were included in the contract liabilities at the beginning of each of the periods and recognized from performance obligations satisfied in previous periods:

Six months ended 30 June		
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Revenue recognized that was included in the contract liabilities balance at the beginning of period:	29,905	34,664

#### (ii) Performance obligations

*Testing services for R&D projects and others*

Under testing services for R&D projects and others, revenue is recognized at the amount to which the Group has the right to invoice for services performed. Therefore, under practical expedient allowed by IFRS 15, the Group does not disclose the value of unsatisfied performance obligation.

### 5. PROFIT BEFORE TAX

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

Six months ended 30 June		
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Cost of services provided	816,087	905,968
Fair value losses on financial assets at FVTPL, net	—	2,234
Research and development costs	54,904	58,707
Foreign exchange losses, net	5,335	93
Losses on disposal of items of property and equipment and other intangible assets	1,522	751
Gain on disposal of items of right-of-use assets, net	(18)	(56)
Impairment losses, net of reversal:	26,386	41,551
– Financial assets under ECL model	26,424	39,488
– Inventories	(38)	2,063

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 6. INCOME TAX

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

#### Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gains.

#### Hong Kong

The subsidiary which operates in Hong Kong is subject to profits tax at a rate of 8.25% on the first 2,000,000 Hong Kong dollars ("HKD") of assessable profits, and the remaining assessable profits are subject to profits tax at a rate of 16.5%.

Pursuant to the PRC Enterprise Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement has been effective since 1 January 2008 and applies to earnings generated after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate has been 5% since September 2023. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

#### Mainland China

Pursuant to the Enterprise Income Tax Law of the PRC and the respective regulations (the "EIT Law"), the subsidiaries which operate in Mainland China are subject to EIT at a rate of 25% on the taxable income, except for certain subsidiaries which are entitled to preferential tax rates.

#### Pillar Two income taxes

The Group is a multinational enterprise group. As the annual consolidated revenue of the Group is less than 750 million euros ("EUR"), it is not within the scope of the Pillar Two model rules. Therefore, the Group did not disclose any information required by the amendments in the 2024 annual consolidated financial statements and this interim condensed consolidated financial information.

The income tax expense of the Group for the periods is analysed as follows:

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Current income tax	14,612	31,725
Deferred income tax	2,327	(1,439)
Total tax charge for the period	16,939	30,286



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 7. DIVIDENDS

No dividend has been paid or declared by the Company during the six months ended 30 June 2025.

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

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 710,148,323 (2024: 727,289,644) outstanding during the period, as adjusted to reflect the rights issue during the period.

The calculation of the diluted earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares. For the period ended 30 June 2025, the calculation of diluted earnings per share has not considered restricted share units ("RSUs") under the share incentive plans of the Company as the inclusion would be anti-dilutive.

The calculation of basic earnings per share is based on:

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	27,273	101,582
	27,273	101,582
Ordinary shares ('000)		
Weighted average number of ordinary shares outstanding during the period used in the basic earnings per share calculation*	710,148	727,290
Earnings per share (RMB per share)	0.04	0.14
Effect of dilution – weighted average number of ordinary shares ('000):		
Weighted average number of ordinary shares outstanding during the period used in the dilutive earnings per share calculation	710,148	727,290
Diluted earnings per share(RMB per share)	0.04	0.14

\* The weighted average number of shares was after taking into account the effect of treasury shares held.


## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, the Group acquired assets at a cost of RMB39,350,000 (unaudited) (30 June 2024: RMB45,024,000 (unaudited)).

Assets with a net book value of RMB4,486,000 (unaudited) were disposed of by the Group during the six months ended 30 June 2025 (30 June 2024: RMB1,999,000 (unaudited)), resulting in a net loss on disposal of RMB1,492,000 (unaudited) (30 June 2024: RMB751,000 (unaudited)).

### 10. TRADE AND BILLS RECEIVABLES



	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Trade receivables	1,927,996	1,745,680
Bills receivable	3,985	4,564
	1,931,981	1,750,244
Allowance for expected credit losses	(386,992)	(372,880)
	1,544,989	1,377,364

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally from 90 to 120 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances. Trade and bills receivables are non-interest-bearing.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 10. TRADE AND BILLS RECEIVABLES (Continued)

An ageing analysis of the trade and bills receivables as at the end of the reporting period, based on the billing date and net of allowance for expected credit losses, is as follows:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
1 month to 6 months	956,227	855,432
6 months to 1 year	268,862	213,256
1 year to 2 years	250,623	261,867
2 years to 3 years	64,032	40,694
Over 3 years	5,245	6,115
	<b>1,544,989</b>	<b>1,377,364</b>

The movements in the allowance for expected credit losses of trade receivables are as follows:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
At beginning of period/year	372,880	242,373
Impairment losses, net	26,386	139,804
Write-off	(12,274)	(9,297)
At end of period/year	<b>386,992</b>	<b>372,880</b>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION


## 10. TRADE AND BILLS RECEIVABLES (Continued)

The Group has applied the simplified approach under IFRS 9 to measure the loss allowance at lifetime ECLs. The Group determines the ECLs on these items by using a provision matrix. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns, such as ageing, historical denial and past collection experience, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. The following table details the risk profile of trade and bills receivables. The expected loss rate represents the combined expected loss rate of different groupings of various customer segments:

As at 30 June 2025			
	Amount RMB'000	Expected loss rate %	Impairment RMB'000 (Unaudited)
Individually assessed	104,559	100.00	104,559
Measured by provision matrix:			
1 month to 6 months	970,702	1.49	14,475
6 months to 1 year	307,989	12.70	39,127
1 year to 2 years	325,590	23.02	74,967
2 years to 3 years	151,311	57.68	87,279
3 years to 4 years	53,842	90.26	48,597
4 years to 5 years	13,839	100.00	13,839
Over 5 years	4,149	100.00	4,149
	<u>1,931,981</u>		<u>386,992</u>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION


## 10. TRADE AND BILLS RECEIVABLES (Continued)



As at 31 December 2024			
	Amount RMB'000	Expected loss rate %	Impairment RMB'000 (Audited)
Individually assessed	125,727	100.00	125,727
Measured by provision matrix:			
1 month to 6 months	887,190	3.58	31,758
6 months to 1 year	245,057	12.98	31,801
1 year to 2 years	341,135	23.24	79,268
2 years to 3 years	101,361	59.85	60,667
3 years to 4 years	36,605	83.45	30,548
4 years to 5 years	9,564	99.39	9,506
Over 5 years	3,605	100.00	3,605
	<u>1,750,244</u>		<u>372,880</u>

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES




	Notes	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Subscription receivables for exercising share options (current)	(a)	83,741	83,851
Long-term receivables	(b)	30,077	29,601
– Current		7,975	—
– Non-current		22,102	29,601
Advance payment for investment (current)	(c)	18,200	18,200
Deposits		22,302	20,553
– Current		9,085	7,173
– Non-current	(d)	13,217	13,380
Advance lease payments for short-term leases (current)		4,917	6,286
Others (current)		7,896	7,820
Prepayments	(e)	48,717	43,778
Prepayments for property, plant and equipment		10,791	11,840
Prepaid taxes		32,116	29,413
Subtotal		258,757	251,342
Provision of impairment		(316)	(278)
Total		258,441	251,064

## Notes:

- (a) As at 30 June 2025, the balance amounting to approximately RMB83,741,000 (unaudited) represents the subscription receivables due from executive directors, senior management and employees under share incentive plans to settle the share awards being exercised. The amount has not yet been received by the Company due to the restrictions under the Sale and Payment of Foreign Exchange Regulations.
- (b) In 2024, a subsidiary of the Group entered into a supplemental agreement with a customer for nucleic acid testing services completed in 2022. Pursuant to the supplemental agreement, the receivable due from the customer will be settled by three instalment payments over three consecutive years. As such, the receivable has been measured at its present value as of the date of signing the supplemental agreement, and is subsequently measured at amortised cost.
- (c) As at 30 June 2025, the balance amounting to approximately RMB18,200,000 (unaudited) represents an advance payment for the proposed acquisition of two Independent Clinical Laboratories ("ICLs") in Henan from parties which are independent of the Company and its connected personnel, Yongcheng Meikang Shengde Medical Laboratory Co., Ltd. and Minquan County Meikang Shengde Medical Laboratory Co., Ltd. The advance payment was refundable if certain conditions were not satisfied.
- (d) The amount represents deposits for lease of properties with lease terms exceeding one year and deposits with suppliers.
- (e) The amount represents prepayments for reagents and consumables.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 11. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (Continued)



	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Analysed into:		
Current portion	212,647	196,521
Non-current portion	45,794	54,543
	<u>258,441</u>	<u>251,064</u>

Other receivables had no recent history of default and past due amounts. The financial assets included in the above balances related to receivables were categorised in Stage 1 at the end of the reporting period. In calculating the expected credit loss rate, the Group considers the historical loss rate and adjusts for forward-looking macroeconomic data. During the reporting period, the Group estimated that the expected credit loss rate for deposits and other receivables was minimal.

The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Long-ageing balances are reviewed regularly by senior management. In view of the fact that the Group's deposits and other receivables related to a large number of diversified counterparties and there was no recent history of default and past due amounts, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its deposits and other receivable balances.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 12. TRADE AND BILLS PAYABLES

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Trade and bills payables	681,400	721,814

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

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Within 1 year	600,863	649,124
1 year to 2 years	25,597	47,205
2 years to 3 years	44,111	23,502
Over 3 years	10,829	1,983
	681,400	721,814

The trade payables are non-interest-bearing and are normally settled on 60 to 120 day terms.

## 13. OTHER PAYABLES AND ACCRUALS

	Notes	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Payroll payables		154,308	226,178
Accruals		128,183	141,673
Payables arising from acquisitions	(a)	99,306	99,306
Other payables		71,800	83,811
Amount due to non-controlling shareholders	(b)	61,175	61,175
Deferred revenue		944	1,237
		515,716	613,380



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 13. OTHER PAYABLES AND ACCRUALS (Continued)

Notes:

- (a) In connection with the acquisition of Shangrao Adicon Clinical Laboratory Co., Ltd. ("Shangrao Adicon") and Jiangxi Jince BioTech Co., Ltd ("Jiangxi Jince"), the Group acquired a 61% equity interest during 2021 at a total consideration of RMB45,726,000 in cash, which was fully paid by January 2023. The Group was also obligated to purchase the remaining non-controlling interests in Shangrao Adicon and Jiangxi Jince from minority shareholders upon satisfaction of certain conditions outlined in the relevant share purchase agreements. As of 30 June 2025, the satisfaction of these conditions was still under evaluation. The Group estimated that the present value of the put option's strike price over the non-controlling interests in Shangrao Adicon and Jiangxi Jince amounted to RMB42,160,000 (unaudited) as at 30 June 2025 (31 December 2024: RMB42,160,000), with the debit entry on recognising the put option as a debit to equity and the subsequent changes recognised in profit or loss.

In connection with the acquisition of Henan Adicon Clinical Laboratories Co., Ltd. ("Henan Adicon"), the Group acquired a 51% equity interest in Henan Adicon during 2022 at a total consideration of RMB88,916,000 in cash, of which RMB62,241,000 had been paid and RMB26,675,000 was recognised as contingent consideration. The fair value of the contingent consideration was RMB13,337,000 (unaudited) as of 30 June 2025 (31 December 2024: RMB13,337,000) and the subsequent fair value changes were recognised in profit or loss. The Group is also obligated to purchase a 19% equity interest in Henan Adicon from minority shareholders upon satisfaction of certain 2024 and 2025 conditions precedent outlined in the relevant share purchase agreements. The Group estimated that the present value of the put option's strike price over the non-controlling interests in Henan Adicon amounted to RMB43,809,000 (unaudited) as at 30 June 2025 (31 December 2024: RMB43,809,000), with the debit entry on recognising the put option as a debit to equity and the subsequent changes recognised in profit or loss.

- (b) Pursuant to the share purchase agreement entered into between the Group and the then shareholders of Henan Adicon, the collection of revenue from COVID-19 testing services earned by Henan Adicon during 2021 was to be repaid to the then shareholders. The balance amounting to RMB61,175,000 (unaudited) (31 December 2024: RMB61,175,000) represents the revenue collected by the Group on behalf of the then shareholders as at 30 June 2025.

## 14. SHARE CAPITAL

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Issued and fully paid: 727,260,291 (2024: 727,260,291) ordinary shares	97	97

A summary of movements in the Company's share capital is as follows:


## Share capital

	Number of shares in issue	Share capital RMB'000 (Unaudited)
At 30 June 2025 (unaudited) and 31 December 2024	727,260,291	97

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 14. SHARE CAPITAL (Continued)

## Treasury shares



	Number of treasury shares  (Unaudited)	Treasury shares RMB'000 (Unaudited)
At 1 January 2025	12,965,500	112,120
Shares repurchased by the Company	100,000	660
Shares repurchased by trust (note a)	5,659,500	32,123
At 30 June 2025 (unaudited)	18,725,000	144,903
Treasury shares held by the Company	1,617,000	13,975
Treasury shares held by trust	17,108,000	130,928

Note:

- (a) During the six months ended 30 June 2025, a trust is formed to facilitate the management of the 2024 Share Incentive Plans. 5,659,500 shares of the Company were purchased by the trust at a total consideration of HK\$34,319,000 (equivalent to RMB32,123,000) and held as treasury shares.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 15. SHARE INCENTIVE PLAN

#### Pre-IPO Employee Incentive Plans

In July 2019, the board of directors of the Company passed a resolution to adopt share incentive plans for senior executives and senior management (the "Pre-IPO Employee Incentive Plans"). These plans were subsequently amended and restated on 7 November 2020, 15 April 2021 and 1 October 2021 to promote the success of the Company and to incentivise directors and employees of the Group. Under the Pre-IPO Employee Incentive Plans, the board of directors of the Company may at its discretion approve up to 10% of prevailing ordinary share capital of the Company on a fully diluted basis as at the date of such grant to any eligible senior executive or senior management of the Company.

During the year ended 31 December 2019 to the year ended 31 December 2023, the Company granted share options and RSUs to eligible senior executives and senior management of the Group, allowing them to subscribe for up to 101,171,226 underlying shares of the Company.

Set out below are the details of the specific grants under the Pre-IPO Employee Incentive Plans:

Grantee	Date of grant	Type	Number of underlying shares granted '000	Weighted average exercise / subscription price USD per share	Vesting period
Employees	10 July 2019 to 15 March 2022	Share options	18,326	0.76	30 June 2020 to 31 March 2024
Executive directors and senior management	25 February 2020 to 1 April 2023	Share options	70,272	0.87	30 June 2020 to 31 March 2024
Executive directors and senior management	24 November 2021 to 9 February 2022	RSUs	12,573	1.66	15 December 2021 to 31 March 2026

The share options granted to employees shall vest and become 100% exercisable on the anniversary of the vesting commencement date. The share options and RSUs granted to executive directors and senior management shall vest and become exercisable either i) as to 25% of the total number of options or RSUs granted on the first anniversary of the vesting commencement date, and the remaining 25%, 25% and 25% of the total number of options granted shall vest and become exercisable on the second, third and fourth anniversaries of the vesting commencement date, or ii) as 100% of the total number of the options or RSUs granted become exercisable or shall vest immediately after the grant date. The RSU recipients are obligated to pay the subscription price of the RSUs upon vesting.

In addition to employee time-based vesting condition, the number of share options/RSUs that vest also depends on the financial performance targets including total sales, sales by specified categories and the net profit target achieved by the Group during the vesting period. The vesting conditions for a member of senior management also include market capitalisation targets upon completion of IPO and acquisition of business.

During the six months ended 30 June 2025, share award expenses of RMB103,000 (unaudited) (six months ended 30 June 2024: RMB205,000 (unaudited)) were charged to profit or loss under the Pre-IPO Employee Incentive Plans.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION


## 15. SHARE INCENTIVE PLAN (Continued)

## 2024 Incentive Plans

In March 2024, the board of directors of the Company passed a resolution to adopt share incentive plans for senior executives and senior management (the "2024 Incentive Plans") to promote the success of the Company and to incentivise directors and employees of the Group. Under the 2024 Incentive Plans, the board of directors of the Company approved the repurchase of up to 3% of shares outstanding to grant to any eligible senior executive or senior management of the Company.

In 2024, the Company granted RSUs to eligible senior management of the Group, allowing them to subscribe for up to 9,150,000 underlying shares of the Company.

Set out below are the details of the specific grant under the 2024 Incentive Plans:



Grantee	Date of grant	Type	Number of underlying shares granted '000	Weighted average subscription price HKD per share	Vesting period
Senior management	31 October 2024	RSUs	9,150	7.91	31 March 2025 to 31 March 2028

The RSUs granted to senior management shall vest and become either i) 100% shall vest on the first day of the sixth month from the vesting commencement date, or ii) 25% of the total number of RSUs granted on the first day of the sixth month from the vesting commencement date, and the remaining 25%, 25% and 25% of the total number of RSUs granted shall vest and become exercisable on the second, third and fourth anniversaries of the first vesting date, respectively.

In addition to the time-based vesting condition, the number of RSUs that vest shall also depend on the financial performance targets including total sales, net profit achieved by the Group, and trade and bills receivables collected during the vesting period.

During the six months ended 30 June 2025, share award expenses of RMB3,420,000 (unaudited) (six months ended 30 June 2024: nil (unaudited)) were charged to profit or loss under the 2024 Incentive Plans.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 16. COMMITMENT

The Group had the following contractual commitment at the end of the reporting period:

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
Acquisition of property and equipment	9,586	9,303

### 17. RELATED PARTY TRANSACTIONS

#### (a) Name and relationship

Name	Relationship
艾康生物技術 (杭州) 有限公司 ACON Bio-Technology Hanzhou Co., Ltd. ("ACON")	Note Controlled by a shareholder
艾健醫療器械 (杭州) 有限公司 AJON Medical Device (Hangzhou) Co., Ltd ("AJON")	Note Controlled by a shareholder

Note:

An entity controlled by Mr. LIN Jixun, one of the founders and a non-executive director of the Company.

#### (b) Transactions with related parties

The following transactions were carried out with related parties:

	Six months ended 30 June	
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
<b>Sales to</b>		
ACON	34	47
<b>Purchase from</b>		
ACON	540	820
<b>Rent from</b>		
AJON	4,673	3,551

The directors of the Company are of the opinion that the above sales to the related party and purchase from the related party were conducted in the ordinary course of business and on arm's length commercial terms.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 17. RELATED PARTY TRANSACTIONS (Continued)

## (c) Outstanding balances with related parties

As disclosed in the statement of financial position, the Group had outstanding balances with related parties at 30 June 2025 and 31 December 2024.

	30 June 2025 RMB'000 (Unaudited)	31 December 2024 RMB'000 (Audited)
<i>Due from related parties</i>		
Trade receivables (trade in nature)		
ACON	22	22
Other receivables and prepayments (trade in nature)		
ACON	52	49
AJON	2,465	2,465
	2,517	2,514
Total amounts due from related parties	2,539	2,536
Analysed as:		
Current	368	25
Non-current	2,171	2,511
	2,539	2,536
<i>Due to related parties</i>		
Trade payables (trade in nature)		
ACON	504	590
Other payables (trade in nature)		
AJON	997	299
ACON	—	67
	997	366
Contract liabilities (trade in nature)		
ACON	125	125
Total amounts due to related parties	1,626	1,081

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 17. RELATED PARTY TRANSACTIONS (Continued)

#### (d) Compensation of key management personnel of the Group

Six months ended 30 June		
	2025 RMB'000 (Unaudited)	2024 RMB'000 (Unaudited)
Salaries, allowances and benefits in kind	2,558	3,834
Performance related bonuses	256	1,302
Share-based compensation expenses	103	160
	2,917	5,296

### 18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	As at 30 June 2025		As at 31 December 2024	
	Carrying amount RMB'000 (Unaudited)	Fair value RMB'000 (Unaudited)	Carrying amount RMB'000 (Audited)	Fair value RMB'000 (Audited)
<b>Financial assets</b>				
Pledged deposits	650,000	650,000	650,000	650,000
<b>Financial liabilities</b>				
Contingent consideration	13,337	13,337	13,337	13,337
Interest-bearing bank borrowings	1,327,254	1,327,254	1,305,918	1,305,918
Total	1,340,591	1,340,591	1,319,255	1,319,255

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Management has assessed that the fair values of cash and bank balances, the current portion of pledged deposits, trade and bills receivables, trade payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables and accruals, amounts due from/to related parties, and interest-bearing bank borrowings approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the financial controller is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each of the periods, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The directors review the results of the fair value measurement of financial instruments periodically for financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of pledged deposits and interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings as at 30 June 2025 and 31 December 2024 were assessed to be insignificant.

The fair values of long-term receivables have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.



## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

#### Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

#### As at 30 June 2025 (Unaudited)



	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
<b>Financial liabilities</b>				
Contingent consideration	—	—	13,337	13,337

#### As at 31 December 2024 (Audited)



	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
<b>Financial liabilities</b>				
Contingent consideration	—	—	13,337	13,337

During the periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

### 19. EVENTS AFTER THE REPORTING PERIOD

There were no significant events subsequent to 30 June 2025.