



# IVD MEDICAL HOLDING LIMITED 華檢醫療控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1931

## 2024 Interim Report



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# CORPORATE INFORMATION

## DIRECTORS

### Executive Directors

- Mr. Ho Kuk Sing (*Chairman of the Board and Chief Executive Officer*)  
Mr. Leung King Sun (*resigned with effect from 28 March 2024*)  
Mr. Lin Xianya  
Mr. Chan Siu Kei Ken (*appointed with effect from 28 March 2024*)  
Mr. Law Kim Fai (*appointed with effect from 28 March 2024*)

### Non-executive Directors

- Ms. Yao Haiyun  
Mr. Yang Zhaoxu (*resigned with effect from 8 March 2024*)  
Mr. Sun Tao (*resigned with effect from 30 January 2024*)  
Mr. Liu Fei (*appointed with effect from 8 March 2024*)

### Independent Non-executive Directors

- Mr. Lau Siu Ki (*resigned with effect from 28 March 2024*)  
Mr. Zhong Renqian  
Dr. Leung Ka Sing  
Mr. Wong Sze Lok (*appointed with effect from 28 March 2024*)

## COMPANY SECRETARY

- Ms. Lam Wai Yan (*resigned with effect from 1 July 2024*)  
Mr. Law Kim Fai (*appointed with effect from 28 March 2024*)

## AUTHORISED REPRESENTATIVES

- Mr. Leung King Sun (*resigned with effect from 28 March 2024*)  
Mr. Law Kim Fai (*appointed with effect from 28 March 2024*)  
Ms. Lam Wai Yan (*resigned with effect from 1 July 2024*)  
Mr. Chan Siu Kei Ken (*appointed with effect from 1 July 2024*)

## AUDIT COMMITTEE

- Mr. Lau Siu Ki (*Chairman*) (*resigned with effect from 28 March 2024*)  
Mr. Wong Sze Lok (*Chairman*) (*appointed with effect from 28 March 2024*)  
Mr. Zhong Renqian  
Dr. Leung Ka Sing

## REMUNERATION COMMITTEE

- Mr. Lau Siu Ki (*Chairman*) (*resigned with effect from 28 March 2024*)  
Mr. Wong Sze Lok (*Chairman*) (*appointed with effect from 28 March 2024*)  
Mr. Leung King Sun (*resigned with effect from 28 March 2024*)  
Dr. Leung Ka Sing  
Mr. Law Kim Fai (*appointed with effect from 28 March 2024*)

## NOMINATION COMMITTEE

- Mr. Ho Kuk Sing (*Chairman*)  
Mr. Lau Siu Ki (*resigned with effect from 28 March 2024*)  
Dr. Leung Ka Sing  
Mr. Wong Sze Lok (*appointed with effect from 28 March 2024*)

## REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA

Room 602, Building 6  
Lane 299, Bisheng Road  
Zhangjiang Hi-Tech Park  
Pudong New Area District  
Shanghai, China

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1703  
Grandtech Centre  
8 On Ping Street  
Sha Tin  
Hong Kong

## AUDITOR

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

## HONG KONG LEGAL ADVISER

HW Lawyers  
2511-2512, 25/F  
K11 Atelier King's Road  
728 King's Road  
Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited  
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

## COMPANY WEBSITE

[www.ivdholding.com](http://www.ivdholding.com)

## PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited  
(Hong Kong Branch)  
Bank of Communications Co. Ltd.  
(Hong Kong Branch)  
Hang Seng Bank (China) Limited  
(Shanghai Branch)  
The Hongkong and Shanghai Banking Corporation Limited

## LISTING INFORMATION AND STOCK CODE

The Company's ordinary shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock Code: 1931.HK)

# FINANCIAL HIGHLIGHTS

## Six months ended 30 June

	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	Change
Revenue	<b>1,353,470</b>	1,377,314	(1.7%)
Gross profit	<b>324,692</b>	301,540	7.7%
Profit for the period	<b>127,566</b>	104,002	22.7%
Profit attributable to owners of the parent	<b>125,288</b>	103,009	21.6%
Adjusted profit for the period <i>(Non-GAAP, see Note)</i>	<b>127,790</b>	117,396	8.9%
Adjusted profit attributable to owners of the parent <i>(Non-GAAP, see Note)</i>	<b>125,502</b>	116,403	7.8%
<b>Earnings per share</b>			
Basic and diluted (RMB cents)	<b>9.27</b>	7.62	1.65

For the six months ended 30 June 2024 (the “**Reporting Period**”), IVD Medical Holding Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) achieved a revenue of RMB1,353,470 thousand, which represented a decrease of 1.7% as compared to the same period of 2023.

Profit of the Group for the Reporting Period also recorded an increase of 22.7% as compared to the same period of 2023. Such increase was primarily due to the increase in gross profit margin of the Group’s after-sales services business.

Note: Adjusted profit for the period and adjusted profit attributable to owners of the parent are non-GAAP financial measures and are calculated by profit for the period and profit attributable to owners of the parent excluding the impact of certain non-operating items which affect the results presented in the financial statements but are not indicative of the operating performance of the Group, with the intent to provide the shareholders of the Company (the “**Shareholders**”) and potential investors with useful supplementary information to assess the performance of the Group’s core operations. See also the paragraph headed “Adjusted profit for the period” on page 24 of this interim report for more information and calculation of these non-GAAP financial measures.



# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS OVERVIEW

The Group is a leading distributor of IVD products in the People's Republic of China ("PRC"). The Group is also engaged in the research, development, manufacturing and sales of its self-branded IVD products. The Group has been able to increase its market share and profits steadily by taking advantage of its competitive and diverse product portfolio, extensive distribution network and hospital coverage.

During the Reporting Period, the Group recorded a revenue of RMB1,353,470 thousand, representing a decrease of 1.7% as compared to the corresponding period of 2023. The Group's profit for the period increased by 22.7% to RMB127,566 thousand for the Reporting Period.

### Business Segments

The Group's business in the Reporting Period can be broadly categorised into the following three segments:

- **Distribution Business**

The distribution of IVD products forms the cornerstone of the Group's business. It primarily involves the trading of IVD analysers, reagents and other consumables to customers such as distributors, hospitals and healthcare institutions and logistics providers. The Group's distribution of IVD products was primarily conducted through Vastec Medical Equipment (Shanghai) Co., Ltd. ("**Vastec**"), a subsidiary of the Company. Vastec is primarily engaged in the distribution of Sysmex Corporation's ("**Sysmex**") haemostasis products in the PRC. It has been the sole national distributor of Sysmex's haemostasis products with exclusive distribution rights in the PRC since 1997 and also procures a diversified portfolio of IVD products from other leading international brands for distribution in the PRC. As of 30 June 2024, approximately 6,723 of Sysmex haemostasis analysers have been installed by the Group and in use at hospitals and healthcare institutions accumulatively.

Having worked together for 26 years, Vastec and Sysmex Shanghai Ltd. both agreed to enhance the parties' cooperation in order to better tackle market changes in the future, and entered into the Strategic Cooperation Agreements in 2023, under which the parties agreed to amend Vastec's distribution right, and to cooperate in relation to the shareholding structure of Vastec. In particular, Vastec's distribution right to distribute Sysmex's haemostasis products in designated areas in China has been amended from a specified period right to a long-term right. Pursuant to these Strategic Cooperation Agreements, Sysmex Shanghai Ltd. has made a capital injection to, and has become a shareholder of, Vastec.

The Group also provides 4 Thrombotic Markers<sup>(Note)</sup> products manufactured by Sysmex to the market. These products adopt highly sensitive chemiluminescence technology, which may facilitate early diagnosis of thrombosis and fibrinolysis. As of 30 June 2024, 105 Sysmex haemostasis immunoassay analysers which performed the 4 Thrombotic Markers have been installed by the Group at the hospitals and healthcare institutions in the PRC.

In addition, the Group provides solution services to the clinical laboratories of hospitals. This has enabled the Group to establish and maintain direct relationships with local medical practitioners so as to keep the Group close to the frontline of the medical practice and the market demand of IVD products. In the first half of 2024, the Group provided solution services to six Class III hospitals in the PRC. Solution services contributed revenue of RMB117,462 thousand for the Reporting Period, representing an increase of 4.7% as compared to RMB112,227 thousand for the six months ended 30 June 2023. Such increase was primarily due to the increase in operation of hospitals.

Through years of operations, the Group has established an expansive distribution network across 31 provinces, municipalities and autonomous regions in the PRC with an extensive hospital coverage. As of 30 June 2024, the Group had 234 (as of 30 June 2023: 240) direct customers, including hospitals and healthcare institutions, and 950 (as of 30 June 2023: 935) distributors in its established distribution network. As of 30 June 2024, the Group also covered 1,641 Class III hospitals mainly through its sub-distribution networks in the PRC, which further enhanced the competitiveness of the Group.

- **After-sales Services**

Apart from distributing IVD products in the PRC, the Group also derived its revenue from providing after-sales services to end customers of Sysmex's haemostasis analysers in the PRC. In 2017, Vastec entered into an after-sales services agreement with Sysmex to provide after-sales services to haemostasis analysers procured by its end customers. The after-sales services provided by Vastec generally include maintenance and repair services, installation services and end customer trainings. Vastec primarily provides its after-sales services to hospitals and healthcare institutions. During the Reporting Period, the after-sales services business has been sustainably and steadily developing.

Note: 4 Thrombotic Markers refer to: 1) TAT: Thrombin-antithrombin complex 凝血酶-抗凝血酶複合物, 2) PIC: Plasmin- $\alpha$ 2-plasmin inhibitor complex 纖溶酶- $\alpha$ 2 纖溶酶抑制物複合物, 3) TM: Thrombomodulin 血栓調節蛋白, 4) t-PAI-C: Tissue plasminogen activator/plasminogen activator inhibitor-1 complex 組織纖溶酶原激活物-纖溶酶原激活物抑制劑-1 複合物.



- **Self-branded Products Business**

The Group engages in the research, development, manufacturing and sales of IVD analysers and reagents under its own brand. The Group's self-branded IVD reagents were manufactured by Suzhou DiagVita Biotechnology Co., Ltd. and Bazoe Medical Co., Ltd. ("**Bazoe**"), and the Group's IVD analysers were produced by the Group's subsidiary, Langmai Biotechnology (Shandong) Co., Ltd. ("**Langmai**"). The Group distributes its self-developed IVD products under its own brand which includes IVD analysers and reagents primarily under the IVD testing category of Point-of-care testing ("**POCT**"), mass spectrometry and microbiology.

The Group has actively engaged in research projects to further develop its self-branded products business since listing. Over the past few years, the Group has invested in Bazoe and Langmai to develop its self-branded products of mass spectrometry and microbiology. The Group also cooperated with iCarbonX and set up an associate for IVD research and development and manufacturing, which focuses on molecular diagnostics reagents.

During the Reporting Period, operating losses amounting to RMB5,012 thousand from the operation of above projects has been included in the profit attributable to owners of the parent, as the projects are still in the early research stages. The losses did not have a material impact on the Group's operation and financial results.

### INDUSTRY OVERVIEW

The continual growth of the healthcare market in the PRC is driven by a combination of favourable socio-economic factors including (i) the growth of the PRC population's disposable income and spending on healthcare, (ii) the increase of the overall PRC population and the accelerated ageing population, (iii) the expansion of the PRC economy, and (iv) strong support from the PRC government on healthcare spending as well as on continuous technological innovation. The Group expects that there will be significant growth potential for the healthcare market, especially the medical device market in the PRC. The integrated distribution value chain of the Group will provide strong support for the Group's development in the future.

According to Frost & Sullivan, by 2027, the PRC IVD market at ex-factory price level is projected to reach RMB278.7 billion with a compound annual growth rate ("**CAGR**") of 15.7% during 2021 to 2027. In the future, the IVD market is expected to grow with the aggravating trend of an ageing population, the growth of medical expenses per capita and the progress of technological development.

The PRC IVD market can be divided into six major segments based on the testing principles: haematology and body fluid, clinical chemistry, immunoassay, molecular, microbiology and POCT. According to Frost & Sullivan, haematology and body fluid test includes haemostasis analysis and urinalysis had a market share of approximately 15.9% in mainland China in 2021 at ex-factory price level.

Haemostasis analysis IVD market in the PRC at ex-factory price level reached RMB5.0 billion in 2021, and the market was highly concentrated, with top three market players dominating the market with a cumulative market share of 77.7%.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Sales revenue of haemostasis analysis IVD products generated by tier 1 distributors in the PRC reached RMB6.0 billion in 2021. Vastec is the market leader by sales revenue in the PRC tier 1 distributed haemostasis analysis IVD market, with a total market share of 43.2% in 2021 and penetration rate of 74.0% among China Top 100 Hospitals selected by Hospital Management Institute, Fudan University on 10 November 2019. By 2027, PRC tier 1 distributed haemostasis analysis IVD market is projected by Frost & Sullivan to reach RMB15.7 billion in terms of sales revenue with a CAGR of 17.5% during 2021 to 2027, an increase from former projection of CAGR of 13.3% due to the decreasing adverse impact of the COVID-19 pandemic.

### BUSINESS OUTLOOK AND DEVELOPMENT STRATEGIES

The Company's successful listing on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 12 July 2019 provided the Group with a good opportunity for future development. With the support of the capital market, the Group will consolidate its leading position in the IVD industry in the PRC and adopt active development strategies, including but not limited to the following:

#### **Expand product portfolio, the reach of distribution network and hospital coverage**

To capitalise on the high growth potential in the IVD market, the Group aims to continuously expand its product portfolio by diversifying product categories, increasing brand coverage, and expanding the breadth of its distribution network and hospital coverage. To achieve these purposes, the Group intends to (i) establish and maintain relationships with well-known IVD manufacturers and suppliers by way of stocking sufficient target IVD products to secure more distribution rights; (ii) strengthen its relationship with hospitals in urban areas, community clinics at the provincial and municipal levels and other customers in rural areas; and (iii) establish a new department and hire more sales personnel to manage the expansion of its distribution coverage.

### **Continue to develop its distribution business by enhancing its capacity in providing solution services**

The Group has been providing solution services to hospitals in the PRC since 2013. By being the general supplier of the clinical laboratory department in such hospitals, the Group participates in the design of laboratory layout, provides centralised procurement of IVD products, conducts real-time inventory monitoring and provides other after-sale services to clinical laboratories. Through years of operations, the Group has accumulated a wealth of operational experience and a diversified product portfolio, thus being able to promote the same to other hospitals and healthcare institutions. The Group plans to hire more sales personnel to manage the promotion and marketing of solution services of the Group and to stock sufficient IVD products of various brands to strengthen the Group's advantages in centralized procurement. In addition, the Group intends to continuously participate in national and local IVD symposiums and academic conferences to enhance brand awareness.

### **Further improve research and development capabilities of the Group and accelerate the expansion of self-branded products customer base and engage in artificial intelligence related projects**

Strong research and development capabilities are critical to securing future development and sustainable growth of the Group. The Group intends to invest more resources to further improve its research and development capabilities by acquiring equipment, instruments and hiring experts in the relevant fields. The Group will engage in research projects to further develop its self-branded IVD products which are of promising market potential. The Group is also keen to further strengthen its product quality management, and optimise the performance and applicability of self-developed products to improve market competitiveness. With a high cost performance ratio of own brand/domestic products, the Group will be able to penetrate the mid to low-end market and to establish a broader customer base consisting of medical institutions in second or third-tier cities or those at grassroots level. The Group is actively exploring opportunities in business cooperations including technical exchanges. Furthermore, the Group intends to further the use of artificial intelligence (the "AI") in the Group's operation, which could enhance the Group's IVD product development efforts, and AI-powered tools and analytics could provide valuable insights in assistance of the research, testing and data analysis for the Group's IVD product portfolio.

### FINANCIAL REVIEW

#### Overview

The financial summary set out below is extracted or calculated from the unaudited interim condensed consolidated financial statements of the Group for the Reporting Period which were prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*.

During the Reporting Period, the Group recorded revenue of RMB1,353,470 thousand, representing a decrease of RMB23,844 thousand or 1.7% as compared to the corresponding period of 2023.

During the Reporting Period, the Group recorded a profit for the period of RMB127,566 thousand, representing an increase of RMB23,564 thousand or 22.7% as compared to the corresponding period of 2023. Profit attributable to owners of the parent amounted to RMB125,288 thousand, representing an increase of RMB22,279 thousand or 21.6% as compared to the corresponding period of 2023.

During the Reporting Period, the Group recorded non-GAAP adjusted profit for the period of RMB127,790 thousand, representing an increase of RMB10,394 thousand or 8.9% as compared to the corresponding period of 2023.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

For the six months ended 30 June

	2024	2023	Change
	RMB'000	RMB'000	
<b>Operating Results</b>			
Revenue	<b>1,353,470</b>	1,377,314	(1.7%)
Gross profit	<b>324,692</b>	301,540	7.7%
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	<b>211,802</b>	191,864	10.4%
Profit for the period	<b>127,566</b>	104,002	22.7%
Profit attributable to owners of the parent	<b>125,288</b>	103,009	21.6%
Adjusted profit for the period ( <i>Note 1</i> )	<b>127,790</b>	117,396	8.9%
Adjusted profit attributable to owners of the parent ( <i>Note 1</i> )	<b>125,502</b>	116,403	7.8%
<b>Financial Ratios</b>			
Gross profit margin (%) ( <i>Note 2</i> )	<b>24.0%</b>	21.9%	increased by 2.1 percentage point
Net profit margin (%) ( <i>Note 2</i> )	<b>9.4%</b>	7.6%	increased by 1.8 percentage point
Adjusted profit margin for the period (%) ( <i>Note 3</i> )	<b>9.4%</b>	8.5%	increased by 0.9 percentage point
Return on assets (%) ( <i>Note 2</i> )	<b>2.5%</b>	2.3%	increased by 0.2 percentage point
Return on equity (%) ( <i>Note 2</i> )	<b>3.7%</b>	3.2%	increased by 0.5 percentage point
Average turnover days of trade receivables (days) ( <i>Note 2</i> )	<b>62</b>	70	(8)
Average turnover days of inventories (days) ( <i>Note 2</i> )	<b>217</b>	122	95
Average turnover days of trade payables (days) ( <i>Note 2</i> )	<b>98</b>	53	45



## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

	30 June 2024 RMB'000	31 December 2023 RMB'000	Change
<b>Financial Position</b>			
Total assets	<b>5,328,067</b>	4,785,052	11.3%
Equity attributable to owners of the parent	<b>3,393,653</b>	3,344,935	1.5%
Cash and cash equivalents	<b>1,589,593</b>	1,224,786	29.8%
<b>Financial Ratios</b>			
Current ratio (times) ( <i>Note 2</i> )	<b>2.1</b>	2.5	(0.4)
Quick ratio (times) ( <i>Note 2</i> )	<b>1.3</b>	1.6	(0.3)
Debt to equity ratio (times) ( <i>Note 2</i> )	<b>0.2</b>	0.1	0.1

Note 1: Adjusted profit for the period and adjusted profit attributable to owners of the parent are non-GAAP financial measures and are calculated by profit for the period and profit attributable to owners of the parent excluding certain non-operating items which the Company considers to be not indicative of the operating performance of the Group. See also the paragraph headed "Adjusted profit for the period" on page 24 of this interim report for more information and calculation of these non-GAAP financial measures.

Note 2: Gross profit margin equals gross profit divided by revenue.

Net profit margin equals net profit divided by revenue.

Return on assets equals net profit divided by average total assets during the Reporting Period.

Return on equity equals net profit attributable to owner of the parent divided by average equity attributable to owner of the parent during the Reporting Period.

Average turnover days of trade receivables equal to the average of the opening and closing balances of receivables of the Reporting Period divided by revenue and multiplied by 181 days.

Average turnover days of inventories equal to the average of the opening and closing balances of inventories of the Reporting Period divided by cost of sales and multiplied by 181 days.

Average turnover days of trade payables equal to the average of the opening and closing balances of trade payables of the Reporting Period divided by cost of sales and multiplied by 181 days.

Current ratio equals total current assets divided by total current liabilities as at the end of the Reporting Period.

Quick ratio equals total current assets less inventories divided by total current liabilities as at the end of the Reporting Period.

Debt to equity ratio equals total debt divided by total equity as at the end of the Reporting Period. Debt means interest-bearing borrowings.

Note 3: Adjusted profit margin for the period is calculated by adjusted profit for the period (a non-GAAP financial measure, the calculation method is the same as set out in Note 1 above), divided by the revenue for the Reporting Period.

## REVENUE

Revenue of the Group amounted to RMB1,353,470 thousand for the Reporting Period, representing a decrease of 1.7% compared to RMB1,377,314 thousand for the six months ended 30 June 2023.

### Revenue by business segment

The table below sets out the breakdown of the Group's revenue by business segment for the periods indicated:

Business segment	For the six months ended 30 June				Change
	2024		2023		
	RMB'000	%	RMB'000	%	
Distribution business	<b>1,253,634</b>	<b>92.7</b>	1,293,002	93.9	(3.0%)
After-sales services	<b>95,258</b>	<b>7.0</b>	78,163	5.7	21.9%
Self-branded products business	<b>4,578</b>	<b>0.3</b>	6,149	0.4	(25.5%)
<b>Total</b>	<b>1,353,470</b>	<b>100.0</b>	1,377,314	100.0	(1.7%)

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Revenue by product type

The table below sets out the breakdown of the Group's revenue generated from distribution business and self-branded products business by product type for the periods indicated:

Product type	2024		2023		Change
	RMB'000	%	RMB'000	%	
IVD analysers					
– Distribution business	<b>87,032</b>	<b>7.0</b>	140,801	10.9	(38.2%)
– Self-branded products business	<b>584</b>	<b>0.0</b>	1,728	0.1	(66.2%)
Subtotal	<b>87,616</b>	<b>7.0</b>	142,529	11.0	(38.5%)
IVD reagents and other consumables					
– Distribution business	<b>1,166,602</b>	<b>92.7</b>	1,152,201	88.7	1.2%
– Self-branded products business	<b>3,994</b>	<b>0.3</b>	4,421	0.3	(9.7%)
Subtotal	<b>1,170,596</b>	<b>93.0</b>	1,156,622	89.0	1.2%
Total	<b>1,258,212</b>	<b>100.0</b>	1,299,151	100.0	(3.2%)

### Revenue by channel

The table below sets out the breakdown of the Group's revenue generated from distribution business and self-branded products business by sales channels for the periods indicated:

Sales channel	2024		2023		Change
	RMB'000	%	RMB'000	%	
Distribution business					
– Distributors	<b>980,511</b>	<b>77.8</b>	1,044,019	80.3	(6.1%)
– Hospitals and healthcare institutions	<b>187,882</b>	<b>15.0</b>	169,563	13.1	10.8%
– Logistics providers	<b>85,241</b>	<b>6.8</b>	79,420	6.1	7.3%
Subtotal	<b>1,253,634</b>	<b>99.6</b>	1,293,002	99.5	(3.0%)
Self-branded products business					
– Distributors	<b>4,336</b>	<b>0.4</b>	4,651	0.4	(6.8%)
– Hospitals and healthcare institutions	<b>242</b>	<b>0.0</b>	1,498	0.1	(83.8%)
Subtotal	<b>4,578</b>	<b>0.4</b>	6,149	0.5	(25.6%)
Total	<b>1,258,212</b>	<b>100.0</b>	1,299,151	100.0	(3.2%)

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Cost of sales

Cost of sales of the Group amounted to RMB1,028,778 thousand for the Reporting Period, representing a decrease of 4.4% compared to RMB1,075,774 thousand for the six months ended 30 June 2023.

### Cost of sales by business segment

The table below sets out the breakdown of the Group's cost of sales by business segment for the periods indicated:

Business segment	2024		2023		Change
	RMB'000	%	RMB'000	%	
Distribution business	<b>986,628</b>	<b>95.9</b>	1,026,309	95.4	(3.9%)
After-sales services	<b>40,912</b>	<b>4.0</b>	47,784	4.4	(14.4%)
Self-branded products business	<b>1,238</b>	<b>0.1</b>	1,681	0.2	(26.4%)
<b>Total</b>	<b>1,028,778</b>	<b>100.0</b>	1,075,774	100.0	(4.4%)

### Cost of sales by product type

The table below sets out the breakdown of the Group's cost of sales for distribution business and self-branded products business by product type for the periods indicated:

Product type	For the six months ended 30 June				
	2024		2023		Change
	RMB'000	%	RMB'000	%	
IVD analysers					
– Distribution business	<b>72,164</b>	<b>7.3</b>	112,581	10.9	(35.9%)
– Self-branded products business	<b>148</b>	<b>0.0</b>	737	0.1	(79.9%)
Subtotal	<b>72,312</b>	<b>7.3</b>	113,318	11.0	(36.2%)
IVD reagents and other consumables					
– Distribution business	<b>914,464</b>	<b>92.6</b>	913,728	88.9	0.1%
– Self-branded products business	<b>1,090</b>	<b>0.1</b>	944	0.1	15.5%
Subtotal	<b>915,554</b>	<b>92.7</b>	914,672	89.0	0.1%
Total	<b>987,866</b>	<b>100.0</b>	1,027,990	100.0	(3.9%)

### Gross profit and gross profit margin

Gross profit represents revenue less cost of sales. Gross profit of the Group amounted to RMB324,692 thousand for the Reporting Period, representing an increase of 7.7% as compared to RMB301,540 thousand for the six months ended 30 June 2023. Such increase was primarily due to the increase in gross profit margin of after-sales services.



## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Gross profit margin is calculated as gross profit divided by revenue. Gross profit margin of the Group was 24.0% for the Reporting Period, increased from 21.9% for the six months ended 30 June 2023, which was primarily due to the decrease in cost of services rendered.

### Gross profit and gross profit margin by business segment

The table below sets out the breakdown of the Group's gross profit and gross profit margin by business segment for the periods indicated:

Business segment	For the six months ended 30 June				
	2024		2023		Change
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %	
Distribution business					
– IVD analysers	<b>14,868</b>	<b>17.1</b>	28,220	20.0	(47.3%)
– IVD reagents and other consumables	<b>252,138</b>	<b>21.6</b>	238,473	20.7	5.7%
Subtotal	<b>267,006</b>	<b>21.3</b>	266,693	20.6	0.1%
After-sales services	<b>54,346</b>	<b>57.1</b>	30,379	38.9	78.9%
Self-branded products business					
– IVD analysers	<b>436</b>	<b>74.7</b>	991	57.3	(56.0%)
– IVD reagents and other consumables	<b>2,904</b>	<b>72.7</b>	3,477	78.6	(16.5%)
Subtotal	<b>3,340</b>	<b>73.0</b>	4,468	72.7	(25.3%)
Total	<b>324,692</b>	<b>24.0</b>	301,540	21.9	7.7%

### Gross profit and gross profit margin by product type

The table below sets out the breakdown of the Group's gross profit and gross profit margin for distribution business and self-branded products business by product type for the periods indicated:

Product type	For the six months ended 30 June				
	2024		2023		Change
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %	
IVD analysers					
– Distribution business	<b>14,868</b>	<b>17.1</b>	28,220	20.0	(47.3%)
– Self-branded products business	<b>436</b>	<b>74.7</b>	991	57.3	(56.0%)
Subtotal	<b>15,304</b>	<b>17.5</b>	29,211	20.5	(47.6%)
IVD reagents and other consumables					
– Distribution business	<b>252,138</b>	<b>21.6</b>	238,473	20.7	5.7%
– Self-branded products business	<b>2,904</b>	<b>72.7</b>	3,477	78.6	(16.5%)
Subtotal	<b>255,042</b>	<b>21.8</b>	241,950	20.9	5.4%
Total	<b>270,346</b>	<b>21.5</b>	271,161	20.9	(0.3%)

### Other income and gains

Other income and gains of the Group amounted to RMB9,528 thousand for the Reporting Period, representing a decrease of 49.7% compared to RMB18,957 thousand for the six months ended 30 June 2023. Such decrease was primarily due to the absence of foreign exchange gain, which is partially offset by the increase in government subsidies received.

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
<u>Other income</u>		
Bank interest income	1,766	1,749
Government subsidies	6,775	3,720
Others	946	656
Subtotal	9,487	6,125
<u>Gains</u>		
Gain on disposal of items of property, plant and equipment	41	94
Gain on termination/modification of lease contracts	–	8
Exchange gain	–	12,730
Subtotal	41	12,832
Total	9,528	18,957

### Selling and distribution expenses

Selling and distribution expenses of the Group amounted to RMB60,090 thousand for the Reporting Period, representing a decrease of 0.8% compared to RMB60,568 thousand for the six months ended 30 June 2023.

### Administrative expenses

Administrative expenses of the Group amounted to RMB76,169 thousand for the Reporting Period, representing an increase of 5.9% compared to RMB71,933 thousand for the six months ended 30 June 2023. Such increase was primarily due to the increase of business activities.

### Other expenses

Other expenses of the Group amounted to RMB1,350 thousand for the Reporting Period, which was mainly due to the exchange loss.

### Finance costs

Finance costs of the Group amounted to RMB11,629 thousand for the Reporting Period, representing an increase of 8.3% as compared to RMB10,739 thousand for the six months ended 30 June 2023. Such increase was primarily due to the increase in average bank borrowing amount during the Reporting Period when compared to the six months ended 30 June 2023.

### Profit for the period

Profit of the Group for the period amounted to RMB127,566 thousand for the Reporting Period, representing an increase of 22.7% as compared to RMB104,002 thousand for the six months ended 30 June 2023. Such increase was primarily due to the increase in gross profit margin of after-sales services as detailed above.

### Adjusted profit for the period

Certain additional non-GAAP financial measures (adjusted profit of the Group and adjusted profit attributable to owners of the parent) have been presented in this interim report. These non-GAAP financial measures exclude the impact of certain non-operating items which affect the results presented in the financial statements but are not indicative of the operating performance of the Group, with the intent to provide the Shareholders and potential investors with useful supplementary information to assess the performance of the Group's core operations. These unaudited non-GAAP financial measures should be considered in addition to, not as a substitute for, measures of the Group's financial performance prepared in accordance with relevant GAAP. In addition, these non-GAAP financial measures do not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other companies. Adjusted profit of the Group for the period amounted to RMB127,790 thousand for the Reporting Period, representing an increase of 8.9% as compared to RMB117,396 thousand for the six months ended 30 June 2023. Such increase was primarily due to the increase in gross profit margin of after-sales services.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The following table sets out the calculation of the non-GAAP adjusted profit of the Group for the Reporting Period and the corresponding period in 2023:

	For the six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Profit for the period	<b>127,566</b>	104,002
Adjusted for non-operating items:		
Tax effects related to employee share-based compensation benefits under the Share Award Scheme	–	11,249
Fair value loss on financial assets at fair value through profit or loss	<b>6</b>	1,648
Share of loss of a joint venture	<b>291</b>	663
Deferred tax of share of loss of a joint venture	<b>(73)</b>	(166)
Adjusted profit for the period (Non-GAAP)	<b>127,790</b>	117,396

### Liquidity and financial resources

On 25 June 2024, the Group entered into a placing agreement with a placing agent to place up to 270,918,016 new shares under the general mandate. On 24 July 2024, the placing of new shares under general mandate of the Company was completed. An aggregate of 270,918,016 placing shares, representing approximately 16.67% of the issued share capital of the Company as enlarged by such placing have been successfully placed to no less than six placees at the placing price of HK\$0.7 per placing share. Please refer to announcements of the Company dated 25 June 2024 and 24 July 2024 for more details. Save for the above, the Group had no fund-raising activities during the Reporting Period.



## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

As of 30 June 2024, the Group had cash and cash equivalents of RMB1,589,593 thousand (primarily denominated in HKD, RMB and USD), as compared to RMB1,224,786 thousand as of 31 December 2023. The approach adopted by the board (the “**Board**”) of directors (the “**Directors**”) of the Company to manage the liquidity of the Group is to ensure sufficient liquidity at any time to meet its matured liabilities so as to avoid any unacceptable losses or damage to the Group’s reputation.

### Capital structure

As of 30 June 2024, the Group’s total equity attributable to owners of the parent was RMB3,393,653 thousand (31 December 2023: RMB3,344,935 thousand), comprising share capital of RMB4,637 thousand (31 December 2023: RMB4,637 thousand) and reserves of RMB3,389,016 thousand (31 December 2023: RMB3,340,298 thousand).

### Net current assets

The Group had net current assets of RMB1,829,422 thousand as of 30 June 2024, representing an increase of RMB46,331 thousand as compared to RMB1,783,091 thousand as of 31 December 2023.

### Interest rate risk

The Group’s exposure to the risk of changes in market interest rates primarily relates to its cash and bank balances and interest-bearing bank borrowings. The Group has not used any interest rate swaps to hedge its interest rate risk during the Reporting Period, and will consider hedging significant interest rate risk should the need arise.

### Foreign currency risk

The Group faces transactional currency exposures arising from bank deposits held by operating units in currencies other than the units’ functional currency. The currencies giving rise to such risk are primarily USD and HKD. For the Reporting Period, the Group recorded a net exchange loss of RMB1,350 thousand, as compared to a net exchange gain of RMB12,730 thousand for the six months ended 30 June 2023. As of 30 June 2024, the Group did not have any significant hedging arrangement to manage foreign exchange risks but has been actively monitoring and overseeing its foreign exchange risks.

### Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the head of credit control.

### Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings and projected cash flows from operations.

### Capital expenditure

For the Reporting Period, the Group's total capital expenditure amounted to RMB14,259 thousand, which was primarily used in property, plant and equipment.

### Charge/pledge on assets

As of 30 June 2024, the Group's bank deposits of RMB114,087 thousand were pledged to secure the Group's letter of credit in the aggregate amount of RMB623,615 thousand.

### Borrowings

The Group had bank borrowings of RMB799,820 thousand as of 30 June 2024 denominated in RMB, all of which bore interest at fixed rates. These bank borrowings as of 30 June 2024 were repayable on or before 30 June 2025.

### Contingent liabilities and guarantees

As of 30 June 2024, the Group did not have any material contingent liabilities, guarantees or any litigation against it (as of 31 December 2023: nil).

### Gearing ratio

As of 30 June 2024, the Group's gearing ratio (the gearing ratio is equivalent to total debt divided by total assets as of that day) was approximately 15.0% (as of 31 December 2023: 6.7%).

### Significant investments

The aggregate carrying value of the Group's investments in joint venture(s) and associate(s) amounted to RMB42,483 thousand as of 30 June 2024.

As of 30 June 2024 and 31 December 2023, the Group did not hold any significant investments in the equity interests of other companies save for the above.

### Dividend

The board has resolved not to declare any interim dividend for the Reporting Period.

### Future plans for material investments and capital assets

As of 30 June 2024, the Group had a capital commitment to a joint venture of RMB29,246 thousand (as of 31 December 2023: RMB29,829 thousand).

As of 30 June 2024, the Group did not have other plans for material investments and capital assets authorised by the Board.

### Share schemes

To attract and retain more suitable personnel for development of the Group, the Company has adopted a pre-initial public offering share option scheme (the "ESOP") and a share option scheme (the "Share Option Scheme"). From the date of the adoption and up to the date of this interim report, 32,507,627 share options under the ESOP and 26,668,000 share options under the Share Option Scheme have been granted, and 13,003,051 options and 25,067,920 options were outstanding under the ESOP and the Share Option Scheme respectively, as of 30 June 2024.

To recognise the contributions by certain employees of the Group and to provide incentives thereto to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group, the Company has adopted the Share Award Scheme. As of 30 June 2024, 2,711,000 Shares were held in trust under the Share Award Scheme. There were no unvested award shares as of 30 June 2024.

No grants were made under the above share schemes of the Company during the Reporting Period.

Please refer to the Company's 2023 annual report – "Report of the Directors – Share Schemes" and the paragraph headed "Share Schemes" on page 61 of this interim report for further information.

### **Employee and remuneration policy**

As of 30 June 2024, the Group had 815 employees (as of 30 June 2023: 779 employees). Total staff remuneration expenses, including remuneration for Directors, for the Reporting Period amounted to RMB66,402 thousand (for the six months ended 30 June 2023: RMB62,898 thousand).

The Group has established a fair, cyclical, reasonable and competitive remuneration system for its staff, and pays employees based on the principles of fairness, competitiveness, motivation, reasonableness and legitimacy. The Group provides a competitive salary structure, with key considerations of the Group's operating situation, socio-economic prosperity and employees' performance, ability and contribution to the Group's business. The Group has adopted a performance-based remuneration policy, where employees' remuneration is composed of basic salary and performance salary, together with contributions under mandatory insurance/provident fund under applicable laws. Employees may also be entitled to year-end bonus based on their individual performance and the Group's operating situation, and incentives under the Company's share schemes.

The Group places significant emphasis on staff training and development. The Group invests in continuing education and training programs offered to its management staff and other employees to upgrade their skills and knowledge.

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

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
REVENUE	4	<b>1,353,470</b>	1,377,314
Cost of sales		<b>(1,028,778)</b>	(1,075,774)
GROSS PROFIT		<b>324,692</b>	301,540
Other income and gains	5	<b>9,528</b>	18,957
Selling and distribution expenses		<b>(60,090)</b>	(60,568)
Administrative expenses		<b>(76,169)</b>	(71,933)
Other expenses		<b>(1,350)</b>	–
Finance costs		<b>(11,629)</b>	(10,739)
Fair value loss on financial assets at fair value through profit or loss		<b>(6)</b>	(1,648)
Share of losses of associates		<b>(3,628)</b>	(12,129)
Share of loss of a joint venture		<b>(291)</b>	(663)
(Impairment)/reversal of impairment of trade receivables	6	<b>(566)</b>	92
PROFIT BEFORE TAX	6	<b>180,491</b>	162,909
Income tax expense	7	<b>(52,925)</b>	(58,907)
PROFIT FOR THE PERIOD		<b>127,566</b>	104,002

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

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<b>(4,506)</b>	(531)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company's financial statements	<b>4,698</b>	14,817
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	<b>192</b>	14,286
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<b>127,758</b>	118,288



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

For the six months ended 30 June 2024

		Six months ended 30 June	
Note	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	
Profit for the period attributable to:			
Owners of the parent	<b>125,288</b>	103,009	
Non-controlling interests	<b>2,278</b>	993	
	<b>127,566</b>	104,002	
Total comprehensive income attributable to:			
Owners of the parent	<b>125,480</b>	117,295	
Non-controlling interests	<b>2,278</b>	993	
	<b>127,758</b>	118,288	
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB cents)	<b>9.27</b>	7.62	
9			

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2024

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	<b>88,193</b>	91,448
Intangible assets		<b>1,635,885</b>	1,635,885
Investments in associates		<b>8,995</b>	10,123
Investment in a joint venture		<b>33,488</b>	33,197
Financial assets at fair value through profit or loss		<b>25,358</b>	25,256
Deferred tax assets		<b>14,065</b>	6,930
<b>Total non-current assets</b>		<b>1,805,984</b>	1,802,839
<b>CURRENT ASSETS</b>			
Inventories		<b>1,354,414</b>	1,109,554
Trade and bills receivables	11	<b>390,594</b>	532,158
Prepayments and other receivables	12	<b>73,395</b>	42,740
Pledged deposits		<b>114,087</b>	72,975
Cash and cash equivalents		<b>1,589,593</b>	1,224,786
<b>Total current assets</b>		<b>3,522,083</b>	2,982,213
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	13	<b>602,943</b>	506,567
Other payables and accruals	14	<b>259,617</b>	330,790
Interest-bearing bank borrowings	15	<b>799,820</b>	319,896
Tax payable		<b>30,281</b>	41,869
<b>Total current liabilities</b>		<b>1,692,661</b>	1,199,122
<b>NET CURRENT ASSETS</b>		<b>1,829,422</b>	1,783,091
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>3,635,406</b>	3,585,930

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 June 2024

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
<b>NON-CURRENT LIABILITIES</b>			
Other payables and accruals	14	<b>9,833</b>	13,289
Deferred tax liabilities		<b>188,688</b>	186,752
<b>Total non-current liabilities</b>		<b>198,521</b>	200,041
<b>Net assets</b>		<b>3,436,885</b>	3,385,889
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	16	<b>4,637</b>	4,637
Reserves		<b>3,389,016</b>	3,340,298
		<b>3,393,653</b>	3,344,935
<b>Non-controlling interests</b>		<b>43,232</b>	40,954
<b>Total equity</b>		<b>3,436,885</b>	3,385,889

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Attributable to owners of the parent											Total equity RMB'000	
	Share capital RMB'000	Shares held		Merger reserve RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Share option reserve RMB'000	Award share reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000		Non-controlling interests RMB'000
		Share premium RMB'000	Share for Award Scheme RMB'000										
At 31 December 2022 (audited)	4,637	2,328,800	(1,557)	60,700	(13,767)	25,787	37,166	50,456	8,565	652,599	3,153,386	78	3,153,464
Profit for the period	-	-	-	-	-	-	-	-	-	103,009	103,009	993	104,002
Other comprehensive income/(loss) for the period:													
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	(531)	-	(531)	-	(531)
Exchange differences on translation of the Company	-	-	-	-	-	-	-	-	14,817	-	14,817	-	14,817
Total comprehensive income for the period	-	-	-	-	-	-	-	-	14,286	103,009	117,295	993	118,288
Purchase of shares for the share award scheme	-	-	(263)	-	-	-	-	-	-	-	(263)	-	(263)
Final 2022 dividend	8	(67,570)	-	-	-	-	-	-	-	-	(67,570)	-	(67,570)
At 30 June 2024 (unaudited)	4,637	2,261,230	(1,820)	60,700	(13,767)	25,787	37,166	50,456	22,851	755,608	3,202,848	1,071	3,203,919

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2024

Note	Attributable to owners of the parent										Total equity RMB'000		
	Share capital RMB'000	Share premium RMB'000	Shares held for Award Scheme RMB'000	Merger reserve RMB'000	Capital reserve RMB'000	Statutory reserve RMB'000	Share option reserve RMB'000	Award share reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000		Total RMB'000	Non-controlling interests RMB'000
At 31 December 2023 (audited)	4,637	2,224,295*	(1,820)*	60,700*	44,320*	26,440*	37,166*	50,456*	8,632*	890,109*	3,344,935	40,954	3,385,889
Profit for the period	-	-	-	-	-	-	-	-	-	125,288	125,288	2,278	127,566
Other comprehensive income for the period:													
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	-	(4,506)	-	(4,506)	-	(4,506)
Exchange differences on translation of the Company	-	-	-	-	-	-	-	-	4,698	-	4,698	-	4,698
Total comprehensive income for the period	-	-	-	-	-	-	-	-	192	125,288	125,480	2,278	127,758
Final 2023 dividend	-	(76,762)	-	-	-	-	-	-	-	-	(76,762)	-	(76,762)
At 30 June 2024 (unaudited)	4,637	2,147,533*	(1,820)*	60,700*	44,320*	26,440*	37,166*	50,456*	8,824*	1,015,397*	3,393,653	43,232	3,436,885

\* These reserve accounts comprise the condensed consolidated reserves of RMB3,389,016,000 (31 December 2023: RMB3,340,298,000) in the condensed consolidated statement of financial position as at 30 June 2024.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	30 June 2024 RMB'000 (Unaudited)	30 June 2023 RMB'000 (Unaudited)
Net cash flow from operating activities	<b>3,737</b>	131,125
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of items of property, plant and equipment	<b>(14,259)</b>	(17,179)
Proceeds from disposal of items of property, plant and equipment	<b>877</b>	2,964
Proceeds from redemption of unlisted funds designated at fair value through profit or loss	–	4,841
Investment in joint venture	<b>(582)</b>	(571)
Loans to an associate	–	(4,500)
(Advance to)/repayment from associates	<b>(2,486)</b>	184
Interest received	<b>1,766</b>	1,749
Increase in pledged deposits	<b>(41,112)</b>	(10,321)
Net cash flows used in investing activities	<b>(55,796)</b>	(22,833)
CASH FLOWS FROM FINANCING ACTIVITIES		
Purchase of shares for the share award scheme	–	(263)
New bank borrowings	<b>1,176,137</b>	626,044
Repayment of bank borrowings	<b>(694,964)</b>	(458,476)
Principal portion of lease payments	<b>(7,293)</b>	(4,248)
Repayment to shareholders	<b>(999)</b>	(1,395)
Dividend paid	<b>(47,658)</b>	(49,130)
Interest paid	<b>(11,629)</b>	(10,739)
Net cash flows from financing activities	<b>413,594</b>	101,793

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 June 2024

	30 June 2024 RMB'000 (Unaudited)	30 June 2023 RMB'000 (Unaudited)
NET INCREASE IN CASH AND CASH EQUIVALENTS	<b>361,535</b>	210,085
Cash and cash equivalents at the beginning of period	<b>1,224,786</b>	1,020,626
Effect of foreign exchange rate changes, net	<b>3,272</b>	18,088
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	<b>1,589,593</b>	1,248,799
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<b>1,589,593</b>	1,248,799



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2024

## 1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands and whose shares are publicly traded on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The principal activities of the Group are described in note 3 to the interim condensed consolidated financial information.

### 2.1. BASIS OF PREPARATION

The interim condensed consolidated financial information of the Group for the six months ended 30 June 2024 has been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2023.

### 2.2. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

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 International Financial Reporting Standards (“IFRSs”) for the first time for the current period’s financial information.

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

## 2.2. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (continued)

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

- (a) Amendments to IFRS 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 IFRS 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.

## 2.2. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (continued)

- (c) Amendments to IAS 7 and IFRS 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

The Group is principally engaged in the sale and manufacture of medical equipment and consumables and the provision of after-sales services related to medical equipment. For the purpose of resource allocation and performance assessment, the Group's management focuses on the operating results of the Group. As such, the Group's resources are integrated and no discrete operating segment information is available. Accordingly, no operating segment information is presented.

### Geographical information

#### (a) Revenue from external customers

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Chinese Mainland	1,350,397	1,370,573
Others	3,073	6,741
<b>Total</b>	<b>1,353,470</b>	<b>1,377,314</b>

The revenue information above is based on the locations of the customers.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2024

## 3. OPERATING SEGMENT INFORMATION (continued)

### Geographical information (continued)

#### (b) Non-current assets

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Chinese Mainland	1,761,067	1,765,767
Others	5,494	4,886
<b>Total</b>	<b>1,766,561</b>	1,770,653

The non-current assets information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

### Information about major customers

During the six months ended 30 June 2024 and 2023, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

## 4. REVENUE

An analysis of revenue is as follows:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<i>Revenue from contracts with customers</i>		
Sales of trading goods	1,253,634	1,293,002
Sales of manufactured goods	4,578	6,149
Provision of after-sales services	95,258	78,163
<b>Total</b>	<b>1,353,470</b>	1,377,314

#### 4. REVENUE (continued)

##### Revenue from contracts with customers

##### Disaggregated revenue information

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<u>Types of goods and services</u>		
Sales of medical equipment	87,616	142,529
Sales of medical consumables	1,170,596	1,156,622
Provision of after-sales services	95,258	78,163
<b>Total</b>	<b>1,353,470</b>	1,377,314
<u>Types of customers</u>		
Sales to hospitals and healthcare institutions	188,124	171,061
Sales to logistics providers	85,241	79,420
Sales to distributors	984,847	1,048,670
Sales to service customers	95,258	78,163
<b>Total</b>	<b>1,353,470</b>	1,377,314
<u>Timing of revenue recognition</u>		
Goods transferred at a point in time	1,258,212	1,299,151
Services transferred over time	95,258	78,163
<b>Total</b>	<b>1,353,470</b>	1,377,314

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2024

## 5. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
<u>Other income</u>		
Bank interest income	1,766	1,749
Government subsidies*	6,775	3,720
Others	946	656
Subtotal	9,487	6,125
<u>Gains</u>		
Gain on disposal of items of property, plant and equipment	41	94
Gain on termination/modification of lease contracts	–	8
Exchange gain	–	12,730
Subtotal	41	12,832
Total	9,528	18,957

\* Government subsidies have been received from the PRC local government authorities to support subsidiaries' daily operating activities. There are no unfulfilled conditions or contingencies relating to these subsidies.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2024

## 6. PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Cost of inventories sold*	<b>987,866</b>	1,027,990
Cost of services provided*	<b>40,912</b>	47,784
Depreciation of owned assets	<b>12,009</b>	11,681
Depreciation of right-of-use assets	<b>7,673</b>	6,535
Research and development costs	<b>3,766</b>	4,057
Impairment/(reversal of impairment) of trade receivables	<b>(566)</b>	(92)
Foreign exchange differences, net	<b>1,350****</b>	(12,730)**
Gain on disposal of items of property, plant and equipment**	<b>(41)</b>	(94)
Write-down of inventories to net realisable value***	<b>9,682</b>	4,072

\* These items are included in "Cost of sales" on the face of the interim condensed consolidated statement of profit or loss and other comprehensive income.

\*\* These items are included in "Other income and gains" on the face of the interim condensed consolidated statement of profit or loss and other comprehensive income.

\*\*\* This item is included in "Costs of inventories sold" above.

\*\*\*\* This item is included in "Other expenses" on the face of the interim condensed consolidated statement of profit or loss and other comprehensive income.



# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2024

## 7. INCOME TAX

Hong Kong profits tax has been provided at the rate of the 16.5% (2023:16.5%) on the estimated assessable profits arising in Hong Kong during the period, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (six months ended 30 June 2023: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (2023:16.5%). Tax on profits assessable in Chinese Mainland has been calculated at the applicable PRC corporate income tax (“CIT”) rate of 25% (2023: 25%) during the period.

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Current – Chinese Mainland		
Charge for the period	<b>57,590</b>	39,650
(Overprovision)/underprovision in prior periods	<b>(1,728)</b>	10,115
Current – Hong Kong		
Charge for the period	<b>2,261</b>	5,117
Deferred	<b>(5,198)</b>	4,025
<b>Total tax charge for the period</b>	<b>52,925</b>	58,907

## 8. DIVIDENDS

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Dividends recognised as distribution during the reporting period:		
Final in respect of the year ended 31 December 2023 – HK6.209 cents per ordinary share (2023: Final in respect of the year ended 31 December 2022 – HK5.556 cents per ordinary share)	<b>76,762</b>	67,570
Dividend declared after the end of the reporting period:		
Proposed 2024 interim – Nil (2023: Proposed 2023 interim – HK2.970 cents per ordinary share)	–	36,935
	<b>76,762</b>	104,505

The board of directors resolved not to declare of any interim dividends in respect of the six months ended 30 June 2024. (six months ended 30 June 2023: HK2.970 cents per ordinary share).

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2024

## 9. 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 of RMB125,288,000 (six months ended 30 June 2023: RMB103,009,000), and the weighted average number of ordinary shares of 1,351,898,080 (six months ended 30 June 2023: 1,351,891,655) in issue during the period.

No adjustment has been made to the basic earnings per share presented for the six months ended 30 June 2024 and 2023 as the Group had no potentially dilutive ordinary shares in issue during these periods.

## 10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired items of owned property, plant and equipment of RMB14,259,000 (six months ended 30 June 2023: RMB17,179,000).

## 11. TRADE AND BILLS RECEIVABLES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Trade receivables	394,585	535,827
Impairment	(4,227)	(3,669)
Bills receivables	390,358 236	532,158 –
Total	390,594	532,158

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2024

## 11. TRADE AND BILLS RECEIVABLES (continued)

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 1 month	242,981	396,049
1 to 2 months	97,490	84,936
2 to 3 months	24,465	22,075
Over 3 months	25,658	29,098
Total	390,594	532,158

## 12. PREPAYMENTS AND OTHER RECEIVABLES

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Prepayments	28,788	25,943
Deposits and other receivables	42,373	15,548
Amounts due from associates	–	14
Amounts due from shareholders	2,234	1,235
Total	73,395	42,740

The amounts due from associates and shareholders are unsecured, non-interest-bearing and repayable on demand.

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2024

## 13. TRADE AND BILLS PAYABLES

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 1 month	278,051	406,783
1 to 2 months	100,064	71,606
2 to 3 months	131,203	502
Over 3 months	93,625	27,676
Total	<b>602,943</b>	506,567

## 14. OTHER PAYABLES AND ACCRUALS

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Contract liabilities	37,789	80,041
Other payables	20,855	39,582
Accruals	13,363	52,745
Dividends payables	176,452	146,637
Lease liabilities	20,136	24,425
Others	855	649
	<b>269,450</b>	344,079
Less: other payables included in non-current liabilities	<b>(9,833)</b>	(13,289)
Total	<b>259,617</b>	330,790

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2024

## 15. INTEREST-BEARING BANK BORROWINGS

Note	30 June 2024 (Unaudited)			31 December 2023 (Audited)		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
<b>Current:</b>						
Bank loans – unsecured	(a) 3.2 – 4.4	2024-2025	799,820	3.5 – 4.2	2024	319,896

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Analysed into:		
Bank loans repayable:		
Within one year or on demand	799,820	319,896

Note:

- (a) The bank loans bear interest at fixed rates ranging from 3.2% to 4.4% (31 December 2023: 3.5% to 4.2%) and denominated in RMB.

## 16. SHARE CAPITAL

### Shares

	30 June 2024		31 December 2023	
	US\$'000	RMB'000 (Unaudited)	US\$'000	RMB'000 (Audited)
Authorised:				
3,000,000,000 ordinary shares of US\$0.0005 each	1,500	10,280	1,500	10,280
Issued and fully paid:				
1,354,590,080 ordinary shares (31 December 2023: 1,354,590,080) of US\$0.0005 each	678	4,637	678	4,637

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2024

## 17. RELATED PARTY TRANSACTIONS

- (a) The Group had the following material transactions with related parties during the period:

		<b>Six months ended 30 June</b>	
Notes	<b>2024 RMB'000 (Unaudited)</b>	<b>2023 RMB'000 (Unaudited)</b>	
Purchases of products:			
Alifax Diagnostics Co., Limited ("Alifax")	(i) <b>844</b>	1,098	
Shinva Medical Instrument Co., Ltd ("Shinva") and its subsidiaries (collectively referred to as "Shinva Group")	(ii) <b>263</b>	60	
Rental expenses:			
Shinva Group	(iii) <b>2,014</b>	1,959	

Notes:

- (i) The purchases from an associate, Alifax, was made according to the prices and conditions mutually agreed by the Group and the associate.
- (ii) The purchases from Shinva Group were made according to the prices and conditions mutually agreed by the Group and Shinva Group.
- (iii) The rental expenses paid were based on the market rates.

- (b) Compensation of key management personnel of the Group:

		<b>Six months ended 30 June</b>	
	<b>2024 RMB'000 (Unaudited)</b>	<b>2023 RMB'000 (Unaudited)</b>	
Short term employee benefits	<b>7,555</b>	6,931	
Post-employment benefits	<b>580</b>	303	
Total compensation paid to key management personnel	<b>8,135</b>	7,234	

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

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

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

The fair values of financial assets at fair value through profit or loss are determined based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly.

The fair value of the non-current portion of interest-bearing bank borrowings and non-current portion of financial liabilities included in other payables 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 Group's own non-performance risk for interest-bearing bank borrowings and financial liabilities included in other payables as at 30 June 2024 and 31 December 2023 was assessed to be insignificant. Management has assessed that the fair values of the non-current portion of interest-bearing bank borrowings and financial liabilities included in other payables approximate to their carrying amounts.



## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2024

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

#### Fair value hierarchy

Below is a summary of significant unobservable inputs to the valuation of financial instruments as at 30 June 2024 and 31 December 2023:

	Significant Valuation Technique	Unobservable inputs	Range	Sensitivity of fair value to the input
Unlisted equity investments	Discount cash Flow method	Discount rate	8%	1% increase (decrease) in discount rate would have no material impact on the fair value

The following table illustrates the fair value measurement hierarchy of the Group's financial instruments:

#### Assets measured at fair value:

30 June 2024

	Fair value measurement using			Total RMB'000 (Unaudited)
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	
Financial assets at fair value through profit or loss:				
Unlisted fund investments	-	15,341	-	15,341
Unlisted equity investments	-	-	10,017	10,017
<b>Total</b>	<b>-</b>	<b>15,341</b>	<b>10,017</b>	<b>25,358</b>

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

### Fair value hierarchy (continued)

#### Assets measured at fair value: (continued)

31 December 2023

	Fair value measurement using			Total RMB' 000 (Audited)
	Quoted prices in active markets (Level 1) RMB' 000 (Audited)	Significant observable inputs (Level 2) RMB' 000 (Audited)	Significant unobservable inputs (Level 3) RMB' 000 (Audited)	
Financial assets at fair value through profit or loss:				
Unlisted fund investments	–	15,239	–	15,239
Unlisted equity investments	–	–	10,017	10,017
<b>Total</b>	<b>–</b>	<b>15,239</b>	<b>10,017</b>	<b>25,256</b>

During the period, there was no transfer of fair value measurement between Level 1 and 2 and no transfer into or out of Level 3 (year ended 31 December 2023: fair value measurements of unlisted equity investment of RMB23,248,000 had transferred from Level 2 to Level 3).

## 19. APPROVAL OF THE UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The unaudited interim condensed consolidated financial information was approved and authorised for issue by the board of directors on 28 August 2024.

## OTHER INFORMATION

### SHAREHOLDING INFORMATION

#### Directors and chief executives

As of 30 June 2024, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) which were (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or (b) recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), are as follows:

Name of Directors	Capacity/Nature of Interest	Number of Shares <sup>(1)</sup>	% of issued Shares as of 30 June 2024
Ho Kuk Sing <sup>(2)(4)</sup>	Interest in a controlled corporation	175,517,429(L)	12.96%
	Beneficial owner	16,192,322(L)	1.20%
Lin Xianya <sup>(3)(4)</sup>	Interest in a controlled corporation	112,664,041(L)	8.32%
	Beneficial owner	10,584,463(L)	0.78%

## Notes:

- (1) The letter “L” denotes long position in the Company’s shares (the “**Shares**”).
- (2) Mr. Ho Kuk Sing is the sole shareholder and a director of KS&KL Investment Co. Limited, which holds 175,517,429 Shares. Therefore, Mr. Ho Kuk Sing is deemed to be interested in KS&KL Investment Co. Limited’s interest in the Shares pursuant to the SFO. The disclosed interest represents (i) 175,517,429 Shares held by KS&KL Investment Co. Limited; and (ii) 8,191,922 options and 8,000,400 options held by Mr. Ho Kuk Sing under the ESOP and the Share Option Scheme, respectively as of 30 June 2024.
- (3) Mr. Lin Xianya is the sole shareholder and a director of Lucan Investment Limited, which holds 112,664,041 Shares. Therefore, Mr. Lin Xianya is deemed to be interested in Lucan Investment Limited’s interest in the Shares pursuant to the SFO. The disclosed interest represents (i) 112,664,041 Shares held by Lucan Investment Limited; and (ii) 3,250,763 options and 7,333,700 options held by Mr. Lin Xianya under the ESOP and the Share Option Scheme, respectively as of 30 June 2024.
- (4) By virtue of the Common Control Confirmation, Mr. Ho Kuk Sing, Mr. Leung King Sun and Mr. Lin Xianya and their respective wholly-owned investment holding companies, namely KS&KL Investment Co. Limited, King Sun Limited and Lucan Investment Limited, collectively held 465,185,899 Shares as of 30 June 2024.
- (5) More information about the outstanding Options in which Mr. Ho and Mr. Lin were interested is set out in the paragraph headed “Share schemes” on page 61 of this interim report.

Save as disclosed above, as of 30 June 2024, none of the Directors and chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or which were otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## OTHER INFORMATION (CONTINUED)

### Substantial Shareholders and Other Persons

So far as the Directors are aware of, as of 30 June 2024, the following substantial shareholders and other persons (other than Directors or chief executives of the Company) had interests or short positions in the Shares and the underlying Shares as recorded in the register required to be kept pursuant to section 336 of the SFO:

Name	Capacity/Nature of interest	Number of Shares <sup>(1)</sup>	% of issued Shares as of 30 June 2024
<b>Substantial Shareholders</b>			
KS&KL Investment Co. Limited	Beneficial owner	175,517,429 (L)	12.96%
King Sun Limited <sup>(2)</sup>	Beneficial owner	175,517,429 (L)	12.96%
Leung King Sun <sup>(2)</sup>	Beneficial owner/ interest in controlled corporation	186,565,195 (L)	13.77%
Lucan Investment Limited	Beneficial owner	112,664,041 (L)	8.32%
Huatuo International Development Co., Limited <sup>(3)</sup>	Beneficial owner	443,654,371 (L)	32.75%
Shinva Medical Instrument Co., Ltd <sup>(3)</sup>	Interest in controlled corporation	443,654,371 (L)	32.75%
<b>Other Persons</b>			
HKND Gene Biotechnology Limited <sup>(4)</sup>	Beneficial owner/ interest in controlled corporation(s)	132,845,730 (L)	9.81%
SHEN Li <sup>(4)</sup>	Interest in controlled corporation(s)	132,845,730 (L)	9.81%
Hong Kong Medicine Group Limited <sup>(4)</sup>	Beneficial owner/ interest in controlled corporation(s)	124,845,730 (L)	9.22%
MA Zhuowei <sup>(4)</sup>	Interest in controlled corporation(s)	124,845,730 (L)	9.22%
China International Trust Limited <sup>(4)</sup>	Beneficial owner/ Interest in controlled corporation(s)	94,845,730 (L)	7.00%
China Smart Pharmaceutical Technology Limited <sup>(4)</sup>	Interest in controlled corporation(s)	94,845,730 (L)	7.00%

Name	Capacity/Nature of interest	Number of Shares <sup>(1)</sup>	% of issued Shares as of 30 June 2024
WU Mingcong <sup>(4)</sup>	Interest in controlled corporation(s)	94,845,730 (L)	7.00%
Fast Benefit Pharmaceutical Limited <sup>(4)</sup>	Interest in controlled corporation(s)	94,845,730 (L)	7.00%
WU Junfeng <sup>(4)</sup>	Interest in controlled corporation(s)	94,845,730 (L)	7.00%
ND Medical Technology Limited <sup>(4)</sup>	Interest in controlled corporation(s)	94,845,730 (L)	7.00%
WU Meizhen <sup>(4)</sup>	Interest in controlled corporation(s)	94,845,730 (L)	7.00%
3W.COM HOLDING LIMITED <sup>(4)</sup>	Interest in controlled corporation	92,646,730 (L)	6.84%
North Haven Private Equity Asia IVD Company Limited <sup>(5)</sup>	Beneficial owner	92,646,730 (L)	6.84%
North Haven Private Equity Asia IVD Holding Limited <sup>(5)</sup>	Interest in controlled corporation(s)	92,646,730 (L)	6.84%
North Haven Private Equity Asia IV Holdings Limited <sup>(5)</sup>	Interest in controlled corporation(s)	92,646,730 (L)	6.84%
North Haven Private Equity Asia IV, L.P. <sup>(5)</sup>	Interest in controlled corporation(s)	92,646,730 (L)	6.84%
Morgan Stanley Private Equity Asia IV, L.L.C. <sup>(5)</sup>	Interest in controlled corporation(s)	92,646,730 (L)	6.84%
Morgan Stanley Private Equity Asia IV, Inc. <sup>(5)</sup>	Interest in controlled corporation(s)	92,646,730 (L)	6.84%
MS Holdings Incorporated <sup>(5)</sup>	Interest in controlled corporation(s)	92,646,730 (L)	6.84%

## Notes:

(1) The letter "L" denotes long position in the Shares and the letter "S" denotes short positions in the Shares.

Based on the register available to the Company, as of 30 June 2024:

(2) Leung King Sun 100% controlled King Sun Limited. Leung King Sun is deemed to be interested in King Sun Limited's interest in the Shares pursuant to the SFO. The disclosed interest represents (i) 175,517,429 Shares in the Company held by King Sun Limited; (ii) 1,487,000 Shares held by Mr. Leung; and (iii) 1,560,366 and 8,000,400 options held by Mr. Leung under the ESOP and the Share Option Scheme, respectively as of 30 June 2024.

## OTHER INFORMATION (CONTINUED)

- (3) Huatuo International Development Co., Limited was 100% controlled by Shinva Medical Instrument Co., Ltd. Therefore, Shinva Medical Instrument Co., Ltd was deemed to be interested in Huatuo International Development Co., Limited's interest in Shares pursuant to the SFO.
- (4) Shen Li 100% controlled HKND Gene Biotechnology Limited. Shen Li was deemed to be interested in HKND Gene Biotechnology Limited's interest in Shares pursuant to the SFO.

HKND Gene Biotechnology Limited controlled 20% of China International Trust Limited ("CITL"), which in turn 100% controlled 3W.com Holding Limited ("3W.COM"). HKND Gene Biotechnology Limited reported that it was interested (or deemed to be interested) in (a) 38,000,000 Shares as a beneficial owner; (b) 92,646,730 Shares which 3W.COM was directly interested in; and (c) 2,199,000 Shares which CITL was directly interested in.

Ma Zhuowei 100% controlled Hong Kong Medicine Group Limited. Ma Zhuowei was deemed to be interested in Hong Kong Medicine Group Limited's interest in Shares pursuant to the SFO.

Hong Kong Medicine Group Limited controlled 20% of CITL. Hong Kong Medicine Group Limited reported that it was interested (or deemed to be interested) in (a) 30,000,000 Shares as a beneficial owner; (b) 92,646,730 Shares which 3W.COM was directly interested in; and (c) 2,199,000 Shares which CITL was directly interested in.

Wu Mingcong 100% controlled China Smart Pharmaceutical Technology Limited. Wu Mingcong was deemed to be interested in China Smart Pharmaceutical Technology Limited's interest in Shares pursuant to the SFO.

China Smart Pharmaceutical Technology Limited controlled 20% of CITL. China Smart Pharmaceutical Technology Limited reported that it was interested (or deemed to be interested in) (a) 92,646,730 Shares which 3W.COM is directly interested in; and (b) 2,199,000 Shares which CITL was directly interested in.

Wu Junfeng 100% controlled Fast Benefit Pharmaceutical Limited. Wu Junfeng was deemed to be interested in Fast Benefit Pharmaceutical Limited's interest in Shares pursuant to the SFO.

Fast Benefit Pharmaceutical Limited controlled 20% of CITL. Fast Benefit Pharmaceutical Limited has reported that it was interested (or deemed to be interested in) (a) 92,646,730 Shares which 3W.COM was directly interested in; and (b) 2,199,000 Shares which CITL was directly interested in.

Wu Meizhen 100% controlled ND Medical Technology Limited. Wu Meizhen was deemed to be interested in ND Medical Technology Limited's interest in Shares pursuant to the SFO.

ND Medical Technology Limited controlled 20% of CITL. ND Medical Technology Limited reported that it is interested (or deemed to be interested in) (a) 92,646,730 Shares which 3W.COM was directly interested in; and (b) 2,199,000 Shares which CITL was directly interested in.

- (5) The register recorded showed: North Haven Private Equity Asia IVD Company Limited as beneficial owner of 92,646,730 Shares (L). North Haven Private Equity Asia IVD Company Limited is 100% controlled by North Haven Private Equity Asia IVD Holding Limited, which is in turn 100% controlled by North Haven Private Equity Asia IV Holdings Limited. North Haven Private Equity Asia IV Holdings Limited is 100% controlled by North Haven Private Equity Asia IV, L.P., which is in turn 100% controlled by Morgan Stanley Private Equity Asia IV, L.L.C.. Morgan Stanley Private Equity Asia IV, L.L.C. is 100% controlled by Morgan Stanley Private Equity Asia IV, Inc.. Morgan Stanley Private Equity Asia IV, Inc. is 100% controlled by MS Holdings Incorporated. Therefore, MS Holdings Incorporated is deemed to be interested in Shares which North Haven Private Equity Asia IVD Company Limited was directly interested in pursuant to the SFO.

Save as disclosed above, the Directors are not aware of any other persons (other than the Directors and the chief executives of the Company at that time) who had any interests or short positions in the Shares and underlying Shares as of 30 June 2024 as recorded in the register required to be kept under section 336 of the SFO.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Reporting Period, except for matters disclosed in this interim report, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of its listed securities.

## SHARE SCHEMES

### A. Pre-IPO Share Option Scheme (ESOP)

The following is a summary of the principal terms of the ESOP as approved by the Board on 29 December 2017 and further amended by the Board on 27 March 2019, more details as set out in the Prospectus.

#### *(a) Purpose*

The purpose of the ESOP is to attract and retain the best available personnel, to provide additional incentives to the employees, officers and Directors of the Company and to promote the success of the businesses of the Group.

Upon adoption of the ESOP, the Company granted to DVI Investment Limited (the "**Master Option Grantee**") an option (the "**Master Option**") to purchase up to such number of Shares equal to 5% of the total number of the then outstanding Shares of the Company on a non-diluted basis (the "**Total Option Shares**"). The Master Option Grantee is a limited liability company organised under the laws of the Cayman Islands and an SPV designated by the Company to be the Master Option Grantee.



### SHARE SCHEMES (continued)

#### A. Pre-IPO Share Option Scheme (ESOP) (continued)

##### *(b) Who may join*

Beneficial interest in the Master Option (the “**Management Option**”, each represents one underlying Share under the ESOP) may be granted to full-time employees, including such officers and Directors of the Company who are full-time employees (the “**Participants**”) upon vesting of any option of the Master Option (the “**Management Option Grantee**”). An employee, officer or Director of the Company who has been granted a Management Option may, if otherwise eligible, be granted additional Management Options.

##### *(c) Maximum number of underlying Shares*

The overall limit on the number of underlying Shares which may be issued is 32,507,627 Shares with a par value of US\$0.0005 each.

##### *(d) Administration*

The ESOP is administered by the Board or the committee authorised by the Board (the “**Committee**”) constituted in such a manner as to satisfy applicable laws and company charter documents (the “**Administrator**”). Subject to applicable laws and provisions of the ESOP and except as otherwise provided by the Board, the Administrator has the authority, in its discretion, to:

- (i) select the employees, officers and Directors to whom the Management Options may be granted from time to time under the ESOP;
- (ii) determine whether and to what extent the Management Options are granted under the ESOP;
- (iii) determine the number of Shares or the amount of other consideration to be covered by each Management Option granted under the ESOP;

## SHARE SCHEMES (continued)

### A. Pre-IPO Share Option Scheme (ESOP) (continued)

#### **(d) Administration (continued)**

- (iv) approve forms of Management Option Agreement (as defined below) for use under the ESOP;
- (v) determine the terms and conditions of any Master Option or Management Option granted under the ESOP (including the Notice of Management Option Grant (as defined below) or any option agreement evidencing the grant of a Master Option or a Management Option executed by the Company and the Management Option Grantee);
- (vi) amend the terms of any outstanding Master Option or Management Option granted under the ESOP, provided that any amendment that would materially and adversely affect the Master Option Grantee's or the Management Option Grantee's rights under an outstanding Master Option or Management Option shall not be made without the Master Option Grantee's and/or the Management Option Grantee's written consent;
- (vii) construe and interpret the terms of the ESOP and the Master Options and Management Options, including, without limitation, any notice of award or option agreement granted pursuant to the ESOP;
- (viii) grant Management Options to employees, officers and Directors on such terms and conditions different from those specified in the ESOP as may, in the judgment of the Administrator, be necessary or desirable to further the purpose of the ESOP; and
- (ix) take such other action not inconsistent with the terms of the ESOP as the Administrator deems appropriate.

### SHARE SCHEMES (continued)

#### A. Pre-IPO Share Option Scheme (ESOP) (continued)

##### *(e) Option grants*

The Committee is authorised to grant options to purchase a specified number of Shares at a specified price during specified time periods. The Committee will issue a notice of Management Option grant (the “**Notice of Management Option Grant**”) with a Management Option agreement (the “**Management Option Agreement**”) attached thereto to the relevant Management Option Grantee, notifying him/her the number of Management Options that have been granted to him/her and the exercise price per Share. The Management Option Agreement includes additional provisions of the Management Option.

##### *(f) Term of the ESOP*

The ESOP commenced on 29 December 2017 (the “**Effective Date**”) and shall continue in effect for a term of seven years unless terminated earlier in accordance with applicable laws and provisions of the ESOP or otherwise approved by the Board.

##### *(g) Exercise of option*

The option may not be exercised until vested. Except as approved by the Board and subject to provisions hereunder, in respect of the audited consolidated financial statements of the Company for each full calendar year from 2017 to 2021 (both years inclusive):

## SHARE SCHEMES (continued)

### A. Pre-IPO Share Option Scheme (ESOP) (continued)

#### (g) Exercise of option (continued)

- (i) if the consolidated net income attributable to equity shareholders of the Company, after tax and minority interest (and excluding any extraordinary or one-time income or gain) of the Company on a consolidated basis meets the respective target as set out below (the “**Net Income Target**”) in such calendar year, 20% of the Management Options (whenever granted) will vest and become exercisable:

Year	2017	2018	2019	2020	2021
<b>Net Income Target</b> (RMB million)	110	130	281	325	375

- (ii) in the event that the Net Income Target is not met in a calendar year, no Management Option may vest or become exercisable.

#### (h) Exercise price

The exercise price per Share under the ESOP will be a price determined by the Committee and set forth in the Management Option Agreement and will be not lower than RMB1.69.

The Administrator is authorised under the ESOP to award any type of arrangement to an employee, officer or Director that is not inconsistent with the provisions of the ESOP and that by its terms involves or might involve the issuance of Shares or Master Option or similar right with a fixed or variable price related to the Fair Market Value (as defined below) of the Shares and with an exercise or conversion privilege related to the passage of time, the occurrence of one or more events, or the satisfaction of performance criteria or other conditions.

### SHARE SCHEMES (continued)

#### A. Pre-IPO Share Option Scheme (ESOP) (continued)

##### *(h) Exercise price (continued)*

“**Fair Market Value**” means, as of any date, the value of Shares determined as follows:

- (i) if the Shares are traded on a securities exchange, the value shall be deemed to be the average of the security’s closing prices on such exchange over the thirty-day period ending one day prior to such date, as reported in The Wall Street Journal or such other source as the Administrator deems reliable;
- (ii) if the Shares are traded over the counter, the value shall be deemed to be the average of the closing prices over the thirty-day period ending three days prior to such date as reported in The Wall Street Journal or such other source as the Administrator deems reliable; and
- (iii) in the absence of an established market for the Shares of the type described in (i) and (ii) above, the Fair Market Value thereof shall be determined by the Administrator in good faith.

The method of valuation of securities subject to investment letter or other restrictions on free marketability shall be adjusted to make an appropriate discount from the market value determined as above in sub-clauses (i), (ii) or (iii) to reflect the fair market value thereof as determined in good faith by the Administrator or by a liquidator if one is appointed.

##### *(i) Outstanding options*

On 29 December 2017, the Board granted the Master Option to the Master Option Grantee to purchase the Total Option Shares, being 32,507,627 Shares, under the ESOP.

## SHARE SCHEMES (continued)

### A. Pre-IPO Share Option Scheme (ESOP) (continued)

#### (i) Outstanding options (continued)

On 12 July 2019, all Management Options under the ESOP were granted by the Master Option Grantee to the executive Directors prior to the Company's listing. Further information of the Management Options during the Reporting Period is set out below:

Name of Grantees	Date of grant <sup>2,3</sup>	Number of Management Options	Exercise price (RMB per Share)	Outstanding as of 1 January 2024	During the Reporting Period			Outstanding as of 30 June 2024	Vesting and exercise period
					Exercised (Relevant closing price)	Cancelled	Lapsed		
<b>Directors</b>									
Ho Kuk Sing	12 July 2019	20,479,805	1.69	8,191,922	-	-	-	8,191,922	Note 4
Lin Xianya	12 July 2019	8,126,907	1.69	3,250,763	-	-	-	3,250,763	Note 4
<b>Others</b>									
Leung King Sun	12 July 2019	3,900,915	1.69	1,560,366	-	-	-	1,560,366	Note 4
Total		32,507,627		13,003,051 <sup>5</sup>	-	-	-	13,003,051 <sup>5</sup>	

#### Notes:

1. No Management Options were granted or available for grant during the Reporting Period.
2. A consideration of RMB0.1 was payable by each grantee upon acceptance of the Management Option.
3. The grant was made prior to the Company's listing on the Stock Exchange.

### SHARE SCHEMES (continued)

#### A. Pre-IPO Share Option Scheme (ESOP) (continued)

##### (i) Outstanding options (continued)

4. Each grantee, upon accepting the options under the ESOP, is deemed to have undertaken to the Company that he will hold and exercise his option in accordance with the rules of the ESOP and the Management Option Agreement, including with respect to the allotment and issue of Shares to him upon exercise of his option and the holding of such Shares.

See also “(d) Exercise of option” above regarding the vesting periods and performance targets of the Management Options. All Management Options have been vested prior to the Reporting Period.

The Management Options may be exercised after they are vested until its expiration date on 28 December 2024 (unless terminated earlier in accordance with the terms of the ESOP).

5. Representing approximately 0.96% of the total issued Shares as of the beginning of and the end of the Reporting Period, and as of the date of this interim report, respectively.

No further option will be granted under the ESOP, as the right to do so has been terminated upon Company’s listing.

As of the date of this interim report, a total of 19,504,576 Management Options had lapsed in accordance with the terms of the ESOP. No option has been exercised cancelled or lapsed under the ESOP during the Reporting Period and thereafter up to the date of this interim report.

## SHARE SCHEMES (continued)

### B. Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme, more details of which are set out in the Prospectus:

The Share Option Scheme is a share incentive scheme and is established to (a) attract and retain the best quality personnel for the development of the Group's businesses, (b) to provide additional incentives to the Qualifying Grantees (as defined below), and (c) to promote the long term financial success of the Group by aligning the interests of option holders to the Shareholders.

Subject to the provisions of the Listing Rules and applicable law and other regulations from time to time in force, the Board may, in its discretion, select Qualifying Grantees to whom options may be granted under the Share Option Scheme (the "**Options**").

"**Qualifying Grantee**" means any Eligible Person, any trust for the benefit of an Eligible Person or his immediate family members, or any company controlled by an Eligible Person or his immediate family members.

"**Eligible Person**" means (a) any employee (whether full-time or part-time employee) of any member of the Group or any affiliate and any person who is an officer of any member of the Group or any affiliate, (b) any person who is seconded to work for any member of the Group or any affiliates, (c) any consultant, agent, representative, adviser, customer, contractor of the Group or any affiliate, or (d) any business partner/ally/alliance, joint venture partner, supplier of goods or services to the Group or any affiliate or any employee thereof.



### SHARE SCHEMES (continued)

#### B. Share Option Scheme (continued)

The number of Options that can be granted to any Qualifying Grantee during any 12-month period shall be subject to the restriction that the total number of Shares issued and to be issued upon exercise of Options (whether exercised or outstanding) granted in such 12-month period and must not exceed 1% of the Shares in issue. Where any further grant of Options to a Qualifying Grantee would result in the Shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant representing in aggregate over 1% of the Shares in issue, such further grant shall be subject to separate approval by the Shareholders in general meeting with the relevant Qualifying Grantee and his close associates (or his associates if the participant is a connected person) abstaining from voting.

The total number of Shares available for issue under the Share Option Scheme is 106,672,000, representing approximately 7.87% of the total number of Shares, as of the date of this interim report.

Unless such further grant is approved by the Shareholders in general meeting, no Option may be granted to any substantial Shareholder or an independent non-executive Director, or any of their respective associates, which would result in the Shares issued and to be issued upon exercise of all options already granted or to be granted (including options exercised, cancelled and outstanding) to such person under the Share Option Scheme and any other scheme(s) of the Company in the 12-month period up to and including the date of board meeting for proposing such further grant (a) representing in aggregate over 0.1% of the share capital of the Company in issue, and (b) having an aggregate value, based on the closing price of the Shares at the date of the Board meeting for proposing such further grant, in excess of HK\$5 million.

An offer shall remain open for acceptance by the Qualifying Grantee concerned for a period of 28 days from the date of the offer (or such period as the Board may specify in writing). A consideration of HK\$1.00 is payable on acceptance of the offer of grant of an Option.

## SHARE SCHEMES (continued)

### B. Share Option Scheme (continued)

The subscription price in respect of any particular Option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant Option (and shall be stated in the letter containing the offer of the grant of the Option) but the subscription price shall not be less than whichever is the higher of:

- (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date on which the Option is deemed to have been granted in accordance with the terms of the Share Option Scheme (the "**Date of Grant**"), which must be a day on which the Stock Exchange is open for the business of dealing in securities;
- (b) the average closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five Business Days immediately preceding the Date of Grant; and
- (c) the nominal value of a Share.

Subject to the provisions of the Listing Rules, applicable law and other regulations from time to time in force and the terms of the Share Option Scheme, the Board may, in its discretion, determine the period during which the Options may be exercised, and the minimum period, if any, for which an Option must be held before it vests or becomes exercisable in whole or in part.

Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from 12 July 2019.

## OTHER INFORMATION (CONTINUED)

### SHARE SCHEMES (continued)

#### B. Share Option Scheme (continued)

Further information of the outstanding Options under the Share Option Scheme during the Reporting Period is set out below:

Name/category of grantees	Date of grant	Number of options granted	Exercise price <sup>3</sup> (HKD per Share)	Outstanding as of 1 January 2024	During the Reporting Period			Outstanding as of 30 June 2024	Vesting and exercise period
					Exercised (Relevant closing price <sup>4</sup> )	Cancelled	Lapsed		
<b>Directors</b>									
Ho Kuk Sing	22 November 2019	8,000,400	3.042	8,000,400	-	-	-	8,000,400	Note 5
Lin Xianya	22 November 2019	7,333,700	3.042	7,333,700	-	-	-	7,333,700	Note 5
<b>Other connected person</b>									
Leung King Sun <sup>5</sup>	22 November 2019	8,000,400	3.042	8,000,400	-	-	-	8,000,400	Note 5
<b>Other employees</b>									
One employee (a senior management and a top-five highest paid employee for the year 2023, not being a director/chief executive)	22 November 2019	200,010	3.042	200,010	-	-	-	200,010	Note 6
One other senior management	22 November 2019	666,700	3.042	666,700	-	-	-	666,700	Note 6
Other employees, in aggregate <sup>7</sup>	22 November 2019	866,710	3.042	866,710	-	-	-	866,710	Note 6
Total				25,067,920 <sup>8</sup>				25,067,920 <sup>8</sup>	

## SHARE SCHEMES (continued)

### B. Share Option Scheme (continued)

Notes:

1. No Options were granted during the Reporting Period.

The total number of Shares which may be issued upon exercise of all Options available for grant under the Share Option Scheme was 106,672,000 Shares as of both the beginning of the Reporting Period and the end of the Reporting Period, representing approximately 7.87% of the total issued Shares as at the relevant time, respectively. There has been no change after the Reporting Period and up to the date of this interim report in this regard.

2. A consideration of HK\$1 was payable by each grantee upon acceptance of the Option.
3. The exercise price of HK\$3.042 per Share represents the highest of: (i) the closing price of HK\$3.04 per Share as stated in the daily quotation sheet of the Stock Exchange on the date of grant; (ii) the average closing price of HK\$3.042 per Share as stated in the daily quotation sheets of by the Stock Exchange for the five business days immediately preceding the date of grant, namely, 15 November 2019 to 21 November 2019; and (iii) the nominal value of US\$0.0005 per Share. The closing price per Share as stated in the daily quotation sheet of the Stock Exchange on the date immediately before the date of grant was HK\$3.04. Further information about the fair values of the Options granted under the Share Option Scheme during the year of grant (i.e. 2019) is set out in the 2019 annual report of the Company, which is available at the websites of the Stock Exchange and the Company, respectively.
4. Being the weighted average closing price per Share immediately before the date on which the Options were exercised.
5. These Options were vested on 3 June 2020 (the date on which the grants were approved by the Shareholders at a general meeting). Their exercise period is from 3 June 2020 to 2 June 2025, subject to earlier cancellation, lapse or termination in accordance with the Share Option Scheme.
6. These Options were vested on 22 November 2019 (date of grant). Their exercise period is from 22 November 2019 to 21 November 2024, subject to earlier cancellation, lapse or termination in accordance with the Share Option Scheme.
7. None of these employees were connected person, senior management, related entity participant or service provider of the Company save as disclosed. None of them has options and awards granted and to be granted in excess of 1% of the total issued Shares of the Company save as disclosed.
8. Mr. Leung King Sun is a connected person of the Company. He resigned as a Director in March 2024, and is currently a senior consultant of the Company. See also "Substantial Shareholders and Other Persons".
9. Representing approximately 1.85% of the total issued Shares as of the beginning of the Reporting Period, the end of the Reporting Period, and the date of this interim report, respectively.

## SHARE SCHEMES (continued)

### C. Share Award Scheme

The following is a summary of the principal terms of the Share Award Scheme of the Company as approved by the Board on 19 May 2020, more details as set out in the announcement dated 19 May 2020.

#### *(a) Purposes and Objectives*

The purpose of the Share Award Scheme is to recognise the contributions by certain employees and to provide incentives thereto to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group.

#### *(b) Duration*

Subject to any early termination determined by the Board, the Share Award Scheme shall be valid and effective for a term of 10 years commencing on 19 May 2020.

#### *(c) Administration*

The Share Award Scheme shall be subject to the administration of the Board and Bank of Communications Trustee Limited (the “**Trustee**”) in accordance with the rules relating to the Share Award Scheme adopted by the Board and a trust deed dated 19 May 2020 entered into between the Company as settler and the Trustee as trustee (the “**Trust Deed**”).

#### *(d) Maximum Limit*

The Board shall not make any further award of the Awarded Shares to certain selected employee which will result in the aggregate number of Shares awarded under the Share Award Scheme to be in excess of 10% of the issued share capital of the Company from time to time. The maximum number of Shares which may be awarded to certain selected employee under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company from time to time.

## SHARE SCHEMES (continued)

### C. Share Award Scheme (continued)

On 29 March 2021, the Board resolved to grant the Awarded Shares to 405 selected employees in accordance with the terms of the Share Award Scheme at nil consideration to show recognition for the Grantees' continual support to the Group and provide incentive to the Grantees to make further effort to the Group's future development. Net price and proceeds are nil with respect to the issue. Each of the Grantees is an employee of the Company or its subsidiaries. 30,000,000 Awarded Shares (with an aggregate nominal value of USD15,000) were issued on 20 April 2021, and the Company caused to pay the Trustee a total subscription price of USD15,000 (representing the aggregate nominal value of the Awarded Shares, i.e. USD0.0005 per Awarded Share). The closing price per Share as quoted on the Stock Exchange was HKD1.96 on 15 December 2020 (the date on which the Share Award Scheme was adopted), and HKD2.12 on 29 March 2021 (the date on which the Board approved the grant of the Awarded Shares). The Awarded Shares were vested on 1 April 2022. Further information of the Awarded Shares during the Reporting Period is set out below:

Name/ category of Grantees	Date of grant (Relevant closing price <sup>3)</sup> )	Number of Award Shares	Unvested awards as of 1 January 2024	During the Reporting Period <sup>2</sup>			Unvested awards as of 30 June 2024	Vesting period
				Vested (Relevant closing price <sup>4</sup> )	Cancelled	Lapsed		
<b>Employee participants (not being a director/chief executive)</b>								
One senior management (a top-five highest paid individual in year 2023)	29 March 2021 (HK\$2.12)	913,000	-	-	-	-	-	Date of grant to 1 April 2022 <sup>5</sup>
One senior management	29 March 2021 (HK\$2.12)	959,000	-	-	-	-	-	Date of grant to 1 April 2022 <sup>5</sup>
One employee (a top-five highest paid individual in year 2023, not a senior management)	29 March 2021 (HK\$2.12)	1,989,000	-	-	-	-	-	Date of grant to 1 April 2022 <sup>5</sup>
In aggregate <sup>6</sup>	29 March 2021 (HK\$2.12)	24,457,000	-	-	-	-	-	Date of grant to 1 April 2022 <sup>5</sup>
<b>Total</b>		<b>28,318,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

## OTHER INFORMATION (CONTINUED)

### SHARE SCHEMES (continued)

#### C. Share Award Scheme (continued)

*Notes:*

1. As of 30 June 2024, 2,711,000 Shares were held by the Trustee in trust under the Share Award Scheme.

During the Reporting Period, no Awarded Shares were granted or issued.

The number of Awarded Shares available for grant under the Share Award Scheme was 107,141,000 Shares (representing approximately 7.91% of the total issued Shares) as of the beginning of the Reporting Period and as of the end of the Reporting Period, respectively. There has been no change after the Reporting Period and up to the date of this interim report in this regard.

2. Grantees were not required to pay any application/acceptance amount, purchase price or exercise price for the Awarded Shares under the Share Award Scheme.
3. Represents the closing price per Share as quoted on the Stock Exchange immediately before the date on which the Awarded Shares were granted.
4. Being the weighted average closing price per Share immediately before the date on which the Award Shares were vested.
5. The Board resolved on 15 December 2020 to allot and issue 30,000,000 new Awarded Shares to the Trustee under the general mandate. 30,000,000 Awarded Shares were granted to 405 selected employees (who are all employees of the Company or its subsidiaries) at nil consideration on 29 March 2021, with a vesting period from the date of grant to 1 April 2022. The Awarded Shares were issued at its nominal value of US\$0.0005 per Share, and the total subscription price of USD15,000 (being the aggregate nominal value of the Awarded Shares) was paid by the Company. These Awarded Shares were allotted to the Trustee on 20 April 2021. All the outstanding Awarded Shares were vested on 1 April 2022 in a single tranche according to the terms of grant. The grant and vesting the these Awarded Shares were not subject to any performance target.
6. None of these employees were connected person, senior management, related entity participant or service provider of the Company. None of them has options and awards granted and to be granted in excess of 1% of the total issued Shares.

No grants were made under the above share schemes of the Company during the Reporting Period.

### MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

The Group did not have any material acquisition or disposal of subsidiaries, associates or joint ventures during the Reporting Period.



## **DIRECTOR'S SECURITIES TRANSACTIONS**

The Company has adopted the Model Code regarding Directors' securities transactions by the Directors.

Each Director has confirmed, following specific enquiries by the Company, that he/she has complied with the Model Code throughout the Reporting Period.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

During the Reporting Period, save for the code provision addressed below, the Company met all the applicable code provisions in Part 2 of the Corporate Governance Code in Appendix C1 to the Listing Rules.

Code Provision C.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

Mr. Ho Kuk Sing who is one of the founders of the Group and has extensive experience in the industry, is the chairman and chief executive officer of the Company.

The Board believes that Mr. Ho Kuk Sing can provide the Company with strong and consistent leadership that allows for effective and efficient planning and implementation of business decisions and strategies. The Board is of the view that given that Mr. Ho Kuk Sing had been responsible for leading the strategic planning and business development of the Group, the arrangement would allow for effective and efficient planning and implementation of business decisions and strategies under his strong and consistent leadership, and should be overall beneficial to the management and development of the Group's business.





## OTHER INFORMATION (CONTINUED)

### REVIEW BY THE AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) consists of three independent non-executive Directors, namely Mr. Wong Sze Lok (Chairman), Mr. Zhong Renqian and Dr. Leung Ka Sing.

This interim report and the interim results for the Reporting Period has been reviewed by the Audit Committee. Based on such review, the Audit Committee was of the opinion that the Group’s unaudited interim condensed consolidated financial statements as contained in this interim report were prepared in accordance with applicable accounting standards. The Audit Committee does not have any disagreement with the accounting treatment adopted by the Company.

### SUBSEQUENT EVENT

The Group has had no other material event since the end of the Reporting Period and up to the date of this interim report except for matters disclosed in this interim report.

### DIVIDEND

The Board has resolved not to declare any interim dividend for the Reporting Period (for the six months ended 30 June 2023: HK2.970 cents).

## CHANGES OF COMPOSITION OF THE BOARD AND OTHER PERSONNEL

The following changes of the composition of the Board took place during the Reporting Period:

- (a) The following appointments took place:
- a. Mr. Chan Siu Kei Ken as an executive Director with effect from 28 March 2024. He was also appointed as an authorised representative with effect from 1 July 2024;
  - b. Mr. Law Kim Fai as an executive Director with effect from 8 March 2024. He was also appointed as chief financial officer, company secretary and authorised representative with effect from the same date;
  - c. Mr. Liu Fei as a non-executive Director with effect from 8 March 2024; and
  - d. Mr. Wong Sze Lok as an independent non-executive Director with effect from 28 March 2024.

They have obtained the legal advice referred to in Rule 3.09D of the Listing Rules, and each of them has confirmed he understood his obligations as a director of a listed issuer (For Mr. Liu Fei, on 8 March 2024, and for other new Directors, on 28 March 2024); and

- (b) The following resignations became effective:
- a. Mr. Leung King Sun as an executive Director with effect from 28 March 2024. He also resigned as the chief operating officer and authorised representative of the Company with effect on the same date. He is currently a senior consultant of the Company;
  - b. Mr. Sun Tao as non-executive Director with effect from 30 January 2024;
  - c. Mr. Yang Zhaoxu as non-executive Director with effect from 8 March 2024; and
  - d. Mr. Lau Siu Ki as an independent non-executive Director with effect from 28 March 2024.

## OTHER INFORMATION (CONTINUED)

Ms. Lam Wai Yan ceased to be a company secretary and authorised representative with effect from 1 July 2024.

More information with respect to these changes and other associated changes in the Board committees and personnel is set out in the Company's announcements dated 31 January 2024, 8 March 2024, 28 March 2024 and 28 June 2024, respectively.

Save as disclosed in this interim report, there is no other information required to be disclosed under Rule 13.51B(1) of the Listing Rules.

### PLACING OF NEW SHARES UNDER GENERAL MANDATE

The Group has been constantly looking for business opportunities to enhance shareholders' value.

The Company issued 270,918,016 ordinary Shares on 24 July 2024 (representing approximately 16.67% of the issued Shares as enlarged by such allotment, with an aggregate nominal value of USD135,459.01) to not less than six placees (being third parties who are independent of, and not connected with, the Company and its connected persons (as defined in the Listing Rules)) at the price of HK\$0.7 per Share (being the approximate net price per Share to the Company), pursuant to a placing agreement between the Company and Sunhigh Financial Holdings Limited (as placing agent) dated 25 June 2024 (the "**Placing Agreement**"). These Shares were issued under the general mandate.

The placing price of HK\$0.7 per Share represents (i) a discount of approximately 18.60% to the closing price of HK\$0.86 per Share as quoted on the Stock Exchange on 25 June 2024, being the date of the Placing Agreement; and (ii) a discount of approximately 19.91% to the average closing price of HK\$0.874 per Share as quoted on the Stock Exchange for the five consecutive trading days immediately preceding the date of the Placing Agreement.

The Company received net proceeds of approximately HK\$189.1 million, after deduction of the placing commission and other related expenses. Set out below is the Company's plan on the use of net proceeds from the said placing:

Intended use of net proceeds	Percentage of total net proceeds of such issue (approximately)	<b>Unutilised proceeds as at 24 July 2024 (in HK\$ million)</b>
Medical related business development of the Group (including internal development, external business cooperation or merger and acquisitions)	90%	<b>170.2</b>
General working capital of the Company	10%	<b>18.9</b>
<b>Total</b>	<b>100%</b>	<b>189.1</b>

*Note:* The placing was completed after the Reporting Period. No proceeds could therefore be applied during the Reporting Period. The Company intends to utilise the proceeds as previously disclosed in the announcement within two years from the completion date of the placing. The expected timeline for utilising the proceeds is based on the best estimation of the future market conditions made by the Group. It will be subject to change based on the current and future development of market conditions.

More information, including the intended use of proceeds, is set out in the Company's announcements dated 25 June 2024 and 24 July 2024, respectively.

## OTHER INFORMATION (CONTINUED)

### DISCLOSURE OF INFORMATION

This interim report containing the relevant information required by the Listing Rules has been published on the respective websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.ivdholding.com>).

By Order of the Board  
**IVD Medical Holding Limited**  
**Ho Kuk Sing**  
*Chairman and Executive Director*

Hong Kong, 28 August 2024

This interim report contains forward-looking statements that reflect the Company's beliefs, plans or expectations about the future or future events. These statements are based on assumptions, current estimates and projections, and are subject to risks, uncertainties and other factors which may be beyond control. The actual outcomes may differ materially and/or adversely. Nothing contained in these statements is, or shall be, relied upon as any assurance or representation as to the future or as a representation or warranty otherwise. Neither the Company nor its directors, officers, employees, agents, affiliates, advisers or representatives assume any responsibility to update these statements or to adapt them to future events or developments or to provide supplemental information in relation thereto or to correct any inaccuracies.

Certain figures in this interim report have been subject to rounding adjustments.