



梅斯

MedSci Healthcare Holdings Limited

梅斯健康控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code : 2415

2024

INTERIM
REPORT



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dr. Zhang Fabao (張發寶博士) (*Chairman of the Board*)
 Dr. Li Xinmei (李欣梅博士) (*Chief Executive Officer*)
 Mr. Fan Jie (樊傑先生) (*ceased to be Co-Chief Executive Officer on 16 July 2024 and resigned on 25 September 2024*)
 Mr. Wang Shuai (王帥先生) (*appointed as Co-Chief Executive Officer on 16 July 2024*)
 Mr. Cheng Liang (程亮) (*appointed on 25 September 2024*)

Non-executive Directors

Mr. Hu Xubo (胡旭波先生) (*resigned on 25 September 2024*)
 Ms. Wang Xin (王欣) (*appointed on 25 September 2024*)
 Mr. Yan Shengfeng (閔盛楓先生)

Independent Non-Executive Directors

Ms. Liu Tao (劉濤女士)
 Mr. Yu Mingyang (余明陽先生)
 Mr. Lau Yiu Kwan Stanley (劉耀坤先生)

JOINT COMPANY SECRETARIES

Mr. Yang Chun (楊春先生)
 Ms. Kwan Sau In (關秀妍女士) (*ACG, HKACG*)

AUDIT COMMITTEE

Ms. Liu Tao (劉濤女士) (*Chairwoman*)
 Mr. Yu Mingyang (余明陽先生)
 Mr. Lau Yiu Kwan Stanley (劉耀坤先生)

REMUNERATION COMMITTEE

Mr. Yu Mingyang (余明陽先生) (*Chairman*)
 Dr. Li Xinmei (李欣梅博士)
 Ms. Liu Tao (劉濤女士)

NOMINATION COMMITTEE

Dr. Zhang Fabao (張發寶博士) (*Chairman*)
 Mr. Yu Mingyang (余明陽先生)
 Mr. Lau Yiu Kwan Stanley (劉耀坤先生)

AUTHORISED REPRESENTATIVES

Dr. Li Xinmei (李欣梅博士)
 Ms. Kwan Sau In (關秀妍女士) (*ACG, HKACG*)

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 Registered Public Interest Entity Auditor)
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CORPORATE INFORMATION



PRINCIPAL BANKS

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Bank of Shanghai Co., Ltd.
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PRINCIPAL SHARE REGISTRAR

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HONG KONG SHARE REGISTRAR

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STOCK CODE

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COMPANY'S WEBSITE

<http://medscihealthcare.com/>

BUSINESS OVERVIEW

BUSINESS REVIEW AND OUTLOOK

The anti-corruption policies in the healthcare sector have propelled the pharmaceutical industry towards a higher level of compliant, academic-oriented and digital development. Although temporarily posing challenges and a certain degree of uncertainty for the pharmaceutical industry, we believe that these policies will not weaken the industry's foundation but will instead push the Chinese pharmaceutical industry towards high-quality development. By actively applying advanced artificial intelligence technology and strict compliance measures, the Group is fully prepared to address these transformations. We firmly believe that the Company possesses enough flexibility and resilience to seize the profound opportunities brought about by this transformation and achieve sustained business growth and long-term development in the future.

Based on evidence-based logic of medical proof, the Group's business matrix revolves around the generation, dissemination, and decision-making processes of medical proof, which supports its clients and partners in generating and applying high-quality evidence in healthcare scenarios in a safe and compliant manner, thereby realising the true medical value. As at 30 June 2024, the Group had over 5.1 million members, including approximately 3.2 million registered physician members, as well as a huge repository of clinical research data, clinical research outcomes, healthcare product details, and professional medical insights, which is applied across various aspects of the healthcare industry. Meanwhile, the Group also continues to attract more hospitals, experts, pharmaceutical companies, and researchers to join our network.

As at 30 June 2024, the Group has accumulatively provided medical solutions to 12 top research hospitals in China and covered over 2,000 hospitals, extending its reach from first- and second-tier cities to county-level and grassroots healthcare institutions. As at 30 June 2024, the Group had accumulatively served 591 pharmaceutical and medical device enterprises.

In the wake of the anti-corruption campaign in the healthcare industry that is reshaping the ecosystem of the pharmaceutical industry, despite being crucial for the long-term healthy development of the industry, this profound transformation has led to tightened client budgets and a decline in revenue in the short term. Through continuing innovation and proactive market response strategies, the Group is mitigating these short-term impacts, while being prepared to seize future growth opportunities. For the six months ended 30 June 2024, the Group's total revenue was approximately RMB110.7 million, with a period-on-period decrease of approximately 23.1% in gross profit and a period-on-period increase of approximately 3.1% in gross profit margin, mainly because the Group actively responded to the national call to conduct strict compliance reviews in collaboration with pharmaceutical enterprise clients to ensure that all academic research and promotional activities comply with the latest national compliance standards. Although these reviews have slightly extended the project execution and settlement cycle with temporary impact on project execution and completion settlement cycles, leading to a decrease in revenue, this is to ensure the long-term compliance and sustainable development of all business operations. With the gradual completion of compliance reviews and the implementation of new standards, the Group anticipates that project execution speeds will gradually return to normal and are expected to accelerate further in the future. We firmly believe that this is a necessary step to safeguard the Company's long-term stability and will bring greater market trust and cooperation opportunities to the Company. In the precision digital marketing solutions business segment, the Group focused on key disease areas such as solid tumours, hematologic diseases, ophthalmology, immune diseases, and rare diseases to further strengthen its core competitiveness, enhance the customer experience, and increase average transaction value. The Group focuses on providing comprehensive marketing solutions for pharmaceutical and medical device enterprises by continuing to deliver high-quality products and solutions. For instance, during the Reporting Period, the Group launched solutions in various rare disease areas, including neurological disorders, to address the growing and diversified requirements of pharmaceutical and medical device

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enterprises. The Group has improved organisational efficiency related to customer value delivery, focusing on synergies and collaboration between business segments from both technical and commercial perspectives.

Driven by profound changes taking place in China's pharmaceutical industry, the efficient, compliant, evidence-driven commercialisation model for pharmaceutical and medical device products has become the inevitable alternative for Chinese pharmaceutical and medical device enterprises. Centred on the clinical research requirements of physicians, the Group is striving to establish innovative interactive models with a view to improving healthcare quality and realising commercial value.

PHYSICIAN PLATFORM SOLUTIONS

The Group operates online professional physician platforms in China. As at 30 June 2024, the Group's platform had approximately 3.2 million registered physician users and the average number of unique registered users, including all registered users such as physicians, nurses, pharmacists and other non-healthcare professional, that accessed the MedSci platform in each month during the six months ended 30 June 2024 reached approximately 3.0 million, which further consolidated the Group's position as the professional physician platform. The MedSci platform also features a high percentage of experienced physician users with the title of associate chief physician (副主任醫師) and above, as well as a professional physician platform with active users. The total number of registered physician users on the MedSci platform who had the title of associate-chief physician and above represented approximately 73.8% of the total number of physicians in China who had obtained the title of associate-chief physician and above, based on the latest published information from the National Health Commission of China. As at 30 June 2024, the MedSci platform covered 42 research areas, including 686,500 entries of medical information, representing an increase of 8,650 entries as compared to that as at 31 December 2023; included 133,550 user communities, representing an increase of over 200 user communities as compared to that as at 31 December 2023; and maintained 8,089 physician communities, representing an increase of over 2,025 physician communities as compared to that as at 31 December 2023. The MedSci platform is accessible through multiple channels such as website, mobile application, WeChat mini-program and WeChat public account. Such platform proactively engages physicians through means such as email, phone calls, WeChat, and WeChat groups. Contents available on the Medsci platform are principally and independently published by the Group. Furthermore, third parties, including pharmaceutical and medical device companies, industry associations, and individual self-media, are provided with ancillary support for their release of information.

During the six months ended 30 June 2024, the Group was recognised as one of the first Shanghai Industrial Internet Demonstration Platforms, ranking first on the list. While continuing to follow the "Action Plan for Promoting High-Quality Development of Industrial Internet Platforms in Shanghai (2023-2025)" (《上海市促進產業互聯網平台高質量發展行動方案(2023-2025年)》), the Group closely aligned with the requirements of the manufacturing industry, optimised industry chain services, and committed itself to technological innovation, as a contributor to the joint efforts to drive capacity enhancement in the healthcare industry.

Meanwhile, in response to the policy requirements for high-quality hospital development, the Group further expanded its provision of intelligent-driven clinical research platforms and data analysis-driven solutions for departments and hospitals. As at 30 June 2024, the Group had provided clinical research solutions to 108 hospitals/302 departments, which is expected to become a new growth momentum for this segment.

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For the six months ended 30 June 2024, revenue from the physician platform solutions business amounted to approximately RMB55.2 million, representing a period-on-period increase of approximately 25.9%. Such growth was mainly driven by a growing demand for clinical research among physicians at all levels. This demand stems from national policies that necessitate high-quality development of hospitals, coupled with the Group's ability to offer products tailored to the specific needs of physicians at different levels. In the first half of 2024, the Group's current inventory orders increased by approximately RMB73 million to approximately RMB124 million.

EVIDENCE-DRIVEN PRECISION OMNI-CHANNEL MARKETING SOLUTIONS

The government's continuing anti-corruption efforts in the pharmaceutical industry in China have accelerated the transition of traditional pharmaceutical companies' marketing models towards evidence-based and digital marketing. The activities on the physician platform, the medical academic competence, and digital technology constitute the new infrastructure for digital pharmaceutical marketing. Therefore, the Group has consolidated its real-world clinical study ("RWS") solutions business with its precision omni-channel marketing solutions business, categorising them under evidence-driven precision marketing solutions. By persisting in the development model driven by both medicine and digitalisation, the Group continues to strengthen its medical academic competence, with substantial growth achieved in the following areas:

- (i) the Group's precision omni-channel marketing solutions mainly features the integration of academic marketing and digital marketing, which persists in the dual drive of medicine and digitalisation to promote the transformation of the pharmaceutical marketing model from traditional marketing models to digital and academic approaches, as pure digital marketing easily leads to the phenomenon where bad money drives out good money. As affected by policies including volume-based procurement and current anti-corruption campaigns in the healthcare industry, pharmaceutical and medical device enterprises have witnessed significant reduction in both revenue and profit, and therefore are actively seeking digital and academic marketing models, as well as marketing solutions to improve efficiency at lower costs, comply with regulations, and implement precise, value-based medicine, which aims to align with the current strict anti-corruption policies and identify alternatives to traditional marketing models;
- (ii) the Group's precision omni-channel marketing solutions does not contradict digital marketing or on-ground marketing. It flexibly adopts multimodal marketing approaches according to different stages of product lifecycles. For example, in the early stages of launching innovative drug products, the Group closely integrates digital academic marketing with the ground sales teams of our clients to achieve the omni-channel coverage for greater marketing effectiveness; and
- (iii) the Group adopts a value-based healthcare orientation. By persisting in the development model driven by both medicine and digitalisation, the Group explores the academic highlights of pharmaceutical and medical device products, which are used to identify the clinical application differences among different products. This allows the products to accurately match suitable patients, which is conducive to promoting rational use of drugs in clinical settings and facilitating the clinical recognition of the therapeutic value of the products, and ultimately benefits patients, as well as pharmaceutical and medical device enterprises.

During the six months ended 30 June 2024, the demand for the precision omni-channel marketing solutions business continued to grow, particularly with a significant increase in orders from domestic pharmaceutical and medical device enterprises. However, both the pharmaceutical and medical device enterprises and physicians at hospitals increased compliance requirements in light of the current high national requirements, necessitating a longer period of compliance reviews by pharmaceutical and medical device enterprises and physicians at hospitals during project execution, which extended the project execution timeframe and therefore led to a decline in revenue

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for this segment during the six months ended 30 June 2024. For the six months ended 30 June 2024, revenue from this segment was approximately RMB41.9 million, representing a period-on-period decrease of approximately 51.0%. In response, the Group has focused on increasing marketing activities, optimising product offerings, adjusting pricing strategy and improving operational efficiency.

The Group's business has transitioned from single project to comprehensive solutions, with the average transaction value increasing from approximately RMB178,000 to approximately RMB248,000. During the six months ended 30 June 2024, the share of comprehensive solutions increased from approximately 31.1% to approximately 46.6%.

As at 30 June 2024, the Group had 563 active customers, including 477 core pharmaceutical, biotechnology, and medical device enterprise clients. During the six months ended 30 June 2024, the revenue retention rate for the Group's top 10 customers was 100%. Among the Group's top 20 customers, 11 were multinational pharmaceutical companies and 18 were listed companies.

The anti-corruption campaign in the healthcare industry has accelerated the transformation of domestic pharmaceutical and medical device enterprises. In the first six months of 2024, the Group added 64 new domestic pharmaceutical enterprise clients, with the current inventory orders increasing by approximately RMB90 million to approximately RMB195 million, and the proportion of revenue from domestic pharmaceutical enterprises reaching approximately 58.9%.

RWS SOLUTIONS

In the area of RWS solutions, the Group provides pharmaceutical and medical device enterprises with high-quality and cost-effective post-marketing clinical research solutions, including real-world studies, pharmacovigilance studies, pharmacoconomics research, and innovative device registration studies.

During the six months ended 30 June 2024, the revenue from the Group's RWS solutions business was approximately RMB13.6 million, representing a period-on-period decrease of 38.4%. This decrease was primarily attributable to (i) extended project negotiation cycle during the six months ended 30 June 2024 due to the impact of the domestic anti-corruption and pharmaceutical market transformation; and (ii) reduction in completed projects resulting from delays in enrollment of researchers, attributed to a lack of motivation.

During the six months ended 30 June 2024, the Group executed 154 projects, and the current inventory orders increased from RMB135 million at the end of 2023 to RMB180 million.

OUTLOOK

To achieve the Group's mission of "improving medical quality" and further consolidate its leading position on the physician platform, the Group will continue to:

- (i) expand coverage across various levels of physicians;
- (ii) deepen and enrich its knowledge and application in key disease areas;
- (iii) strengthen the innovation, research and development, application and development of artificial intelligence technologies to further improve output efficiency;
- (iv) increase customer penetration rate and enhance synergistic effects between business segments;
- (v) explore opportunities in international markets; and

BUSINESS OVERVIEW

- (vi) further enrich its ecosystem through strategic partnerships, investments, and acquisitions.

The Group will continue to reinforce its extensive cultivation strategy for the physician platform solutions by:

- (i) expanding coverage among grassroots physicians;
- (ii) updating and upgrading products related to clinical study assistance services;
- (iii) strengthening the development of networks and communities in key specialty areas;
- (iv) exploring additional services for the physician community to meet their unmet requirements, such as the development of physician intellectual properties; and
- (v) exploring the expansion of coverage among overseas physicians and providing them with professional services.

As for the precision omni-channel marketing solutions, in line with the continuous introduction of regulations and policies, the Group will accelerate the production of research-grade evidence, driving the development of one-stop commercialisation solutions for pre-launch products. The Group will continue to focus on:

- (i) compliant academic promotion solutions;
- (ii) specialised focus on key disease areas;
- (iii) expansion into rare disease fields; and
- (iv) application of artificial intelligence to the efficiency of precision omni-channel marketing operations.

As for RWS solutions, the Group will continue to tap into the potential of evidence based production, actively explore digital innovation and development for instance, introducing technologies such as digital targeting into clinical research projects, and further enhance data collection and management capabilities based on artificial intelligence, with a view to promoting the enhancement of clinical research quality and efficiency.

The Group is well-positioned to become a pioneering leader in the rapidly transforming Chinese pharmaceutical industry. Moving forward, the Group will continue with the innovative introduction of applications and solutions driven by artificial intelligence and evidence to seize enormous market opportunities in China and other regions, while delivering greater value to industry participants within the ecosystem through our intelligent infrastructure.

FINANCIAL HIGHLIGHTS



	For six months ended 30 June		Period-on-period movement*
	2024	2023	
	(RMB'000) (Unaudited)	(RMB'000) (Unaudited)	%
Revenue	110,665	151,400	(26.9)
Cost of sales	(42,279)	(63,070)	(33.0)
Gross profit	67,936	88,330	(23.1)
Profit for the period	248	11,920	(97.9)
Profit attributable to owners of the parent	248	11,920	(97.9)

* Period-on-period movement% represents a comparison between the six months ended 30 June 2024 and the six months ended 30 June 2023.

Revenue by solution category

	For six months ended 30 June				Period-on- period movement*
	2024		2023		
	RMB (Unaudited)	%	RMB (Unaudited)	%	%
(RMB in thousands, except percentages)					
Revenue					
Precision Omni-channel Marketing Solutions	41,865	37.8	85,523	56.5	(51.0)
Physician Platform Solutions	55,246	49.9	43,876	29.0	25.9
RWS Solutions	13,554	12.3	22,001	14.5	(38.4)
Total	110,665	100.0	151,400	100	(26.9)

* Period-on-period movement% represents a comparison between the six months ended 30 June 2024 and the six months ended 30 June 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

During the first half of 2024, the Group generated revenue primarily from three main business lines, namely (i) precision omni-channel marketing solutions; (ii) physician platform solutions; and (iii) RWS solutions. The total revenue of the Group decreased by 26.9% from approximately RMB151.4 million for the six months ended 30 June 2023 to approximately RMB110.7 million during the six months ended 30 June 2024, mainly attributable to prolonged compliance review times for both pharmaceutical and medical device companies, as well as hospital doctors, who faced heightened compliance requirements under current national standards, resulting in an extension of project execution.

(i) Precision omni-channel marketing solutions

Revenue from precision omni-channel marketing solutions is primarily derived from fees paid by pharmaceutical and medical device companies in engaging the Group for precision detailing services, medical content creation services and online survey services. Revenue from precision omni-channel marketing solutions decreased by approximately 51.0% from approximately RMB85.5 million for the six months ended 30 June 2023 to approximately RMB41.9 million for the same period in 2024, mainly attributable to prolonged compliance review times for both pharmaceutical and medical device companies, as well as hospital doctors, who faced heightened compliance requirements under current national standards, resulting in an extension of project execution.

(ii) Physician platform solutions

Revenue from physician platform solutions is primarily derived from (i) service fees paid by physicians for engaging the Group for clinical study assistance services; and (ii) subscription fees paid by physicians for accessing certain premium academic medical contents on the MedSci platform. Revenue from physician platform solutions increased by approximately 25.9% from approximately RMB43.9 million for the six months ended 30 June 2023 to approximately RMB55.2 million for the same period in 2024, mainly driven by a growing demand for clinical research among physicians at all levels. This demand stemmed from national policies that necessitate high quality development of hospitals, coupled with the Group's ability to offer products tailored to the specific needs of physicians at different levels.

(iii) RWS solutions

Revenue from RWS solutions is primarily derived from service fees paid by pharmaceutical and medical device companies in engaging the Group to design, administer and execute real-world evidence-based research projects to help expand their medical products' indication and recognition. Revenue from RWS solutions decreased by approximately 38.4% from approximately RMB22.0 million for the six months ended 30 June 2023 to approximately RMB13.6 million for the same period in 2024, mainly due to (i) extended project negotiation cycle during the six months ended 30 June 2024 due to the impact of the domestic anti-corruption and pharmaceutical market transformation; and (ii) reduction in completed projects resulting from delays in enrollment of researchers, attributed to a lack of motivation.

MANAGEMENT DISCUSSION AND ANALYSIS



Cost of Sales

Cost of sales primarily consists of (i) staff salaries and benefits relating to employee benefit expenses incurred for employees involved in operating our platform and offering our solutions to customers; (ii) content development costs primarily relating to content development fees paid to various content contributors, copyright owners and other third parties to produce contents for our solutions offering; (iii) meeting affair charge relating to offline academic conferences we organised; and (iv) various other miscellaneous expenses such as, among others, office expenses and depreciation and amortization incurred during the ordinary course of our business. Cost of sales decreased by approximately 32.3% from approximately RMB63.1 million for the six months ended 30 June 2023 to approximately RMB42.7 million for the same period in 2024, mainly attributable to effective control of content development costs by leveraging the Group's artificial intelligence technology.

Gross Profit and Gross Profit Margin

As a result of the foregoing, the Group's gross profit decreased by approximately 23.1% from approximately RMB88.3 million for the six months ended 30 June 2023 to approximately RMB67.9 million for the same period in 2024. For the six months ended 30 June 2024, the Group's gross profit margin was approximately 61.4%, representing a slight increase as compared to 58.3% for the same period in 2023.

Other Income and Gains

Other income primarily consists of (i) bank interest income; (ii) tax incentives granted by local authorities; (iii) government grants; (iv) value-added tax; and (v) others. The Group also recognised gains for the six months ended 30 June 2024, which primarily include (i) foreign exchange gains; and (ii) fair value gains on financial assets through profit or loss. For the six months ended 30 June 2024, other income and gains were approximately RMB18.9 million, as compared to approximately RMB13.2 million for the same period in 2023. The increase was mainly attributable to the increase in bank interest income.

Selling and Distribution Expenses

Selling and distribution expenses primarily consist of (i) staff salaries and benefits mainly including expenses paid to employees performing selling and distribution functions; (ii) traveling expenses mainly including traveling fees incurred by our employees in performing selling and distribution functions; (iii) professional fees in relation to fees paid to external lecturers in hosting our online courses; (iv) business development expenses mainly including marketing-associated costs in relation to various online and offline campaigns; and (v) other miscellaneous expenses, such as, office expenses and depreciation and amortisation in relation to property, office equipment and electronic equipment in association with selling and distribution functions. Selling and distribution expenses decreased by approximately 23.9% from approximately RMB49.7 million for the six months ended 30 June 2023 to approximately RMB37.9 million for the same period in 2024, mainly attributable to the optimised marketing team of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Administrative Expenses

Administrative expenses primarily consist of (i) staff salaries mainly including salaries and benefits paid to employees performing administrative functions; (ii) depreciation and amortisation in relation to property, office equipment and electronic equipment in association with administrative functions; (iii) external consulting fees in relation to auditing fees, service fees paid for external training and service fees paid to employment agencies; (iv) office expenses in relation to administrative functions; (v) share-based payment in relation to the equity incentive plan; and (vi) other miscellaneous fees such as travelling expenses and utility expenses incurred during the ordinary course of our business when performing administrative functions. Administrative expenses increased by approximately 12.7% from approximately RMB31.8 million for the six months ended 30 June 2023 to approximately RMB35.8 million for the same period in 2024, mainly attributable to the expenses of the Group's equity incentive plan.

Research and Development Expenses

Research and development expenses primarily consist of (i) employee salaries and benefits, which primarily include salaries and benefits paid to employees performing research and development duties; (ii) depreciation and amortisation of properties, office equipment and electronic equipment related to research and development functions; (iii) technical service fees in relation to research and development service fees; (iv) procurement fees for software and servers, etc. related to research and development activities; and (v) other miscellaneous expenses. Research and development expenses decreased by approximately 37.2% from approximately RMB19.1 million for the six months ended 30 June 2023 to approximately RMB12.0 million for the same period in 2024, mainly due to the Group's effort in accelerating its research and development process by leveraging artificial intelligence technology, leading to a reduction in the number of developers.

Impairment Losses on Financial and Contract Assets

Impairment losses on financial and contract assets arise primarily from impairments of trade receivables, contract assets and other assets. For the six months ended 30 June 2023 and 2024, the Group had impairment losses on financial and contract assets of approximately RMB0.6 million and RMB0.5 million, respectively. An impairment analysis is performed at the end of each of reporting periods using a provision matrix to measure expected credit losses. The provision rates are based on aging and past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the end of each of reporting periods about past events, current conditions and forecasts of future economic conditions.

Fair Value Gains on Convertible Redeemable Preferred Shares

Fair value gains on convertible redeemable preferred shares arise primarily from the changes in the carrying amount of the convertible redeemable preferred shares in connection with the pre-IPO investments in the Company undertaken by the pre-IPO investors pursuant to the relevant investment agreements, details of which are set out in the prospectus of the Company dated 17 April 2023 (the "**Prospectus**"). Prior to the listing of the shares of the Company, such convertible redeemable preferred shares have not been traded in an active market and their value at each respective reporting period is determined using valuation techniques. For the six months ended 30 June 2023, the Group had fair value gains on convertible redeemable preferred shares of approximately RMB12.8 million. As all the preferred shares were converted into ordinary shares of the Company on a one-to-one basis immediately prior to the completion of the capitalisation issue and the Global Offering (has the meaning ascribed to it in the Prospectus), no fair value gains on convertible redeemable preferred shares were recorded for the six months ended 30 June 2024.

MANAGEMENT DISCUSSION AND ANALYSIS



Other Expenses

Other expenses primarily consist of bank charges and exchange losses. The Group recorded other expenses of approximately RMB18,000 and RMB0.8 million for the six months ended 2023 and 2024, respectively.

Finance Costs

Finance costs primarily represent interest on our lease liabilities. The Group recorded finance costs of approximately RMB0.2 million and RMB88,000 for the six months ended 2023 and 2024, respectively.

(Loss)/Profit before Tax

As a result of the foregoing, the Group generated loss before tax of approximately RMB0.2 million for the six months ended 30 June 2024 as compared to a profit before tax of approximately RMB12.9 million for the six months ended 30 June 2023.

Income Tax Credit/(Expense)

We generated income tax credit of approximately RMB0.5 million for the six months ended 30 June 2024 as compared to an income tax expense of approximately RMB1.0 million for the same period in 2023, mainly attributable to the decrease in revenue.

Profit for the Period and Profit Attributable to Owners of the Parent

As a result of the foregoing, the Group generated profit for the period of approximately RMB0.2 million for the six months ended 2024 as compared to approximately RMB11.9 million for the same period in 2023, while the profit attributable to owners of the parent for the six months ended 2023 and 2024 was approximately RMB11.9 million and RMB0.2 million, respectively. The Group's net profit margin (calculation of which is based on profit for the period) decreased from approximately 7.9% for the six months ended 30 June 2023 to approximately 0.2% for the same period in 2024.

LIQUIDITY AND CAPITAL RESOURCES

For the six months ended 30 June 2024, the Group mainly financed our future capital requirements through cash generated from its business operations, and the net proceeds from the Global Offering. The Group currently do not anticipate any changes to the availability of financing to fund our operations in the near future.

The unutilised portion of the net proceeds raised by the Company from the Global Offering was placed with the licensed financial institutions as short-term deposits.

MANAGEMENT DISCUSSION AND ANALYSIS

Cash and Cash Equivalents

The Group operates its business in the China and its transactions and revenue were primarily denominated in Renminbi. As such, the Group did not have material exposure to fluctuations in foreign currency exchange rates for cash generated from its operating activities. However, the net proceeds received by the Company from the Global Offering are denominated in Hong Kong dollars and the Company is exposed to fluctuation of exchange rate between RMB and Hong Kong dollars. The net proceeds raised by the Group from the Global Offering in April 2023 was approximately HKD526.8 million. As at 30 June 2024, the Group's cash and cash equivalents amounted to approximately RMB341.4 million (mainly including cash at banks), as compared to approximately RMB628.6 million as at 31 December 2023. The Group currently do not have any hedging policy for foreign currencies in place. However, the Board will remain alert to any relevant risks and, if necessary, consider to hedge any material potential foreign exchange risk.

Banking Facilities

For six months ended 30 June 2024, the Group did not have any banking borrowings or other interest-bearing borrowings, nor did the Group has outstanding bank and other borrowings and other debts, save for the lease liabilities for the relevant lease terms amounting to approximately RMB4.6 million in aggregate.

Financial Assets at Fair Value through Profit or Loss

The Group's financial assets at fair value through profit or loss increased from approximately RMB501.9 million as at 31 December 2023 to approximately RMB526.1 million as at 30 June 2024, primarily due to an increase in the wealth management products invested.

As part of the Group's treasury management, the Group may from time to time purchases low to medium-risk wealth management products using internal resources without utilising proceeds from the Global Offering to improve utilisation of the Group's cash on hand on a short-term basis. The Group has implemented internal policies and rules setting out overall principles and the approval process to manage such investment activities. As a policy, the Group considers a number of criteria when assessing a proposal to invest in wealth management products, including but not limited to the following:

- i. the Group has idle cash and bank balances and no major cash outflow is needed in the foreseeable future;
- ii. the investment in high-risk wealth management products, such as futures and other financial derivatives, are prohibited;
- iii. the investment return will be in line with the level of risk and liquidity; and
- iv. the management of such investments will align with the Group's development strategies and will not affect the business operation of the Group.

Gearing Ratio

As at 30 June 2024, the gearing ratio, which is calculated by dividing borrowings by total equity, is zero as there was no debt.

MANAGEMENT DISCUSSION AND ANALYSIS



Capital Expenditure

As at 30 June 2024, the Group did not have any significant capital expenditure.

Capital Commitment

As at 30 June 2024, the Group did not have any significant capital commitment.

Contingent Liabilities

As at 30 June 2024, the Group did not have any material contingent liabilities.

Charge on Assets

As at 30 June 2024, the Group did not pledge any of its assets.

Continuing Disclosure Obligations Pursuant to the Listing Rule

As of the date of this interim report, the Company did not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Employees, Staff Costs and Remuneration Policies

As at 30 June 2024, the Group has a total of 534 full-time employees, all of whom are based in China. In particular, 67 employees are responsible for the Group’s management, 210 employees for platform operation and customer services, 40 employees for research and development, 29 employees for general and administration, and 188 employees for sales and marketing.

For the six months ended 30 June 2024, the total staff cost incurred by the Group was approximately RMB88.1 million, as compared to approximately RMB88.1 million for the same period in 2023.

The Group provides its employees with salaries and bonuses, as well as employee benefits, including employee retirement benefit schemes, medical and vocational injury insurance schemes and housing provident fund schemes. The Group’s employees located in China are covered by the mandatory social security schemes defined by PRC local practice and regulations, which are essentially defined contribution schemes.

The Group provides orientation and training to new recruits as well as ongoing in-house training for junior employees, which the Group believes can enhance the skills and productivity of its employees. The Group compensates employees with base salaries and performance-based bonuses.

MANAGEMENT DISCUSSION AND ANALYSIS

OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company is committed to maintaining and promoting high standards of corporate governance, which is essential to the Company's development and protection of the interests of its shareholders. The Company has adopted the relevant code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Listing Rules as the basis for its corporate governance practices. The board of the Company (the "**Board**") is of the view that the Company has complied with all the applicable code provisions as set out in the CG Code during the six months ended 30 June 2024. The Board will continue to review and monitor the corporate governance practices of the Company with the aim of maintaining a high standard of corporate governance.

Compliance with Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its code of conduct regarding dealings in the securities of the Company by the directors of the Company (the "**Directors**") and the Group's employees who, because of his/her office or employment, are likely to possess inside information. Specific enquiries have been made by the Company to all Directors, and the Directors have confirmed that they have complied with the Model Code during the six months ended 30 June 2024. No incident of non-compliance of the Model Code by the employees was identified by the Company during the six months ended 30 June 2024.

Directors' Interest in Competing Business

During the six months ended 30 June 2024, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or may compete with the business of the Group.

Purchase, Sale or Redemption of Listed Securities

For the six months ended 30 June 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares, as defined in the Listing Rules).

Issue of Equity Securities

During the six months ended 30 June 2024, the Company did not issue any equity securities (including securities convertible into equity securities) or sale of treasury shares for cash (other than under a share scheme that complies with Chapter 17 of the Listing Rules).

MANAGEMENT DISCUSSION AND ANALYSIS



Use of Proceeds

The ordinary shares of the Company shares (the “Shares”) were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on the Listing Date (27 April 2023) at HKD9.10 per Share, with net proceeds received by the Company from the Global Offering in the amount of approximately HKD526.8 million after deducting underwriting commissions and all related expenses. The following table sets forth the Company’s planned use of the net proceeds from the Global Offering, the actual use of the net proceeds during the six months ended 30 June 2024, and the actual use of the net proceeds from the Global Offering as at 30 June 2024:

	Approximate% of the total net proceeds	Net proceeds from the Global Offering HKD'million	Unutilised amount (as at 1 January 2024) HKD'million	Utilised amount from 1 January 2024 to 30 June 2024 HKD'million	Unutilised amount (as at 30 June 2024) HKD'million
Business expansion	45	237.1	237.1	21	216.1
Further technology development	35	184.4	162.7	12	150.7
Potential investments and acquisitions or strategic alliance with companies that can generate synergies with our business	15	79.0	79.0	6.5	72.5
Working capital and general corporate purposes	5	26.3	—	—	—
Total	100.0	526.8	478.8	39.5	439.3

Note:

(1) The expected timeline of full utilisation is based on the Directors’ best estimation barring unforeseen circumstances.

The net proceeds from the Global Offering have been used in accordance with the purposes set out in the Prospectus. The unutilised net proceeds as at 30 June 2024 amounted to HKD439.3 million. The Group will gradually utilise the net proceeds in accordance with the intended purposes and timeline as stated in the Prospectus and by end of 2025.

Significant Investments, Acquisition and Disposals

Except for investment in subsidiaries, there were no significant investments held by the Group as at 30 June 2024. None of the investment that was designated as financial assets at fair value through profit or loss in the Group’s investment portfolio had a carrying amount that accounts for 5% or more of the Group’s total assets as at 30 June 2024. The Group had no other material acquisitions or disposal of subsidiaries, associates and joint ventures during the Reporting Period.

Future Plans for Material Investments and Capital Assets

Save as disclosed in the aforementioned section headed “Use of proceeds” in this interim report, the Group did not have plan for material investments and capital assets as at the date of this interim report.

MANAGEMENT DISCUSSION AND ANALYSIS

Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024.

Changes to Directors' Information

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of Directors, as notified to the Company, since publication of the Group's 2023 Annual Report up to the date of publication of this report are set out below:

Director	Details of Changes
Mr. Fan Jie	With effect from 16 July 2024, ceased to be co-chief executive officer of the Group. With effect from 25 September 2024, ceased to be executive Director.
Mr. Wang Shuai	With effect from 16 July 2024, appointed as the co-chief executive officer of the Group.
Ms. Liu Tao	With effect from 13 August 2024, resigned as an independent director and a member of the audit committee of Y.U.D. Yangtze River Investment Industry Co., Ltd. (長發集團長江投資實業股份有限共司), a company listed on the Shanghai Stock Exchange (stock code: 600119); and With effect from 24 July 2024, resigned as an independent non-executive director and the chairwoman of the audit committee and a member of each of the remuneration committee and the corporate governance committee of Glorious Property Holdings Ltd. (恆盛地產控股有限公司), a company listed on the Stock Exchange (stock code: 845).
Mr. Hu Xubo	With effect from 25 September 2024, ceased to be executive Director.
Mr. Cheng Liang	With effect from 25 September 2024, appointed as executive Director.
Ms. Wang Xin	With effect from 25 September 2024, appointed as non-executive Director.

Save as disclosed above, there is no change in Directors' information required to be disclose.

Foreign Exchange Exposure

Foreign currency risk refers to the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which the Group conducts business may affect our financial condition and results of operation. The Group mainly operates in the PRC and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Hong Kong dollars and the U.S. dollars. The conversion of foreign currencies into RMB, including Hong Kong dollars and the U.S. dollars, has been based on rates set by the People's Bank of China. The Group primarily limits our exposure to foreign currency risk by closely monitoring the foreign exchange market. For the six months ended 30 June 2024, the Group did not enter into any currency hedging transactions.

MANAGEMENT DISCUSSION AND ANALYSIS



Directors' and Chief Executive's Interests or Short Positions in Shares, Underlying Shares and Debentures of the Company and Its Associated Corporations

As at 30 June 2024, the interests and short positions of the Directors and the chief executive 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 (“SFO”)) as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is keen to taken or deemed to have under such provisions of the SFO), or as recorded in the registered maintained by the Company under Section 352 of the SFO, or as notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Interests and short positions of the Directors in the share capital of the Company and its associated corporations

(a) Interest in Shares of the Company

Name	Capacity/Nature of Interest	Number of Shares/ underlying Shares as at 30 June 2024 ⁽¹⁾	Approximate percentage of shareholding in the Company as at 30 June 2024 ⁽²⁾
Dr. Li Xinmei (李欣梅博士)	Interest in a controlled corporation	177,929,750(L) ⁽³⁾	29.30%
	Interest of spouse	165,129,250(L) ⁽³⁾	27.20%
Dr. Zhang Fabao (張發寶博士)	Interest in a controlled corporation	140,912,700(L) ⁽⁴⁾	23.21%
	Interest in a controlled corporation	24,216,550(L) ⁽⁴⁾	3.99%
	Interest of spouse	177,929,750(L) ⁽⁴⁾	29.30%
Mr. Hu Xubo (胡旭波先生)	Interest in a controlled corporation	65,983,400(L) ⁽⁵⁾	10.87%
Mr. Fan Jie (樊傑先生)	Beneficial interest	4,545,185 ⁽⁶⁾	0.75%

Notes:

- (1) The letter “L” denotes the person’s long position in the Shares.
- (2) The calculation is based on a total of 607,170,950 Shares in issue as at 30 June 2024.
- (3) Microhealth Limited is wholly owned by Dr. Li and Dr. Li beneficially holds 177,929,750 Shares. By virtue of the SFO, Dr. Li is deemed to be interested in the Shares held by Microhealth Limited. As Dr. Zhang is the spouse of Dr. Li, Dr. Li is deemed to be interested in the Shares in which Dr. Zhang is interested by virtue of the SFO, being 165,129,250 Shares.
- (4) Dtx Health Limited is wholly owned by Dr. Zhang and Dr. Zhang beneficially holds 140,912,700 Shares. By virtue of the SFO, Dr. Zhang is deemed to be interested in the Shares held by Dtx Health Limited. As Dr. Li is the spouse of Dr. Zhang, Dr. Zhang is deemed to be interested in the Shares in which Dr. Li is interested by virtue of the SFO, being 177,929,750 Shares. Meilong Limited is one of our employee equity incentive platforms, which is held as to approximately 44.67% by Dr. Zhang (including approximately 2.58% held through Dtx Health Limited) as at 30 June 2024, and beneficially held 24,216,550 Shares. By virtue of the SFO, Dr. Zhang is deemed to be interested in the Shares held by Meilong Limited.

MANAGEMENT DISCUSSION AND ANALYSIS

- (5) Dragon Step Ventures Limited is 100% held by Suzhou Qiming Ronghe Venture Capital Investment Partnership (Limited Partnership)* (蘇州啟明融合創業投資合夥企業(有限合夥)) (“**Qiming Ronghe**”). Qiming Ronghe is controlled by Suzhou Qicheng Investment Management Partnership (Limited Partnership)* (蘇州啟承投資管理合夥企業(有限合夥)) (“**Suzhou Qicheng**”), which is in turn controlled by Shanghai Qichang Investment Consulting Co., Ltd.* (上海啟昌投資諮詢有限公司) (“**Shanghai Qichang**”), a company held as to 50% and 50% by Mr. Hu Xubo and Ms. Yu Jia, respectively. Gleaming Global Investments Limited is 100% held by Suzhou Qisi Enterprise Management Consultancy Partnership (Limited Partnership)* (蘇州啟斯企業管理諮詢合夥企業(有限合夥)) (“**Suzhou Qisi**”). Suzhou Qisi is controlled by Beijing Qiyao Investment Management Partnership (Limited Partnership)* (北京啟耀投資管理合夥企業(有限合夥)) (“**Beijing Qiyao**”), which is in turn controlled by Suzhou Qiman Investment Management Co., Ltd.* (蘇州啟滿投資管理有限公司) (“**Suzhou Qiman**”), a company held as to 50% and 50% by Mr. Hu Xubo and Ms. Yu Jia, respectively. Therefore, Mr. Hu Xubo and Ms. Yu Jia are deemed to be interested in 53,865,750 Shares held by Dragon Step Ventures Limited and 12,117,650 Shares held by Gleaming Global Investments Limited by virtue of the SFO.
- (6) This included Mr. Fan Jie’s interest as a grantee of 162,115 Awarded Shares (as defined below) under the Share Award Scheme (as defined below).

(b) Interest in shares of the Company’s associated corporations

Name	Capacity/ Nature of Interest	Associated Corporations	Amount of registered capital (RMB)	Approximate percentage of interest in the associated corporation
Dr. Li	Beneficial interest	Shanghai MedSci	3,630,408	36.11%
	Interest of spouse	Shanghai MedSci	3,316,585 ⁽¹⁾	32.99%
	Interest of spouse	Hefei Kang’en	990,000 ⁽¹⁾	99.00%
Dr. Zhang	Beneficial interest	Shanghai MedSci	2,832,254	28.17%
	Interest in a controlled corporation	Shanghai MedSci	484,331 ⁽²⁾	4.82%
	Interest of spouse	Shanghai MedSci	3,630,408 ⁽³⁾	36.11%
Mr. Hu Xubo	Beneficial interest	Hefei Kang’en	990,000	99.00%
	Interest in a controlled corporation	Shanghai MedSci	1,319,668 ⁽⁴⁾	13.13%

Notes:

- (1) As Dr. Zhang is the spouse of Dr. Li, Dr. Li is deemed to be interested in the registered capital of Shanghai MedSci MedTech Co., Ltd.* (上海梅斯醫藥科技有限公司) (“**Shanghai MedSci**”) and Hefei Kang’en Information Technology Co., Ltd.* (合肥康恩信息技術有限公司) (“**Hefei Kang’en**”) (Shanghai MedSci and Hefei Kang’en are our consolidated affiliate entities) held by Dr. Zhang by virtue of the SFO.
- (2) Shihezi Meilong Equity Investment Partnership (Limited Partnership)* (石河子市梅隆股權投資合夥企業(有限合夥)) (“**Meilong Investment**”), which is held as to approximately 44.67% by Dr. Zhang as at 30 June 2024, holds RMB484,331 registered capital of Shanghai MedSci, in which Dr. Zhang is deemed to be interested by virtue of the SFO.
- (3) As Dr. Li is the spouse of Dr. Zhang, Dr. Zhang is deemed to be interested in the registered capital of Shanghai MedSci held by Dr. Li by virtue of the SFO, being RMB3,630,408.

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- (4) Qiming Ronghe holds RMB1,077,315 registered capital of Shanghai MedSci, and its general partner is Suzhou Qicheng. Suzhou Qicheng's general partner is Shanghai Qichang, which is held as to 50% by Mr. Hu Xubo. Therefore, Mr. Hu Xubo is deemed to be interested in the registered capital of Shanghai MedSci held by Qiming Ronghe by virtue of the SFO.

Suzhou Qisi holds RMB242,353 registered capital of Shanghai MedSci, and its general partner is Beijing Qiyao. Beijing Qiyao's general partner is Suzhou Qiman, which is held as to 50% by Mr. Hu Xubo. Therefore, Mr. Hu Xubo is deemed to be interested in the registered capital of Shanghai MedSci held by Suzhou Qisi by virtue of the SFO. As Dr. Zhang is the spouse of Dr. Li, Dr. Li is deemed to be interested in the registered capital of Shanghai MedSci MedTech Co., Ltd.* (上海梅斯醫藥科技有限公司) (“**Shanghai MedSci**”) and Hefei Kang'en Information Technology Co., Ltd.* (合肥康恩信息技術有限公司) (“**Hefei Kang'en**”) (Shanghai MedSci and Hefei Kang'en are our consolidated affiliate entities) held by Dr. Zhang by virtue of the SFO.

Save as disclosed above, as at 30 June 2024, to the knowledge of the Board, none of the Directors, the Supervisors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors, the Supervisors and chief executive of the Company were taken or deemed to have under such provisions of the SFO); (ii) recorded in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

Interests and Short Positions of Substantial Shareholders in the Shares and Underlying Shares of the Company

As at 30 June 2024, so far is known to, or can be ascertained after reasonable enquiry by the Directors, the following persons/entities have interests and/or short positions in our Shares or our underlying Shares which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO, or are directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group:

Name of Substantial Shareholder	Capacity/Nature of Interest	Number of Underlying Shares as at 30 June 2024 ⁽¹⁾	Approximate percentage of shareholding in the Company as at 30 June 2024
Microhealth Limited	Beneficial interest	177,929,750(L) ⁽²⁾	29.30%
Dtx Health Limited	Beneficial interest	140,912,700(L) ⁽³⁾	23.21%
Ms. Yu Jia (于佳)	Interest in a controlled corporation	65,983,400(L) ⁽⁴⁾	10.87%
Dragon Step Ventures Limited	Beneficial interest	53,865,750(L) ⁽⁴⁾	8.87%
Meiyue Limited	Beneficial interest	41,848,900(L) ⁽⁵⁾	6.89%
Tencent Holdings Limited	Interest in a controlled corporation	37,700,750(L) ⁽⁶⁾	6.21%
Image Frame Investment (HK) Limited	Beneficial interest	37,700,750(L) ⁽⁶⁾	6.21%

MANAGEMENT DISCUSSION AND ANALYSIS

Notes:

- (1) The letter “L” denotes the person’s long position in the Shares.
- (2) Microhealth Limited is wholly owned by Dr. Li.
- (3) Dtx Health Limited is wholly owned by Dr. Zhang.
- (4) Dragon Step Ventures Limited is 100% held by Qiming Ronghe. Qiming Ronghe is controlled by Suzhou Qicheng, which is in turn controlled by Shanghai Qichang, a company held as to 50% and 50% by Mr. Hu Xubo and Ms. Yu Jia, respectively. Gleaming Global Investments Limited is 100% held by Suzhou Qisi. Suzhou Qisi is controlled by Beijing Qiyao, which is in turn controlled by Suzhou Qiman, a company held as to 50% and 50% by Mr. Hu Xubo and Ms. Yu Jia, respectively. Therefore, Mr. Hu Xubo and Ms. Yu Jia are deemed to be interested in the Shares held by Dragon Step Ventures Limited and Gleaming Global Investments Limited by virtue of the SFO.
- (5) Meiyue Limited is one of our employee equity incentive platforms and beneficially held 41,848,900 Shares. Each of the shareholders of Meiyue Limited, being an employee of the Group, held less than 20% equity interests in Meiyue Limited.
- (6) Image Frame Investment (HK) Limited is ultimately controlled by Tencent Holdings Limited, a company listed on the Stock Exchange (stock code: 700), and beneficially held 37,700,750 Shares. By virtue of the SFO, Tencent Holdings Limited is deemed to be interested in the Shares held by Image Frame Investment (HK) Limited.

Save as disclosed above, as at 30 June 2023, the Directors were not aware of any other persons/entities (other than the Directors and chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Equity Incentive plan

On 20 April 2022, the Company adopted an equity incentive plan (“**Equity Incentive Plan**”), the terms of the Equity Incentive Plan are not subject to the provisions of Chapter 17 of the Listing Rules as they do not involve the grant of options by the Company after its Listing Date and all shares underlying these awards had been issued. All grants of award shares of the Company have been completed before its Listing Date.

Purposes of the Equity Incentive Plan

The Equity Incentive Plan shall be subject to the administration of the Board in accordance with the plan rules thereof. The Board may amend, suspend or terminate the Equity Incentive Plan. The decision of the Board with respect to any matter arising under the Equity Incentive Plan (including the interpretation of any provision) shall be final and binding.

MANAGEMENT DISCUSSION AND ANALYSIS



Eligibility

The directors (excluding independent non-executive directors), senior management and employees of the Group, whom the Board considers as appropriate (the “**Participants**”) shall be eligible to participate the Equity Incentive Plan.

Administration of the Equity Incentive Plan

The Equity Incentive Plan shall be subject to the administration of the Board in accordance with the plan rules thereof. The Board may amend, suspend or terminate the Equity Incentive Plan. The decision of the Board with respect to any matter arising under the Equity Incentive Plan (including the interpretation of any provision) shall be final and binding.

Grant of Awards and Voting Rights

Ma Yanqin (馬艷芹) is the sole director of Meilong Limited. Thus, in effect, all management powers over Meilong Limited and voting rights held by Meilong Limited in the Company reside with Ma Yanqin. Wu Zhihua (吳志華) is the sole director of Meiyue Limited. Thus, in effect, all management powers over Meiyue Limited and voting rights held by Meiyue Limited in the Company reside with Wu Zhihua.

All grants under the Equity Incentive Plan were completed. All Participants do not have any voting rights in the Company. The Participants will be granted awards in the form of economic interest in the Employee Equity Incentive Platforms conditional upon certain vesting conditions as specified in the Equity Incentive Plan.

Restriction on Disposal

The economic interests shall be realised through disposal of the awarded Shares by the relevant employee equity incentive platforms, the economic interest of no more than 20% of the Shares underlying the award to a Participant could be realised per year.

Details of the Awards under the Equity Incentive Plan

As at 30 June 2024, 41,848,900 Shares had been issued to Meiyue Limited and 24,216,550 Shares had been issued to Meilong Limited, with interest attributable to certain Directors and employees of the Group through their respective employee equity incentive platforms, representing approximately 10.88% of the issued share capital of the Company. The Participants made capital contributions to and hence hold economic interests in the employee equity incentive platforms, which in turn hold economic interests in the Company. Hence, the Participants hold indirect economic interests in the Shares issued and awarded under the Equity Incentive Plan.

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The following table sets out the number of underlying shares corresponding to the interests in the relevant employee equity incentive platforms.

Name of Participants	Position held within the Group	Relevant employee incentive platform	Approximate percentage of interest in the relevant Employee Equity Incentive Platform
Directors			
Dr. Zhang	Executive Director and chairman of the Board	Meiyue Limited Meilong Limited	12.69% 44.67% ⁽¹⁾
Mr. Wang Shuai (王帥)	Executive Director and vice president	Meiyue Limited	14.95%
Other Participants, who are not our directors, chief executive, or connected person	—	Meiyue Limited Meilong Limited	72.36% 55.33%

Notes:

- (1) This included approximately 2.58% interests in Meilong Limited held by Dr. Zhang through Dtx Health Limited as at 30 June 2024.

Share Award Scheme

On 19 September 2023, the Company adopted a share award scheme (the “**Share Award Scheme**”). Further details of the Share Award Scheme were set out in the announcement of the Company dated 19 September 2023.

Purpose of the Share Award Scheme

The purposes of the Share Award Scheme are to recognise the contributions by certain Eligible Participants (as defined below) and to provide them with incentives in order to retain them for the continual operation and development of the Group; and to attract suitable personnel for further development of the Group.

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Eligible Participants

Eligible participants of the Share Award Scheme (the “**Eligible Participants**”) include the following:

- (i) directors and employees (including full-time employees and part-time employees) of the Company or any of its subsidiaries (including persons who are granted awards under the Share Award Scheme as an inducement to enter into employment contracts with these companies);
- (ii) directors and employees of the holding companies, fellow subsidiaries or associated companies of the Company; and
- (iii) persons who provide services to the Company and/or its subsidiaries on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Company and/or its associated companies. For the avoidance of doubt, service provider may not include placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions, as well as professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity.

Duration

Subject to any early termination as may be determined by the Board pursuant to the rules relating the Share Award Scheme, the Share Award Scheme shall be valid and effective for a term of 10 years commencing on the adoption date, i.e. 19 September 2023, being the date on which the Board adopted the Share Award Scheme (“**Adoption Date**”), after which no further awards will be granted.

As at the date of this interim report, the remaining life of the Share Award Scheme is approximately nine years.

Administration

The Share Award Scheme is subject to the administration by the Board and Futu Trustee Limited (“**Trustee**”), a professional trustee appointed under the trust deed in accordance with the rules of the Share Award Scheme and the terms of the trust deed.

Operation of the Share Award Scheme

The Board may, from time to time, at its sole and absolute discretion select any Eligible Participant (other than any Excluded Participant) for participation in the Share Award Scheme (“**Selected Participant**”) and grant an award (“**Award**”) to any Selected Participant at such consideration (if any) subject to such terms and conditions as the Board may in its sole and absolute discretion determine.

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The Board may from time to time cause to be paid an amount (“**Contributed Amount**”) to the trust constituted by the trust deed (“**Trust**”) by way of settlement or otherwise contributed by the Company, any subsidiary, any significant shareholder (being a person who has beneficial ownership of 5% of the issued share capital of the Company, or control over 5% of the voting powers of the Company, whether directly or indirectly) (“**Significant Shareholder**”) or any party designated by the Company as directed by the Board which shall constitute part of the trust fund, for the purchase of Shares and other purposes set out in the rules relating to the Share Award Scheme and the trust deed.

Subject to prior written direction and/or consent of the Board, the Trustee may accept Shares transferred, gifted, assigned, or conveyed to the Trust from any Significant Shareholder or any party designated by the Company from time to time in such number as such Significant Shareholder or such party designated by the Company may at their sole and absolute discretion determine, which shall constitute part of the trust fund.

Subject to the rules relating to the Share Award Scheme, the Board may from time to time instruct the Trustee in writing to purchase Shares on the Stock Exchange or accept and receive a specified number of Shares from any Significant Shareholder or any party designated by the Company. Once purchased or received, the Shares are to be held by the Trustee for the benefit of the Selected Participants under the Trust until they are vested, on and subject to the terms and conditions of the Share Award Scheme and the Trust Deed. On each occasion when the Board instructs the Trustee to purchase Shares on the Stock Exchange, it shall specify the maximum amount of funds to be used and the range of prices at which such Shares are to be purchased. The Trustee may not incur more than the maximum amount of funds or purchase any Shares at a price falling outside the range of prices so specified unless with the prior written consent of the Board.

Vesting and lapse

Subject to the terms and conditions of the Share Award Scheme and the fulfillment of all vesting conditions applicable to the vesting of the Awarded Interests on such Selected Participant, the respective Awarded Interests held by the Trustee on behalf of the Selected Participant pursuant to the provision thereof shall vest in such Selected Participant in accordance with the applicable vesting schedule, and the Trustee shall cause the Awarded Interests to be transferred to such Selected Participant and/or a vehicle controlled by him/her (such as a trust or a private company) for the benefit of the Selected Participant and any family members of such Selected Participant in accordance with the Scheme Rules. In the event that a Selected Participant is a director, a substantial shareholder or a connected person of the Group, such Awards shall constitute connected transactions under Chapter 14A of the Listing Rules and the Company shall comply with the relevant requirements under the Listing Rules.

MANAGEMENT DISCUSSION AND ANALYSIS



Unless the Board determines otherwise in accordance with the rules relating to the Share Award Scheme, in the event of the following matters, all relevant Award(s) made to such Selected Participant shall automatically lapse and the relevant Awarded Shares shall not vest on the relevant vesting date but shall remain part of the trust fund:

- (i) Selected Participant is found to be an Excluded Participant;
- (ii) where such person has committed any act of fraud or dishonesty or serious misconduct, whether or not in connection with his employment or engagement by any member of the Group and whether or not it has resulted in his employment or engagement being terminated by the relevant member of the Group;
- (iii) where such person has been declared or adjudged to be bankrupt by a competent court or governmental body or has failed to pay his debts as they fall due or has entered into any arrangement or composition with his creditors generally or an administrator has taken possession of any of his assets;
- (iv) where such person has been convicted of any criminal offence;
- (v) where such person has engaged in any act that has had or will have a material adverse effect on the reputation or interests of any member of the Group; or
- (vi) where such person has been convicted of or is being held liable for any offence under or any breach of the SFO or other securities laws or regulations in Hong Kong or any other applicable laws or regulations in force from time to time.

Reference to “**Awarded Interests**” in this paragraph shall mean in respect of an Award, the (i) Awarded Shares; and/ or (ii) such amount of cash from the sale of Shares awarded to him after deduction or withholding of any tax, fees and other charges in connection with the sale of Shares, and the related income (if any) as awarded under the Award. Reference to “**Awarded Shares**” in this paragraph shall mean in respect of a Selected Participant, such number of Shares as awarded to him by the Board. Reference to “**Excluded Participant**” in this paragraph shall mean any Eligible Participant who is resident in a place where the grant of an Award and/or the vesting and transfer of the Awarded Interests pursuant to the terms of the Scheme is not permitted under the laws or regulations of such place or where in the view of the Board or the Trustee (as the case may be), compliance with applicable laws or regulations in such place makes it necessary or expedient to exclude such Eligible Participant.

MANAGEMENT DISCUSSION AND ANALYSIS

Scheme limit

The Board shall not make any further award of Awarded Shares which will result in the aggregate number of the Shares awarded by the Board under the Share Award Scheme exceeding 10% of the issued share capital of the Company as at the Adoption Date, which are 60,717,095 Shares, representing of 10% the total issued share capital of the Company as at the date of this interim report.

Limit for each Eligible Participant

The maximum number of Shares which may be awarded to a Selected Participant under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company in any 12-month period. The aforesaid limits shall always be subject to the compliance with the Listing Rules that are in force from time to time, including the requirement on maintaining a minimum public float.

Voting rights

No instructions shall be given by a Selected Participant (including, without limitation, voting rights) to the Trustee in respect of the Awarded Shares that have not been vested, and such other properties of the trust fund managed by the Trustee. The Trustee shall abstain from exercising the voting rights in respect of any Shares held by it under the Trust (if any) (including but not limited to the Awarded Shares, any bonus Shares and scrip Shares derived therefrom).

Grant of Awards

Below is a list of Selected Participant of the Award Shares who was a Director under the Share Award Scheme.

Name and category of Selected Participant	Date of grant	Closing price immediately before the date of grant	Purchase price per Awarded Share	Outstanding as at 1 January 2024	Vesting period	Number of Awarded Shares				Outstanding as at 30 June 2024	Weighted average closing price immediately before the date on which the Awarded Shares were vested
						Granted during the six months ended 30 June 2024	Vested during the six months ended 30 June 2024	Cancelled during the six months ended 30 June 2024	Lapsed during the six months ended 30 June 2024		
Mr. Fan Jie (樊傑先生)	27 January 2024	HK\$3.13	HK\$0.278	—	27 January 2024 30 June 2024	5,241,705 ⁽¹⁾	5,241,705	—	—	—	HK\$3.13
						162,115 ⁽²⁾	—	—	162,115	—	—

Notes:

- (1) The fair value of the Awarded Shares as at the date of grant was RMB15,376,000, which is calculated with reference to the fair value as at the date at which they were granted.
- (2) Considering Mr. Fan Jie's positions, long period of services with the Group, performance and future long-term contribution to the Group, the Remuneration Committee believes the grant of the Awarded Shares to Mr. Fan Jie without performance targets aligns with the purpose of the Share Award Scheme.
- (3) Exercise period is not applicable as the Awarded Shares shall be transferred to the Selected Participants after the vesting period concludes.
- (4) Save as disclosed above, during the six months ended 30 June 2024, there were no Selected Participants (i) who were Directors, chief executive or substantial shareholders of the Company, or their respective associates; (ii) who were with Awards granted and to be granted in excess of 1% of the individual limit; (iii) who were related entity participant or service provider with Awards granted and to be granted in any 12-month period exceeding 0.1% of the Shares in issue (excluding treasury shares); nor (iv) who were other employee participants, related entity participants and service providers.

MANAGEMENT DISCUSSION AND ANALYSIS



As at 1 January 2024 and 30 June 2024, the number of Shares available for future grant under the Share Award Scheme was nil and 55,313,275, respectively. The number of shares of the Company that may be issued in respect of the Awards granted under the Share Award Scheme during the six months ended 30 June 2024 divided by weighted average number of issued shares of the Company for the six months ended 30 June 2024 was nil as the Share Award Scheme does not and will not involve in issue of any new Shares.

Material Events after the Reporting Period

Save as disclosed in this interim report, there were no other significant events occurred subsequent to 30 June 2024 and up to the date of this interim report.

Audit Committee

The audit committee of the Board (the “**Audit Committee**”) comprises three independent non-executive Directors, namely Ms. Liu Tao, Mr. Yu Mingyang and Mr. Lau Yiu Kwan Stanley. The chairwoman of the Audit Committee is Ms. Liu Tao.

The Audit Committee has reviewed the unaudited consolidated interim results of the Group for the six months ended 30 June 2024 with the management of the Company. The Audit Committee considered that the unaudited consolidated interim results of the Group for the six months ended 30 June 2024 are in compliance with the applicable accounting standards, laws and regulations. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and issues in relation to internal control, risk management and financial reporting with the management of the Company.

By Order of the Board

Dr. Zhang Fabao

Chairman of the Board and Executive Director

MedSci Healthcare Holdings Limited

梅斯健康控股有限公司

23 September 2024

* For identification purpose only

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the six months ended 30 June	
		2024	2023
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Notes			
REVENUE		110,665	151,400
Cost of sales	5	<u>(42,729)</u>	<u>(63,070)</u>
GROSS PROFIT		67,936	88,330
Other income and gains		18,883	13,158
Selling and distribution expenses		(37,850)	(49,725)
Administrative expenses		(35,820)	(31,773)
Research and development expenses	6	(12,022)	(19,144)
Impairment losses on financial and contract assets		(519)	(572)
Fair value gains on convertible redeemable preferred shares		—	12,785
Other expenses		(760)	(18)
Finance costs		(88)	(153)
(LOSS)/PROFIT BEFORE TAX	6	(240)	12,888
Income tax credit/(expense)	7	488	(968)
PROFIT FOR THE PERIOD		248	11,920
Attributable to owners of the parent		248	11,920
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic	9	RMB0.05 cents	RMB2.40 cents
Diluted		RMB0.05 cents	RMB(0.17) cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME



For the six months ended
30 June

	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Translation difference of the Company's financial statements into presentation currency	5,751	42,520
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	46	16
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	5,797	42,536
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	6,045	54,456
Attributable to owners of the parent	6,045	54,456

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	10	16,100	16,403
Right-of-use assets		4,904	5,362
Intangible assets		2,395	2,683
Deposits		211	801
Deferred tax assets		3,830	3,342
Total non-current assets		27,440	28,591
CURRENT ASSETS			
Trade receivables	11	25,599	34,765
Contract assets		80,390	88,637
Prepayments, deposits and other receivables		31,276	8,722
Financial assets at fair value through profit or loss		526,092	501,892
Time deposits		484,540	451,074
Cash and bank balances and time deposits		141,404	181,920
Total current assets		1,289,301	1,267,010
CURRENT LIABILITIES			
Trade payables	12	1,565	2,052
Other payables and accruals		164,576	162,137
Lease liabilities		3,765	3,992
Tax payable		1,888	6,397
Total current liabilities		171,794	174,578
NET CURRENT ASSETS		1,117,507	1,092,432
TOTAL ASSETS LESS CURRENT LIABILITIES		1,144,947	1,121,023

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION



	Notes	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Lease liabilities		786	644
Total non-current liabilities		786	644
NET ASSETS			
EQUITY			
Equity attributable to owners of the parent			
Share capital	14	420	420
Treasury shares		(387)	(42,037)
Reserves		1,144,128	1,161,996
TOTAL EQUITY		1,144,161	1,120,379

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent										
	Issued capital RMB'000 (note 13)	Treasury shares RMB'000	Convertible preferred shares RMB'000	Share premium* RMB'000	Capital reserve* RMB'000	Merger reserve* RMB'000	Statutory surplus reserve* RMB'000	Exchange fluctuation reserve* RMB'000	Share-based payment reserve* RMB'000 (note 14)	Accumulated losses* RMB'000	Total RMB'000
At 1 January 2024 (Audited)	420	(42,037)	—	1,266,733	(1,993)	10,154	5,226	48,461	106,750	(273,335)	1,120,379
Profit for the period	—	—	—	—	—	—	—	—	—	248	248
Other comprehensive income for the period:	—	—	—	—	—	—	—	—	—	—	—
Exchange differences on translation of the Company's financial statements	—	—	—	—	—	—	—	5,751	—	—	5,751
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	46	—	—	46
Total comprehensive income for the period	—	—	—	—	—	—	—	5,797	—	248	6,045
Shares repurchased for a share award scheme	—	(171)	—	—	—	—	—	—	—	—	(171)
Shares granted for a share award scheme	—	41,821	—	—	—	—	—	—	(40,443)	—	1,378
Share-based payments	—	—	—	—	—	—	—	—	16,530	—	16,530
At 30 June 2024 (Unaudited)	420	(387)	—	1,266,733	(1,993)	10,154	5,226	54,258	82,837	(273,087)	1,144,161

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY



Attributable to owners of the parent

	Issued capital RMB'000 (note 13)	Treasury shares RMB'000	Convertible preferred shares RMB'000	Share premium* RMB'000	Capital reserve* RMB'000	Merger reserve* RMB'000	Statutory surplus reserve* RMB'000	Exchange fluctuation reserve* RMB'000	Share-based payment reserve* RMB'000 (note 14)	Accumulated losses* RMB'000	Total RMB'000
At 1 January 2023 (Audited)	5	—**	53,417	—	(1,993)	10,154	—	17,924	101,380	(323,151)	(142,264)
Profit for the period	—	—	—	—	—	—	—	—	—	11,920	11,920
Other comprehensive income for the period:											
Exchange differences on translation of the Company's financial statements	—	—	—	—	—	—	—	42,520	—	—	42,520
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	16	—	—	16
Total comprehensive income for the period	—	—	—	—	—	—	—	42,536	—	11,920	54,456
Transfer to surplus reserve	—	—	—	—	—	—	1,291	—	—	(1,291)	—
Net proceeds from issue of shares from initial public offering ("IPO")	46	—	—	535,834	—	—	—	—	—	—	535,880
Share issue expenses	—	—	—	(20,991)	—	—	—	—	—	—	(20,991)
Conversion of convertible preferred shares into ordinary shares upon IPO	1	—	(53,417)	53,416	—	—	—	—	—	—	—
Conversion of convertible redeemable preferred shares into ordinary shares upon IPO	1	—	—	698,811	—	—	—	—	—	—	698,812
Capitalization issue	367	(30)	—	(337)	—	—	—	—	—	—	—
Share-based payments	—	—	—	—	—	—	—	—	3,189	—	3,189
At 30 June 2023 (unaudited)	420	(30)	—	1,266,733	(1,993)	10,154	1,291	60,460	104,569	(312,522)	1,129,082

* These reserve accounts comprise the consolidated other reserves of RMB1,144,128,000 (31 December 2023: RMB1,161,996,000) in the interim condensed consolidated statement of financial position as at 30 June 2024.

** Amount less than RMB1,000.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

		For the six months ended 30 June	
		2024	2023
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Notes			
CASH FLOWS FROM OPERATING ACTIVITIES			
	(Loss)/profit before tax	(240)	12,888
	Adjustments for:		
	Interest income	(10,315)	(6,012)
	Reversal of Impairment of trade receivable	(52)	(320)
	Impairment of contract assets	2	807
	Impairment of other receivables	569	85
	Depreciation of property, plant and equipment	489	618
	Depreciation of right-of-use assets	3,035	3,262
	Amortisation of intangible assets	432	112
	Fair value gains on convertible redeemable preferred shares	—	(12,785)
	Fair value gain on financial assets at fair value through profit or loss	(7,394)	(1,119)
	Finance costs	88	153
	Equity-settled share-based payments	16,530	3,189
		3,144	878
	Decrease in trade receivables	9,218	8,254
	Decrease/(increase) in contract assets	8,245	(7,472)
	Increase in prepayments, deposits and other receivables	(22,533)	(3,348)
	Decrease in trade payables	(487)	(827)
	Increase/(decrease) in other payables and accruals	2,439	(812)
	Decrease in restricted deposits	156	—
	Cash from/(used in) operations	182	(3,327)
	Interest received	10,315	6,012
	Income tax paid	(4,509)	(3,209)
	Net cash flows from/(used in) operating activities	5,988	(524)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS



	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	(202)	(170)
Purchases of items of intangible assets	(144)	(372)
Repayment from a related party	—	250
Disposal of items of property, plant and equipment	16	—
Purchase of financial assets at fair value through profit or loss	(231,011)	(375,872)
Redemption of financial assets at fair value through profit and loss	217,672	—
Increase in time deposits with original maturity of more than three months when acquired	(280,290)	—
Net cash flows used in investing activities	(293,959)	(376,164)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds on issue of shares from initial public offering	—	519,857
Lease payments (including related interests)	(2,750)	(3,456)
Repurchase of shares held for a share award scheme	(171)	—
Proceeds from grant of shares for a share award scheme	1,378	—
Net cash flows (used in)/from financing activities	(1,543)	516,401
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of period	628,588	599,266
Effect of foreign exchange rate changes, net	2,330	21,170
CASH AND CASH EQUIVALENTS AT END OF PERIOD	341,404	760,149
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	141,404	491,762
Time deposits	484,540	268,387
Less: Time deposits with original maturity of more than three months when acquired	284,540	—
CASH AND CASH EQUIVALENTS AS STATED IN THE STATEMENT OF CASH FLOWS	341,404	760,149

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. CORPORATE INFORMATION

MedSci Healthcare Holdings Limited (the “**Company**”) is incorporated in the Cayman Islands on 22 June 2021 as an exempted company with limited liability under the laws of the Cayman Islands. The registered office address of the Company is 89 Nexus Way, Camana Bay, Grand Cayman, KY1-9009, Cayman Islands. The principal place of business of the Group is located at Floor 3, Lane 425, Yishan Road, Xuhui District, Shanghai, China.

The Company is an investment holding company. During the period, the principal activities of the Company and its subsidiaries (collectively referred to as the “**Group**”) are the provision of physician platform solutions, precision omni-channel marketing solutions, and real-world study solutions (collectively the “**Listing Business**”) in the People’s Republic of China (the “**PRC**”).

The shares of the Company have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) effective from 27 April 2023.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information 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.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2023, except for the adoption of the following revised 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 (the “2020 Amendments”)</i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants (the “2022 Amendments”)</i>
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION



3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES – *continued*

The nature and impact of 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.

- 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.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of physician platform solutions, precision omni-channel marketing solutions and real-world study solutions in Chinese Mainland.

IFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to segments and to assess their performance. The information reported to the directors of the Company, who are the chief operating decision-makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

Geographical information

(a) Revenue from external customers

During the period, the Group operated within one geographical location because all of its revenues were generated in the Chinese Mainland and all of its long-term assets/capital expenditures were located/incurred in the Chinese Mainland. Accordingly, no geographical information is presented.

(b) Non-current assets

Almost all of the Group's non-current assets as at the end of each reporting period were located in Chinese Mainland. Accordingly, no geographical information of segment assets is presented.

Information about major customers

No revenue from the provision of services to a single customer amounted to 10% or more of the total revenue of the Group during the period.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION



5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue from contracts with customers	<u>110,665</u>	<u>151,400</u>

(a) Disaggregated revenue information

For the six months ended 30 June 2024

	Physician platform solutions RMB'000 (Unaudited)	Precision omni-channel marketing solutions RMB'000 (Unaudited)	Real-world study solutions RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Types of services				
Provision of services	<u>55,246</u>	<u>41,865</u>	<u>13,554</u>	<u>110,665</u>
Geographical market				
Chinese Mainland	<u>55,246</u>	<u>41,865</u>	<u>13,554</u>	<u>110,665</u>
Timing of revenue recognition				
Over time	<u>55,246</u>	<u>41,865</u>	<u>13,554</u>	<u>110,665</u>
Total revenue from contracts with customers	<u>55,246</u>	<u>41,865</u>	<u>13,554</u>	<u>110,665</u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

5. REVENUE, OTHER INCOME AND GAINS – *continued*

(a) Disaggregated revenue information – *continued*

For the six months ended 30 June 2023

	Physician platform solutions RMB'000 (Unaudited)	Precision omni-channel marketing solutions RMB'000 (Unaudited)	Real-world study solutions RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
<i>Types of services</i>				
Provision of services	<u>43,876</u>	<u>85,523</u>	<u>22,001</u>	<u>151,400</u>
<i>Geographical market</i>				
Chinese Mainland	<u>43,876</u>	<u>85,523</u>	<u>22,001</u>	<u>151,400</u>
<i>Timing of revenue recognition</i>				
Over time	<u>43,876</u>	<u>85,523</u>	<u>22,001</u>	<u>151,400</u>
Total revenue from contracts with customers	<u>43,876</u>	<u>85,523</u>	<u>22,001</u>	<u>151,400</u>

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION



6. PROFIT BEFORE TAX

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

	Note	For the six months ended 30 June	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Cost of services provided**		21,343	35,994
Depreciation of property, plant and equipment	10	489	618
Depreciation of right-of-use assets		3,035	3,262
Amortisation of intangible assets		432	112
Research and development expenses*		12,022	19,144
Impairment/(reversal of impairment) of financial assets, net:			
— Trade receivables		(52)	(320)
— Contract assets		2	807
— Other receivables		569	85
Lease payment not included in the measurement of lease liabilities		29	—
Bank interest income		10,315	6,012
Tax incentives		148	227
Fair value gains on convertible redeemable preferred shares		—	(12,785)
Fair value gain on financial assets at fair value through profit or loss		7,394	1,119
Listing fee		—	13,078
Employee benefit expenses (including directors' and chief executive's remuneration):			
Salaries, bonuses and other allowances		59,747	67,610
Pension scheme contributions and social welfare		11,829	17,260
Equity-settled share-based payments		16,530	3,189
Total		88,106	88,059

* The amounts disclosed for research and development expenses included direct employee costs and overhead costs (e.g., depreciation of the related equipment) and represent current period's expenditures.

** Cost of services provided represents "Cost of sales" in the consolidated statement of profit or loss excluding employee benefit expense, depreciation of property, plant and equipment, depreciation of right-of-use assets and amortisation of intangible assets.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

7. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Company and the Group's subsidiary incorporated in the British Virgin Islands are not subject to any income tax. The Group's subsidiaries incorporated in Hong Kong and the United States were not liable for income tax as the subsidiary in Hong Kong did not have any assessable profits arising in Hong Kong and the subsidiary in the United States has tax losses during the periods.

The provision for current income tax in Chinese Mainland is based on a statutory tax rate of 25% of the assessable profits of the PRC subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law, except for Shanghai MedSci MedTech Co.,Ltd (“**Shanghai MedSci**”), a subsidiary of the Group. Shanghai MedSci was accredited as a high and new technology enterprise (“**HNTE**”) and reapplied the certification in 2023, as the certification was valid for three years. Accordingly, Shanghai MedSci was subject to CIT at a rate of 15% for the six months ended 30 June 2024 and 2023.

Corporate income tax of the Group has been provided at the applicable tax rates on the estimated taxable profits arising in Chinese Mainland during the periods. The major components of income tax expense/(credit) of the Group are as follows:

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current — Mainland China:		
Charge for the period	—	1,046
Deferred tax	(488)	(78)
Total tax (credit)/charge for the period	(488)	968

8. DIVIDENDS

The board has resolved not to declare any interim dividend in respect of the period.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION



9. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings/(loss) per share amounts are based on the profit/(loss) attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 540,330,093 (six months ended 30 June 2023: 497,185,131) in issue during the period.

For the six months ended 30 June 2023, the calculation of the diluted earnings/(loss) per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the six months ended 30 June 2024, as used in the basic earnings/(loss) per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

No adjustment has been made to the basic earnings per share amounts presented for the six months ended 30 June 2024 in respect of a dilution as the impact of the awarded interest/shares of the Company's/Shanghai MedSci's share incentive plan (note 13) had an antidilutive effect on the basic earnings per share amounts presented.

The calculations of basic and diluted earnings/(loss) per share are based on:

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
EARNINGS		
Earnings attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	248	11,920
Less: Fair value gains on convertible redeemable preferred shares	—	12,785
Earnings/(loss) attributable to ordinary equity holders of the parent, used in the diluted earnings per share calculation	248	(865)
	Number of shares	
	For the six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings/(loss) per share calculation	540,330,093	497,185,131
Effect of dilution- weighted average number of ordinary shares:		
Convertible redeemable preferred shares	—	1,135,617
Total	540,330,093	498,320,748

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

10. PROPERTY, PLANT AND EQUIPMENT

	30 June 2024 RMB'000 (Unaudited)
At 1 January 2024	16,403
Additions	202
Disposals	(16)
Depreciation (note 7)	(489)
At 30 June 2024	16,100

11. TRADE RECEIVABLES

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 1 year	24,451	33,832
1 to 2 years	1,096	887
2 to 3 years	52	46
Total	25,599	34,765

12. TRADE PAYABLES

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

	30 June 2024 RMB'000 (Unaudited)	31 December 2023 RMB'000 (Audited)
Within 3 months	1,565	2,052

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION



13. SHARE CAPITAL

	At 30 June 2024		At 31 December 2023	
	Number of shares (Unaudited)	Amount RMB'000 (Unaudited)	Number of shares (Audited)	Amount RMB'000 (Audited)
Authorised:				
Ordinary shares of USD0.0001 each	15,000,000,000	10,361	15,000,000,000	10,361
Issued:				
Ordinary shares of USD0.0001 each	607,170,950	420	607,170,950	420

14. SHARE-BASED PAYMENTS

The Company operates a share award scheme (the “**Scheme**”) for certain personnel in order to recognise and reward the contribution of certain employees of the Group (“**Share Incentive Participants**”) to the growth and development of the Group, and retain eligible employees for the continuous operation and development of the Group.

The 2021 Plan

A share incentive plan of Shanghai MedSci (the “**2021 Plan**”) became effective in January 2021. Under the 2021 Plan, Shihezi Meilong Equity Investment Partnership (Limited Partnership) (“**Meilong Investment**”) and Shanghai Meiyue Management Consulting Partnership (Limited Partnership) (“**Shanghai Meiyue**”), the legal shareholders of Shanghai MedSci, granted certain limited partners’ equity interests of Meilong Investment and Shanghai Meiyue (“**Award Interests**”) to certain employees of the PRC Operating Entities. As part of the reorganisation of the Group, the New Plan (see definition below) was adopted to replace the 2021 Plan.

The 2022 Plan

A new share incentive plan (the “**2022 Plan**”) became effective on 20 April 2022 when the board of directors and the shareholders of the Company approved the 2022 Plan, which has replaced the 2021 Plan. The Award Interests granted under the 2021 Plan were replaced and superseded by the ordinary shares of Meilong Limited and Meiyue Limited, respectively (the “**Award Shares**”). The vesting schedule and other key terms of the 2022 Plan are the same as those of the 2021 Plan.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

14. SHARE-BASED PAYMENTS – *continued*

Award Interests

In January 2021, 9.1571% equity interests of Meilong Investment were granted to 19 selected employees for a total consideration of RMB566,000, and 19.90% equity interests of Shanghai Meiyue were granted to 13 selected employees for a total consideration of RMB2,122,000 under the 2021 Plan. These thirty-two employees are collectively referred to as “Share Incentive Participants”.

All of the Award Interests (and the subsequent Award Shares) granted to the Share Incentive Participants shall be subject to both a listing-based vesting condition (the “**IPO Condition**”) and a service-based vesting condition (the “**Service Condition**”). The IPO Condition would be satisfied when the ordinary shares of the Company are successfully listed on a recognised stock exchange. Subject to the satisfaction of the IPO Condition, the Service Condition would be satisfied over a 5-year lockup periods, in which the Award Interests or Award Shares held by Share Incentive Participants shall be unlocked in the proportion up to 20% of the total number of the Award Interests/Shares granted upon the expiry of each of 5-year lockup periods provided that the IPO Condition is met. Under this Service Condition, the Share Incentive Participants are required to provide services to the Group during the 5-year period.

The fair value of the Award Interests granted during the year ended 31 December 2021 was determined at RMB37,297,000, and the Group recognised share-based payment expenses of RMB2,532,000 in profit or loss for the six months ended 30 June 2024 (six months ended 30 June 2023: RMB3,189,000).

The fair value of the Award Interests granted is measured using a discounted cash flow model at the grant date. The key assumptions used in the model included the discount rate, terminal growth rate and discounts for lack of marketability (“**DLOM**”) and are determined by the directors of the Company with best estimate as follows:

	Granted on 1 January 2021
Discount rate	14%
Terminal growth rate	3%
DLOM	8%

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION



14. SHARE-BASED PAYMENTS – *continued*

2023 Plan

On 19 September 2023, the board of directors approved an employee share award scheme (the “**2023 Plan**”) under which: (i) directors and employees (including full-time employees and part-time employees) of the Company or any of its subsidiaries (including persons who are granted awards under the scheme as an inducement to enter into employment contracts with these companies), (ii) directors and employees of the holding companies, fellow subsidiaries or associated companies of the Company, or (iii) persons who provide services to the Company and/or its Subsidiaries on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Company and/or its associated companies. For the avoidance of doubt, service provider may not include placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions, as well as professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity (the “**Eligible Participant**”), will be entitled to participate.

Subject to any early termination as may be determined by the board of directors pursuant to rules of the 2023 Plan (the “**Scheme Rules**”), the 2023 Plan shall be valid and effective for a term of 10 years commencing on 19 September 2023, after which no further awards will be granted.

The 2023 Plan is subject to the administration by the board of directors as settlor and the trustee in accordance with the Scheme Rules and the terms of the trust deed (the “**Trust Deed**”) which was entered into between the Company and the trustee (as restated, supplemented and amended from time to time), namely Future Trustee Limited (the “**Trustee**”).

The board of directors may, from time to time, at its sole and absolute discretion select any Eligible Participant for participation in the 2023 Plan as a selected participant (the “**Selected Participant**”), and grant an award to any Selected Participant at such consideration (if any) subject to such terms and conditions as the board of directors may in its sole and absolute discretion determine.

The board of directors may from time to time cause to be paid an amount of cash to the Trust by way of settlement or otherwise contributed by the Company, any subsidiary, any significant shareholder or any party designated by the Company as directed by the board of directors which shall constitute part of the trust fund, for the purchase of shares and other purposes set out in the Scheme Rules and the Trust Deed.

Subject to the Scheme Rules, the board of directors may from time to time instruct the Trustee in writing to purchase shares on the Hong Kong Stock Exchange (“**Stock Exchange**”) or accept and receive a specified number of shares from any significant shareholder or any party designated by the Company. Once purchased or received, the shares are to be held by the Trustee for the benefit of the Selected Participants under the trust until they are vested, on and subject to the terms and conditions of the 2023 Plan and the Trust Deed.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

14. SHARE-BASED PAYMENTS – *continued*

2023 Plan – *continued*

Subject to the terms and conditions of the Scheme and the fulfilment of all vesting conditions applicable to the vesting of the awarded interests on such Selected Participant, the respective awarded interests held by the Trustee on behalf of the Selected Participant pursuant to the provision thereof shall vest in such Selected Participant in accordance with the applicable vesting schedule, and the Trustee shall cause the awarded interests to be transferred to such Selected Participant and/or a vehicle controlled by him/her (such as a trust or a private company) for the benefit of the Selected Participant and any family members of such Selected Participant in accordance with the Scheme Rules.

On 27 January 2024, the board of directors resolved to grant a total of 5,403,820 awarded shares (“**Awarded Shares**”) to Mr. Fan Jie at Hong Kong Dollar (“**HKD**”) 0.278 per awarded share, for a total consideration of HKD1,502,000. The Awarded Shares granted to Mr. Fan Jie represent approximately 0.89% of the issued share capital of the Company as at 27 January 2024, and represent the value of approximately HKD16,914,000, taking into account of the closing price of HKD3.13 per share as stated in the daily quotation sheet issued by the Stock Exchange on 26 January 2024 (being the last trading day prior to the date of grant of the Awarded Shares).

There is no performance target attached to the Awarded Shares granted. The fair value of the Award Shares granted during the six months ended 30 June 2024 was determined at RMB15,376,000, and the Group recognised expenses of RMB13,998,000 in profit or loss for the six months ended 30 June 2024.

As at 30 June 2024, amounted to 5,265,000 Awarded Shares has been acquired from the market by the Trustee by utilising the Company’s internal resources provided to the Trustee and a further 138,820 Awarded Shares will be acquired by the Trustee from the market or be transferred to the Trust by persons in accordance with the rules of the 2023 Plan. Amounted to 5,241,705 of shares, approximately 97.0% of the total number of the Awarded Shares have been vested to Mr. Fan Jie by the end of 30 June 2024.

15. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group

	For the six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Share-based payment expense	13,998	—
Short-term employee benefits	3,798	3,463
Pension scheme contributions	214	235
Total	18,010	3,698

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION



16. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of trade receivables, financial assets included in prepayments, deposits and other receivables, cash and bank balances, time deposits, financial assets at fair value through profit or loss, trade payables and financial liabilities included in other payables and accruals, approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's corporate finance team is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the board of directors of the Company. At the end of each of the reporting periods, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation.

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

The Group invests in unlisted investments, which represent wealth management products issued by segregated portfolio companies in Cayman Islands. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the expected interest rate per annum of instruments with similar terms and risks.

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

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Wealth management products	Discounted cash flow model	Yield rate (floating)	3%	The higher yield rate, the higher fair value

Fair value hierarchy

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

Assets measured at fair value:

As at 30 June 2024

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss	—	526,092	—	526,092

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

16. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS – *continued*

Fair value hierarchy – continued

Assets measured at fair value: – continued

As at 31 December 2023

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss	—	501,892	—	501,892

17. APPROVAL OF THE INTERIM FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorised for issue by the board of directors on 30 August 2024.