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**GENERTEC UNIVERSAL MEDICAL GROUP  
COMPANY LIMITED**

**通用環球醫療集團有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 2666)**

**INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024**

**FINANCIAL HIGHLIGHTS**

- For the six months ended 30 June 2024, the revenue amounted to approximately RMB6,542.7 million, representing a decrease of 2.9% as compared with that of approximately RMB6,739.1 million for the corresponding period of 2023.
- For the six months ended 30 June 2024, the profit for the period amounted to approximately RMB1,252.2 million, representing an increase of 4.8% as compared with that of approximately RMB1,194.8 million for the corresponding period of 2023.
- For the six months ended 30 June 2024, the profit for the period attributable to owners of the parent amounted to approximately RMB1,137.2 million, representing an increase of 3.7% as compared with that of approximately RMB1,097.1 million for the corresponding period of 2023.
- As at 30 June 2024, the total assets amounted to approximately RMB83,971.5 million, representing an increase of 4.5% as compared with that of approximately RMB80,344.7 million as at 31 December 2023.
- As at 30 June 2024, the equity attributable to owners of the parent amounted to approximately RMB16,955.8 million, representing an increase of 8.2% as compared with that of approximately RMB15,677.7 million as at 31 December 2023.
- For the six months ended 30 June 2024, the return on equity was 13.94%.
- For the six months ended 30 June 2024, the return on total assets was 3.05%.

In this announcement, “we”, “us” and “our” refer to the Company and where the context otherwise requires, the Group.

The Board is pleased to announce that the unaudited condensed consolidated interim results of the Company and its subsidiaries for the six months ended 30 June 2024 with the comparative figures for the corresponding period or the end of 2023 are as follows:

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

	Notes	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000 (restated)
<b>REVENUE</b>	4	<b>6,542,690</b>	6,739,100
Cost of sales		<u>(4,278,866)</u>	<u>(4,466,133)</u>
Gross profit		<b>2,263,824</b>	2,272,967
Other income and gains	4	<b>289,913</b>	317,624
Selling and distribution costs		<b>(181,116)</b>	(159,773)
Administrative expenses		<b>(616,155)</b>	(548,082)
Impairment losses on financial assets, net		<b>(109,083)</b>	(94,934)
Loss on derecognition of financial assets measured at amortised cost		<b>(613)</b>	(93)
Other expenses		<b>(19,345)</b>	(211,535)
Finance costs		<b>(22,387)</b>	(16,913)
Share of profits and losses of:			
A joint venture		<b>15,776</b>	8,667
Associates		<b>(2,140)</b>	(3,453)
<b>PROFIT BEFORE TAX</b>	5	<b>1,618,674</b>	1,564,475
Income tax expense	6	<u>(366,501)</u>	<u>(369,721)</u>
<b>PROFIT FOR THE PERIOD</b>		<u><b>1,252,173</b></u>	<u>1,194,754</u>
<b>Attributable to:</b>			
Owners of the parent		<b>1,137,235</b>	1,097,060
Non-controlling interests		<b>79,209</b>	54,901
Other equity instruments		<b>35,729</b>	42,793
		<u><b>1,252,173</b></u>	<u>1,194,754</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	8		
Basic (expressed in RMB per share)		<u><b>0.60</b></u>	<u>0.58</u>
Diluted (expressed in RMB per share)		<u><b>0.57</b></u>	<u>0.54</u>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the six months ended 30 June 2024*

	2024 (Unaudited) <i>RMB'000</i>	2023 (Unaudited) <i>RMB'000</i> (restated)
<b>PROFIT FOR THE PERIOD</b>	<u><b>1,252,173</b></u>	<u><b>1,194,754</b></u>
<b>OTHER COMPREHENSIVE INCOME</b>		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods		
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the period	232,651	504,232
Reclassification adjustments included in the consolidated statement of profit or loss	(22,155)	(214,136)
Income tax effect	<u>(37,854)</u>	<u>(49,208)</u>
	172,642	240,888
Exchange differences on translation of foreign operations	<u>(2,504)</u>	<u>1,805</u>
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	<u><b>170,138</b></u>	<u><b>242,693</b></u>
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:		
Actuarial losses on the post-retirement benefit obligations, net of tax	<u>(1,328)</u>	<u>(1,363)</u>
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	<u>(1,328)</u>	<u>(1,363)</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<u><b>168,810</b></u>	<u><b>241,330</b></u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<u><b>1,420,983</b></u>	<u><b>1,436,084</b></u>
Attributable to:		
Owners of the parent	1,306,694	1,339,056
Non-controlling interests	78,560	54,235
Other equity instruments	<u>35,729</u>	<u>42,793</u>
	<u><b>1,420,983</b></u>	<u><b>1,436,084</b></u>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

		30 June 2024	31 December 2023
	<i>Notes</i>	(Unaudited) <i>RMB'000</i>	(Audited) <i>RMB'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	4,639,549	4,391,417
Right-of-use assets		1,430,806	1,161,459
Loans and accounts receivables	11	40,253,452	41,543,421
Prepayments, other receivables and other assets		681,356	625,652
Goodwill		290,633	286,538
Deferred tax assets		722,588	702,163
Financial assets at fair value through profit or loss		191,279	171,279
Derivative financial instruments		48,706	–
Investment in a joint venture		697,303	496,472
Investments in associates		104,983	107,123
Equity investments designated at fair value through other comprehensive income		2,778	2,778
Other intangible assets		184,752	161,266
<b>Total non-current assets</b>		<b>49,248,185</b>	<b>49,649,568</b>
<b>CURRENT ASSETS</b>			
Inventories		453,441	431,141
Loans and accounts receivables	11	30,155,747	25,718,469
Prepayments, other receivables and other assets		876,190	684,874
Derivative financial instruments		407,493	263,970
Financial assets at fair value through profit or loss		–	45,362
Debt investments at fair value through other comprehensive income		10,350	11,415
Restricted deposits		675,348	690,972
Cash and cash equivalents	12	2,144,745	2,848,973
<b>Total current assets</b>		<b>34,723,314</b>	<b>30,695,176</b>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	13	2,317,678	2,988,673
Other payables and accruals		4,037,355	4,400,914
Interest-bearing bank and other borrowings	14	19,103,149	22,537,605
Derivative financial instruments		12	26,608
Tax payable		139,183	119,641
<b>Total current liabilities</b>		<b>25,597,377</b>	<b>30,073,441</b>

		<b>30 June 2024</b>	31 December 2023
	<i>Notes</i>	<b>(Unaudited)</b>	(Audited)
		<b>RMB'000</b>	<b>RMB'000</b>
<b>NET CURRENT ASSETS</b>		<u><b>9,125,937</b></u>	<u>621,735</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><b>58,374,122</b></u>	<u>50,271,303</u>
<b>NON-CURRENT LIABILITIES</b>			
Convertible bonds – host debts		<b>622,331</b>	1,019,519
Interest-bearing bank and other borrowings	<i>14</i>	<b>30,658,519</b>	24,092,476
Other payables and accruals		<b>4,474,338</b>	4,481,851
Other non-current liabilities		<b>325,916</b>	309,499
Derivative financial instruments		<u><b>1,591</b></u>	<u>–</u>
<b>Total non-current liabilities</b>		<u><b>36,082,695</b></u>	<u>29,903,345</u>
<b>Net assets</b>		<u><b>22,291,427</b></u>	<u>20,367,958</u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	<i>15</i>	<b>5,297,254</b>	5,297,254
Equity component of convertible bonds		<b>45,291</b>	75,486
Reserves	<i>16</i>	<u><b>11,613,239</b></u>	<u>10,305,001</u>
		<b>16,955,784</b>	15,677,741
Other equity instruments		<b>2,165,515</b>	1,672,433
Non-controlling interests		<u><b>3,170,128</b></u>	<u>3,017,784</u>
<b>Total equity</b>		<u><b>22,291,427</b></u>	<u>20,367,958</u>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the parent														Total equity
	Equity component of							Post-retirement					Non-controlling interests		
	Share capital	convertible bonds	Capital reserve*	Statutory reserve*	Special reserve*	Share-based compensation reserve*	General and regulatory reserve*	Exchange fluctuation reserve*	Hedge reserve*	benefit reserve*	Retained profits*	Total	Other equity instruments	controlling interests	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
	(Note 15)		(Note 16)	(Note 16)	(Note 16)	(Note 16)	(Note 16)	(Note 16)							
At 31 December 2023 (Audited)	5,297,254	75,486	(3,173)	1,300,201	63	13,097	851,728	33,450	(98,050)	(5,107)	8,212,792	15,677,741	1,672,433	3,017,784	20,367,958
Profit for the period	-	-	-	-	-	-	-	-	-	-	1,137,235	1,137,235	35,729	79,209	1,252,173
Other comprehensive income for the period:															
Cash flow hedges, net of tax	-	-	-	-	-	-	-	-	172,642	-	-	172,642	-	-	172,642
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	(2,504)	-	-	-	(2,504)	-	-	(2,504)
Actuarial losses on the post-retirement benefit obligations, net of tax	-	-	-	-	-	-	-	-	-	(679)	-	(679)	-	(649)	(1,328)
Total comprehensive income for the period	-	-	-	-	-	-	-	(2,504)	172,642	(679)	1,137,235	1,306,694	35,729	78,560	1,420,983
Appropriation of general and regulatory reserve	-	-	-	-	-	-	66,659	-	-	-	(66,659)	-	-	-	-
Issue of a renewable corporate bond	-	-	-	-	-	-	-	-	-	-	-	-	497,553	-	497,553
Redemption of convertible bonds	-	(30,195)	1,713	-	-	-	-	-	-	-	-	(28,482)	-	-	(28,482)
Acquisition of subsidiaries (Note 17(b))	-	-	-	-	-	-	-	-	-	-	-	-	-	73,923	73,923
Distribution paid to holders of renewable corporate bonds	-	-	-	-	-	-	-	-	-	-	-	-	(40,200)	-	(40,200)
Acquisition of non-controlling interests	-	-	-	(169)	-	-	-	-	-	-	-	(169)	-	(139)	(308)
At 30 June 2024 (Unaudited)	5,297,254	45,291	(1,460)	1,300,032	63	13,097	918,387	30,946	74,592	(5,786)	9,283,368	16,955,784	2,165,515	3,170,128	22,291,427

\* These reserve accounts comprise the consolidated reserves of RMB11,613,239,000 (31 December 2023: RMB10,305,001,000) in the interim condensed consolidated statement of financial position.

Attributable to owners of the parent

	Equity component of		Capital reserve	Statutory reserve	Special reserve	Share-based compensation reserve	General and regulatory reserve	Exchange fluctuation reserve	Post-retirement benefit reserve	Retained profits	Other equity instruments	Non-controlling interests	Total equity		
	Share capital	convertible bonds													
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
	(Note 15)		(Note 16)	(Note 16)	(Note 16)	(Note 16)	(Note 16)	(Note 16)							
At 31 December 2022 (Audited)	5,297,254	75,486	27,045	1,253,384	-	12,038	807,709	32,708	(486,154)	(5,008)	6,955,653	13,970,115	1,660,414	4,072,484	19,703,013
Adjustment for business combination under common control	-	-	18,546	170	-	-	-	-	-	-	(8,449)	10,267	-	7,541	17,808
At 1 January 2023 (restated)	5,297,254	75,486	45,591	1,253,554	-	12,038	807,709	32,708	(486,154)	(5,008)	6,947,204	13,980,382	1,660,414	4,080,025	19,720,821
Profit for the period	-	-	-	-	-	-	-	-	-	-	1,097,060	1,097,060	42,793	54,901	1,194,754
Other comprehensive income for the period:															
Cash flow hedges, net of tax	-	-	-	-	-	-	-	-	240,888	-	-	240,888	-	-	240,888
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	1,805	-	-	-	1,805	-	-	1,805
Actuarial losses on the post-retirement benefit obligations, net of tax	-	-	-	-	-	-	-	-	-	(697)	-	(697)	-	(666)	(1,363)
Total comprehensive income for the period	-	-	-	-	-	-	-	1,805	240,888	(697)	1,097,060	1,339,056	42,793	54,235	1,436,084
Dividends	-	-	-	-	-	-	-	-	-	-	(591,982)	(591,982)	-	-	(591,982)
Appropriation of general and regulatory reserve	-	-	-	-	-	-	47,082	-	-	-	(47,082)	-	-	-	-
Appropriation of special reserve – safety fund	-	-	-	-	63	-	-	-	-	-	-	63	-	61	124
Redemption of renewable corporate bonds	-	-	(2,438)	-	-	-	-	-	-	-	-	(2,438)	(497,587)	-	(500,025)
Recognition of equity-settled share-based payments	-	-	-	-	-	584	-	-	-	-	-	584	-	-	584
Issue of renewable corporate bonds	-	-	-	-	-	-	-	-	-	-	-	-	897,360	-	897,360
Share of other reserves of investments accounted for using the equity method	-	-	(2,854)	-	-	-	-	-	-	-	-	(2,854)	-	-	(2,854)
Business combination under common control	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,360)	(4,360)
Distribution paid to holders of renewable corporate bonds	-	-	-	-	-	-	-	-	-	-	-	-	(24,057)	-	(24,057)
Acquisition of non-controlling interests	-	-	3,716	-	-	-	-	-	-	-	-	3,716	-	(1,235,049)	(1,231,333)
At 30 June 2023 (Unaudited)	5,297,254	75,486	44,015	1,253,554	63	12,622	854,791	34,513	(245,266)	(5,705)	7,405,200	14,726,527	2,078,923	2,894,912	19,700,362

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Notes	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000 (restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		1,618,674	1,564,475
Adjustments for:			
Finance costs and interest expense		1,047,471	1,215,797
Interest income	4	(9,182)	(34,379)
Share of profits of a joint venture and associates		(13,636)	(5,214)
Derivative instruments – transactions not qualifying as hedges:			
– Unrealised fair value losses/(gains) net	5	15,417	(40,814)
– Realised fair value gains, net	4	(68,603)	–
Depreciation and amortisation, exclusive of right-of-use assets		237,334	214,202
Depreciation of right-of-use assets		24,729	30,624
Impairment of loans and accounts receivables and other receivables	5	109,083	94,934
(Gain)/Loss on disposal of property, plant and equipment, net		(143)	144
Gain on disposal of intangible assets	4	–	(3,512)
Equity-settled share-based compensation expense	5	–	584
Interest income from continuing involvement in transferred assets	4	(19,219)	(16,822)
Gain on unlisted debt investments, at fair value	4	(4,458)	(7,275)
Fair value losses/(gains) from financial assets at fair value through profit or loss		183	(2,292)
Special reserve – safety fund appropriation		–	124
Gain on bargain purchase	4	(1,525)	–
Proceeds from disposal of a subsidiary		(1,273)	–
Foreign exchange (gains)/losses, net	5	(3,042)	196,203
		<u>2,931,810</u>	<u>3,206,779</u>
Increase in debt investments at fair value through other comprehensive income		1,065	–
(Increase)/decrease in inventories		(8,512)	18,272
Increase in loans and accounts receivables		(3,167,132)	(6,837,226)
Increase in prepayments, other receivables and other assets		(165,036)	(78,320)
(Increase)/decrease in amounts due from related parties		(13,783)	2,567
(Decrease)/increase in trade and bills payables		(698,080)	250,750
(Decrease)/increase in other payables and accruals		(497,378)	323,221
Increase in amounts due to related parties		1,264	33,839
Net cash flows used in operating activities before tax and interest		(1,615,782)	(3,080,118)
Interest received		28,401	50,401
Income tax paid		(385,694)	(334,765)
Net cash flows used in operating activities		<u>(1,973,075)</u>	<u>(3,364,482)</u>

<i>Notes</i>	<b>2024</b> <b>(Unaudited)</b> <b>RMB'000</b>	2023 (Unaudited) RMB'000 (restated)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividends received from an associate	–	5
Dividends received from a joint venture	<b>15,631</b>	–
Proceeds from disposal of a subsidiary	<b>(43)</b>	–
Realised gains on derivative financial instruments not qualifying as hedges	<b>68,603</b>	–
Realised gains on financial assets at fair value through profit or loss	<b>4,458</b>	7,275
Decrease in time deposits	–	150,000
Acquisition of subsidiaries not under common control	<b>855</b>	–
Purchase of financial assets at fair value through profit or loss	<b>(20,000)</b>	(170,000)
Receipt of other investments	–	18,082
Payment of other investments	<b>(72,281)</b>	–
Addition to investments in associates	–	(80,000)
Proceeds from disposal of financial assets at fair value through profit or loss	<b>84,179</b>	59,560
Proceeds from disposal of items of property, plant and equipment	<b>1,036</b>	154
Cash paid for acquisition of property, plant and equipment and other non-current assets	<b>(607,530)</b>	(343,347)
Net cash flows used in investing activities	<b>(525,092)</b>	(358,271)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of renewable corporate bonds	<b>497,553</b>	897,360
Redemption of renewable corporate bonds	–	(500,025)
Redemption of convertible bonds	<b>(425,976)</b>	–
Acquisition of non-controlling interests	<b>(308)</b>	(1,176,521)
Capital injection from non-controlling shareholders	–	3,320
Cash received from borrowings	<b>26,044,547</b>	27,745,968
Repayments of borrowings	<b>(22,011,510)</b>	(22,725,051)
Increase in amounts due to related parties	<b>1,120,316</b>	2,323,141
Decrease in amounts due to related parties	<b>(2,369,701)</b>	(2,323,726)
Interest paid	<b>(952,046)</b>	(1,166,615)
Principal portion of lease payments	<b>(73,603)</b>	1,092,963
Receipt of other financing activities	<b>253,508</b>	317,414
Decrease/(increase) in restricted deposits	<b>16,019</b>	(209,223)
Cash paid on other financing activities	<b>(305,500)</b>	(227,302)
Dividends paid	–	(591,982)
Net cash flows from financing activities	<b>1,793,299</b>	3,459,721

	<i>Notes</i>	<b>2024</b> <b>(Unaudited)</b> <b>RMB'000</b>	2023 (Unaudited) RMB'000 (restated)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>			
		<b>(704,868)</b>	(263,032)
Cash and cash equivalents at beginning of the period		<b>2,848,973</b>	2,705,342
Effect of exchange rate changes on cash and cash equivalents		<u>640</u>	<u>70,632</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>		<u><b>2,144,745</b></u>	<u>2,512,942</u>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances		<b>2,820,093</b>	3,350,468
Less: Restricted deposits		<u>(675,348)</u>	<u>(837,526)</u>
Cash and cash equivalents as stated in the statement of financial position	<i>12</i>	<u><b>2,144,745</b></u>	<u>2,512,942</u>
Cash and cash equivalents as stated in the statement of cash flows		<u><b>2,144,745</b></u>	<u>2,512,942</u>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023.

The financial information relating to the year ended 31 December 2023 that is included in the interim condensed consolidated statement of financial position as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance. The Company's auditor has reported on the financial statements for the year ended 31 December 2023. The auditor's report was unqualified; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

This interim condensed consolidated financial information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand ("RMB'000") except when otherwise indicated.

### **Business combination under common control**

On 12 May 2023, the Group and Genertec Universal Hospital Investment & Management (Tianjin) Co., Ltd., a wholly-owned subsidiary of the Group ("Hospital Investment"), entered into a cooperation agreement with China Xinxing Construction & Development Co., Ltd. ("Xinxing Construction") in connection with the formation of Beijing Huankang Zhongxing Hospital Management Co., Ltd., whose registered capital would be contributed by Hospital Investment with cash of RMB8,125,000 and Xinxing Construction with the assessed assets of Beijing Zhongxing Hospital, respectively ("Beijing Zhongxing Hospital Acquisition"). Hospital Investment acquired a 66% equity interest in Beijing Huankang Zhongxing Hospital Management Co., Ltd. The acquisition was completed on 1 July 2023. Upon completion of the transaction, Beijing Huankang Zhongxing Hospital Management Co., Ltd. became the promoter of Beijing Zhongxing Hospital. Beijing Huankang Zhongxing Hospital Management Co., Ltd. has become a subsidiary of the Group.

As Beijing Zhongxing Hospital and the Company are controlled by China General Technology (Group) Holding Company Limited ("Genertec Group"), the Beijing Zhongxing Hospital Acquisition has been accounted for based on the principles of merger accounting.

On 25 December 2023, Hospital Investment entered into an equity transfer agreement with GT-PRC Medicine Holding Co., Ltd. (a wholly-owned subsidiary of Genertec Group) to acquire 100% equity interests in the target hospitals (i.e., Chongqing Dadukou Changzheng Hospital Co., Ltd., Luoyang Hechai Hospital, Luoyang Yikangyuan Elderly Care Co., Ltd., No. 408 Hospital, Beijing Guotong Huankang Hospital Management Co., Ltd. and Beijing Haidian District Xisanqi Street Xincui Community Healthcare Service Station) at a consideration of RMB116,561,000 (“Acquisition of the target hospitals”). The acquisition was completed on 31 December 2023. Upon completion of the transaction, Hospital Investment became the promoter of the target hospitals. Beijing Guotong Huankang Hospital Management Co., Ltd. has become a subsidiary of the Group.

As the target hospitals and the Company are controlled by Genertec Group, the Acquisition of the target hospitals has been accounted for based on the principles of merger accounting.

The condensed consolidated financial information of the Group has been prepared using the merger basis of accounting as if the current group structure has been in existence throughout the years presented. The condensed consolidated financial information for the six months ended 30 June 2023 has been restated as a result of adoption of merger accounting for the above business combinations under common control. The details of the restated balances have been disclosed in Note 17(a) to the consolidated financial information.

## 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 2023, except for the adoption of the following revised Hong Kong Financial Reporting Standards (“HKFRSs”) for the first time for the current period’s financial information.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the “2020 Amendments”)
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> (the “2022 Amendments”)
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The nature and impact of the revised HKFRSs are described below:

- (a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

### **3. OPERATING SEGMENT INFORMATION**

For management purposes, the Group is organised into two operating segments, namely the finance business and the healthcare business based on the internal organisational structure, management's requirement and the internal reporting system:

- The finance business comprises primarily (a) direct finance leasing; (b) sale-and-leaseback; (c) factoring; (d) operating leases; and (e) advisory services; and
- The healthcare business comprises primarily (a) medical and healthcare services; (b) hospital operation; (c) import and export trade and domestic trade of medical-related goods; (d) equipment life cycle management; and (e) medical digitalization services.

Management monitors the operating results of the Group's business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Group.

Segment revenue, results and assets mainly include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Intersegment transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

**Six months ended 30 June 2024**

	<b>Finance business RMB'000 (Unaudited)</b>	<b>Healthcare business RMB'000 (Unaudited)</b>	<b>Adjustments and eliminations RMB'000 (Unaudited)</b>	<b>Total RMB'000 (Unaudited)</b>
<b>Segment revenue:</b>				
Sales to external customers	2,655,038	3,887,652	–	6,542,690
Intersegment sales	12,260	–	(12,260)	–
Cost of sales	(1,132,867)	(3,254,134)	108,135	(4,278,866)
Other income and gains	283,572	115,381	(109,040)	289,913
Selling and distribution costs and administrative expenses	(385,697)	(411,574)	–	(797,271)
Impairment losses on financial assets, net	(103,070)	(6,013)	–	(109,083)
Loss on derecognition of financial assets measured at amortised cost	(613)	–	–	(613)
Share of losses of associates	(2,140)	–	–	(2,140)
Share of profit of a joint venture	–	15,776	–	15,776
Other expenses	(15,993)	(3,352)	–	(19,345)
Finance costs	(981)	(34,571)	13,165	(22,387)
Profit before tax	1,309,509	309,165	–	1,618,674
Income tax expense	(328,030)	(38,471)	–	(366,501)
Profit after tax	<u>981,479</u>	<u>270,694</u>	<u>–</u>	<u>1,252,173</u>
<b>Segment assets</b>	<u>74,642,622</u>	<u>14,444,371</u>	<u>(5,115,494)</u>	<u>83,971,499</u>
<b>Segment liabilities</b>	<u>61,609,144</u>	<u>4,783,476</u>	<u>(4,712,548)</u>	<u>61,680,072</u>
<b>Other segment information:</b>				
Impairment losses recognised in the statement of profit or loss	103,070	6,013	–	109,083
Depreciation and amortisation	24,076	237,987	–	262,063
Investments in associates	53,019	51,964	–	104,983
Investment in a joint venture	–	697,303	–	697,303
Capital expenditure	42,824	564,706	–	607,530

Six months ended 30 June 2023

	Finance business <i>RMB'000</i> (Unaudited) (restated)	Healthcare business <i>RMB'000</i> (Unaudited) (restated)	Adjustments and eliminations <i>RMB'000</i> (Unaudited) (restated)	Total <i>RMB'000</i> (Unaudited) (restated)
<b>Segment revenue:</b>				
Sales to external Customers	2,988,243	3,750,857	–	6,739,100
Cost of sales	(1,288,011)	(3,267,133)	89,011	(4,466,133)
Other income and gains	305,781	138,063	(126,220)	317,624
Selling and distribution costs and administrative expenses	(407,896)	(299,959)	–	(707,855)
Impairment losses on financial assets, net	(91,985)	(2,949)	–	(94,934)
Loss on derecognition of financial assets measured at amortised cost	(93)	–	–	(93)
Share of losses of associates	(3,453)	–	–	(3,453)
Share of profit of a joint venture	–	8,667	–	8,667
Other expenses	(202,433)	(9,102)	–	(211,535)
Finance costs	(1,178)	(52,944)	37,209	(16,913)
Profit before tax	1,298,975	265,500	–	1,564,475
Income tax expense	(337,028)	(32,693)	–	(369,721)
Profit after tax	<u>961,947</u>	<u>232,807</u>	<u>–</u>	<u>1,194,754</u>
<b>Segment assets</b>	<u>77,250,303</u>	<u>14,007,760</u>	<u>(6,914,457)</u>	<u>84,343,606</u>
<b>Segment liabilities</b>	<u>66,034,929</u>	<u>5,522,772</u>	<u>(6,914,457)</u>	<u>64,643,244</u>
<b>Other segment information:</b>				
Impairment losses recognised in the statement of profit or loss	91,985	2,949	–	94,934
Depreciation and amortisation	27,789	217,037	–	244,826
Investments in associates	56,550	54,190	–	110,740
Investment in a joint venture	–	492,008	–	492,008
Capital expenditure	<u>26,101</u>	<u>317,246</u>	<u>–</u>	<u>343,347</u>

## Geographical information

### (a) Sales to external customers

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited) (restated)
Chinese Mainland	<u>6,542,690</u>	<u>6,739,100</u>

The revenue information is based on the locations of customers.

### (b) Non-current assets

All non-current assets of the operations, excluding financial instruments and deferred tax assets, are all located in the Chinese Mainland.

## Information about major customers

There was no single customer from which the revenue was derived contributed 10% or more of the total revenue of the Group during the period.

## 4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited) (restated)
<b>Revenue</b>		
Finance lease income	24,018	133,894
Receivable income arising from sale-and-leaseback arrangements	2,296,811	2,240,391
Factoring income	34,911	67,021
Revenue from contracts with customers	4,182,889	4,291,224
Revenue from other sources	22,965	25,653
Tax and surcharges	<u>(18,904)</u>	<u>(19,083)</u>
Total	<u>6,542,690</u>	<u>6,739,100</u>

## Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2024

Segments	Finance business RMB'000 (Unaudited)	Healthcare business RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Types of goods or services</b>			
Service fee income	310,122	8,515	318,637
Sale of finished goods	–	166,118	166,118
Equipment life cycle management	–	250,298	250,298
Healthcare service	–	3,447,836	3,447,836
Total	<u>310,122</u>	<u>3,872,767</u>	<u>4,182,889</u>
<b>Geographical market</b>			
Chinese Mainland	<u>310,122</u>	<u>3,872,767</u>	<u>4,182,889</u>
<b>Timing of revenue recognition</b>			
Goods transferred at a point in time	–	166,118	166,118
Services transferred at a point in time	310,122	3,456,351	3,766,473
Services transferred over time	–	250,298	250,298
Total	<u>310,122</u>	<u>3,872,767</u>	<u>4,182,889</u>

For the six months ended 30 June 2023 (restated)

Segments	Finance business RMB'000 (Unaudited)	Healthcare business RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<b>Types of goods or services</b>			
Service fee income	561,117	17,678	578,795
Sale of finished goods	–	188,070	188,070
Healthcare service	–	3,524,359	3,524,359
Total	<u>561,117</u>	<u>3,730,107</u>	<u>4,291,224</u>
<b>Geographical market</b>			
Chinese Mainland	<u>561,117</u>	<u>3,730,107</u>	<u>4,291,224</u>
<b>Timing of revenue recognition</b>			
Goods transferred at a point in time	–	188,070	188,070
Services transferred at a point in time	561,117	3,542,037	4,103,154
Total	<u>561,117</u>	<u>3,730,107</u>	<u>4,291,224</u>

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

**For the six months ended 30 June 2024**

Segments	Finance business <i>RMB'000</i> (Unaudited)	Healthcare business <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
Revenue from contracts with customers			
External customers	<u>310,122</u>	<u>3,872,767</u>	<u>4,182,889</u>
Total	<u><u>310,122</u></u>	<u><u>3,872,767</u></u>	<u><u>4,182,889</u></u>

For the six months ended 30 June 2023

Segments	Finance business <i>RMB'000</i> (Unaudited) (restated)	Healthcare business <i>RMB'000</i> (Unaudited) (restated)	Total <i>RMB'000</i> (Unaudited) (restated)
Revenue from contracts with customers			
External customers	<u>561,117</u>	<u>3,730,107</u>	<u>4,291,224</u>
Total	<u><u>561,117</u></u>	<u><u>3,730,107</u></u>	<u><u>4,291,224</u></u>

	<b>For the six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b>(restated)</b>
<b>Other income and gains</b>		
Interest income	<b>9,182</b>	34,379
Derivative instruments – transactions not qualifying as hedges		
– Unrealised fair value gains, net	–	40,814
– Realised fair value gains, net	<b>68,603</b>	–
Government grants ( <i>note 4a</i> )	<b>181,398</b>	208,927
Gain on unlisted debt investments, at fair value	<b>4,458</b>	7,275
Interest income from continuing involvement in transferred assets	<b>19,219</b>	16,822
Fair value gains from financial assets at fair value through profit or loss	–	2,292
Gain on disposal of other intangible assets	–	3,512
Gain on disposal of items of property, plant and equipment	<b>143</b>	–
Foreign exchange gains, net	<b>3,042</b>	–
Gain on bargain purchase ( <i>note 17(b)</i> )	<b>1,525</b>	–
Others	<b>2,343</b>	3,603
	<hr/>	<hr/>
Total	<b>289,913</b>	317,624
	<hr/> <hr/>	<hr/> <hr/>

#### **4a. GOVERNMENT GRANTS**

	<b>For the six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b>(restated)</b>
Government special subsidies	<b>181,398</b>	208,927
	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>

## 5. PROFIT BEFORE TAX

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

	<b>For the six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b>(restated)</b>
Cost of borrowings included in cost of sales	<b>1,025,084</b>	1,198,884
Cost of inventories sold	<b>130,899</b>	107,161
Cost of equipment life cycle management	<b>149,316</b>	–
Cost of medical services	<b>1,785,278</b>	1,923,131
Cost of others	<b>10,900</b>	8,611
Depreciation and amortisation*	<b>261,790</b>	244,339
Loss on disposal of items of property, plant and equipment	–	144
Research and development expenses*	<b>16,422</b>	6,852
Employee benefit expense*		
– Equity-settled share-based compensation expense	–	584
– Wages and salaries	<b>1,060,743</b>	962,798
– Pension scheme contributions	<b>138,388</b>	132,831
– Other employee benefits	<b>461,368</b>	495,569
<b>Total</b>	<b><u>1,660,499</u></b>	<b><u>1,591,782</u></b>
Impairment of loans and accounts receivables and other receivables	<b>109,083</b>	94,934
Foreign exchange (gains)/losses, net	<b>(3,042)</b>	196,203
– Cash flow hedges (transfer from equity to offset foreign exchange)	<b>26,504</b>	(214,136)
– Others	<b>(29,546)</b>	410,339
Derivative instruments – transactions not qualifying as hedges		
– Unrealised fair value losses/(gains), net	<b>15,417</b>	(40,814)
– Realised fair value gains, net ( <i>note 4</i> )	<b>(68,603)</b>	–

\* The depreciation and amortisation and the employee benefit expense from research and development activities are included in research and development expenses.

## 6. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
		(restated)
Current – Chinese Mainland		
Charge for the period	420,662	420,265
(Overprovision)/underprovision in prior years	(1,486)	4,197
Deferred tax	(52,675)	(54,741)
	<u>366,501</u>	<u>369,721</u>
Total tax charge for the period	<u>366,501</u>	<u>369,721</u>

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2023: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

The income tax provision of the Group in respect of its operations in the Chinese Mainland has been calculated at the applicable tax rate of 25% on the estimated assessable profits for the six months ended 30 June 2024 based on existing legislation, interpretations and practices in respect thereof.

A reconciliation of the tax charge applicable to profit before tax using the statutory/applicable rate for the jurisdiction in which the majority of its subsidiaries are domiciled to the tax charge at the effective tax rate is as follows:

	For the six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
		(restated)
Profit before tax	<u>1,618,674</u>	<u>1,564,475</u>
At the statutory income tax rate	397,641	391,119
Expenses not deductible for tax purposes	7,361	3,777
Income not subject to tax	(54,910)	(46,143)
Profits attributable to a joint venture and associates	(3,444)	(2,167)
Adjustment on current income tax in respect of prior years	(1,486)	4,197
Unrecognised tax losses	6,943	9,580
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	17,804	18,176
Additional deductible expense	(3,408)	(8,818)
	<u>366,501</u>	<u>369,721</u>
Income tax expense as reported in the interim condensed consolidated statement of profit or loss	<u>366,501</u>	<u>369,721</u>

The share of tax attributable to associates and a joint venture amounting to approximately nil (six months ended 30 June 2023: RMB1,000) and RMB1,718,000 (six months ended 30 June 2023: RMB2,403,000), respectively, is included in “Share of profits and losses of associates” and “Share of profit and loss of a joint venture” in the interim condensed consolidated statement of profit or loss.

## 7. DIVIDENDS

A final dividend of HK\$0.35 per share totalling HK\$662,039,000 (equivalent to RMB604,468,000) in respect of the year ended 31 December 2023 had been approved at the annual general meeting of the Company held on 7 June 2024 and was paid on at 30 July 2024.

The board of directors did not declare any interim dividend to shareholders in respect of the period for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

## 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 1,891,539,661 (2023: 1,891,539,661) in issue 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 consolidated net profit for the period attributable to ordinary equity holders of the parent, adjusted to reflect the interest on the convertible bonds, where applicable (see below). The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

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

### Earnings

	<b>For the six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b>(restated)</b>
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	<b>1,137,235</b>	1,097,060
Interest on convertible bonds	<b>570</b>	20,324
	<hr/>	<hr/>
Profit attributable to ordinary equity holders of the parent, before the above impact arising from convertible bonds	<b><u>1,137,805</u></b>	<b><u>1,117,384</u></b>



## 10. FINANCIAL INSTRUMENTS BY CATEGORY

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
<b>Financial assets</b>		
<b>Financial assets at amortised cost:</b>		
Loans and accounts receivables	<b>70,409,199</b>	67,261,890
Financial assets included in prepayments, other receivables and other assets	<b>725,044</b>	501,158
Restricted deposits	<b>675,348</b>	690,972
Cash and cash equivalents	<b>2,144,745</b>	2,848,973
	<hr/>	<hr/>
<b>Financial assets at fair value through profit or loss:</b>		
Derivative financial instruments	<b>85,234</b>	101,935
Financial assets at fair value through profit or loss	<b>191,279</b>	216,641
	<hr/>	<hr/>
<b>Financial assets at fair value through other comprehensive income:</b>		
Debt investments at fair value through other comprehensive income	<b>10,350</b>	11,415
Equity investments designated at fair value through other comprehensive income	<b>2,778</b>	2,778
	<hr/>	<hr/>
<b>Hedging instruments designated as cash flow hedges:</b>		
Derivative financial instruments designated as cash flow hedges	<b>370,965</b>	162,035
	<hr/>	<hr/>
<b>Total</b>	<b><u>74,614,942</u></b>	<b><u>71,797,797</u></b>
<b>Financial liabilities</b>		
<b>Financial liabilities at amortised cost:</b>		
Trade and bills payables	<b>2,317,678</b>	2,988,673
Financial liabilities included in other payables and accruals	<b>6,326,288</b>	6,964,972
Convertible bonds – host debts	<b>622,331</b>	1,019,519
Interest-bearing bank and other borrowings	<b>49,761,668</b>	46,630,081
	<hr/>	<hr/>
<b>Financial liabilities at fair value through profit or loss:</b>		
Derivative financial instruments	<b>–</b>	1,284
	<hr/>	<hr/>
<b>Hedging instruments designated as cash flow hedges:</b>		
Derivative financial instruments designated as cash flow hedges	<b>1,603</b>	25,324
	<hr/>	<hr/>
<b>Total</b>	<b><u>59,029,568</u></b>	<b><u>57,629,853</u></b>

## 11. LOANS AND ACCOUNTS RECEIVABLES

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Loans and accounts receivables due within one year	<b>30,155,747</b>	25,718,469
Loans and accounts receivables due after one year	<b><u>40,253,452</u></b>	<u>41,543,421</u>
Total	<b><u><u>70,409,199</u></u></b>	<u><u>67,261,890</u></u>

### 11a. Loans and accounts receivables by nature

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Gross lease receivables ( <i>note 11b</i> )	<b>4,391,236</b>	4,648,711
Less: Unearned finance income	<b><u>(1,620,853)</u></b>	<u>(1,534,107)</u>
Net lease receivables ( <i>note 11b</i> )**	<b>2,770,383</b>	3,114,604
Receivables arising from sale-and-leaseback arrangements ( <i>note 11c</i> )**	<b>66,493,473</b>	62,698,125
Factoring receivables ( <i>note 11d</i> )**	<b><u>1,161,458</u></b>	<u>1,535,856</u>
Subtotal of interest-earning assets	<b>70,425,314</b>	67,348,585
Accounts receivable ( <i>note 11e</i> )*	<b>1,988,399</b>	1,790,060
Notes receivable ( <i>note 11f</i> )	<b><u>21,890</u></b>	<u>41,478</u>
Subtotal of loans and accounts receivables	<b>72,435,603</b>	69,180,123
Less:		
Provision for lease receivables	<b>(599,050)</b>	(630,018)
Provision for receivables arising from sale-and-leaseback arrangements	<b>(1,313,634)</b>	(1,221,210)
Provision for factoring receivables	<b><u>(74,505)</u></b>	<u>(33,745)</u>
Provision for interest-earning assets ( <i>note 11g</i> )	<b>(1,987,189)</b>	(1,884,973)
Provision for accounts receivable ( <i>note 11e</i> )	<b><u>(39,215)</u></b>	<u>(33,260)</u>
Total	<b><u><u>70,409,199</u></u></b>	<u><u>67,261,890</u></u>

\* These balances included balances with related parties which are disclosed in note 11i to the interim condensed consolidated financial information.

\*\* These balances are included in the interest-earning assets as disclosed in note 11g to the interim condensed consolidated financial information.

11b.(1) An ageing analysis of lease receivables, determined based on the ageing of the receivables since the effective date of the relevant lease contracts, as at the end of the reporting period is as follows:

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Gross lease receivables:		
Within 1 year	26,740	12,759
3 years and beyond	<u>4,364,496</u>	<u>4,635,952</u>
Total	<u><u>4,391,236</u></u>	<u><u>4,648,711</u></u>
Net lease receivables		
Within 1 year	21,976	10,245
3 years and beyond	<u>2,748,407</u>	<u>3,104,359</u>
Total	<u><u>2,770,383</u></u>	<u><u>3,114,604</u></u>

11b.(2) The table below illustrates the gross and net amounts of lease receivables that the Group expects to receive in the following consecutive accounting years:

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Gross lease receivables		
Due within 1 year	1,489,935	1,885,326
Due in 1 to 2 years	1,434,276	1,347,270
Due in 2 to 3 years	945,637	774,988
Due after 3 years and beyond	<u>521,388</u>	<u>641,127</u>
Total	<u><u>4,391,236</u></u>	<u><u>4,648,711</u></u>
Net lease receivables		
Due within 1 year	531,263	1,043,354
Due in 1 to 2 years	1,081,940	950,529
Due in 2 to 3 years	755,748	613,745
Due after 3 years and beyond	<u>401,432</u>	<u>506,976</u>
Total	<u><u>2,770,383</u></u>	<u><u>3,114,604</u></u>

11b.(2) There was no unguaranteed residual value in connection with finance lease arrangements or contingent lease arrangements of the Group that needed to be recorded as at the end of the reporting period.

As at 30 June 2024, the amounts of the gross lease receivables and net lease receivables pledged as security for the Group's borrowings were nil respectively (as at 31 December 2023: Nil).

11c.(1) An ageing analysis of receivables arising from sale-and-leaseback arrangements, determined based on the ageing of the receivables since the effective dates of the relevant loan contracts, as at the end of the reporting period is as follows:

	<b>30 June 2024</b>	31 December 2023
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Audited)
Within 1 year	<b>28,434,691</b>	25,172,504
1 to 2 years	<b>16,432,712</b>	16,118,369
2 to 3 years	<b>11,488,700</b>	12,699,822
3 years and beyond	<b><u>10,137,370</u></b>	<u>8,707,430</u>
Total	<b><u><u>66,493,473</u></u></b>	<u><u>62,698,125</u></u>

11c.(2) The table below illustrates the amounts of receivables arising from sale-and-leaseback arrangements the Group expects to receive in the following consecutive accounting years:

	<b>30 June 2024</b>	31 December 2023
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(Unaudited)</b>	(Audited)
Due within 1 year	<b>27,696,003</b>	22,795,624
Due in 1 to 2 years	<b>19,068,569</b>	18,639,344
Due in 2 to 3 years	<b>11,390,172</b>	12,288,560
Due after 3 years and beyond	<b><u>8,338,729</u></b>	<u>8,974,597</u>
Total	<b><u><u>66,493,473</u></u></b>	<u><u>62,698,125</u></u>

As at 30 June 2024, the Group's receivables arising from sale-and-leaseback arrangements pledged or charged as security for the Group's bank and other borrowings amounted to RMB9,010,479,000 (31 December 2023: RMB8,799,229,000).

**11d.** An ageing analysis of the factoring receivable, determined based on the ageing of the receivables since the recognition date of the factoring receivable, as at the end of the reporting period is as follows:

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Within 1 year	–	688,496
More than 1 year	<u>1,161,458</u>	<u>847,360</u>
Total	<u><b>1,161,458</b></u>	<u>1,535,856</u>

**11e.(1)** An ageing analysis of the accounts receivable, determined based on the age of the receivables since the recognition date of the accounts receivable, as at the end of the reporting period is as follows:

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Within 1 year	<b>1,804,959</b>	1,636,210
More than 1 year	<u>183,440</u>	<u>153,850</u>
Total	<u><b>1,988,399</b></u>	<u>1,790,060</u>

Accounts receivable arose from the sale of medical equipment and medicine, equipment life cycle management and the provision of medical services. Except for some specific contracts, the Group generally does not provide credit terms to customers.

**11e.(2)** Provision for accounts receivable

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing for groupings of various customer segments with similar loss patterns.

Set out below is the information about the credit risk exposure on the Group's accounts receivable using a provision matrix:

**As at 30 June 2024 (Unaudited)**

	<b>Within 1 year RMB'000</b>	<b>Ageing Over 1 year RMB'000</b>	<b>Total RMB'000</b>
Gross carrying amount	1,804,959	183,440	1,988,399
Expected credit loss	17,364	21,851	39,215
Average expected credit loss rate	0.96%	11.91%	1.97%

**As at 31 December 2023 (Audited)**

	<b>Within 1 year RMB'000</b>	<b>Ageing Over 1 year RMB'000</b>	<b>Total RMB'000</b>
Gross carrying amount	1,636,210	153,850	1,790,060
Expected credit loss	11,257	22,003	33,260
Average expected credit loss rate	0.69%	14.30%	1.86%

**11f.** An ageing analysis of the notes receivable, determined based on the age of the receivables since the recognition date of the notes receivable, as at the end of the reporting period is as follows:

	<b>30 June 2024 RMB'000 (Unaudited)</b>	<b>31 December 2023 RMB'000 (Audited)</b>
Within 1 year	<u><u>21,890</u></u>	<u><u>41,478</u></u>

**11g. Analysis of interest-earning assets**

<b>As at 30 June 2024 (Unaudited)</b>	<b>Stage I (12-month ECLs) RMB'000</b>	<b>Stage II (Lifetime ECLs) RMB'000</b>	<b>Stage III (Lifetime ECLs- impaired) RMB'000</b>	<b>Total RMB'000</b>
Total interest-earning assets	<u>63,176,537</u>	<u>6,554,539</u>	<u>694,238</u>	<u>70,425,314</u>
Allowance for impairment losses	<u>(976,217)</u>	<u>(650,271)</u>	<u>(360,701)</u>	<u>(1,987,189)</u>
Interest-earning assets, net	<u><u>62,200,320</u></u>	<u><u>5,904,268</u></u>	<u><u>333,537</u></u>	<u><u>68,438,125</u></u>
<b>As at 31 December 2023 (Audited)</b>	<b>Stage I (12-month ECLs) RMB'000</b>	<b>Stage II (Lifetime ECLs) RMB'000</b>	<b>Stage III (Lifetime ECLs- impaired) RMB'000</b>	<b>Total RMB'000</b>
Total interest-earning assets	60,239,150	6,446,992	662,443	67,348,585
Allowance for impairment losses	<u>(945,255)</u>	<u>(591,420)</u>	<u>(348,298)</u>	<u>(1,884,973)</u>
Interest-earning assets, net	<u><u>59,293,895</u></u>	<u><u>5,855,572</u></u>	<u><u>314,145</u></u>	<u><u>65,463,612</u></u>

## 11h. Movements in provision for interest-earning assets

The Group has applied the general approach to providing for expected credited losses (“ECLs”), which permits the use of either a twelve-month basis or a lifetime basis to record expected credit losses based on an expected credit loss model for interest-earning assets.

The Group has conducted an assessment of ECLs according to forward-looking information and used appropriate models and a large number of assumptions in its expected measurement of credit losses. These models and assumptions relate to the future macroeconomic conditions and the borrower’s creditworthiness (e.g., the likelihood of default by customers and the corresponding losses). The Group has adopted judgement, assumptions and estimation techniques in order to measure ECLs according to the requirements of accounting standards, such as the criteria for judging significant increases in credit risk, definition of credit-impaired financial assets, parameters for measuring ECLs and forward-looking information.

	<b>Six months period ended 30 June 2024</b>			
	<b>Stage I (12-month ECLs) RMB’000 (Unaudited)</b>	<b>Stage II (Lifetime ECLs) RMB’000 (Unaudited)</b>	<b>Stage III (Lifetime ECLs- impaired) RMB’000 (Unaudited)</b>	<b>Total RMB’000 (Unaudited)</b>
At beginning of the period	945,255	591,420	348,298	1,884,973
Impairment losses for the period	(33,022)	123,513	11,655	102,146
Conversion to Stage I	105,911	(105,911)	–	–
Conversion to Stage II	(41,927)	51,757	(9,830)	–
Conversion to Stage III	–	(10,508)	10,508	–
Recoveries of interest-earning assets previously written off	–	–	70	70
At end of the period	<u>976,217</u>	<u>650,271</u>	<u>360,701</u>	<u>1,987,189</u>
	<b>Year ended 31 December 2023</b>			
	<b>Stage I (12-month ECLs) RMB’000 (Audited)</b>	<b>Stage II (Lifetime ECLs) RMB’000 (Audited)</b>	<b>Stage III (Lifetime ECLs- impaired) RMB’000 (Audited)</b>	<b>Total RMB’000 (Audited)</b>
At beginning of the year	688,107	639,852	366,792	1,694,751
Impairment losses for the year	93,066	18,481	78,375	189,922
Conversion to Stage I	195,699	(195,699)	–	–
Conversion to Stage II	(31,617)	156,471	(124,854)	–
Conversion to Stage III	–	(27,685)	27,685	–
Recoveries of interest-earning assets previously written off	–	–	300	300
At end of the year	<u>945,255</u>	<u>591,420</u>	<u>348,298</u>	<u>1,884,973</u>

## 11i. BALANCE WITH RELATED PARTIES

The balances of loans and accounts receivables of the Group include the balances with related parties are as follows:

Accounts receivable:

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
China Meheco Beijing Bитай-Borui Technology Co., Ltd.	6,220	51
China National Instruments Import & Export (Group) Corporation	4,793	1,805
Shenyang Aerospace Hospital	3,812	4,650
Shanghai Electric Power Hospital	3,361	2,684
General Medical Devices (Beijing) Co., Ltd.	1,467	—
	<u>19,653</u>	<u>9,190</u>
Total due from related parties	<u>19,653</u>	<u>9,190</u>

The above related parties are subsidiaries of China Genertec Technology (Group) Holding Limited (“Genertec Group”).

The balances with the related parties are unsecured, interest-free and repayable on demand.

## 12. CASH AND CASH EQUIVALENTS AND RESTRICTED DEPOSITS

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Cash and bank balances	<u>2,820,093</u>	<u>3,539,945</u>
Less:		
Pledged deposits and restricted bank deposits	<u>(675,348)</u>	<u>(690,972)</u>
Cash and cash equivalents	<u>2,144,745</u>	<u>2,848,973</u>

As at 30 June 2024, the cash and bank balances of the Group denominated in RMB amounted to RMB2,722,150,000 (31 December 2023: RMB3,395,033,000). RMB is not freely convertible into other currencies, however, under the Chinese Mainland’s Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at either fixed or floating rates based on daily bank deposit rates.

As at 30 June 2024, cash of RMB669,693,000 (31 December 2023: RMB671,852,000) was pledged for bank and other borrowings.

As at 30 June 2024, cash of RMB5,655,000 (31 December 2023: RMB19,120,000) was pledged for bank acceptances, letters of credit and others.

As at 30 June 2024, cash of RMB1,449,966,000 (31 December 2023: RMB1,534,481,000) was deposited with Genertec Finance Co., Ltd., which is a related party.

### 13. TRADE AND BILLS PAYABLES

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Trade payables	1,785,555	1,905,748
Bills payable	414,317	966,478
Due to related parties ( <i>note 13a</i> )	<u>117,806</u>	<u>116,447</u>
Total	<u><u>2,317,678</u></u>	<u><u>2,988,673</u></u>

The trade and bills payables are non-interest-bearing and are repayable within one year or repayable based on the payment schedules agreed between the Group and the respective parties.

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

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Within 1 year	2,109,722	2,742,560
1 to 2 years	179,958	222,336
2 to 3 years	5,778	4,710
Over 3 years	<u>22,220</u>	<u>19,067</u>
Total	<u><u>2,317,678</u></u>	<u><u>2,988,673</u></u>

### 13a. BALANCES WITH RELATED PARTIES

Particulars of the amounts due to related parties are as follows:

		<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Trade payables:			
China Meheco Beijing Baitai-Borui Technology Co., Ltd.	<i>(i)</i>	<b>67,774</b>	40,499
China Xinxing Construction Engineering Co., Ltd.	<i>(i)</i>	<b>46,770</b>	73,231
Handan General Pharmaceutical Co., Ltd.	<i>(i)</i>	<b>2,251</b>	1,424
Genertec Group Healthcare Digital Technology (Beijing) Co., Ltd.	<i>(ii)</i>	<b>371</b>	371
China Telecommunication Construction No. 5 Engineering Co., Ltd.	<i>(i)</i>	<b>228</b>	228
Instrimpex International Tendering Co., Ltd.	<i>(i)</i>	<b>206</b>	339
Genertec Italia s.r.l.	<i>(i)</i>	<b>82</b>	84
Genertec International Logistics Co., Ltd.	<i>(i)</i>	<b>79</b>	79
Genertec Group Beijing Yongzheng Pharmaceutical Co., Ltd.	<i>(i)</i>	<b>38</b>	185
Beijing Meikang Baitai Pharmaceutical Technology Co., Ltd.	<i>(i)</i>	<u>7</u>	<u>7</u>
Total due to related parties		<b><u>117,806</u></b>	<b><u>116,447</u></b>

- (i) The above related parties are subsidiaries of Genertec Group.
- (ii) The above related party is an associate of the Group.
- (iii) The balances with the related parties are unsecured, interest-free and repayable within one year or based on the payment schedules agreed between the Group and the respective parties.

## 14. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2024 (Unaudited)			31 December 2023 (Audited)		
	Effective annual interest rate (%)	Maturity	RMB'000	Effective annual interest rate (%)	Maturity	RMB'000
Current:						
Bank loans						
– secured	2.70	2024	200,000	2.70~2.80	2024	400,000
– unsecured	2.50~5.94	2024~2025	5,314,819	2.50~6.56	2024	6,200,697
Current portion of long-term bank loans:						
– secured	2.70~3.71	2024~2025	2,649,844	2.90~3.95	2024	2,586,417
– unsecured	2.50~6.84	2024~2025	3,716,421	2.50~6.93	2024	6,791,666
Lease liabilities						
– secured	4.50	2024~2025	59,234	4.50	2024	67,337
– unsecured	4.75~4.90	2024~2025	22,742	4.75~4.90	2024	16,908
Bonds payable						
– unsecured	1.96~3.79	2024~2025	7,095,191	2.28~3.79	2024	6,445,381
Due to related parties						
– unsecured	2.85~4.75	2024~2025	44,898	2.85~2.95	2024	29,199
Total – current			<u>19,103,149</u>			<u>22,537,605</u>
Non-current:						
Bank loans						
– secured	2.70~3.70	2025~2029	5,303,616	2.90~3.85	2025~2028	5,346,383
– unsecured	2.50~6.27	2025~2032	10,253,208	2.50~3.75	2025~2030	5,090,152
Bonds payable						
– unsecured	2.85~3.65	2025~2029	11,389,810	3.00~3.65	2025~2028	8,993,483
Lease liabilities						
– secured	–	–	–	4.50	2025	31,700
– unsecured	4.75~4.90	2025~2031	462,315	4.75~4.90	2025~2031	214,218
Due to related parties						
– unsecured	3.65~6.73	2025~2027	3,249,570	3.65~6.81	2025~2027	4,416,540
Subtotal – non-current			<u>30,658,519</u>			<u>24,092,476</u>
Convertible bonds						
– host debts	2.00	2026	622,331	2.00	2026	1,019,519
Total – non-current			<u>31,280,850</u>			<u>25,111,995</u>
Total			<u>50,383,999</u>			<u>47,649,600</u>

The carrying amounts of borrowings are denominated in the following currencies:

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Hong Kong dollar	4,328,808	3,054,146
RMB	40,205,736	38,504,534
United States dollar	<u>5,849,455</u>	<u>6,090,920</u>
Total	<u><b>50,383,999</b></u>	<u>47,649,600</u>

An analysis of the carrying amounts of borrowings by type of interest rate is as follows:

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Fixed interest rate	27,680,636	24,431,290
Variable interest rate	<u>22,703,363</u>	<u>23,218,310</u>
Total	<u><b>50,383,999</b></u>	<u>47,649,600</u>

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Analysed into:		
Bank loans repayable:		
Within one year	11,881,084	15,978,780
In the second year	4,885,943	5,834,915
In the third to fifth years, inclusive	10,314,543	4,280,412
Beyond five years	<u>356,338</u>	<u>321,208</u>
Subtotal	<u>27,437,908</u>	<u>26,415,315</u>
Other borrowings repayable:		
Within one year	7,222,065	6,558,825
In the second year	3,956,641	4,958,695
In the third to fifth years, inclusive	11,386,810	9,553,227
Beyond five years	<u>380,575</u>	<u>163,538</u>
Subtotal	<u>22,946,091</u>	<u>21,234,285</u>
Total	<u><b>50,383,999</b></u>	<u>47,649,600</u>

Notes:

- (a) As at 30 June 2024, the Group's bank and other borrowings secured by loans and accounts receivables, cash and bank balances and restricted deposits were RMB8,212,694,000 (31 December 2023: RMB8,429,333,000).
- (b) As at 30 June 2024, the principal amounts of the Group's borrowings from related parties were RMB2,125,360,000 from Genertec Hong Kong International Capital Limited, RMB1,116,668,000 from China General Technology (Group) Holding Company Limited, RMB22,266,000 from Genertec Finance Co., Ltd. and RMB30,174,000 from Genertec Group Asset Management Co., Ltd. (31 December 2023: RMB2,116,540,000 from Genertec Hong Kong International Capital Limited, RMB2,300,000,000 from China General Technology (Group) Holding Company Limited and RMB29,199,000 from Genertec Finance Co., Ltd.).
- (c) As at 30 June 2024, China General Technology (Group) Holding Company Limited provided a comfort letter for bank borrowings in the amount of RMB9,085,862,000 (31 December 2023: RMB7,175,432,000).

## 15. SHARE CAPITAL

	Number of shares		Share capital	
	30 June 2024 (Unaudited)	31 December 2023 (Audited)	30 June 2024 (Unaudited) <i>RMB'000</i>	31 December 2023 (Audited) <i>RMB'000</i>
Issued and fully paid ordinary shares	<u>1,891,539,661</u>	<u>1,891,539,661</u>	<u>5,297,254</u>	<u>5,297,254</u>

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

	Number of shares in issue	Share capital <i>RMB'000</i>
As at 1 January 2024 and 31 December 2023 (Audited)	<u>1,891,539,661</u>	<u>5,297,254</u>
As at 30 June 2024 (Unaudited)	<u>1,891,539,661</u>	<u>5,297,254</u>
As at 1 January 2023 and 31 December 2022 (Audited)	<u>1,891,539,661</u>	<u>5,297,254</u>
As at 31 December 2023 (Audited)	<u>1,891,539,661</u>	<u>5,297,254</u>

## 16. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior periods are presented in the consolidated statement of changes in equity.

### **Capital reserve**

The capital reserve mainly comprised: (i) the share-based compensation reserve comprising the fair value of the shares awarded under the share transfer to the management of the Group recognised in accordance with the accounting policy adopted for equity compensation benefits, (ii) the excess/deficiency of the carrying amount of net assets over the purchase consideration for subsidiaries acquired under common control, and (iii) the excess/deficiency of the considerations paid for/received from over the changes in the carrying amounts of non-controlling interests in the acquisitions of further interests in subsidiaries or disposal of partial interests in subsidiaries, respectively.

### **Statutory reserve**

Pursuant to the relevant laws and regulations and the articles of association of the subsidiaries of the Company in the PRC, if a subsidiary is registered as a Sino-foreign joint venture, it is required to, at the discretion of the board of directors, transfer a portion of its profit after taxation reported in its statutory financial statements prepared under the applicable PRC accounting standards to the statutory surplus reserve.

If a subsidiary is registered as a wholly-foreign invested enterprise or a domestic limited liability company, it is required to appropriate 10% of each year's statutory net profits to the statutory surplus reserve according to the PRC accounting standards and regulations (after offsetting previous years' losses) to the statutory surplus reserve. The PRC subsidiary may discontinue the contribution when the aggregate sum of the statutory surplus reserve is more than 50% of its registered capital. Upon contribution to the statutory surplus reserve using its post-tax profit, a company may make further contribution to the statutory surplus reserve using its post-tax profit in accordance with a resolution of the board of directors. The appropriation to statutory and discretionary surplus reserves must be made before distribution of dividends to owners. These reserves shall only be used to make up for previous years' losses, to expand production operations, or to increase the capital of the PRC subsidiary. The statutory reserve can be transferred to paid-in capital, provided that the balance of the statutory surplus reserve after this transfer is not less than 25% of its registered capital.

### **Exchange fluctuation reserve**

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations with a functional currency other than RMB.

### **Share-based compensation reserve**

The share-based compensation reserve of the Group comprises the recognition of the equity-settled share-based payments under the Share Option Scheme which are yet to be exercised. The amount will either be transferred to the share capital account or shares held for the share award scheme when the related share options are exercised or awards are vested.

## **General and regulatory reserve**

The Group maintains a general reserve within equity, through the appropriation of profit, which sets aside to guard against losses on risk assets.

## **Special reserve**

The special reserve mainly represents funds set aside for the purpose of certain safety production activities. Pursuant to certain regulations issued by the State Administration of Work Safety of the PRC and other relevant regulatory bodies, the subsidiary, Yangquan Medical Oxygen Factory, set aside funds mainly for construction service activities at prescribed rates. These funds can be used for maintenance and/or improvements of safety of these activities, and are not available for distribution to shareholders.

## **17. BUSINESS COMBINATIONS**

### **(a) BUSINESS COMBINATION UNDER COMMON CONTROL**

As mentioned in note 1 to the interim condensed consolidated financial information, the Beijing Zhongxing Hospital Acquisition and the Acquisition of the target hospitals have been accounted for based on the principles of merger accounting.

Beijing Zhongxing Hospital, No. 408 Hospital, Luoyang Hechai Hospital, Luoyang Yikangyuan Elderly Care Co., Ltd., Chongqing Dadukou Changzheng Hospital Co., Ltd., Beijing Guotong Huankang Hospital Management Co., Ltd. and Beijing Haidian District Xisanqi Street Xincai Community Healthcare Service Station were acquired during the year ended 31 December 2023, the financial position has already been included in the consolidated statement of financial position of the Group as at 31 December 2023 as previously reported.

The reconciliation of the effect, arising from the common control combination on the interim condensed consolidated statements of profit or loss for the six months ended 30 June 2023 are as follows:

For the six months ended 30 June 2023

	The Group, as previously reported <i>RMB'000</i> (unaudited)	Beijing Zhongxing Hospital <i>RMB'000</i> (unaudited)	Beijing No. 408 Hospital <i>RMB'000</i> (unaudited)	Luoyang Hechai Hospital <i>RMB'000</i> (unaudited)	Luoyang Yikangyuan Elderly Care Co., Ltd. <i>RMB'000</i> (unaudited)	Chongqing Dadukou Changzheng Hospital Co., Ltd. <i>RMB'000</i> (unaudited)	Beijing Guotong Huankang Hospital Management Co., Ltd. <i>RMB'000</i> (unaudited)	Beijing Haidian District Xisanqi Street Xincai Community Healthcare Service Station <i>RMB'000</i> (unaudited)	Adjustments and eliminations <i>RMB'000</i> (unaudited)	Consolidated <i>RMB'000</i> (unaudited)
REVENUE	6,634,380	13,867	20,300	6,036	1,068	11,165	30,048	22,259	(23)	6,739,100
Cost of sales	<u>(4,370,275)</u>	<u>(14,542)</u>	<u>(17,355)</u>	<u>(4,943)</u>	<u>(1,569)</u>	<u>(8,789)</u>	<u>(27,359)</u>	<u>(21,324)</u>	<u>23</u>	<u>(4,466,133)</u>
Gross profit/(loss)	2,264,105	(675)	2,945	1,093	(501)	2,376	2,689	935	-	2,272,967
Other income and gains	317,118	25	182	95	107	337	134	28	(402)	317,624
Selling and distribution costs	(159,773)	-	-	-	-	-	-	-	-	(159,773)
Administrative expenses	(538,266)	(2,061)	(2,067)	(162)	(41)	(2,242)	(2,479)	(764)	-	(548,082)
Impairment losses on financial assets, net	(96,395)	-	-	-	-	-	-	1,461	-	(94,934)
Loss on derecognition of financial assets measured at amortised cost	(93)	-	-	-	-	-	-	-	-	(93)
Other expenses	(211,417)	(2)	(4)	-	-	(58)	(40)	(14)	-	(211,535)
Finance costs	(16,998)	-	-	-	-	-	-	(317)	402	(16,913)
Share of profits of:										
A joint venture	8,667	-	-	-	-	-	-	-	-	8,667
Associates	<u>(3,453)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,453)</u>
PROFIT/(LOSS) BEFORE TAX	1,563,495	(2,713)	1,056	1,026	(435)	413	304	1,329	-	1,564,475
Income tax expense	<u>(369,913)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>192</u>	<u>-</u>	<u>-</u>	<u>(369,721)</u>
PROFIT/(LOSS) FOR THE PERIOD	<u>1,193,582</u>	<u>(2,713)</u>	<u>1,056</u>	<u>1,026</u>	<u>(435)</u>	<u>413</u>	<u>496</u>	<u>1,329</u>	<u>-</u>	<u>1,194,754</u>
Attributable to:										
Owners of the parent	1,093,175	(2,713)	1,056	1,026	(435)	413	496	1,329	2,713	1,097,060
Non-controlling interests	57,614	-	-	-	-	-	-	-	(2,713)	54,901
Other equity instruments	<u>42,793</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,793</u>
	<u>1,193,582</u>	<u>(2,713)</u>	<u>1,056</u>	<u>1,026</u>	<u>(435)</u>	<u>413</u>	<u>496</u>	<u>1,329</u>	<u>-</u>	<u>1,194,754</u>

(b) **BUSINESS COMBINATION NOT UNDER COMMON CONTROL**

The acquisition of subsidiaries accounted for as business combination is set out as follows:

On 1 March 2024, Genertec Universal Medical Technology Services (Tianjin) Co., Ltd., a wholly-owned subsidiary of the Group, acquired a 60% equity interest in Shandong Tuozhuang Medical Technology Co., Ltd. at a consideration of RMB82,500,000. The amount of the goodwill on the acquisition was RMB4,095,000.

On 1 May 2024, Genertec Universal Medical Technology Services (Tianjin) Co., Ltd., a wholly-owned subsidiary of the Group, acquired a 70% equity interest in Beijing Zhongtaihe Medical Equipment Co., Ltd. at a consideration of RMB49,000,000. The amount of the negative goodwill on the acquisition was RMB1,525,000.

On 1 June 2024, Universal Yuegu Medical Technology (Tianjin) Co., Ltd., a wholly-owned subsidiary of the Group, acquired 100% equity interests in Zhengzhou Fresenius Hospital Co., Ltd., Xingyang Feisenyousi Medical Services Co., Ltd., Feisen Hospital Co., Ltd. In Xinmi City, Chifeng Feisen Hemodialysis Center Co., Ltd. and Laiyang Aishen Hemodialysis Center Co., Ltd. at a consideration of RMB22,112,000.

The fair values of the identifiable assets and liabilities of all the subsidiaries acquired during the period as at the date of acquisition were as follows:

	<b>Fair value recognised on acquisition RMB'000</b>
<b>Assets</b>	
Property, plant and equipment	51,800
Right-of-use assets	392
Deferred tax assets	5,996
Cash and cash equivalents	855
Loans and accounts receivables	106,737
Prepayments, other receivables and other assets	27,490
Receivable of consideration to be paid as capital injection	131,500
Inventories	21,040
Other intangible assets	4,066
	<hr/>
Total assets	349,876
<b>Liabilities</b>	
Trade and bills payables	45,414
Other payables and accruals	69,315
Interest-bearing bank loan	8,854
Lease liabilities	382
Tax payable	554
Deferred tax liabilities	392
	<hr/>
<b>Total liabilities</b>	124,911
	<hr/>
Total identifiable net assets at fair value	224,965
Non-controlling interests	(73,923)
Goodwill on acquisition	4,095
Gain on bargain purchase	(1,525)
	<hr/> <hr/>

**RMB'000**

Purchase consideration transferred	153,612
Including:	
Consideration paid as additional capital injection to the subsidiaries after acquisition	131,500
Consideration to be paid after acquisition	<u>22,112</u>
Analysis of cash flows on acquisition:	
Net cash acquired with the subsidiaries included in cash flows from investing activities	<u>855</u>
Net inflow of cash and cash equivalents include in cash flows from investing activities	<u>855</u>
Transaction costs of the acquisition included in cash flows from operating activities	<u>(348)</u>

If the acquisition had taken place at the beginning of the period, the revenue of the Group for the period would have been RMB6,586,420,000 and the net loss of the Group for the period would have been RMB1,237,604,000.

The fair values of the loans and accounts receivables and prepayments, other receivables as at the dates of acquisitions amounted to RMB106,737,000 and RMB27,490,000, respectively. The gross contractual amount of loans and accounts receivables was RMB125,060,000, of which RMB18,323,000 was expected to be uncollectible. The gross contractual amount of prepayments and other receivables was RMB28,762,000, of which RMB1,272,000 was expected to be uncollectible.

The goodwill recognised is primarily attributed to the expected synergies and other benefits from combining their assets and activities with those of the Group. The goodwill is not deductible for income tax purposes.

The Group incurred transaction costs of RMB348,000 for these acquisitions. These transaction costs have been expensed and are included in other expenses in the consolidated statement of profit or loss.

The assessments of the fair values of the identifiable assets and liabilities are still ongoing and the information of the fair values of the identifiable assets and liabilities is provisional. The finalised information will be disclosed in the consolidated financial statements of the Group for the year ending 31 December 2024.

## **18. CONTINGENT LIABILITIES**

At the end of the reporting period, there was no contingent liability that was not provided for the interim condensed consolidated financial information.

## 19. PLEDGE OF ASSETS

Details of the Group's bank and other borrowings, which are secured by the assets of the Group, are included in notes 11, 12 and 14 to the interim condensed consolidated financial information.

## 20. COMMITMENTS

The Group had the following capital commitments and credit commitments at the end of the reporting period:

### (a) Capital commitments

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Contracted, but not provided for	<u><b>1,404,710</b></u>	<u>864,754</u>

### (b) Credit commitments

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
Credit commitments	<u><b>800,000</b></u>	<u>2,069,000</u>

Credit commitments represent undrawn finance lease facilities agreed with and granted to customers. They are conditionally revocable commitments.

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

### Financial instruments not measured at fair value

Financial assets and liabilities not presented at their fair value in the statement of financial position mainly represent cash and cash equivalents, restricted deposits, loans and accounts receivables, financial assets included in other receivables, trade and bills payables, financial liabilities included in other payables and accruals and interest-bearing bank and other borrowings.

***Cash and cash equivalents, restricted deposits, accounts receivable, notes receivable, the current portion of financial assets included in other receivables, trade and bills payables, short-term borrowings and the current portion of financial liabilities included in other payables and accruals***

Substantially all of the financial assets and liabilities mature within one year from the end of each reporting period and their carrying values approximate to their fair values.

***Lease receivables, receivables arising from sale-and-leaseback arrangements, factoring receivables and long-term interest-bearing bank and other borrowings excluding bonds issued***

Substantially all of the lease receivables, receivables arising from sale-and-leaseback arrangements, factoring receivables and long-term interest-bearing bank and other borrowings, excluding bonds issued, bear interest on floating rate terms at prevailing market interest rates and their carrying values approximate to their fair values.

***Bonds issued and convertible bonds – host debts***

The fair values of the bonds and convertible bonds – host debts were calculated based on quoted market prices or a discounted cash flow model that is based on a current yield curve appropriate for the remaining term to maturity.

The table below summarises the carrying amounts and fair values of bonds issued and convertible bonds – host debts which are not presented at fair value in the statement of financial position.

	Carrying amounts		Fair values	
	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Bonds issued	18,485,001	15,438,864	18,636,694	15,476,733
Convertible bonds – host debts	622,331	1,019,519	596,313	977,325
Total	<u>19,107,332</u>	<u>16,458,383</u>	<u>19,233,007</u>	<u>16,454,058</u>

***Non-current portion of financial assets included in other receivables and non-current portion of financial liabilities included in other payables and accruals***

The fair values of assets in the non-current portion of financial assets included in other receivables, and the fair values of liabilities in the non-current portion of financial liabilities included in other payables and accruals 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 difference between the carrying amounts and fair values of those financial assets and liabilities is not significant.

**Financial instruments measured at fair value**

***Interest rate swap contracts***

The Group enters into several derivative financial instrument contracts with several counterparty, which are interest rate swaps measured using valuation techniques similar to the present value calculations of the swap models, which incorporate various market observable inputs including the credit quality of the counterparty and yield curves.

### ***Forward currency contracts***

The Group enters into several derivative financial instrument contracts with several counterparties, which are foreign exchange rate swaps measured using valuation techniques similar to the present value calculations of the forward pricing, which incorporate various market observable inputs.

### ***Cross-currency interest rate swaps***

The Group enters into several derivative financial instrument contracts with one counterparty, which are cross-currency interest rate swaps measured using valuation techniques similar to the present value calculations of the forward pricing and swap models, which incorporate various market observable inputs.

### ***Financial assets at fair value through profit or loss***

The valuations of the financial assets at fair value through profit or loss were based on information known to the Group and market conditions existing at the end of the reporting period. The fair values were determined by using appropriate valuation techniques. Valuation techniques include using recent arm's length market transactions, referring to the current market value of another instrument that is substantially the same and making as much use of available and supportable market data as possible.

### **Fair value hierarchy**

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments:

- Level 1: Fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: Fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs).

***Assets and liabilities measured at fair value:***

**As at 30 June 2024 (Unaudited)**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
Financial assets at fair value through profit or loss	–	171,279	20,000	191,279
Debt investments at fair value through other comprehensive income	–	10,350	–	10,350
Equity investments designated at fair value through other comprehensive income	–	–	2,778	2,778
Derivative financial assets				
– Forward currency contracts	–	420,143	–	420,143
– Interest rate swap contracts	–	34,957	–	34,957
– Cross-currency interest rate swaps	–	1,099	–	1,099
<b>Total</b>	<b>–</b>	<b>637,828</b>	<b>22,778</b>	<b>660,606</b>
Derivative financial liabilities				
– Interest rate swap contracts	–	(1,603)	–	(1,603)

**As at 31 December 2023 (Audited)**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
Financial assets at fair value through profit or loss	–	216,641	–	216,641
Debt investments at fair value through other comprehensive income	–	11,415	–	11,415
Equity investments designated at fair value through other comprehensive income	–	–	2,778	2,778
Derivative financial assets				
– Forward currency contracts	–	208,513	–	208,513
– Interest rate swap contracts	–	32,935	–	32,935
– Cross-currency interest rate swaps	–	22,522	–	22,522
<b>Total</b>	<b>–</b>	<b>492,026</b>	<b>2,778</b>	<b>494,804</b>
Derivative financial liabilities				
– Forward currency contracts	–	(25,324)	–	(25,324)
– Interest rate swap contracts	–	(1,284)	–	(1,284)
<b>Total</b>	<b>–</b>	<b>(26,608)</b>	<b>–</b>	<b>(26,608)</b>

***Liabilities for which fair values are disclosed:***

**As at 30 June 2024 (Unaudited)**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
Bonds issued	<b>18,636,694</b>	–	–	<b>18,636,694</b>
Convertible bonds – host debts	–	<b>596,313</b>	–	<b>596,313</b>
<b>Total</b>	<b><u>18,636,694</u></b>	<b><u>596,313</u></b>	<b><u>–</u></b>	<b><u>19,233,007</u></b>

**As at 31 December 2023 (Audited)**

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
Bonds issued	15,476,733	–	–	15,476,733
Convertible bonds – host debts	–	977,325	–	977,325
<b>Total</b>	<b><u>15,476,733</u></b>	<b><u>977,325</u></b>	<b><u>–</u></b>	<b><u>16,454,058</u></b>

During the six months ended 30 June 2024, there were no transfers of fair value measurement between Level 1 and Level 2 and no transfers into or out of Level 3 (year ended 31 December 2023: Nil).

**22. EVENTS AFTER THE REPORTING PERIOD**

As of 28 August 2024, there were no significant events after the reporting period.

## PERFORMANCE OVERVIEW

	For the six months ended 30 June	
	2024 <i>RMB'000</i> (Unaudited)	2023 <i>RMB'000</i> (Unaudited)
<b>Operating Results</b>		
<b>Income</b>	<b>6,542,690</b>	6,739,100
Healthcare business income <sup>*1/2</sup>	<b>3,887,652</b>	3,750,857
Finance business income <sup>*1/2</sup>	<b>2,667,298</b>	2,988,243
<b>Cost of sales</b>	<b>(4,278,866)</b>	(4,466,133)
Cost of healthcare business <sup>*2</sup>	<b>(3,254,134)</b>	(3,267,133)
Cost of finance business <sup>*2</sup>	<b>(1,132,867)</b>	(1,288,011)
<b>Profit before tax</b>	<b>1,618,674</b>	1,564,475
<b>Profit for the period</b>	<b>1,252,173</b>	1,194,754
Profit for the period attributable to owners of the parent	<b>1,137,235</b>	1,097,060
Basic earnings per share ( <i>RMB</i> )	<b>0.60</b>	0.58
Diluted earnings per share ( <i>RMB</i> ) <sup>*3</sup>	<b>0.57</b>	0.54
<b>Profitability Indicators</b>		
Return on total assets <sup>(1)</sup>	<b>3.05%</b>	2.96%
Return on equity <sup>(2)</sup>	<b>13.94%</b>	15.29%
Net interest margin <sup>(3)</sup>	<b>3.42%</b>	3.22%
Net interest spread <sup>(4)</sup>	<b>2.86%</b>	2.71%

\*1 After taxes and surcharges

\*2 Before inter-segment offset

\*3 The potential dilutive shares of the Company include the shares to be issued under the Share Option Scheme and the shares convertible from the convertible bonds

(1) Return on total assets = profit for the period/average balance of assets at the beginning and end of the period;

(2) Return on equity = profit for the period attributable to owners of the parent/average balance of equity attributable to owners of the parent at the beginning and end of the period;

(3) Net interest margin = net interest income/average balance of interest-earning assets;

(4) Net interest spread = average yield of interest-earning assets – average cost rate of interest-bearing liabilities. Average balance of interest-earning assets is calculated based on the average balance of net lease receivables and factoring receivables before provision as at each month end within the reporting period; average balance of interest-bearing liabilities is calculated based on the average balance of bank and other borrowings and lease deposits as at each month end within the reporting period.

	<b>30 June 2024 RMB'000 (Unaudited)</b>	31 December 2023 RMB'000 (Audited)
<b>Assets and Liabilities</b>		
Total assets	<b>83,971,499</b>	80,344,744
Net interest-earning assets	<b>70,425,314</b>	67,348,585
Total liabilities	<b>61,680,072</b>	59,976,786
Interest-bearing bank and other borrowings	<b>50,383,999</b>	47,649,600
Total equity	<b>22,291,427</b>	20,367,958
Equity attributable to owners of the parent	<b>16,955,784</b>	15,677,741
Net assets per share (RMB)	<b>8.96</b>	8.29
<b>Financial Indicators</b>		
Debt ratio <sup>(1)</sup>	<b>73.45%</b>	74.65%
Gearing ratio <sup>(2)</sup>	<b>2.26</b>	2.34
Current ratio <sup>(3)</sup>	<b>1.36</b>	1.02
<b>Asset Quality</b>		
Non-performing assets ratio <sup>(4)</sup>	<b>0.99%</b>	0.98%
Provision coverage ratio <sup>(5)</sup>	<b>286.24%</b>	284.55%
Write-off of non-performing assets ratio <sup>(6)</sup>	<b>0.00%</b>	0.00%
Ratio of overdue interest-earning assets (over 30 days) <sup>(7)</sup>	<b>0.84%</b>	0.89%

(1) Debt ratio = total liabilities/total assets;

(2) Gearing ratio = interest-bearing bank and other borrowings/total equity;

(3) Current ratio = current assets/current liabilities;

(4) Non-performing assets ratio = non-performing assets/net interest-earning assets;

(5) Provision coverage ratio = provision for interest-earning assets/non-performing assets;

(6) Write-off of non-performing assets ratio = written-off assets/non-performing assets at the end of the previous year;

(7) Ratio of overdue interest-earning assets (over 30 days) is calculated based on net interest-earning assets which are more than 30 days overdue divided by net interest-earning assets.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. BUSINESS REVIEW

Universal Medical is a medical and healthcare technology Group controlled by a central state-owned enterprise. As of 30 June 2024, the Group (i) operated 72 medical institutions, and provided the public with quality medical services; (ii) provided various businesses such as specialized medical care, life cycle management of equipment, and intelligent medical health and elder care; and (iii) offered comprehensive financial solutions centered on finance leasing.

Since 2024, the international environment was severe and complicated, and the domestic reform, development and stabilization tasks were difficult while the basic trend of China's economy rebounding and improving in the long term remains unchanged. The Group expanded its footprint in the healthcare sector and continued to deepen its reform and management, basically formed a business landscape of "Finance + Integrated healthcare + Specialized medical care + Healthcare technology", and moving towards a new historical stage of corporate development. In the first half of 2024, the Group's business structure was further optimized and the development trend was stable and improving. The Group recorded a revenue of RMB6,542.7 million in total, decrease by 2.9% as compared to the corresponding period of the previous year. In particular, the healthcare business recorded a revenue of RMB3,887.7 million, up by 3.6% as compared to the corresponding period of the previous year, with its proportion to the total revenue increased to 59.4%; the Group recorded a profit for the period of RMB1,252.2 million, up by 4.8% as compared to the corresponding period of the previous year, of which, the healthcare business contributed RMB270.7 million, up by 16.3% as compared to the corresponding period of the previous year; the Group recorded a profit attributable to owners of the parent of RMB1,137.2 million, up by 3.7% as compared to the corresponding period of the previous year, of which, the healthcare business contributed RMB189.5 million, up by 6.5% as compared to the corresponding period of the previous year; and the Group recorded a return on total assets (ROA) of 3.05% and a return on equity attributable to ordinary shareholders (ROE) of 13.94%. The indicators of income and the assets conditions demonstrated a steady performance.

#### 1.1 Integrated healthcare business

Medical institutions are not only our core resources to build a healthcare technology conglomerate, but also the R&D and training center of the Group's specialized medical care, as well as the project cultivation and commercialization pool and the sharing center for basic resources and practice of the healthcare technology units. With respect to the integrated healthcare service segment, the Group adheres to the concept of "Patient-centered" quality medical services, continues to build up the core capacity of the hospital group, and promotes digital empowerment, differentiated layout and synergistic development. The Group will continue to build a hospital group with "Comfortable environment, Top-notch services, Advanced technology and Efficient operation", so as to create a new model of high-quality central state-owned medical group.

In terms of financial performance:

The results contributions of the consolidated integrated medical institutions were included in “Integrated healthcare business” segment under the “Healthcare business” segment in the Group’s financial report. As of 30 June 2024, the Group had 62 consolidated integrated medical institutions (including 4 Grade III Class A hospitals and 29 Grade II hospitals), with a capacity of 13,700<sup>1</sup> beds in total (excluding approximately 5,000 beds to be built in our internal planning). In accordance with the development requirements of “group management, coordinated development, and digital empowerment”, the Group paid close attention to improving quality and efficiency, the overall operating efficiency of medical institutions steadily improved. In the first half of 2024, the integrated healthcare business segment contributed to a revenue of RMB3,644.5 million, decreased by 2.0% as compared to the corresponding period of the previous year; recorded a profit for the period of RMB243.0 million in total, up by 9.9% as compared to the corresponding period of the previous year; and consolidated net profit margin of the medical institutions was 5.69%, increased by 0.53 percentage point as compared to the corresponding period of the previous year.

In terms of operation performance:

- ***Revenue structure improved and the proportion of effective medical revenue increased***

The Group set out clear requirements for the effective medical revenue by guiding medical institutions at all levels to optimize their revenue structure based on performance appraisals. By improving diagnosis and treatment technology, increasing treatment items and optimizing the structure of disease types, the proportion of the overall effective medical revenue of medical institutions increased by 3 percentage points, so as to respond effectively to the impact of policy adjustments such as the expansion of the scope of the collection and procurement of medicines and the reform of the payment method of medical insurance.

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<sup>1</sup> The Group implemented the integrated management of Pangang Group General Hospital (攀鋼集團總醫院) and Staff Hospital of China MCC 19 Group Co., Ltd. (中國十九冶集團有限公司職工醫院) in order to promote the complementary advantages and synergistic development of the hospitals in Panzhihua area, which in turn led to a temporary change in the scope of consolidation.

- ***Bed turnover accelerated and the operational efficiency improved***

Through the implementation of the Optimization and Excellence Project, the Group took measures such as optimizing the management process of inpatient operations, improving treatment methods and enhancing treatment techniques, achieving a continuous improvement in the average length of stay per inpatient visit, which was reduced by 0.4 day as compared to the corresponding period of the previous year, and providing convenience to patients while accelerating the turnover of beds throughout the hospital. Meanwhile, the number of outpatient and emergency visits in the first half of 2024 increased by 6.4% as compared to the corresponding period of the previous year, reaching 4,093,700. The number of inpatient visits increased by 7.4% as compared to the corresponding period of the previous year, reaching 216,700. Surgical and operational procedures improved significantly, and the bed utilization rate increased to 88.9%, representing an increase of 0.5 percentage point as compared to the corresponding period of the previous year.

- ***Cost control was effective and medical balances increased significantly***

Under the requirement of strengthening refined operation management, the Group carried out special actions to control the cost of the medicine and consumables, and incorporated it into the performance appraisal system, guiding medical institutions to enhance control in procurement management, utilization management and process management. The overall proportion of medicine and consumables costs to revenue was reduced by 2.9 percentage points, of which the cost of non-billable consumables was reduced by 0.3 percentage point, representing a decrease of 6.2% in absolute terms. Cost control was effective, slowing the growth rate of costs, and leading to a significant increase in the medical balance.

At present, China's medical and healthcare industry emphasizes on providing all-round and life cycle health protection for the people, improving patients' experience of the whole process of medical treatment, and upgrading the comfort, intelligence and digitalization of medical services. Public hospitals are also experiencing a transformation from scale expansion to quality and efficiency enhancement, from rough management to refined management, and from focusing on the material elements to human resources and technology elements. The reform and high-quality development continues to deepen, and the scope of DRG/DIP payment reform is gradually expanding, which puts higher requirements on the operation and technical service capacity of public hospitals. As the "Second National Team" of China's public health system, the Group will continue to give full play to the advantages of central state-owned enterprises in running medical care and group development, and make every effort to create differentiated competitiveness, serve the "Healthy China" strategy and create greater social value.

## 1.2 Specialties and Healthcare Technology Business

Focusing on its core medical resources, the Group strives to consolidate the foundation of its specialized medical care and healthcare technology businesses, adheres to the “dual-wheel drive” of internal development and external expansion, and gradually builds a big health ecosystem to provide a technology engine for innovative development and a new profit growth point for the Company, while improving the quality and efficiency of the service. The performance contribution of this business segment in the first half of the year mainly comes from providing hospital clients with specialized medical care services and life cycle management of medical equipment.

### *Specialized medical care business*

With the aim of meeting the multi-level and diversified medical and healthcare service needs of the people, the Group has adhered to the development direction of specialization, chain operation and industrialization. Centered around the specialized medical care fields of oncology, nephrology, ophthalmology, TCM and ethnomedicine, the Group has expanded its business layout, innovated service modes, fostered core capabilities, and extended the value of healthcare.

- *Oncology:*

The Group provides comprehensive tumor precision diagnosis and treatment services, starting with multidisciplinary consultation, full-course case management, and precision diagnosis and treatment management. Through the combination of radiotherapy equipment such as proton therapy and linear accelerators, the Group has formed a multi-level and nationwide chain service network of “flagship hospitals + specialized oncology hospitals + radiotherapy centers”.

In the first half of the year, Genertec Universal Mevion Medical Science and Technology (Tianjin) Co., Ltd. (通用環球邁勝醫療科技(天津)有限公司), a tumor precision medical service company jointly established by the Group and Mevion Medical Group (邁勝醫療集團), continued to promote the construction of oncology specialties and carry out the refined operation of oncology specialties, recording a revenue of RMB87.1 million from the integrated healthcare business segment, representing an increase of 12.0% as compared to the corresponding period of the previous year. In early July of this year, the Group entered into a strategic cooperation with Beijing Tsinghua Changgung Hospital (北京清華長庚醫院) to build a proton center and a flagship oncology hospital jointly, which will help the oncology specialties business to develop with high quality and efficiency.

- *Nephrology:*

Focusing on the core positioning of the full-course medical service for kidney diseases, and driven by digital operation capabilities for specialized discipline, the Group built a business system led by Nephrology Industry Research Institute, supported by nephrology medical centers, and based on the regional 1+N layout of nephrology specialist hospitals and hemodialysis centers, so as to accelerate the integration of industry resources and strive to become a leading technology-based nephrology medical group in the PRC.

In the first half of the year, Universal Yuegu Medical Technology (Tianjin) Co., Ltd. (環球悅谷醫療科技(天津)有限公司), the Group's main platform for nephrology medical business, continued to empower the hospitals operated by the Group to promote the full-course management for kidney diseases, recording a revenue of RMB148.6 million from the integrated healthcare business segment, which represented an increase of 9.5% as compared to the corresponding period of the previous year. The Group simultaneously promoted the mergers and acquisitions of specialty hospitals and hemodialysis centers, completed the acquisition of five hemodialysis centers of Hainan Kangpuri Hospital Management Co., Ltd.(海南康普瑞醫院管理有限公司, “**Hainan Kangpurui**”) located in Chifeng of Inner Mongolia, Laiyang of Shandong Province, Xinmi, Xinyang and Zhengzhou of Henan Province, thus further enhanced the synergistic network of the business.

- *Ophthalmology:*

The Group further promoted the development of ophthalmic specialization, gave full play to the management experience, resources and financial advantages of the central state-owned enterprises group, so as to build a broader platform for the development of ophthalmic medical business.

The Group is making every effort to facilitate the delivery of Shandong University of Traditional Chinese Medicine Affiliated Ophthalmology Hospital (山東中醫藥大學附屬眼科醫院) and ShierMing Optometry & Ophthalmology Co., Ltd. (施爾明視光眼科有限公司), and striving to create an eye care hub and regional medical center that might act as a exemplary and leading role. The Group also signed a strategic cooperation agreement with Heze City, exploring a central-local cooperation mode for projects such as eye health management, youth myopia prevention and control science popularization bases, etc. Pangang Xichang Hospital (攀鋼西昌醫院) and CREC Wuhu Hospital (中鐵蕪湖醫院) started the construction and upgrading of ophthalmology departments to further build a high-quality and efficient eye health service system.

- *TCM and Ethnomedicine:*

The Group converges many nationwide top leaders in the industry for in-depth cooperation, exploring empowerment models around key disciplines of TCM and ethnomedicine, and providing TCM and ethnomedicine disciplines co-construction services for the hospitals within the Group as well as general hospitals, TCM hospitals, and grass-roots hospitals across the country, so as to comprehensively promote the high-quality development of TCM and ethnomedicine in the country.

In the first half of the year, the Group has consolidated the high-quality resources of central state-owned enterprises in running medical care, and reached cooperation with more than ten industry experts, such as Ananda (阿南達), a leading doctor in Mongolian medicine, and Xiao Chengcong (肖承棕), a master of Chinese medicine. By integrating specialized disease-focused centers with renowned physician studios, the Group has driven the specialized development of its hospitals.

## ***Health technology business***

The Group will stick to meeting the health needs of the people and boosting the development of new quality productivity in the health field, expanding its business layout around healthcare technology areas such as the life cycle management of medical equipment and intelligent medical health and elder care, introducing advanced technologies and innovative means, cultivating its specialty businesses and core competencies, so as to strive to build the second growth curve of the Company.

- *The Life Cycle Management of Medical Equipment:*

The Group provides customers with life cycle house-keeping services centered around “Management”, covering the entire process of “Management, Procurement, Maintenance, Utilization and Repair” (管、採、養、用、修), which effectively improves the operational efficiency and management level of medical equipment, extends equipment lifespan, and helps hospitals to reduce costs, improve quality and increase efficiency. In the first half of 2024, equipment life cycle management business recorded consolidated revenue of RMB263.7 million, representing an increase of 423.4% as compared to the corresponding period of the previous year; and recorded profit for the period of RMB33.0 million in aggregate, representing an increase of 208.5% as compared to the corresponding period of the previous year.

In August 2023, Universal Technology Services, the operating entity platform of the Group’s equipment life cycle management business, successfully acquired Casstar Medical Technology Wuxi Co., Ltd. (凱斯軒達醫療科技無錫有限公司) (“Casstar Project”), a leading company in the field of third-party maintenance of medical imaging equipment. In the first half of 2024, the Group further integrated the industry resources, and successively invested in and acquired Shandong Tuo Zhuang Healthcare Technology Co., Ltd. (山東拓莊醫療科技有限公司) (“Shandong Tuo Zhuang Project”), a professional maintenance enterprise in Shandong, and Beijing Zhongtaihe Medical Equipment Co., Ltd. (北京眾泰合醫療器械有限公司) (“Beijing ZTH Project”), a company specializing in the maintenance of medical linear accelerator. The equipment life cycle management business segment of Universal Medical has so far served nearly 1,200 customers across the country with the assets under management of nearly RMB22 billion in aggregate. The maintenance capabilities of the Group covering medical imaging, life emergency, blood dialysis, ultrasound and linear accelerator equipment, etc, which has made the Group a leader in third-party maintenance of medical equipment.

Universal Technology Services and its operating entities are recognized as “National High-tech Service Enterprises”, and have formed cooperation relationship with over 10 domestic and overseas well-known equipment manufacturers. In addition, it released the corporate standard for the “Maintenance and Service Specifications for Magnetic Resonance Imaging (MRI) Equipment” in cooperation with the Medical Industry

Branch of China Association of Plant Engineering (中國設備管理協會醫療行業分會). Through the enhancement of core capabilities and integration of external advantageous resources, the Group is well positioned to become the leader of the sub-segment and play a pivotal role in creating a refined operational capability for hospitals to better serve clinical diagnosis and treatment and meet the medical and healthcare needs of the people.

- *Intelligent Medical Health and Elder Care:*

In order to actively respond to the aging of population and serve the silver economy, the Group leverages its more than 70 medical institutions and 16,000 beds as a key foundation, and relies on the information platform and the mode of “Finance + Medical care + Health and Elder Care” to realize the three-bed linkage of medical care, elder care and family care through the integration of online and offline services, medical care and elder care, and industry and finance, so as to become a leading domestic integrated service provider of medical health and elder care in omni-channel.

At the beginning of 2024, the Group completed the merger and acquisition of ShanDong JB Soft & Info Technology Co.,Ltd. (山東青島軟通信息技術股份有限公司), a leading enterprise in the domestic intelligent health and elder care industry, and is currently accelerating the process of delivery and consolidation. In June 2024, the Group signed a strategic cooperation agreement with the Shaanxi Provincial Association of Family Service Industry (陝西省家庭服務業協會), which will integrate the resources under both parties and actively promote business layout and incubation. In the future, the Group will actively explore the development mode of integrated medical and elder care services in which digital technology is deeply combined with medical rehabilitation, disease prevention and health and elder care, so as to build a service system of intelligent medical health and elder care in omni-channel, and create a new brand of intelligent medical health and elder care for central state-owned enterprises.

As a listed company controlled by a central state-owned enterprise in the healthcare sector, we will rely on our core medical resources, continue to improve our industrial layout and strengthen our industrial foundation. While improving the quality and efficiency of our main medical business, we will also develop more high-value profit-contributing segments for the Company, gradually building a comprehensive healthcare industry ecosystem.

### 1.3 Finance Business

The Group's finance business mainly focuses on finance leasing business, with a strategic emphasis on deepening development based on industry growth prospects, profitability, revenue/risk profile, cashflow stability and other criteria. After a decade of rapid development, the development of the finance leasing industry has gradually entered a period of downturn, with intensified competition, narrowed profit margins, stricter regulation in the industry, and a clearer focus on serving the real economy and core business areas. The Group's finance business has stepped into a new phase of structural adjustment and transformation and innovation.

As a stable profit contributor of the Group, the finance business has maintained steady development on the basis of asset security, serving as the cornerstone for the Group's sustainable development and the construction of the big health ecosystem. In the first half of 2024, in accordance with the development idea of "stabilizing operations, strengthening innovation, and controlling risks", we focused on strengthening the development of high-quality customers, strictly controlling business risks, optimizing financing costs, and making every effort to consolidate the performance foundation. Revenue from finance business amounted to RMB2,667.3 million in aggregate, representing a decrease of 10.7% as compared to the corresponding period of the previous year. Profit for the period amounted to RMB981.5 million, representing an increase of 2.0% as compared to the corresponding period of the previous year. The average yield of interest-earning assets was 6.70%, representing a decrease of 0.34 percentage point as compared to the corresponding period of the previous year, which was mainly due to the impacts of intensified competition for quality projects and the decline in the overall profitability of the industry. The average cost rate of interest-bearing liabilities was 3.84%, representing a decrease of 0.49 percentage point as compared to the corresponding period of the previous year, which was mainly due to the Company's continuous efforts to optimize the financing structure, the increase of the promotion of direct financing, and the enhancement of the quality and efficiency of indirect financing growth, collectively contributing to a significant reduction in financing costs. In the first half of the year, the net interest spread was 2.86%, representing an increase of 0.15 percentage point as compared to the corresponding period of the previous year; and the net interest margin was 3.42%, representing an increase of 0.20 percentage point as compared to the corresponding period of the previous year.

We continued to strengthen asset management while maintaining steady operation, so as to keep good asset quality. As of 30 June 2024, the net interest-earning assets reached RMB70,425.3 million, representing an increase of 4.6% as compared to that at the beginning of the year; the non-performing asset ratio was 0.99%; the overdue ratio (30 days) was 0.84%, and the provision coverage ratio was 286.24%.

Although the current domestic and international macro-economic environment has been surrounded with many uncertainties, each of the key operating indicators of the Group's finance business remained stable, demonstrating overall good stability and strong resilience. We will focus on our main responsibilities and business, adhere to the real economy, and build a new advantage in the integration of industry and finance by focusing on five key areas, namely, technology finance, green finance, inclusive finance, pension finance and digital finance, so as to lay a solid foundation for the high-quality development of the Group.

#### **1.4 Prospect for the second half of the year**

In the second half of the year, the macroeconomic environment at home and abroad will still face many difficulties and challenges. The Group will continue to adhere to high-quality development, with medical services as the core, financial services as the support, and healthcare technology as the engine, and give full play to the advantages of the combination of industry and finance to build a shared and win-win big health ecosystem. The Group strives to develop into an “internationally leading and domestically top-tier medical and healthcare technology group, centered around comprehensive medical services, with capabilities in financial services, specialized medical care expertise, and advantages in health technology”, and aims to create greater returns for all Shareholders.

**Appendix:**

1. *The geographical location of medical institutions managed by the Group as of 30 June 2024*

<b>Province</b>	<b>Grade III hospitals</b>	<b>Grade II hospitals</b>	<b>Others (note)</b>	<b>Total</b>
Shaanxi	1	10	9	20
Shanxi	1	4	3	8
Sichuan	1	5	1	7
Anhui	1	2	4	7
Liaoning	1	1	1	3
Hebei	–	5	3	8
Henan	–	1	5	6
Shandong	–	1	2	3
Hunan	–	1	–	1
Jiangsu	–	1	–	1
Shanghai	–	1	–	1
Beijing	–	–	4	4
Zhejiang	–	–	1	1
Chongqing	–	–	1	1
Inner Mongolia	–	–	1	1
Total	<u>5</u>	<u>32</u>	<u>35</u>	<u>72</u>

2. *The operating performance of the consolidated medical institutions during the relevant period*

In the first half of 2024

Category	Visits in the first half of 2024				Medical business income in the first half of 2024 (RMB ten thousand)				Average index		
	Capacity	Outpatient and emergency visits	Inpatient	Visits for medical examination	Outpatient and emergency income	Inpatient income	Medical examination income	Total medical business income (including financial subsidy Income)	Income per bed (RMB ten thousand)	Outpatient fee per visit (RMB)	Inpatient fee per visit (RMB)
Grade III hospitals	4,139	1,378,916	82,941	109,367	44,643	86,085	3,269	134,615	65	324	10,379
Grade II hospitals	8,474	2,081,993	125,591	272,092	59,765	112,152	7,012	179,069	42	287	8,930
Others (note)	1,087	632,766	8,132	44,299	20,410	4,272	712	27,456	51	323	5,254
Total	<u>13,700</u>	<u>4,093,675</u>	<u>216,664</u>	<u>425,758</u>	<u>124,818</u>	<u>202,509</u>	<u>10,993</u>	<u>341,141</u>	<u>50</u>	<u>305</u>	<u>9,347</u>

In the first half of 2023

Category	Visits in the first half of 2023				Medical business income in the first half of 2023 (RMB ten thousand)				Average index		
	Capacity	Outpatient and emergency visits	Inpatient	Visits for medical examination	Outpatient and emergency income	Inpatient income	Medical examination income	Total medical business income (including financial subsidy Income)	Income per bed (RMB ten thousand)	Outpatient fee per visit (RMB)	Inpatient fee per visit (RMB)
Grade III hospitals	4,176	1,292,729	77,923	80,810	42,822	86,758	2,829	132,657	64	331	11,134
Grade II hospitals	8,437	1,990,293	115,727	287,280	61,047	108,064	5,820	175,243	42	307	9,338
Others (note)	1,190	563,335	8,172	54,186	19,110	4,710	777	25,689	43	339	5,763
Total	<u>13,803</u>	<u>3,846,357</u>	<u>201,822</u>	<u>422,276</u>	<u>122,979</u>	<u>199,532</u>	<u>9,427</u>	<u>333,588</u>	<u>48</u>	<u>320</u>	<u>9,887</u>

## In the first half of 2022

Category	Visits in the first half of 2022				Medical business income in the first half of 2022 (RMB ten thousand)				Average index		
	Capacity	Outpatient and emergency visits *	Inpatient	Visits for medical examination	Outpatient and emergency income	Inpatient income	Medical examination income	Total medical business income (including financial subsidy income)	Income per bed (RMB ten thousand)	Outpatient fee per visit (RMB)	Inpatient fee per visit (RMB)
Grade III hospitals	3,847	1,138,399	61,088	60,464	43,389	71,334	3,120	118,011	61	238	11,677
Grade II hospitals	8,648	1,724,576	92,371	279,006	64,041	83,827	5,981	153,670	36	220	9,075
Others (note)	1,185	456,163	6,047	41,831	17,700	8,629	648	24,154	41	413	14,271
Total	<u>13,680</u>	<u>3,319,138</u>	<u>159,506</u>	<u>381,301</u>	<u>125,131</u>	<u>163,791</u>	<u>9,749</u>	<u>295,835</u>	<u>43</u>	<u>242</u>	<u>10,269</u>

Note: Including Grade I hospitals, community service centers and other non-rated medical institutions

\* Outpatient and emergency visits for the first half of 2022 have been calculated without taking into account the impact of nucleic acid testing

## 2. ANALYSIS OF PROFIT OR LOSS

### 2.1 Overview

In the first half of 2024, facing a complex and changing internal and external environment, the Group always adhered to its established business strategies by promoting business innovation and development, endeavoring to prevent and resolve major risks, and achieved steady growth in our overall operating results. In the first half of 2024, the Group recorded a revenue of RMB6,542.7 million in total, representing a decrease of 2.9% as compared to the corresponding period of the previous year. Profit before tax was RMB1,618.7 million, representing an increase of 3.5% as compared to the corresponding period of the previous year. Profit for the period attributable to owners of the parent was RMB1,137.2 million, representing an increase of 3.7% as compared to the corresponding period of the previous year.

The following table sets forth the Group's statement of profit or loss for the six months ended 30 June 2024:

	<b>For the six months ended</b>		Change%
	<b>30 June</b>		
	<b>2024</b>	2023	
	<b><i>RMB'000</i></b>	<i>RMB'000</i>	
	<b>(Unaudited)</b>	(Unaudited)	
<b>Income</b>	<b>6,542,690</b>	6,739,100	-2.9%
Cost of sales	<b>(4,278,866)</b>	(4,466,133)	-4.2%
<b>Gross profit</b>	<b>2,263,824</b>	2,272,967	-0.4%
Other income and gains	<b>289,913</b>	317,624	-8.7%
Selling and distribution costs	<b>(181,116)</b>	(159,773)	13.4%
Administrative expenses	<b>(616,155)</b>	(548,082)	12.4%
Impairment of financial assets	<b>(109,083)</b>	(94,934)	14.9%
Loss on derecognition of financial assets measured at amortised cost	<b>(613)</b>	(93)	559.1%
Financial costs	<b>(22,387)</b>	(16,913)	32.4%
Other expenses	<b>(19,345)</b>	(211,535)	-90.9%
Share of loss of associates	<b>(2,140)</b>	(3,453)	-38.0%
Share of profit of a joint venture	<b>15,776</b>	8,667	82.0%
<b>Profit before tax</b>	<b>1,618,674</b>	1,564,475	3.5%
Income tax expense	<b>(366,501)</b>	(369,721)	-0.9%
<b>Profit for the period</b>	<b>1,252,173</b>	1,194,754	4.8%
<b>Profit for the period attributable to owners of the parent</b>	<b>1,137,235</b>	1,097,060	3.7%
Basic earnings per share ( <i>RMB</i> )	<b>0.60</b>	0.58	3.7%
Diluted earnings per share ( <i>RMB</i> )	<b>0.57</b>	0.54	5.5%

## 2.2 Analysis of Business Revenue

In the first half of 2024, the Group recorded revenue of RMB6,542.7 million, among which the healthcare business segment recorded revenue of RMB3,887.7 million, representing an increase of 3.6% as compared to the corresponding period of the previous year, with its proportion to the total revenue increasing to 59.4%. The finance business segment recorded revenue of RMB2,667.3 million, representing a decrease of 10.7% as compared to the corresponding period of the previous year. The Group recorded gross profit from operations of RMB2,263.8 million, among which the healthcare business segment recorded gross profit of RMB633.5 million, representing an increase of 31.0% as compared to the corresponding period of the previous year, while the finance business segment recorded gross profit from operations of RMB1,534.4 million, representing a decrease of 9.8% as compared to the corresponding period of the previous year.

The following table sets forth the Group's revenue from the two major business segments:

	For the six months ended 30 June				
	2024		2023		Change %
	<i>RMB'000</i>	% of total	<i>RMB'000</i>	% of total	
	(Unaudited)		(Unaudited)		
Healthcare business	<b>3,887,652</b>	<b>59.4%</b>	3,750,857	55.7%	3.6%
Finance business	<b>2,667,298</b>	<b>40.8%</b>	2,988,243	44.3%	-10.7%
Offset	<b>(12,260)</b>	<b>-0.2%</b>	—	—	100.0%
Total	<b><u>6,542,690</u></b>	<b><u>100.0%</u></b>	<b><u>6,739,100</u></b>	<b><u>100.0%</u></b>	<b><u>-2.9%</u></b>

The following table sets forth the Group's gross profit from the two major business segments:

	For the six months ended 30 June				
	2024		2023		Change %
	<i>RMB'000</i>	% of total	<i>RMB'000</i>	% of total	
	(Unaudited)		(Unaudited)		
Healthcare business	<b>633,518</b>	<b>28.0%</b>	483,724	21.3%	31.0%
Finance business	<b>1,534,431</b>	<b>67.8%</b>	1,700,232	74.8%	-9.8%
Offset	<b>95,875</b>	<b>4.2%</b>	89,011	3.9%	7.7%
Total	<b><u>2,263,824</u></b>	<b><u>100.0%</u></b>	<b><u>2,272,967</u></b>	<b><u>100.0%</u></b>	<b><u>-0.4%</u></b>

## 2.2.1 Healthcare business

The Group's healthcare business includes integrated healthcare services, health technology business and specialties business. In the first half of 2024, the healthcare business recorded a revenue of RMB3,887.7 million, representing an increase of RMB136.8 million or 3.6% as compared to the corresponding period of the previous year, and recorded gross profit of RMB633.5 million, representing an increase of RMB149.8 million or 31.0% as compared to the corresponding period of the previous year.

The following table sets forth the Group's income from healthcare business:

	For the six months ended 30 June				Change %
	2024		2023		
	<i>RMB'000</i> (Unaudited)	% of total	<i>RMB'000</i> (Unaudited)	% of total	
<b>Healthcare business</b>					
Income from integrated healthcare services	<b>3,644,504</b>	<b>93.7%</b>	3,717,441	99.1%	-2.0%
Income from health technology business	<b>266,695</b>	<b>6.9%</b>	50,993	1.4%	423.0%
Income from specialties	<b>4,754</b>	<b>0.1%</b>	–	–	100.0%
Offset	<b>(28,301)</b>	<b>-0.7%</b>	(17,577)	-0.5%	61.0%
Total	<b><u>3,887,652</u></b>	<b><u>100.0%</u></b>	<u>3,750,857</u>	<u>100.0%</u>	<u>3.6%</u>

The following table sets forth the Group's gross profit from healthcare business:

	For the six months ended 30 June				Change %
	2024		2023		
	<i>RMB'000</i> (Unaudited)	% of total	<i>RMB'000</i> (Unaudited)	% of total	
<b>Healthcare business</b>					
Gross profit from integrated healthcare services	<b>527,160</b>	<b>83.2%</b>	455,189	94.1%	15.8%
Gross profit from health technology business	<b>107,485</b>	<b>17.0%</b>	27,916	5.8%	285.0%
Gross profit from specialties	<b>(1,846)</b>	<b>-0.3%</b>	–	–	-100.0%
Offset	<b>719</b>	<b>0.1%</b>	619	0.1%	16.2%
Total	<b><u>633,518</u></b>	<b><u>100.0%</u></b>	<u>483,724</u>	<u>100.0%</u>	<u>31.0%</u>

In the first half of 2024, the revenue and gross profit from the healthcare business of the Group showed a trend of rapid growth momentum, which was attributable to the following factors. Firstly, each of the medical institutions under the Group actively responded to factors such as the increase in the collection rate of national pharmaceuticals and medical consumables and the reform of medical insurance payment policy, and paid close attention to improving quality and efficiency, upgrading the core competencies, so as to steadily increase the operating efficiency. Secondly, the Group has continued to strengthen resource integration and orderly promote regional integrated development. As of the end of the first half of the year, 12 medical institutions have been placed under the direct management of large hospitals, realizing the development pattern of “Big Hospitals Running Small Hospitals” (大管小) and “Strong Hospitals Supporting Weak Hospitals” (強帶弱), and the synergistic development of hospitals has achieved initial success. Thirdly, in accordance with the development strategy of “endogenous development and extensional mergers and acquisitions” (內涵式發展和外延式併購), the health technology industries and specialties business will continue to improve its own capabilities and gather quality resources to facilitate the rapid development of the business.

#### *2.2.1.1 Integrated healthcare business*

Revenue from the Group’s integrated healthcare business mainly comes from the integrated healthcare services and supply chain business provided by the general hospitals. Revenue from healthcare services mainly includes revenue generated from the healthcare and examination, medicine and hygiene materials, physical examination and other services provided to outpatients, emergency patients and inpatients. Costs of healthcare services include costs of medicine and hygiene materials, labor costs as well as depreciation and amortization expenses.

In the first half of 2024, factors such as the increase in the collection rate of national pharmaceuticals and medical consumables, the reform of the medical insurance payment policy and the intensification of regional competition had a significant impact on the healthcare industry. Each of the medical institutions of the Group responded positively to the policy changes, strengthened its business development and enhanced the refined management level, resulting in a steady improvement in operating efficiency and business scale. In the first half of 2024, this business recorded a revenue of RMB3,644.5 million, representing a decrease of RMB72.9 million or 2.0% as compared to the corresponding period of the previous year; and achieved a gross profit of RMB527.2 million, representing an increase of RMB72.0 million or 15.8% as compared to the corresponding period of the previous year.

### *2.2.1.2 Health technology business*

The Group's health technology business mainly comprises the provision of life cycle management of medical equipment, medical device sales and provision of Internet-based healthcare services to medical institutions within and outside the Group.

In the first half of 2024, the Group continued to promote merger and acquisition projects in the health technology segment. Following the successful acquisition of the Casstar Project in the previous year, the Group successfully acquired the Shandong Tuo Zhuang Project and the Beijing ZTH Project this year, with the maintenance capacity covering the fields of medical imaging, life emergency, blood dialysis, ultrasound, and linear accelerator equipment, and thus further expanded the scope of the health technology business. In the first half of 2024, this business recorded a revenue of RMB266.7 million, representing an increase of RMB215.7 million, or 423.0% as compared to the corresponding period of the previous year; and recorded a gross profit of RMB107.5 million, representing an increase of RMB79.6 million, or 285.0% as compared to the corresponding period of the previous year.

### *2.2.1.3 Specialties business*

The Group's specialties business mainly consists of medical services provided from specialty hospitals focusing on nephrology, oncology, etc., and management services provided for the empowerment of general hospitals within the Group.

In the first half of 2024, the specialties business further improved its business layout by successfully acquiring five hemodialysis centers in Hainan Kangpurui while consolidating its service capabilities and strengthening internal hospital empowerment. In the first half of 2024, the Group realized a revenue of RMB4.8 million.

## **2.2.2 Finance business**

The Group's finance business includes comprehensive financial solutions centered on finance leasing provided for customers, and services such as industry, equipment and financing consulting, and department upgrades in medical institutions.

In the first half of 2024, the scale of newly registered assets in the finance leasing industry continued to decline, the contract amount signed recorded a year-on-year decrease and the competition in the market became increasingly fierce. The Group adhered to the development idea of "stabilizing operations, strengthening innovation and controlling risks", continuously strengthened market development, enhanced financing capacity, strictly controlled business risks and made every effort to consolidate the

performance foundation. In the first half of 2024, the finance business recorded a revenue of RMB2,667.3 million, representing a decrease of 10.7% as compared to the corresponding period of the previous year, and recorded a gross profit of RMB1,534.4 million, representing a decrease of 9.8% as compared to the corresponding period of the previous year.

The following table sets forth the Group's income from finance business:

	For the six months ended 30 June				
	2024		2023		Change %
	RMB'000 (Unaudited)	% of total	RMB'000 (Unaudited)	% of total	
<b>Finance business income</b>	<b>2,667,298</b>		2,988,243		-10.7%
Including:					
Finance service	<b>2,346,375</b>	<b>88.0%</b>	2,431,304	81.4%	-3.5%
Advisory service	<b>307,546</b>	<b>11.5%</b>	<b>556,647</b>	<b>18.6%</b>	<b>-44.8%</b>

The following table sets forth the gross profit of the Group's finance business:

	For the six months ended 30 June				
	2024		2023		Change %
	RMB'000 (Unaudited)	% of total	RMB'000 (Unaudited)	% of total	
<b>Gross profit from finance business</b>	<b>1,534,431</b>		1,700,232		-9.8%
Including:					
Finance service	<b>1,213,722</b>	<b>79.1%</b>	1,143,409	67.3%	6.1%
Advisory service	<b>307,546</b>	<b>20.0%</b>	<b>556,647</b>	<b>32.7%</b>	<b>-44.8%</b>

#### 2.2.2.1 Finance service business

The income from finance service business of the Group is the interest income generated by providing comprehensive financial solutions centered on finance leasing for customers in public hospitals, urban public utility and other fields in the PRC. In the first half of 2024, the Group recorded interest income of RMB2,346.4 million, representing a decrease of 3.5% as compared to the corresponding period of the previous year, and our gross profit amounted to RMB1,213.7 million, representing an increase of 6.1% as compared to the corresponding period of the previous year. The decrease in interest income was mainly attributable to the decline in both business allocation and project yields as

a result of the overall downturn in the finance leasing market and the intensifying competition within the industry. However, the Group absorbed the adverse impact of the decline in income through continuous optimization of financing cost, achieving a year-on-year growth in interest margin and gross profit.

The following table sets forth the Group's finance service income by industry:

	For the six months ended 30 June				
	2024		2023		Change %
	<i>RMB'000</i>	% of total	<i>RMB'000</i>	% of total	
(Unaudited)		(Unaudited)			
Healthcare	<b>342,585</b>	<b>14.6%</b>	545,125	22.4%	-37.2%
Urban public utility	<b>1,868,926</b>	<b>79.7%</b>	1,746,638	71.8%	7.0%
Other	<b>134,864</b>	<b>5.7%</b>	139,541	5.8%	-3.4%
Total	<b><u>2,346,375</u></b>	<b><u>100.0%</u></b>	<u>2,431,304</u>	<u>100.0%</u>	<u>-3.5%</u>

The following table sets forth the indicators of income from finance service business of the Group:

	30 June 2024			30 June 2023		
	Average	Interest	Average	Average	Interest	Average
	balance	income <sup>(1)</sup> / expense <sup>(2)</sup>	yield <sup>(3)</sup> / cost rate <sup>(4)</sup>	balance	income <sup>(1)</sup> / expense <sup>(2)</sup>	yield <sup>(3)</sup> / cost rate <sup>(4)</sup>
	<i>RMB'000</i>	<i>RMB'000</i>		<i>RMB'000</i>	<i>RMB'000</i>	
	(Unaudited)	(Unaudited)		(Unaudited)	(Unaudited)	
Interest-earning assets	<b>70,695,217</b>	<b>2,355,739</b>	<b>6.70%</b>	69,899,278	2,441,306	7.04%
Interest-bearing liabilities	<b>60,394,872</b>	<b>1,152,077</b>	<b>3.84%</b>	61,644,309	1,323,725	4.33%
Net interest margin <sup>(5)</sup>	-	-	<b>3.42%</b>	-	-	3.22%
Net interest spread <sup>(6)</sup>	-	-	<b>2.86%</b>	-	-	2.71%

- (1) Interest income represents the interest income from finance service business;
- (2) Interest expense represents financial cost of capital for finance service business;
- (3) Average yield = interest income/average balance of interest-earning assets;
- (4) Average cost rate = interest expense/average balance of interest-bearing liabilities, taking into account the effect of perpetual bonds;

- (5) Net interest margin = net interest income/average balance of interest-earning assets;
- (6) Net interest spread = average yield of interest-earning assets – average cost rate of interest-bearing liabilities.

In the first half of 2024, the Group's net interest spread of finance service business was 2.86%, representing an increase of 0.15 percentage point from 2.71% in the corresponding period of the previous year. Net interest spread is the difference between average yield of interest-earning assets and average cost rate of interest-bearing liabilities. The rebounding indicators was achieved during the period, mainly due to a significant reduction in financing costs, among which:

- (1) the average yield of interest-earning assets was 6.70%, representing a decrease of 0.34 percentage point from 7.04% in the corresponding period of the previous year. On one hand, affected by the overall downturn in the finance leasing market and intensified competition in the industry, the average yield of the interest-earning assets showed a downward trend as compared to the corresponding period of the previous year. On the other hand, faced with complicated financial environment at home and abroad, the Group implemented strict risk control, selected high-quality projects, took proactive initiatives to secure quality customers, and constantly optimized business structure, so as to facilitate high-quality implementation of various projects.
- (2) the average cost rate of interest-bearing liabilities of the Group was 3.84%, representing a decrease of 0.49 percentage point from 4.33% in the corresponding period of the previous year, which was mainly due to the following factors. Firstly, the impact of overseas high-cost existing loans has been gradually reduced, with the scale of overseas loans decreased by RMB2.360 billion year-on-year. The cost of financing of new overseas loans was controlled through interest rate locks, so as to realize the average comprehensive fund cost rate of overseas financing decreased by 0.30 percentage point year-on-year. Secondly, we made full use of the domestic banks lending window period, and realized a year-on-year decrease of 0.43 percentage point in the average comprehensive fund cost rate of domestic financing through advance repayment and negotiation with banks for lower interest rates.

#### *2.2.2.2 Advisory services business*

The Group's advisory services business includes industry, equipment and financing advisory services as well as clinical department upgrade advisory services. Leveraging on our expanding resources platform, and in accordance with the characteristics of clients' operation at all stages, we provided them

with valuable, flexible and diversified comprehensive services comprising finance services, equipment replacement, technology and management advice, clinical department upgrade advisory so as to improve the technical service capabilities and management efficiency of customers, thereby strengthening finance customers' stickiness. In the first half of 2024, the Group recorded gross profit from advisory services of RMB307.5 million, representing a decrease of 44.8% as compared to the corresponding period of the previous year.

### ***2.2.3 Operating cost***

In the first half of 2024, the Group's sales and distribution costs amounted to RMB181.1 million, representing an increase of 13.4% as compared to the corresponding period of the previous year, which was mainly due to acquisitions and expansion of the life cycle management business for medical equipment.

Administrative expenses amounted to RMB616.2 million, representing an increase of 12.4% as compared to the corresponding period of the previous year, which was attributable to the following factors. Firstly, the increase of business development personnel in the healthcare sector, the adjustment of performance incentive policies and the acquisition of new businesses have brought a period-to-period growth in labor costs. Secondly, with the effective promotion of hospital infrastructure construction, the service environment continued to improve, the information construction comprehensively developed, and the corresponding cost recorded a period-to-period growth.

### ***2.2.4 Profit before tax***

In the first half of 2024, the Group recorded profit before tax of RMB1,618.7 million, representing an increase of RMB54.2 million or 3.5% as compared to the corresponding period of the previous year. The growth in profit before tax was due to the steady improvement of economic benefits driven by the medical and health business through external mergers and acquisitions coupled with internal quality and efficiency enhancement; and the profit growth resulting from the continuous optimization of overseas financing in terms of financial business which significantly reduced the exchange lock-in costs.

### ***2.2.5 Profit for the period attributable to owners of the parent***

In the first half of 2024, the Group recorded profit for the period attributable to owners of the parent of RMB1,137.2 million, representing an increase of RMB40.2 million or 3.7% as compared to the corresponding period of the previous year.

## 2.3 The profit or loss of the general hospitals

As of 30 June 2024, the Group had 62 consolidated medical institutions. The profit or loss of the consolidated general hospitals (excluding investment platforms and supply chain companies) during the consolidation period is set out below.

In the first half of 2024, the consolidated general hospitals of the Group recorded revenue of RMB3,565.3 million, representing a decrease of 1.9% as compared to the corresponding period of the previous year; recorded profit for the period of RMB203.0 million, representing an increase of 8.2% as compared to the corresponding period of the previous year. The net profit margin was 5.69%, representing an increase of 0.53 percentage point from 5.16% in the corresponding period of the previous year. Excluding the impact of changes to the range of consolidated financial statements, the existing general hospitals of the Group recorded revenue of RMB3,565.3 million, representing an increase of 1.0% as compared to the corresponding period of the previous year; recorded profit for the period of RMB203.0 million, representing an increase of 12.9% as compared to the corresponding period of the previous year, and the net profit margin of 5.69%, representing an increase of 0.6 percentage point from 5.09% in the corresponding period of the previous year.

The following table sets forth the profit or loss of consolidated general hospitals of the Group during the consolidation period:

	<b>For the six months ended</b>		
	<b>30 June</b>		
	<b>2024</b>	2023	Change %
	<b>RMB'000</b>	RMB'000	
	<b>(Unaudited)</b>	(Unaudited)	
<b>Revenue</b>	<b>3,565,297</b>	3,632,791	-1.9%
Costs	<b>(3,070,853)</b>	(3,210,746)	-4.4%
<b>Gross profit</b>	<b>494,444</b>	422,045	17.2%
Other income and gains	<b>66,185</b>	65,194	4.6%
Selling and distribution costs	<b>(2,258)</b>	(2,191)	3.1%
Administrative expenses	<b>(318,948)</b>	(267,815)	19.1%
Impairment on financial assets	<b>(5,195)</b>	1,433	-462.5%
Other expenses	<b>(3,228)</b>	(7,921)	-59.2%
Financial costs	<b>(13,968)</b>	(7,391)	89.0%
<b>Profit before tax</b>	<b>219,032</b>	203,354	7.7%
Income tax expense	<b>(16,022)</b>	(15,792)	1.5%
<b>Profit for the period</b>	<b>203,010</b>	187,562	8.2%

## 2.4 The profit or loss of the equipment life cycle management business

As of 30 June 2024, the Group had 5 subsidiaries engaged in the equipment life cycle management business. The profit or loss of the equipment life cycle management business during the consolidation period is set out below.

In the first half of 2024, the Group's equipment life cycle management business recorded revenue of RMB263.7 million, representing an increase of RMB213.3 million, or 423.4%, as compared to the corresponding period of the previous year; recorded profit for the period of RMB33.0 million, representing an increase of RMB22.3 million or 208.5% as compared to the corresponding period of the previous year.

The following table sets forth the profit or loss of the equipment life cycle management business of the Group during the consolidation period:

	<b>For the six months ended</b>		Change %
	<b>30 June</b>		
	<b>2024</b>	2023	
	<b>RMB'000</b>	RMB'000	
	<b>(Unaudited)</b>	(Unaudited)	
<b>Revenue</b>	<b>263,684</b>	50,379	423.4%
Costs	<b>(158,829)</b>	(23,442)	577.5%
<b>Gross profit</b>	<b>104,855</b>	26,937	289.3%
Other income and gains	<b>4,548</b>	151	2911.9%
Selling and distribution costs	<b>(30,959)</b>	(9,846)	214.4%
Administrative expenses	<b>(40,251)</b>	(2,816)	1329.4%
Impairment on financial assets	<b>(621)</b>	–	100.0%
Other expenses	<b>(49)</b>	(75)	-34.7%
Financial costs	<b>(398)</b>	(73)	445.2%
<b>Profit before tax</b>	<b>37,125</b>	14,278	160.0%
Income tax expense	<b>(4,090)</b>	(3,569)	14.6%
<b>Profit for the period</b>	<b><u>33,035</u></b>	<u>10,709</u>	<u>208.5%</u>

### 3. FINANCIAL POSITION ANALYSIS

#### 3.1 Overview of Assets

As at 30 June 2024, the Group's total assets was RMB83,971.5 million, representing an increase of 4.5% as compared to the end of the previous year. In particular, our restricted deposits was RMB675.3 million, representing a decrease of 2.3% as compared to the end of the previous year and accounting for 0.8% of the total assets; our cash and cash equivalents was RMB2,144.7 million, representing a decrease of 24.7% as compared to the end of the previous year and accounting for 2.6% of the total assets; our loans and accounts receivables was RMB70,409.2 million, representing an increase of 4.7% as compared to the end of the previous year and accounting for 83.9% of the total assets.

The following table sets forth the assets analysis of the Group as of the dates indicated:

	30 June 2024		31 December 2023		Change %
	RMB'000 (Unaudited)	% of total	RMB'000 (Audited)	% of total	
Restricted deposits	675,348	0.8%	690,972	0.9%	-2.3%
Cash and cash equivalents	2,144,745	2.6%	2,848,973	3.5%	-24.7%
Inventories	453,441	0.5%	431,141	0.5%	5.2%
Loans and accounts receivables	70,409,199	83.9%	67,261,890	83.7%	4.7%
Prepayments, other receivables and other assets	1,557,546	1.9%	1,310,526	1.7%	18.8%
Property, plant and equipment	4,639,549	5.5%	4,391,417	5.5%	5.7%
Other intangible assets	184,752	0.2%	161,266	0.2%	14.6%
Investment in a joint venture	697,303	0.8%	496,472	0.6%	40.5%
Investment in associates	104,983	0.1%	107,123	0.1%	-2.0%
Deferred tax assets	722,588	0.9%	702,163	0.9%	2.9%
Derivative financial assets	456,199	0.5%	263,970	0.3%	72.8%
Right-of-use assets	1,430,806	1.7%	1,161,459	1.4%	23.2%
Goodwill	290,633	0.4%	286,538	0.4%	1.4%
Financial assets at fair value through profit or loss	191,279	0.2%	216,641	0.3%	-11.7%
Financial assets at fair value through other comprehensive income	13,128	0.0%	14,193	0.0%	-7.5%
<b>Total</b>	<b>83,971,499</b>	<b>100.0%</b>	<b>80,344,744</b>	<b>100.0%</b>	<b>4.5%</b>

The following table sets forth the assets of the Group by business segment as of the dates indicated:

	<u>30 June 2024</u>		<u>31 December 2023</u>		Change %
	<i>RMB'000</i> (Unaudited)	% of total	<i>RMB'000</i> (Audited)	% of total	
Healthcare business	14,444,371	17.2%	14,807,996	18.4%	-2.5%
Finance business	74,642,622	88.9%	73,018,465	90.9%	2.2%
Inter-segment offset	<u>(5,115,494)</u>	<u>-6.1%</u>	<u>(7,481,717)</u>	<u>-9.3%</u>	<u>-31.6%</u>
Total	<u>83,971,499</u>	<u>100.0%</u>	<u>80,344,744</u>	<u>100.0%</u>	<u>4.5%</u>

### ***3.1.1 Restricted deposits***

As at 30 June 2024, the Group had restricted deposits of RMB675.3 million, representing a decrease of 2.3% as compared to the end of the previous year. Restricted deposits mainly comprised restricted project refunds from factoring loans.

### ***3.1.2 Cash and cash equivalents***

As at 30 June 2024, the Group had cash and cash equivalents of RMB2,144.7 million, representing a decrease of 24.7% as compared to the end of the previous year. The balance of cash and cash equivalents will be gradually applied in accordance with the Group's business plan.

### ***3.1.3 Loans and accounts receivables***

As at 30 June 2024, the balance of the Group's loans and accounts receivables was RMB70,409.2 million, representing an increase of 4.7% as compared to the end of the previous year. The net interest-earning assets was RMB68,438.1 million, accounting for 97.2% of the loans and accounts receivables; and net accounts receivables was RMB1,949.2 million, accounting for 2.8% of the loans and accounts receivables.

#### ***3.1.3.1 Interest-earning assets***

In the first half of 2024, the Group strengthened its risk management and control in a prudent manner, and expanded the lease business with caution while ensuring asset security. As at 30 June 2024, the Group's net interest-earning assets was RMB70,425.3 million, representing an increase of RMB3,076.7 million, or 4.6%, as compared to the end of the previous year.

## Net interest-earning assets by industry

In the first half of 2024, the Group continued to lay emphasis on risk prevention and control of interest-earning assets. The Group focused on further exploration and development in the fields such as public hospitals and urban public utility based on the development prospect, profitability, revenue/risk profile, cash flow stability of the industry and other criteria, and on the basis of effective control of risks, it actively explored finance lease business in new sectors.

The following table sets forth the net interest-earning assets by industry:

	<u>30 June 2024</u>		<u>31 December 2023</u>		Change %
	<i>RMB'000</i> (Unaudited)	% of total	<i>RMB'000</i> (Audited)	% of total	
Healthcare	<b>10,031,857</b>	<b>14.2%</b>	12,418,950	18.4%	-19.2%
Urban public utility	<b>55,564,381</b>	<b>78.9%</b>	50,106,877	74.4%	10.9%
Others	<b>4,829,076</b>	<b>6.9%</b>	4,822,758	7.2%	0.1%
<b>Net interest-earning assets</b>	<b><u>70,425,314</u></b>	<b><u>100.0%</u></b>	<u>67,348,585</u>	<u>100.0%</u>	<u>4.6%</u>
<b>Less: Provision for interest-earning assets</b>	<b><u>(1,987,189)</u></b>		<u>(1,884,973)</u>		<u>5.4%</u>
<b>Net value of interest-earning assets</b>	<b><u>68,438,125</u></b>		<u>65,463,612</u>		<u>4.5%</u>

## The maturity profile of the net interest-earning assets

The Group formulated reasonable business investment strategies according to its strategic plan so as to ensure sustainable and steady cash inflow. As at 30 June 2024, the maturity profile of the Group's net interest-earning assets was relatively balanced.

The following table sets forth the maturity profile of the net interest-earning assets:

	<u>30 June 2024</u>		<u>31 December 2023</u>		Change %
	<i>RMB'000</i> (Unaudited)	% of total	<i>RMB'000</i> (Audited)	% of total	
Within 1 year	<b>29,167,250</b>	<b>41.4%</b>	24,832,825	36.9%	17.5%
1-2 years	<b>20,371,983</b>	<b>28.9%</b>	20,054,386	29.8%	1.6%
2-3 years	<b>12,145,920</b>	<b>17.3%</b>	12,902,305	19.1%	-5.9%
Over 3 years	<b>8,740,161</b>	<b>12.4%</b>	9,559,069	14.2%	-8.6%
<b>Net interest-earning assets</b>	<b><u>70,425,314</u></b>	<b><u>100.0%</u></b>	<b><u>67,348,585</u></b>	<b><u>100.0%</u></b>	<b><u>4.6%</u></b>

#### Quality of interest-earning assets

The Group has been implementing robust asset management policies and continuously adopting stringent and prudent asset classification policies. As at 30 June 2024, the Group had non-performing assets of RMB694.2 million, representing an increase of RMB31.8 million as compared to the end of the previous year. The Group continuously improved its risk management system, adopted effective risk prevention measures and increased efforts in the collection of non-performing assets. As at 30 June 2024, the Group's non-performing assets ratio was 0.99%.

The following table sets forth the classification of five categories of the net interest-earning assets of the Group:

	<u>30 June 2024</u>		<u>31 December 2023</u>		Change %
	<i>RMB'000</i> (Unaudited)	% of total	<i>RMB'000</i> (Audited)	% of total	
Pass	<b>63,176,537</b>	<b>89.71%</b>	60,239,150	89.45%	4.9%
Special attention	<b>6,554,539</b>	<b>9.30%</b>	6,446,992	9.57%	1.7%
Substandard	<b>485,109</b>	<b>0.69%</b>	435,705	0.64%	11.3%
Doubtful	<b>117,043</b>	<b>0.17%</b>	133,198	0.20%	-12.1%
Loss	<b>92,086</b>	<b>0.13%</b>	93,540	0.14%	-1.6%
<b>Net interest-earning assets</b>	<b><u>70,425,314</u></b>	<b><u>100.00%</u></b>	<u>67,348,585</u>	<u>100.00%</u>	<u>4.6%</u>
Non-performing assets <sup>(1)</sup>	<b>694,238</b>		662,443		4.8%
Non-performing assets ratio <sup>(2)</sup>	<b><u>0.99%</u></b>		<u>0.98%</u>		

(1) Non-performing assets are defined as those interest-earning assets having objective evidence of impairment as a result of one or more events that occur after initial recognition and that event has an impact on the future cash flows of interest-earning assets that can be reliably estimated. These interest-earning assets are classified as “substandard”, “doubtful” or “loss”.

(2) The non-performing assets ratio is the percentage of non-performing assets over net interest-earning assets as at the dates indicated.

*Note:* Please refer to “Management Discussion and Analysis – 7. Risk Management” in this announcement for more details of the five-category classification.

#### Ratio of overdue interest-earning assets

In the first half of 2024, the Group implemented prudent risk control and asset management policy, maintaining a stable performance of the risk management system. As at 30 June 2024, the overdue ratio (over 30 days) was 0.84%, representing a decrease of 0.05 percentage point as compared to the end of the previous year.

The following table sets forth the ratio of the Group's interest-earning assets overdue for over 30 days:

	<b>30 June 2024 (Unaudited)</b>	31 December 2023 (Audited)
Overdue ratio (over 30 days) <sup>(1)</sup>	<u><b>0.84%</b></u>	<u>0.89%</u>

(1) Calculated as net interest-earning assets (overdue for over 30 days) divided by net interest-earning assets.

#### Provision for interest-earning assets

As at 30 June 2024, the Group's provision coverage ratio was 286.24%, representing an increase of 1.69 percentage points as compared to the end of the previous year. With the expansion of its business, the Group's management believes that it is imperative to take prudent measures to protect the Group against systematic risks and move towards the international standards and practices. As such, the Group maintained its asset provision coverage ratio at a stable level.

The following table sets forth the breakdown of provisions by the Group's assessment methodology:

	<u>As at 30 June 2024</u>			Total <i>RMB'000</i> (Unaudited)
	Stage 1 (12-month expected credit loss) <i>RMB'000</i> (Unaudited)	Stage 2 (Lifetime expected credit loss) <i>RMB'000</i> (Unaudited)	Stage 3 (Lifetime expected credit loss – impaired) <i>RMB'000</i> (Unaudited)	
Net interest-earning assets	63,176,537	6,554,539	694,238	70,425,314
Provision for interest-earning assets	<u>(976,217)</u>	<u>(650,271)</u>	<u>(360,701)</u>	<u>(1,987,189)</u>
Net value of interest-earning assets	<u><b>62,200,320</b></u>	<u><b>5,904,268</b></u>	<u><b>333,537</b></u>	<u><b>68,438,125</b></u>

	As at 31 December 2023			Total <i>RMB'000</i> (Audited)
	Stage 1 (12-month expected credit loss) <i>RMB'000</i> (Audited)	Stage 2 (Lifetime expected credit loss) <i>RMB'000</i> (Audited)	Stage 3 (Lifetime expected credit loss – impaired) <i>RMB'000</i> (Audited)	
Net interest-earning assets	60,239,150	6,446,992	662,443	67,348,585
Provision for interest-earning assets	<u>(945,255)</u>	<u>(591,420)</u>	<u>(348,298)</u>	<u>(1,884,973)</u>
Net value of interest-earning assets	<u>59,293,895</u>	<u>5,855,572</u>	<u>314,145</u>	<u>65,463,612</u>

#### Write-off of interest-earning assets

The following table sets forth the write-off of interest-earning assets as of the dates indicated:

	<b>30 June 2024 <i>RMB'000</i> (Unaudited)</b>	31 December 2023 <i>RMB'000</i> (Audited)
Write-off	–	–
Non-performing assets as at the end of last year	<b>662,443</b>	644,117
Write-off ratio <sup>(1)</sup>	<u><b>0.0%</b></u>	<u>0.0%</u>

(1) The write-off ratio is calculated as the percentage of amount written-off of bad debts of interest-earning assets over the net non-performing assets as at the end of the previous year.

#### Asset-backed securities related assets, etc.

In the first half of 2024, the Group didn't dispose of interest-earning assets. The Group will actively expand the asset-backed securities business in the future based on the needs of business development. As at 30 June 2024, the balance of the subordinated shares held by the Group for the asset-backed securities business was RMB217.4 million. As an asset management service provider for off-balance sheet assets, the Group implemented prudent asset management policies in the

manner of on-balance sheet assets and strengthened asset process monitoring. The quality of off-balance sheet assets was steady as at 30 June 2024, with no significant abnormality in asset quality.

As at 30 June 2024, the balance of the Group's assets with continuing involvement was RMB325.9 million. In accordance with the accounting standards, for the above-mentioned asset-backed securities business, the Group continued to bear risks due to credit enhancement measures such as self-held subordinate shares. The Group recognized continuing involvement in assets and liabilities.

#### *3.1.3.2 Accounts receivable*

As at 30 June 2024, the Group's net accounts receivables was RMB1,949.2 million, representing an increase of RMB192.4 million or 11.0% as compared to the end of the previous year. The increase in accounts receivables was mainly due to the new merger and acquisition of health technology corporations and the growth in the scale of the equipment life-cycle business.

#### **3.1.4 Other assets**

As at 30 June 2024, the Group's balance of right-of-use assets was RMB1,430.8 million, representing an increase of RMB269.3 million as compared to the end of the previous year, which was mainly due to the increase in the amount of lease contracts caused by the renovation and expansion of the Group's affiliated subsidiaries and business expansion.

As at 30 June 2024, the Group's balance of property, plant and equipment was RMB4,639.5 million, representing an increase of RMB248.1 million as compared to the end of the previous year, which was mainly due to the increase in the balance of property, plant and equipment from the renovation and expansion works of the Group's affiliated medical institutions and the new merger and acquisition of health technology corporations.

As at 30 June 2024, the balance of the Group's investment in joint ventures was RMB697.3 million, which was the investment in Sichuan Huankang Hospital Management Co., Ltd. (四川環康醫院管理公司); the balance of investment in associates was RMB105.0 million, which was the investment in Genertec Digital Health Technology (Beijing) Co., Ltd. (通用技術集團健康數字科技(北京)有限公司), General Technology Group Medical Management Technology Co., Ltd. (通用技術集團健康管理科技有限公司) and Beijing Tongrentang Anshan Traditional Chinese Medicine Hospital Co., Ltd. (北京同仁堂鞍山中醫醫院有限公司).

As at 30 June 2024, the Group's balance of goodwill was RMB290.6 million, representing an increase of RMB4.1 million as compared to the end of the previous year and the goodwill of RMB4.1 million arising from the acquisition of the Shandong Tuo Zhuang Project.

## 3.2 Overview of Liabilities

As at 30 June 2024, the Group's total liabilities amounted to RMB61,680.1 million, representing an increase of RMB1,703.2 million, or 2.8%, as compared to the end of the previous year. The balance of interest-bearing bank and other borrowings amounted to RMB50,384.0 million, representing an increase of RMB2,734.4 million, or 5.7%, as compared to the end of the previous year, accounting for 81.7% of the total liabilities; balance of other payables and accruals amounted to RMB8,511.7 million, representing a decrease of RMB371.1 million, or 4.2%, as compared to the end of the previous year, accounting for 13.8% of the total liabilities.

The following table sets forth the Group's liabilities as at the dates indicated:

	<u>30 June 2024</u>		<u>31 December 2023</u>		Change %
	<i>RMB'000</i> (Unaudited)	% of total	<i>RMB'000</i> (Audited)	% of total	
Interest-bearing bank and other borrowings	<b>50,383,999</b>	<b>81.7%</b>	47,649,600	79.4%	5.7%
Trade and bills payables	<b>2,317,678</b>	<b>3.8%</b>	2,988,673	5.0%	-22.5%
Other payables and accruals	<b>8,511,693</b>	<b>13.8%</b>	8,882,765	14.8%	-4.2%
Derivative financial liabilities	<b>1,603</b>	<b>0.0%</b>	26,608	0.1%	-94.0%
Taxes payable	<b>139,183</b>	<b>0.2%</b>	119,641	0.2%	16.3%
Other non-current liabilities	<b>325,916</b>	<b>0.5%</b>	309,499	0.5%	5.3%
Total	<b><u>61,680,072</u></b>	<b><u>100.0%</u></b>	<u>59,976,786</u>	<u>100.0%</u>	<u>2.8%</u>

### 3.2.1 Interest-bearing bank and other borrowings

Since the beginning of this year, faced with the complicated economic environment at home and abroad, the Group was fully committed to the new development concept, and stepped up its efforts to build a new development pattern and establish a diversified, stable financing system at multiple levels with multiple channels. The Group has made continued efforts to enrich its financing varieties, optimize the financing structure, and strengthen the innovation of financing tools to maintain its competitive edge on the debt side. In the direct financing market, the Group introduced a new type of bonds of Sustainability-Linked Corporate Bond, boasted ever closer ties with its investors and continuously increased the number of stable investors by issuing multiple tranches of long- and short-term bonds in the interbank market and the Shanghai Stock Exchange

in a timely and efficient manner. In the indirect financing market, the Group focused on core financial institutions such as large state-owned commercial banks, joint-stock commercial banks, city commercial banks and foreign banks, and conducted extensive, in-depth and long-term cooperation in the direction of finance and industry in an active response to policies of banks. The ESG loan, green loan, fixed assets loan, and merger and acquisition loan projects have been implemented successively. Meanwhile, the Group continued to keep a keen watch on the international market and steadily promoted offshore syndicated and bilateral loans business to strongly support diversified and stable funding resources.

The Group's interest-bearing bank and other borrowings were mainly used to finance the capital requirement of our finance lease business. As at 30 June 2024, the balance of the Group's interest-bearing bank and other borrowings was RMB50,384.0 million, representing an increase of RMB2,734.4 million or 5.7% as compared to the end of the previous year. The borrowings of the Group are dominated in RMB, USD and HKD.

Breakdown of interest-bearing bank and other borrowings by type:

	<u>30 June 2024</u>		<u>31 December 2023</u>		Change %
	<i>RMB'000</i> (Unaudited)	% of total	<i>RMB'000</i> (Audited)	% of total	
Bank loans	<b>27,437,908</b>	<b>54.5%</b>	26,415,315	55.4%	3.9%
Due to related parties	<b>3,294,468</b>	<b>6.5%</b>	4,445,739	9.3%	-25.9%
Bonds	<b>19,107,332</b>	<b>37.9%</b>	16,458,383	34.6%	16.1%
Other loans	<b>544,291</b>	<b>1.1%</b>	330,163	0.7%	64.9%
Total	<b><u>50,383,999</u></b>	<b><u>100.0%</u></b>	<u>47,649,600</u>	<u>100.0%</u>	<u>5.7%</u>

As at 30 June 2024, the balance of the Group's bonds amounted to RMB19,107.3 million, which accounted for 37.9% of the total interest-bearing bank and other borrowings, representing an increase of 3.3 percentage points as compared to 34.6% at the end of the previous year. The Group took advantage of favorable conditions in the bond market and vigorously promoted direct financing, repeatedly issuing bonds at record-low coupon rates.

Breakdown of interest-bearing bank and other borrowings by currency:

	<u>30 June 2024</u>		<u>31 December 2023</u>		Change %
	<i><b>RMB'000</b></i> (Unaudited)	<i><b>% of total</b></i>	<i><b>RMB'000</b></i> (Audited)	<i><b>% of total</b></i>	
RMB	<b>40,205,736</b>	<b>79.8%</b>	38,504,534	80.8%	4.4%
USD	<b>5,849,455</b>	<b>11.6%</b>	6,090,920	12.8%	-4.0%
HKD	<b>4,328,808</b>	<b>8.6%</b>	3,054,146	6.4%	41.7%
Total	<b><u>50,383,999</u></b>	<b><u>100.0%</u></b>	<b><u>47,649,600</u></b>	<b><u>100.0%</u></b>	<b><u>5.7%</u></b>

As at 30 June 2024, the balance of the Group's interest-bearing bank and other borrowings denominated in USD and HKD was RMB10,178.3 million, which accounted for 20.2% of its total interest-bearing bank and other borrowings, representing a slight increase as compared to 19.2% at the end of the previous year. The Group continued its diversified financing strategy, controlled the scale of foreign currency financing in an appropriate manner for approximately 20%, and objectively managed the foreign exchange risk with foreign exchange derivatives.

Breakdown of the interest-bearing bank and other borrowings by region:

	<u>30 June 2024</u>		<u>31 December 2023</u>		Change %
	<i><b>RMB'000</b></i> (Unaudited)	<i><b>% of total</b></i>	<i><b>RMB'000</b></i> (Audited)	<i><b>% of total</b></i>	
Domestic	<b>39,505,736</b>	<b>78.4%</b>	37,804,534	79.3%	4.5%
Overseas	<b>10,878,263</b>	<b>21.6%</b>	9,845,066	20.7%	10.5%
Total	<b><u>50,383,999</u></b>	<b><u>100.0%</u></b>	<b><u>47,649,600</u></b>	<b><u>100.0%</u></b>	<b><u>5.7%</u></b>

As at 30 June 2024, the Group's domestic financing balance was RMB39,505.7 million, representing an increase of RMB1,701.2 million as compared to the end of the previous year, which accounted for 62.2% of the total increase of RMB2,734.4 million. Taking advantage of the relatively easing monetary policy in domestic market, the Group proactively explored domestic financing channels and pursued high-quality financing resources.

Breakdown of the current and non-current interest-bearing bank and other borrowings:

	<u>30 June 2024</u>		<u>31 December 2023</u>		Change %
	<i><b>RMB'000</b></i> (Unaudited)	<i><b>% of total</b></i>	<i><b>RMB'000</b></i> (Audited)	<i><b>% of total</b></i>	
Current	<b>19,103,149</b>	<b>37.9%</b>	22,537,605	47.3%	-15.2%
Non-current	<b>31,280,850</b>	<b>62.1%</b>	25,111,995	52.7%	24.6%
Total	<b><u>50,383,999</u></b>	<b><u>100.0%</u></b>	<b><u>47,649,600</u></b>	<b><u>100.0%</u></b>	<b><u>5.7%</u></b>

As at 30 June 2024, the total balance of the Group's current interest-bearing bank and other borrowings amounted to RMB19,103.1 million, which accounted for 37.9% of its total interest-bearing bank and other borrowings, representing a decrease of 9.4 percentage points as compared to 47.3% at the end of the previous year. The Group constantly optimizing financing maturity structure, therefore, the overall structure of assets and liabilities remained stable and favorable.

Breakdown of the secured and unsecured interest-bearing bank and other borrowings:

	<u>30 June 2024</u>		<u>31 December 2023</u>		Change %
	<i><b>RMB'000</b></i> (Unaudited)	<i><b>% of total</b></i>	<i><b>RMB'000</b></i> (Audited)	<i><b>% of total</b></i>	
Secured	<b>8,212,694</b>	<b>16.3%</b>	8,431,837	17.7%	-2.6%
Unsecured	<b>42,171,305</b>	<b>83.7%</b>	39,217,763	82.3%	7.5%
Total	<b><u>50,383,999</u></b>	<b><u>100.0%</u></b>	<b><u>47,649,600</u></b>	<b><u>100.0%</u></b>	<b><u>5.7%</u></b>

As at 30 June 2024, the Group's total secured interest-bearing bank and other borrowings amounted to RMB8,212.7 million, which accounted for 16.3% of its total interest-bearing bank and other borrowings, representing a decrease of 1.4 percentage points as compared to 17.7% at the end of the previous year. The Group was committed to enhancing its diversified financing capabilities and continuously improving financing conditions. The proportion of the secured interest-bearing bank and other borrowings slightly decreased.

Breakdown of the direct financing and indirect financing in interest-bearing bank and other borrowings:

	<u>30 June 2024</u>		<u>31 December 2023</u>		Change %
	<i><b>RMB'000</b></i> (Unaudited)	<i><b>% of total</b></i>	<i><b>RMB'000</b></i> (Audited)	<i><b>% of total</b></i>	
Direct financing	<b>19,107,332</b>	<b>37.9%</b>	16,689,509	35.0%	14.5%
Indirect financing	<b>31,276,667</b>	<b>62.1%</b>	30,960,091	65.0%	1.0%
Total	<b><u>50,383,999</u></b>	<b><u>100.0%</u></b>	<u>47,649,600</u>	<u>100.0%</u>	<u>5.7%</u>

As at 30 June 2024, the total balance of the direct financing of the Group's interest-bearing bank and other borrowings amounted to RMB19,107.3 million, which accounted for 37.9% of its total interest-bearing bank and other borrowings, representing an increase of 2.9 percentage points as compared to 35.0% at the end of the previous year. The Group continues to diligently cultivate both the direct and indirect financing markets, with a stable and balanced financing structure providing ample financial support for the Company's business development needs.

### ***3.2.2 Other payables and accruals***

Other payables and accruals primarily comprise the collection of payments related to asset-backed securities, the lease deposits paid by customers, the accrued interests on borrowings, as well as the accrued salary and welfare payables. As at 30 June 2024, other payables and accruals amounted to RMB8,511.7 million in total, representing a decrease of RMB371.1 million as compared to the end of the previous year, mainly due to decrease in the collection of payments related to asset-backed securities and lease deposits of the Group.

### 3.3 Shareholders' Equity

As at 30 June 2024, the Group's total equity was RMB22,291.4 million, representing an increase of RMB1,923.5 million or 9.4% as compared to the end of the previous year, among which the equity attributable to holders of convertible corporate bonds were RMB45.3 million, representing a decrease of RMB30.2 million or 40.0% as compared to the end of the previous year, which was mainly due to the partial exercise of put option by the holder of convertible bonds. The following table sets forth the equities as of the dates indicated:

	<u>30 June 2024</u>		<u>31 December 2023</u>		Change %
	<i>RMB'000</i> (Unaudited)	% of total	<i>RMB'000</i> (Audited)	% of total	
Share capital	<b>5,297,254</b>	<b>23.8%</b>	5,297,254	26.0%	0.0%
Equity attributable to holders of convertible corporate bonds <sup>(1)</sup>	<b>45,291</b>	<b>0.2%</b>	75,486	0.4%	-40.0%
Reserves	<b>11,613,239</b>	<b>52.1%</b>	<u>10,305,001</u>	<u>50.6%</u>	<u>12.7%</u>
Equity attributable to owners of the parent	<b>16,955,784</b>	<b>76.1%</b>	15,677,741	77.0%	8.2%
Equity attributable to holders of renewable corporate bonds <sup>(2)</sup>	<b>2,165,515</b>	<b>9.7%</b>	1,672,433	8.2%	29.5%
Non-controlling interests	<b>3,170,128</b>	<b>14.2%</b>	<u>3,017,784</u>	<u>14.8%</u>	<u>5.0%</u>
Total	<b><u>22,291,427</u></b>	<b><u>100.0%</u></b>	<u>20,367,958</u>	<u>100.0%</u>	<u>9.4%</u>

(1) On 25 March 2021, Genertec Universal Medical Development (BVI) Co., Ltd., a wholly-owned subsidiary of the Company, issued the convertible bonds in an aggregate principal amount of USD150 million, which are guaranteed by the Company and bear the interest rate of 2% per annum. The net proceeds raised from the issue of the convertible bonds, after deduction of the related expenses, were approximately USD148 million.

On 22 February 2024, CCP Leasing II Limited, a holder of the convertible bonds, despatched a put option exercise notice to the BVI Company in respect of US\$60 million in aggregate principal amount of the convertible bonds together with the relevant interest accrued but unpaid up, and then exercised the put option within the specified time. The remaining aggregate principal amount of the convertible bonds due in 2026 was US\$90 million. On 19 June 2024, the conversion price was adjusted from HKD6.09 to HKD5.89 due to declaration and payment of dividends by the Company.

(2) On 27 March 2023, CULC, a wholly-owned subsidiary of the Company, issued the renewable corporate bonds of an aggregate principal amount of RMB300 million in the PRC, with a basic term of two years from 27 March 2023. CULC will, at the end of the agreed basic term and each extended period, be entitled to an option to extend the term of the bonds. The bonds are with a fixed interest rate of 4.8%. The issue price is RMB100 per bond, which is equal to 100% of the principal value of the corporate bonds for the current period.

On 29 June 2023, CULC issued the renewable corporate bonds of an aggregate principal amount of RMB600 million in the PRC, with a basic term of two years from 29 June 2023. CULC will, at the end of the agreed basic term and each extended period, be entitled to an option to extend the term of the bonds. The bonds are with a fixed interest rate of 4.3%. The issue price is RMB100 per bond, which is equal to 100% of the principal value of the corporate bonds for the current period.

On 7 September 2023, CULC issued the renewable corporate bonds of an aggregate principal amount of RMB500 million in the PRC, with a basic term of one year from 7 September 2023. CULC will, at the end of the agreed basic term and each extended period, be entitled to an option to extend the term of the bonds. The bonds are with a fixed interest rate of 3.38%. The issue price is RMB100 per bond, which is equal to 100% of the principal value of the corporate bonds for the current period.

On 27 December 2023, CULC issued the perpetual medium-term notes of an aggregate principal amount of RMB250 million in the PRC, with a basic term of two years from 27 December 2023. CULC will, at the end of the agreed basic term and each extended period, be entitled to an option to extend the term of the notes. Such notes will have a fixed coupon rate during the first term. At the end of the first term and each extended period, the coupon rate is subject to reset. The issue price is RMB100 per note, which is equal to 100% of the principal value of the notes.

On 22 April 2024, CULC issued the renewable corporate bonds of an aggregate principal amount of RMB500 million in the PRC, with a basic term of three years from 22 April 2024. CULC will, at the end of the agreed basic term and each extended period, be entitled to an option to extend the term of the bonds. The bonds are with a fixed interest rate of 2.99%. The issue price is RMB100 per bond, which is equal to 100% of the principal value of the corporate bonds.

#### **4. CASH FLOWS ANALYSIS**

In the first half of 2024, the Group's net cash outflow from operating activities amounted to RMB1,973.1 million, representing a decrease of outflow of RMB1,366.5 million as compared to the corresponding period of the previous year, which was mainly due to the decline in regular finance business allocation due to the overall downturn in the market, while new business was in the exploration stage and had yet to take shape. Net cash outflow from investing activities amounted to RMB525.1 million, representing an increase of outflow of RMB156.4 million as compared to the corresponding period of the previous year, primarily due to a continuous increase in the investment in the infrastructure projects and medical equipment so as to improve the medical environment and hospital operating efficiency. Net cash inflow from financing activities amounted to RMB1,793.3 million, representing a decrease of inflow of RMB1,675.1 million as compared to the corresponding period of the previous year, primarily due to the decrease in financing demands as a result of the decrease in finance business scale.

The following table sets forth the cash flows for the periods indicated:

	<b>For the six months ended</b>		Change %
	<b>30 June</b>		
	<b>2024</b>	2023	
	<b>RMB'000</b>	RMB'000	
	<b>(Unaudited)</b>	(Unaudited)	
Net cash flows used in operating activities	<b>(1,973,075)</b>	(3,339,573)	-40.9%
Net cash flows used in investing activities	<b>(525,092)</b>	(368,700)	42.4%
Net cash flows generated from financing activities	<b>1,793,299</b>	3,468,353	-48.3%
Effect of exchange rate changes on cash and cash equivalents	<b>640</b>	70,632	-99.1%
	<u><b>640</b></u>	<u>70,632</u>	<u>-99.1%</u>
Net decrease in cash and cash equivalents	<u><b>(704,228)</b></u>	<u>(169,288)</u>	<u>316.0%</u>

## 5. CAPITAL MANAGEMENT

The primary objective of the Group's capital management activities is to ensure that it maintains healthy capital ratios, so as to support the Group's business and maximize its shareholders' benefits. The Group uses debt ratio and gearing ratio to monitor its capital status. As at 30 June 2024, no change was made to the Group's objectives, policies or processes for capital management.

### Debt ratio

	<b>30 June</b>	31 December
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
Total assets	<b>83,971,499</b>	80,344,744
Total liabilities	<b>61,680,072</b>	59,976,786
Total equity	<b>22,291,427</b>	20,367,958
Debt ratio	<u><b>73.45%</b></u>	<u>74.65%</u>

## Gearing ratio

	<b>30 June 2024</b>	31 December 2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
Interest-bearing bank and other borrowings	<b>50,383,999</b>	47,649,600
Total equity	<b>22,291,427</b>	20,367,958
Gearing ratio	<b><u>2.26</u></b>	<u>2.34</u>

As at 30 June 2024, the Group's debt ratio and gearing ratio decreased as compared to the end of the previous year.

## 6. CAPITAL EXPENDITURE

The Group's capital expenditure primarily consists of expenditure on the purchase of medical equipment, other equipment expenditure relating to the Group's operating lease business, construction expenditure on hospital projects and expenditure relating to office facilities. In the first half of 2024, the Group had capital expenditure of RMB607.5 million.

## 7. RISK MANAGEMENT

The Group's principal financial instruments include interest-earning assets, trade receivables, trade payables, interest-bearing bank and other borrowings, and cash and cash equivalents. The main purpose of cash and cash equivalents and interest-bearing bank and other borrowings is to finance the Group's operations while other financial assets and financial liabilities such as trade receivables and trade payables are directly related to the Group's operating activities.

The Group is exposed to various types of market risks in the ordinary course of business, primarily including interest rate risk, currency risk, credit risk and liquidity risk.

### 7.1 Interest Rate Risk

Interest rate risk is the risk arising from the fluctuation of financing instrument or future cash flows as a result of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates primarily relates to the Group's interest-bearing bank and other borrowings and interest-earning assets.

A principal part of the Group's management of interest rate risk is to monitor the sensitivity of projected net interest income under varying interest rate scenarios (simulation modeling). The Group aims to mitigate the impact of prospective interest rate movements which could reduce future net interest income, while balancing the cost of such risk mitigation measure.

The following table sets forth a sensitivity analysis on the Group's profit before tax affected by a reasonably possible change in interest rate, with all other variables unchanged. The sensitivity of the profit before tax is the effect of the assumed changes in interest rates on profit before tax, based on the financial assets and financial liabilities held at the end of each reporting period subject to repricing within the coming year.

	<b>Increase/(decrease) in profit before tax</b>	
	<b>30 June 2024</b>	31 December 2023
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
<b>Change in base points</b>		
+100 base points	<b>(61,806)</b>	(98,220)
-100 base points	<b>61,806</b>	98,220

## 7.2 Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in exchange rates. The Group's exposure to the risk of changes in foreign exchange relates primarily to the financing activities of the Group.

The Group conducts its business mainly in RMB, with certain financing activities denominated in USD and other currencies pegged to the USD. The Group's currency risk mainly arises from the transactions denominated in currencies other than RMB. In order to control currency risk, the Group adopted prudent currency risk management strategies which hedges risk exposures one by one under comprehensive risk exposure management. It proactively hedged against foreign exchange exposure based on the currency and terms through using the operation of financial instruments such as forward exchange rate. As of 30 June 2024, the Group's exposure to foreign exchange risk amounted to approximately USD1,414.8 million, USD1,400.3 million or 98.98% of which had been hedged against by various financial instruments. Thus, the Group's exposure to foreign exchange risk is basically covered.

The table below sets forth a sensitivity analysis on the Group's profit before tax affected by a reasonably possible change in exchange rate:

	Change in exchange rate %	Increase/(decrease) in profit before tax	
		30 June 2024 <i>RMB'000</i> (Unaudited)	31 December 2023 <i>RMB'000</i> (Audited)
If RMB strengthens against USD/HKD	(1)	1,049	78
If RMB weakens against USD/HKD	1	(1,049)	(78)

The exchange rate of RMB to USD is managed under a floating exchange rate system. The HKD exchange rate has been linked to the USD and therefore the exchange rate of RMB to HKD has fluctuated and will fluctuate in line with the changes in the exchange rate of RMB to USD. The analysis calculates the effect of a reasonably possible movement in the currency rate against RMB, with all other variables held constant, on profit before tax.

### 7.3 Credit Risk

Credit risk is the risk of loss arising from a lessee's or counterparty's inability to meet its obligations. The Group enters into transactions only with recognized and creditworthy third parties. In accordance with the policy of the Group, the Group examines and verifies the credit risk of all customers with whom the Group has credit transactions. Besides, the Group monitors and controls the interest-earning assets regularly to mitigate the risk of significant exposure to bad debts. Other financial assets of the Group include cash and bank deposits, accounts receivables and other receivables. The credit risk of these financial assets arises from the counterparty's inability to meet its obligations. The maximum exposure to credit risk equals to the carrying amounts of these assets.

In determining the classification of its interest-earning assets, the Group applies a set of criteria pursuant to its internal policies. These criteria are designed to assess the likelihood of repayment by the borrower and the collectability of principal and interest on the interest earning assets of the Group. Interest-earning assets classification criteria of the Group focus on a number of factors, to the extent applicable, and include the following criteria:

### ***Classification criteria***

**Pass.** There is no reason to doubt that the loan principal and interest will not be repaid by the lessee in full and/or in a timely manner. There is no reason whatsoever to suspect that the interest-earning assets will be impaired.

**Special Mention.** Even though the lessee has been able to pay the lease payments in a timely manner, there are still some factors that could adversely affect its ability to pay. These factors include changes in economy, policies and regulations and industry environment, changes in property structures, significant negative events and significant fall in key financial indicators occurred to lessees, sharp lag of infrastructure projects behind the original plan, or heavy overrun of budget, impact of changes in core asset value on repayment abilities of the lessees, as well as emerging of position relating to guarantors impacting their financial and operating conditions. In addition, the Group takes into account impacts of subjective factors on asset quality such as changes in repayment willingness of the lessees, for example, if payments have been overdue and the financial position of the lessee has worsened, then the interest-earning assets for this lease contract should be classified as special mention or lower.

**Substandard.** The lessee's ability to pay the principal and interests of the interest-earning assets is in question as it is unable to pay the principal and interests of the lease payment in full with its operating revenues and the Group is likely to incur losses notwithstanding the enforcement of any guarantees. For example, if a lease payment that has been categorized as special mention continues to be overdue for a period of time, then the interest-earning assets for this lease contract should be classified as substandard or lower.

**Doubtful.** The lessee's ability to pay is in question as it is unable to make lease payments in full and on a timely basis with its operating revenues. Notwithstanding the enforcement of any guarantees underlying the lease contract, the Group are likely to incur significant losses. For example, if a lease payment that has been categorized as substandard continues to be overdue for a period of time, the interest-earning assets for this lease contract shall be classified as doubtful or lower.

**Loss.** After taking all possible steps or going through all necessary legal procedures, lease payments remain overdue or only a very limited portion has been recovered. For example, if a lease payment that has been categorized as doubtful continues to be overdue for a period of time, the interest-earning assets for this lease contract shall be classified as a loss.

### ***Asset management measures***

Under the overall risk management framework, the Group fully participated in the asset management works, with multi-sectorial coordination and collaboration, to maintain the safety of assets and improve the asset quality. During the whole process of each of the finance lease project, the Group took risk management measures to monitor the quality of its asset portfolio, the quality of the assets underlying its leases and the efficiency of its credit assessment workflow. These measures are integrated into on-going asset management efforts of the Group with the following key features:

#### *Continuously improving the management process after the lease and regularly monitoring the asset portfolio*

The Group continued to improve the management process after lease and strengthened the coordination of various departments to ensure the rent collection and the collateral security, as well as enhancing asset quality. During the year, the Group constantly monitored the collection of rental payments from our customers. For projects with overdue lease receivables, we would adopt a variety of measures to collect the overdue receivables, and collect data to facilitate our classification of risky assets.

#### *On-site customer visits*

The Group formulated and implemented an annual on-site visit plan and inspected the business development and financial conditions of its customers on a continuing basis, during which cross-selling opportunities could also be explored for providing more value-added services. Through on-site visits, the customers would be urged to pay the rent on time more consciously and they would be more willing to communicate with the Group.

#### *Material events handling and reporting procedures*

The Group implemented a material events reporting system. If any material adverse event occurs to customers, a responsible department should take the lead and collaborate and coordinate with various departments to actively respond to the situation. Meanwhile, such event would need to be reported to the senior management and the Board.

#### *Regular assessments on asset quality and update on reclassification*

The Group adopted the expected credit loss model to classify its assets related to interest earning assets. Under this categorization system, the Group's assets related to interest-earning assets are divided into five categories, namely "pass", "special mention", "substandard", "doubtful" and "loss". The last three categories of assets are considered as non-performing assets. The Group applied a series of criteria in determining the classification of each of its assets, which focus on a number of factors, including (1) the customer's ability to make lease payments; (2) the customer's payment history; (3) the customer's willingness

to make lease payments; (4) the collateral provided for the lease; and (5) the possibility of legal enforcement in the event of delinquent lease payments. The Group closely monitored the asset quality by focusing on the aforementioned factors, and would decide whether to reclassify such assets and adopt appropriate measures to improve their management. The Group has also established concrete management measures for making relevant provisions for impairment to the extent such impairment is reasonably envisaged.

### ***Credit Risk Analysis***

#### *Analysis on the industry concentration of interest-earning assets*

Credit risk is often greater when lessees are concentrated in one single industry or geographical location or have comparable economic characteristics. Customers of the Group are diversely located in different regions of the Chinese mainland, and its lessees are from different industries as follows:

	<u>30 June 2024</u>		<u>31 December 2023</u>	
	<b><i>RMB'000</i></b> <b><i>(unaudited)</i></b>	<b><i>% of total</i></b>	<b><i>RMB'000</i></b> <b><i>(audited)</i></b>	<b><i>% of total</i></b>
Healthcare	<b>10,031,857</b>	<b>14.2%</b>	12,418,950	18.4%
Urban public utility	<b>55,564,381</b>	<b>78.9%</b>	50,106,877	74.4%
Others	<b>4,829,076</b>	<b>6.9%</b>	4,822,758	7.2%
Total	<b><u>70,425,314</u></b>	<b><u>100.0%</u></b>	<b><u>67,348,585</u></b>	<b><u>100.0%</u></b>

Although the customers of the Group are mainly concentrated in the healthcare industry and urban public utility industry, there is no significant credit risk concentration within the Group as healthcare industry relates closely to people's basic livelihood and is weakly correlated to the economic cycle, the development fundamentals of urban public utility are sound, and systematic risks are under control.

The data of exposure to credit risk arises from loans and accounts receivables, other receivables, derivative financial instruments and credit commitments. The analysis of financial assets which are neither past due nor impaired is as follows:

	<b>30 June 2024 RMB'000 (unaudited)</b>	31 December 2023 RMB'000 (audited)
Net interest-earning assets	<b>69,280,801</b>	66,498,898
Accounts receivables	<b>1,949,184</b>	1,756,800
Other receivables	<b>512,522</b>	501,158
Derivative financial assets	<b>456,199</b>	263,970
Notes receivable	<b>21,890</b>	41,478

#### **7.4 Liquidity Risk**

Liquidity risk is the risk arising from funds not being available to meet liabilities as they fall due. This may arise from mismatches in amounts or duration with regard to the maturity of financial assets and liabilities.

The Group manages its liquidity risk through daily, weekly, monthly and quarterly monitoring with the following objectives: maintaining flexibility in funding by keeping sufficient available loan facilities or loan commitments provided by banks and other financial institutions, making projections of cash flows and evaluating the appropriateness of current asset/liability position, and maintaining an efficient internal funds transfer mechanism.

The table below summarizes the maturity profile of the Group's financial assets and liabilities based on the contractual undiscounted cash flows:

	On demand	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	Infinite	Total
	<i>RMB'000</i>						
<b>30 June 2024 (unaudited)</b>							
Total financial assets	3,663,386	12,257,834	22,785,645	45,354,492	20,000	2,778	84,084,135
Total financial liabilities	(206,959)	(6,955,443)	(19,016,648)	(36,959,265)	(939,178)	-	(64,077,493)
Net liquidity gap <sup>(1)</sup>	<u>3,456,427</u>	<u>5,302,391</u>	<u>3,768,997</u>	<u>8,395,227</u>	<u>(919,178)</u>	<u>2,778</u>	<u>20,006,642</u>
<b>31 December 2023 (audited)</b>							
Total financial assets	3,103,504	10,201,521	21,317,899	46,921,596	-	2,778	81,547,298
Total financial liabilities	(107,548)	(7,709,850)	(22,435,101)	(30,083,157)	(553,448)	-	(60,889,104)
Net liquidity gap <sup>(1)</sup>	<u>2,995,956</u>	<u>2,491,671</u>	<u>(1,117,202)</u>	<u>16,838,439</u>	<u>(553,448)</u>	<u>2,778</u>	<u>20,658,194</u>

(1) A positive liquidity gap indicates financial assets are more than financial liabilities and there is no funding gap, while a negative net liquidity gap indicates otherwise.

The Group will reasonably arrange the term of financial liabilities to control the liquidity risk.

## 8. PLEDGE OF GROUP ASSETS

As at 30 June 2024, the Group had interest-earning assets of RMB9,010.5 million and cash of RMB675.3 million pledged or paid to banks to secure the bank borrowings and other borrowings.

## 9. MATERIAL INVESTMENTS, ACQUISITIONS AND DISPOSALS

In the first half of 2024, the Group had no material investments, acquisitions or disposals of subsidiaries.

## 10. CIRCUMSTANCES INCLUDING CONTRACTUAL OBLIGATIONS, CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

### 10.1 Contingent Liabilities

	<b>30 June 2024</b>	31 December 2023
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(unaudited)</b>	(audited)
Legal proceedings	-	-
Claimed amounts	-	-
	<u>          -</u>	<u>          -</u>

### 10.2 Capital Commitments and Credit Commitments

The Group had the following capital commitments and credit commitments as at each of the dates indicated:

	<b>30 June 2024</b>	31 December 2023
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
	<b>(unaudited)</b>	(audited)
Capital expenditure under signed contracts but not appropriated <sup>(1)</sup>	<b>1,404,710</b>	864,754
Credit commitments <sup>(2)</sup>	<b>800,000</b>	2,069,000
	<u>          1,404,710</u>	<u>          2,933,754</u>

(1) Capital expenditure under signed contracts but not appropriated during the period mainly represents unpaid amounts for medical equipment under contracts signed by hospitals and the unpaid amounts for construction and operation projects contracted by hospitals.

(2) Credit commitments refer to the amount, conditional and revocable, under approved lease contracts but not appropriated by settlement date.

## 11. HUMAN RESOURCES

As of 30 June 2024, we had a total of 21,521 employees, representing an increase of 897 or 4.35% compared to 20,624 employees as of 30 June 2023, which is mainly due to transfer of employees from acquired hospitals.

We have a highly-educated and high-quality work force, with about 65.36% of our employees holding bachelor's degrees and above, about 6.45% holding master's degrees and above, about 39.56% with intermediate title and above, and about 13.3% with senior vice title and above as of 30 June 2024.

We have established and implemented a flexible and efficient employee incentive compensation plan to link the remuneration of our employees to their overall performance and contribution to the Group. We have established a performance-based remuneration and award system based on their overall performance and accomplishment of work targets. We promote employees based on their positions, service term and overall performance by categorizing them into professional or managerial group, which provides our employees with a clear career development path. We perform a comprehensive performance evaluation over our employees at different positions and levels on an annual basis according to business objective obligations and achievement of key objectives.

In accordance with applicable PRC regulations, we have made contributions to social security insurance funds (including pension insurance, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds for our employees. We also provide other insurance plans for eligible employees such as supplementary pension, additional medical insurance and accident insurance in addition to those required under the PRC regulations. As of 30 June 2024, the Group complied with all statutory social insurance and housing fund obligations applicable to the Group under the PRC laws in all material respects.

## **DIVIDEND**

The Board does not declare any interim dividend for the six months ended 30 June 2024.

## **CORPORATE GOVERNANCE CODE**

The Company has applied the principles and code provisions as set out in the CG Code and has adopted the CG Code as its own code of corporate governance.

During the period from 1 January 2024 to 30 June 2024, the Company has complied with all code provisions as set out in the CG Code save for the deviation from code provision B.2.2.

Code provision B.2.2 of the CG Code stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. However, pursuant to the Articles, the executive Directors shall not be subject to the rotational retirement provision, without prejudice of the power of shareholders in general meeting to remove any such Director. To ensure continuity of leadership and stability for growth of the Company, the Board is of the view that the executive Directors should hold office on a continuous basis.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Securities Dealing Code on terms no less exacting than the Model Code as set out in Appendix C3 to the Listing Rules to regulate the Directors and employees' dealings in the Company's securities.

Having made specific enquiry to all the Directors (including Ms. Peng Jiahong who resigned during the accounting period covered by this interim results announcement), all of them confirmed that they have complied with the Model Code and the Securities Dealing Code throughout the period from 1 January 2024 or the date of his appointment as Director (as the case may be) and up to the date of her resignation as Director or to the date of this announcement (as the case may be) to.

No incident of non-compliance of the Securities Dealing Code by the relevant employees was noted by the Company.

## **REVIEW OF FINANCIAL INFORMATION**

The Company has established the Audit Committee in compliance with Rule 3.21 of the Listing Rules. It comprises three members, namely Mr. Li Yinquan (chairman), Mr. Chow Siu Lui and Mr. Tong Chaoyin.

The Audit Committee has discussed with the management and the auditor and reviewed the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2024 and this announcement.

In addition, Ernst & Young, the auditor of the Company, has independently reviewed the interim condensed consolidated financial statements of the Group for the six months ended 30 June 2024 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

## **DISCLOSURE UNDER SECTION 436 OF THE COMPANIES ORDINANCE**

The financial information relating to the year ended 31 December 2023 that is included in these unaudited condensed interim consolidated financial statements for the six months ended 30 June 2024 as comparative information does not constitute the statutory annual consolidated financial statements of the Company for that year but is derived from those consolidated financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2023 to the Registrar of Companies as required under section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor has submitted a report on the consolidated financial statements for the year ended 31 December 2023. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2024.

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This results announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company's website at [www.umcare.cn](http://www.umcare.cn), respectively. The interim report of the Company for the six months ended 30 June 2024 containing all the information required under the Listing Rules will be despatched to the requesting shareholders of the Company and published on the above-mentioned websites in due course.

## DEFINITIONS

“Articles”	the articles of association of the Company
“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the board of Directors
“CG Code”	the “Corporate Governance Code” contained in Appendix C1 (formerly Appendix 14) to the Listing Rules
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong, which has become effective from 3 March 2014), as amended, supplemented or otherwise modified from time to time
“Company” or “Universal Medical”	Genertec Universal Medical Group Company Limited (通用環球醫療集團有限公司) (formerly known as Universal Medical Financial & Technical Advisory Services Company Limited (環球醫療金融與技術諮詢服務有限公司), Universal Medical Services & Health Management Company Limited (環球醫療服務有限公司) and Universal International Leasing Co., Limited (環球國際租賃有限公司)), a company incorporated with limited liability under the laws of Hong Kong on 19 April 2012
“CULC”	China Universal Leasing Co., Ltd. (中國環球租賃有限公司), a wholly foreign-owned enterprise incorporated in China on 1 November 1984 and a wholly-owned subsidiary of the Company
“Director(s)”	the director(s) of the Company
“DRG/DIP”	Diagnosis Related Groups/Diagnosis-Intervention Packet
“Group”, “we” or “us”	the Company and its subsidiaries
“GT-PRC”	China General Technology (Group) Holding Company Limited (中國通用技術(集團)控股有限責任公司), a state-owned enterprise under the direct administration of the PRC central government, and one of the controlling shareholders of the Company
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time

“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 (formerly Appendix 10) to the Listing Rules
“PRC” or “China”	The People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Securities Dealing Code”	the Company’s own code of conduct regarding directors’ and employees’ dealings in the Company’s securities
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares
“Share Option Scheme”	the share option scheme adopted by the Company on 31 December 2019
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TCM”	traditional chinese medicine
“Universal Technology Services”	Genertec Universal Medical Technology Services (Tianjin) Co., Ltd. (通用環球醫療技術服務(天津)有限公司)
“USD”	United States dollars, the lawful currency of the United States
“%”	per cent

By order of the Board of Directors  
**Genertec Universal Medical Group**  
**Company Limited**  
**通用環球醫療集團有限公司**  
**Chen Shisu**  
*Chairman of the Board*

Hong Kong, 28 August 2024

*As at the date of this announcement, the executive Directors are Mr. Chen Shisu (Chairman), Mr. Wang Wenbing and Ms. Wang Lin; the non-executive Directors are Mr. Chan Kai Kong (Vice-chairman), Mr. Tong Chaoyin, Mr. Xu Ming and Mr. Zhu Ziyang; and the independent non-executive Directors are Mr. Li Yinquan, Mr. Chow Siu Lui, Mr. Xu Zhiming and Mr. Chan, Hiu Fung Nicholas.*