

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **Honliv Healthcare Management Group Company Limited**

**宏力醫療管理集團有限公司**

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

**(Stock Code: 9906)**

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

#### **FINANCIAL SUMMARY**

	<b>Six months ended 30 June</b>		
	<b>2024</b>	<b>2023</b>	<b>Change</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>	<b>%</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	
Revenue	<b>415,178</b>	370,467	12.1
Gross profit	<b>71,621</b>	69,950	2.4
Profit for the period attributable to owners of the Company	<b>20,042</b>	24,263	(17.4)
Basic and diluted earnings per share	<b>0.04</b>	0.04	–

## RESULTS

The Board of the Company announces the unaudited consolidated financial results of the Group for the six months ended 30 June 2024, together with the comparative figures for the corresponding period in 2023, as set out below:

### INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2024</b>	<b>2023</b>
		<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
Revenue	4	<b>415,178</b>	370,467
Cost of sales		<b>(343,557)</b>	(300,517)
<b>Gross profit</b>		<b>71,621</b>	69,950
Administrative expenses		<b>(38,689)</b>	(36,932)
(Net impairment losses)/reversal of net impairment losses on financial assets		<b>(320)</b>	676
Other income		<b>572</b>	231
Other expenses		<b>(67)</b>	(98)
Other losses — net	5	<b>(1,284)</b>	(144)
<b>Operating profit</b>		<b>31,833</b>	33,683
Finance income		<b>516</b>	1,657
Finance costs		<b>(4,262)</b>	(3,237)
Finance costs — net		<b>(3,746)</b>	(1,580)
<b>Profit before income tax</b>		<b>28,087</b>	32,103
Income tax expense	6	<b>(7,824)</b>	(7,604)
<b>Profit for the period</b>		<b>20,263</b>	24,499
Other comprehensive income		<b>—</b>	—
<b>Total comprehensive income</b>		<b>20,263</b>	24,499

		<b>Six months ended 30 June</b>	
		<b>2024</b>	2023
<i>Notes</i>		<b><i>RMB'000</i></b>	<i>RMB'000</i>
		<b>(Unaudited)</b>	(Unaudited)
<b>Profit and total comprehensive income attributable to:</b>			
Owners of the Company		<b>20,042</b>	24,263
Non-controlling interests		<b>221</b>	236
		<u><b>20,263</b></u>	<u>24,499</u>
<b>Earnings per share for profit attributable to the equity holders of the Company (expressed in RMB per share)</b>			
Basic and diluted earnings per share	7	<u><b>0.04</b></u>	<u>0.04</u>

The above interim condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

## INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

		30 June 2024	31 December 2023
	<i>Notes</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		539,629	534,487
Right-of-use assets		76,258	78,469
Intangible assets		2,350	430
Deferred income tax assets		6,959	7,599
Investment properties		1,621	1,688
Prepayments		228	10,306
		627,045	632,979
<b>Total non-current assets</b>			
<b>Current assets</b>			
Inventories		20,697	31,851
Trade receivables	8	77,008	31,645
Other receivables and prepayments		2,224	2,126
Amounts due from related parties		497	353
Restricted deposits		5,000	30,000
Cash and cash equivalents		260,203	239,755
		365,629	335,730
<b>Total current assets</b>		<b>365,629</b>	<b>335,730</b>
<b>Total assets</b>		<b>992,674</b>	<b>968,709</b>

		<b>30 June</b>	31 December
		<b>2024</b>	2023
	<i>Notes</i>	<b><i>RMB'000</i></b>	<i>RMB'000</i>
		<b>(Unaudited)</b>	(Audited)
<b>EQUITY</b>			
<b>Equity attributable to the owners of the Company</b>			
Share capital		52	52
Reserves		339,921	339,921
Retained earnings		221,923	201,881
		<u>561,896</u>	<u>541,854</u>
<b>Subtotal</b>		<b>561,896</b>	541,854
<b>Non-controlling interests</b>		<b>5,814</b>	5,593
		<u>567,710</u>	<u>547,447</u>
<b>Total equity</b>		<b>567,710</b>	547,447
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings		14,084	22,503
Lease liabilities		568	1,433
Deferred income		1,828	1,861
		<u>16,480</u>	<u>25,797</u>
<b>Total non-current liabilities</b>		<b>16,480</b>	25,797
<b>Current liabilities</b>			
Trade and notes payables	9	130,676	124,461
Accruals, other payables and provisions		110,808	99,802
Current income tax liabilities		10,589	14,375
Borrowings		153,556	154,027
Lease liabilities		2,855	2,800
		<u>408,484</u>	<u>395,465</u>
<b>Total current liabilities</b>		<b>408,484</b>	395,465
		<u>424,964</u>	<u>421,262</u>
<b>Total liabilities</b>		<b>424,964</b>	421,262
		<u>992,674</u>	<u>968,709</u>
<b>Total equity and liabilities</b>		<b>992,674</b>	968,709

## 1 GENERAL INFORMATION

Honliv Healthcare Management Group Company Limited (the “**Company**”) was incorporated in the Cayman Islands on 6 January 2016 as an exempted company with limited liability under the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is Campbells Corporate Services Limited, Floor 4, Willow House, Cricket Square, Grand Cayman KY1-9010, Cayman Islands.

The Company is an investment holding company and together with its subsidiaries (the “**Group**”), are principally engaged in the ownership, operation and management of hospitals in the People’s Republic of China (the “**PRC**”).

The ordinary shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited on 13 July 2020.

The interim condensed consolidated financial information is presented in Renminbi (“**RMB**”) and rounded to nearest thousand yuan, unless otherwise stated.

## 2 BASIS OF PRESENTATION AND ACCOUNTING POLICIES

This interim condensed consolidated financial information for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting standard 34 “**Interim Financial Reporting**” issued by the Hong Kong Institute of Certified Public Accountants.

The interim condensed consolidated financial information does not include all the notes of the type normally included in an annual financial report. Accordingly, this interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), and any public announcements made by the Company during the six months ended 30 June 2024.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards for the current reporting period.

**(a) Going concern**

As at 30 June 2024, the Group's current liabilities exceeded its current assets by RMB42,855,000 and the Group had cash and cash equivalents of RMB260,203,000.

Management has given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient funds to fulfil its financial obligations and continue as a going concern. A number of measures have been put in place by management to improve the financial position and alleviate the liquidity pressure including:

- Management has been communicating with the banks which are providing existing banking facilities to the Group with a view to proactively managing the renewal of the Group's banking facilities upon maturity and securing additional credit facilities.
- On 5 March 2024, Henan Honliv Hospital Co., Ltd. ("**Honliv Hospital**") obtained additional loan facilities of RMB60 million from one of its existing banks. Application of one-year loan drawdowns can be made under this facility until 5 March 2025 subject to the approval and conditions imposed by the bank. As at the reporting date, the Group has not utilized this additional loan facility.

Taking into account the Group's future operational performance and the expected future operating cash inflows, and the continuous availability of banking and other facilities, management concluded that the Group would have sufficient financial resources to support its operations and to meet its financial obligations and commitments as and when they fall due in the coming twelve months from 30 June 2024.

According to the measures above, the directors are satisfied that it is appropriate to prepare the financial information on a going concern basis.

**(b) New and amended standards adopted by the Group**

A number of new or amended standards became applicable for the current reporting period. The adoption of these new and amended standards does not have significant impact on the financial performance and positions of the Group and also the presentation of this interim financial information.

**(c) Impact of standards issued but not yet applied by the Group**

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 30 June 2024 reporting period and have not been early adopted by the Group. These standards, amendments and interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

### 3 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers, who are responsible for allocating resources and assessing performance of the operating segment and making strategic decisions. The chief operating decision-makers have been identified as the executive directors.

The Group has only one operating segment during the six months ended 30 June 2024 and 2023, so no segment information was presented.

### 4 REVENUE

The Group's revenue represents the amount received and receivable from provision of treatments and general healthcare service, pharmaceutical sales and postnatal care service. Details are as follows:

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Nature of revenue recognition		
Treatments and general healthcare service	250,041	228,587
Pharmaceutical sales	164,739	141,880
Postnatal care service	398	–
	<u>415,178</u>	<u>370,467</u>
Timing of revenue recognition		
At a point in time	282,710	246,509
Over time	132,468	123,958
	<u>415,178</u>	<u>370,467</u>

During the six months ended 30 June 2024, the Group performed a reassessment on the estimation of revenue in relation to variable consideration. Up to 30 June 2024, the Group recognised the net amount of deduction of approximately RMB4,654,000 (six months ended 30 June 2023: RMB9,199,000) as a reduction of revenue on a cumulative basis.



## 5 OTHER LOSSES — NET

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Losses of medical compensation	1,273	233
Net losses on disposal of plant and equipment	9	5
Others	2	(94)
	<u>1,284</u>	<u>144</u>

## 6 INCOME TAX EXPENSE

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax		
— PRC corporate income tax	7,184	4,642
Deferred income tax	640	2,962
	<u>7,824</u>	<u>7,604</u>

## 7 EARNINGS PER SHARE

### (a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of outstanding ordinary shares in issue during the six months ended 30 June 2024. Treasury shares held for the 2022 restricted share unit scheme and the 2023 restricted share unit scheme (together, the “**Employee Share Schemes**”) are excluded from the weighted average number of outstanding ordinary shares in issue for purposes of calculating basic earnings per share.

	Six months ended 30 June	
	2024	2023
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company (RMB'000) (i)	20,042	24,263
Weighted average number of ordinary shares in issue (in thousands)	549,214	568,620
	<u>0.04</u>	<u>0.04</u>

- (i) During the six months ended 30 June 2024, no shares were purchased for the purpose of the Employee Share Schemes (six months ended 30 June 2023: 6,130,000). As of 30 June 2024, the accumulated number of shares purchased by an independent trustee for the purpose of the Employee Share Schemes was 50,786,000 (31 December 2023: 50,786,000). As of 30 June 2024, no shares were granted under the Employee Share Schemes.

**(b) Diluted earnings per share**

Diluted earnings per share were the same as basic earnings per share as the Group had no potential dilutive shares during the six months ended 30 June 2024 and 2023.

**8 TRADE RECEIVABLES**

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	<b>As at 31 December 2023 RMB'000 (Audited)</b>
Trade receivables	<b>99,344</b>	53,676
Less: allowance for impairment of trade receivables	<b>(22,336)</b>	(22,031)
Trade receivables — net	<b><u>77,008</u></b>	<b><u>31,645</u></b>

As at 30 June 2024 and 31 December 2023, the ageing analysis of the trade receivables based on demand note date was as follows:

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	<b>As at 31 December 2023 RMB'000 (Audited)</b>
Up to 3 months	<b>75,082</b>	28,076
3 to 6 months	<b>1,649</b>	2,627
6 months to 1 year	<b>294</b>	868
1 to 2 years	<b>7,270</b>	17,484
2 to 3 years	<b>10,443</b>	–
Over 3 years	<b>4,606</b>	4,621
	<b><u>99,344</u></b>	<b><u>53,676</u></b>

## 9 TRADE AND NOTES PAYABLES

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	<b>As at 31 December 2023 RMB'000 (Audited)</b>
Trade payables	125,676	94,461
Notes payables	<u>5,000</u>	<u>30,000</u>
	<u><b>130,676</b></u>	<u><b>124,461</b></u>

As at 30 June 2024 and 31 December 2023, the aging analysis of the trade and notes payables based on demand note date was as follows:

	<b>As at 30 June 2024 RMB'000 (Unaudited)</b>	<b>As at 31 December 2023 RMB'000 (Audited)</b>
Up to 3 months	98,007	78,971
3 to 6 months	25,262	38,539
6 months to 1 year	2,250	2,198
1 to 2 years	1,453	496
2 to 3 years	474	684
Over 3 years	<u>3,230</u>	<u>3,573</u>
	<u><b>130,676</b></u>	<u><b>124,461</b></u>

## 10 DIVIDENDS

The board of directors of the Company does not resolve to declare an interim dividend for the six months ended 30 June 2024 (30 June 2023: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### MARKET OVERVIEW AND PROSPECTS

Health is the most important aspect of people's livelihood. As "Healthy China" continues to advance as the overall goal of the new healthcare reform, healthcare reform is a relay race. The introduction of various reform measures to adapt to and promote the development of society will have a far-reaching impact on the future of the health industry, playing an important role in the reconstruction of the healthcare service system. Meanwhile, the rise of digital healthcare technology will lead to major changes in the healthcare sector in the coming years. We will see ongoing diversified, personalized and subjective healthcare prompting us to consider how to use advanced technology to solve the healthcare operation model.

At present, although the domestic economy is still experiencing challenges in terms of internal circulation economy, we still firmly believe that life sciences and healthcare will thrive as we advance the comprehensive construction of a healthy China. Looking ahead, the Group expects to:

1. anchor the broad goal of a healthy China and vigorously promote the construction of smart hospitals;
2. study the general policy of national healthcare reform, follow the trend of the times, make full use of the policy dividend and actively explore new healthcare models;
3. tap into internal potentials with improving medical quality and ensuring medical safety as the fundamentals, while vigorously improving medical service capacity and creating a regional medical highland;
4. carry out scale expansion in tandem with refined management, making full use of advanced information technology and other means to reduce consumption and increase efficiency;
5. fully respond to work demands, independently develop application software that is highly compatible with actual work, reduce management costs and improve the medical experience;
6. enhance the awareness of compliance, pay attention to intellectual property rights, comply with various regulatory systems in the industry, comply with the code of listed companies, optimize corporate governance, and ensure medical quality and safety;
7. actively search for investment targets to expand the scale of the Group's business through various means such as new construction and output management, so as to achieve the goal of group development.

## BUSINESS REVIEW

In 2024, the Group's consolidated revenue for the six months ended 30 June 2024 amounted to RMB415.2 million, representing an increase of RMB44.7 million or 12.1%, as compared with the consolidated revenue for the six months ended 30 June 2023 of RMB370.5 million.

In 2024, the Group's outpatient visits for the six months ended 30 June 2024 were 748,721, as compared with the outpatient visits for the six months ended 30 June 2023 of 707,008, representing an increase of 5.9%.

In 2024, the Group's inpatient visits for the six months ended 30 June 2024 were 29,218, as compared with the inpatient visits for the six months ended 30 June 2023 of 27,620, representing an increase of 5.8%.

The increase in outpatient visits and the increase in inpatient visits were mainly due to:

1. Smart hospital construction with intelligence as a carrier facilitates patients' access to personal medical information, changes the mode of communication between doctors and patients, and two-way interactive communication breaks down the communication barriers between doctors and patients;
2. In response to changes in medical needs, a variety of specialty outpatient clinics have been established, with a view to developing small specialities, so that patients' demands for medical treatment can be met; meanwhile, the multidisciplinary diagnosis and treatment model has been strengthened, solving the problem of access to medical treatment for cross-disciplinary diseases;
3. The Group has implemented a system of responsibility of attending doctors to enhance service awareness;
4. The Group is deeply committed to the primary healthcare market. With free lung nodules screening as the mainstay, the Group has implemented a full chain of healthcare services from the home to the wards, providing early detection and early treatment, and enhancing the health awareness of the public;
5. The Group has responded to the country's call to upgrade its medical equipment and improve the accuracy of medical examinations;
6. The Group's hospital continued to improve medical skills and became more capable of solving complex problems;
7. IT-supported settlements of all kinds are easier and faster, minimizing time costs.

## Hospital Services

Henan Honliv Hospital provides hospital services on behalf of the Group. During the Reporting Period:

1. the total number of inpatient visits amounted to 29,218 (for the six months ended 30 June 2023: 27,620), representing a year-on-year increase of 5.8%;
2. the average cost of inpatient visits amounted to RMB6,498.2 (for the six months ended 30 June 2023: RMB6,409.5), representing a year-on-year increase of 1.4%;
3. the total number of outpatient visits amounted to 748,721 (for the six months ended 30 June 2023: 707,008), representing year-on-year increase of 5.9%;
4. the average cost of outpatient visits amounted to RMB300.4 (for the six months ended 30 June 2023: RMB273.6), representing a year-on-year increase of 9.8%.

The following table sets out certain key operating information of the Group's hospital services for the periods indicated:

	Six months ended 30 June		Changes%
	2024	2023	
Outpatient visits	<b>748,721</b>	707,008	5.9
Average spending per outpatient visit ( <i>RMB</i> )	<b>300.4</b>	273.6	9.8
Inpatient visits	<b>29,218</b>	27,620	5.8
Average spending per inpatient visit ( <i>RMB</i> )	<b>6,498.2</b>	6,409.5	1.4
Number of beds in operation at the end of the relevant period	<b>1,500</b>	1,500	0.0
Average length of stay per inpatient visit ( <i>days</i> )	<b>8.8</b>	8.9	-1.1
Number of surgeries	<b>6,316</b>	6,118	3.2

Under the ongoing reform of the three medical services, namely medical care, medical insurance and pharmaceuticals, the Group's operating efficiency in the first half of 2024 showed a relatively significant increase in outpatient and inpatient visits and annual consolidated revenue as compared with the corresponding period last year. The key revenue-driving strategies of the Group's hospital services are set out below:

1. use the construction of smart hospitals as a platform to facilitate the process of medical treatment and to continuously improve the medical experience;

2. carry out various quality control activities with medical safety as the main line to improve medical quality;
3. upgrade medical equipment and facilities in accordance with the national call to improve diagnosis and treatment accuracy;
4. dig out potentials internally, build a reasonable human resources allocation mechanism, and fully mobilize the enthusiasm of all staff in service;
5. expand service areas and deeply integrate into the activities of universal health service;
6. provide personalized medical services and life services;
7. continue to carry out extensive publicity activities on the prevention and treatment of chronic diseases and raise residents' awareness of chronic diseases;
8. carry out various forms of co-operation in medical services, and establish online and offline co-operation mechanisms to make up for shortcomings;
9. continue to explore the potential of nursing services by relying on both specialised clinical care and high-level nursing research;
10. establish professional medical information release channels using various social media platforms to effectively disseminate professional knowledge and enhance brand image;
11. fully adapt to various policies such as the reform of health insurance payment methods to increase revenue and save money.

### **Pharmaceutical Sales**

The Group's pharmaceutical sales were mainly derived from direct sales of pharmaceutical products to patients. Revenue from pharmaceutical sales for the Reporting Period amounted to RMB164.7 million (six months ended 30 June 2023: RMB141.9 million), representing a year on-year of increase of 16.1%.

## **Continue to carry out research activities based on clinical practice to help the hospital achieve high quality development**

As a medical institution with the responsibility of serving human health, the Group has been continuously exploring in the fields of medical scientific research and hospital management. In the first half of 2024, the hospital of the Group published 22 medical scientific research papers and deeply participated in the research of relevant medical and nursing technologies, and obtained 6 provincial-level scientific and technological achievements, such as: the hospital physical examination smart management system v1.0 and other six information technologies, based on the medical practice and the development, have received the Certificate of Scientific and Technological Achievements issued by the Department of Science and Technology of Henan Province.

## **Actively listen to public sentiments and opinions and practice social responsibility**

The Group actively participates in academic exchanges within the industry, and a number of people have been appointed for the first time to serve on various professional committees in the province, which has enhanced the academic status of the hospital in the industry. The Group earnestly listens to the suggestions from all sectors of the society, especially the suggestions and proposals on medical care made by deputies to the National People's Congress, which carry people's livelihood and public opinion, and responds positively to these suggestions and proposals, which has demonstrated the Group's action and commitment.

## **FINANCIAL REVIEW**

### **Revenues and Costs**

During the Reporting Period, we generated our revenue from: (i) the provision of treatments and general healthcare services, including the sales of medical consumables and the provision of ancillary hospital services; and (ii) the sales of pharmaceuticals to our patients, including both inpatients and outpatients; and (iii) the provision of postnatal care services. The following table sets forth the breakdown of our revenue for the period indicated:

	<b>Six months ended 30 June</b>			
	<b>2024</b>		<b>2023</b>	
	<i>(RMB'000)</i>	<i>% of revenue</i>	<i>(RMB'000)</i>	<i>% of revenue</i>
	<b>(Unaudited)</b>		<b>(Unaudited)</b>	
Treatments and general healthcare services	<b>250,041</b>	<b>60.2%</b>	228,587	61.7%
Pharmaceutical sales	<b>164,739</b>	<b>39.7%</b>	141,880	38.3%
Postnatal care services	<b>398</b>	<b>0.1%</b>	–	–
<b>Total</b>	<b>415,178</b>	<b>100.0%</b>	<b>370,467</b>	<b>100.0%</b>



Revenue generated from the operation of Henan Honliv Hospital accounts for a large majority of our revenue. Revenue from our hospital can also be further categorised by source into revenue from the provision of healthcare services to inpatients and outpatients and revenue from the provision of postnatal care services. The following table sets forth a breakdown of revenue of our hospital by source for the period indicated:

	<b>Six months ended 30 June</b>			
	<b>2024</b>		<b>2023</b>	
	<i>(RMB'000)</i>	<i>% of revenue</i>	<i>(RMB'000)</i>	<i>% of revenue</i>
	<b>(Unaudited)</b>		<b>(Unaudited)</b>	
Outpatient healthcare services	<b>224,915</b>	<b>54.2%</b>	193,437	52.2%
Inpatient healthcare services	<b>189,865</b>	<b>45.7%</b>	177,030	47.8%
Postnatal care services	<b>398</b>	<b>0.1%</b>	–	–
<b>Total</b>	<b><u>415,178</u></b>	<b><u>100.0%</u></b>	<b><u>370,467</u></b>	<b><u>100.0%</u></b>

The following table sets forth a breakdown of the number of patient visits and the average spending per patient visit by segment for the periods indicated:

	<b>Six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Outpatient visits	<b>748,721</b>	707,008
Average spending per outpatient visit ( <i>RMB</i> )	<b>300.4</b>	273.6
Inpatient visits	<b>29,218</b>	27,620
Average spending per inpatient visit ( <i>RMB</i> )	<b>6,498.2</b>	6,409.5
Number of beds in operation as of the end of the relevant period	<b>1,500</b>	1,500

Our revenue from treatments and general healthcare services, pharmaceutical sales and postnatal care services in aggregate increased by 12.1% from RMB370.5 million for the six months ended 30 June 2023 to RMB415.2 million for the six months ended 30 June 2024. The increase in revenue was mainly attributable to the increase in outpatient and inpatient visits and average spending per outpatient visit.

Our revenue from outpatient healthcare services increased by 16.3% from RMB193.4 million for the six months ended 30 June 2023 to RMB224.9 million for the six months ended 30 June 2024. The increase in revenue from outpatient healthcare services was mainly attributable to the increase in outpatient visits and the average spending per outpatient visit.

Our revenue from inpatient healthcare services increased by 7.3% from RMB177.0 million for the six months ended 30 June 2023 to RMB189.9 million for the six months ended 30 June 2024. The increase in revenue from inpatient healthcare services was mainly attributable to the increase in Inpatient visits.

### **Cost of sales**

Our cost of sales consists primarily of employee benefit expenses for doctors and other medical professionals, the cost of pharmaceuticals, the cost of medical consumables, the expenses on depreciation and amortization, utility expenses, maintenance costs, office expenses and other costs.

Our cost of sales increased by 14.3% from RMB300.5 million for the six months ended 30 June 2023 to RMB343.6 million for the six months ended 30 June 2024, mainly due to (i) an increase in the cost of pharmaceuticals by RMB24.4 million for the six months ended 30 June 2024 as compared with the six months ended 30 June 2023; (ii) an increase in employee benefits expenses by RMB9.7 million for the six months ended 30 June 2024 as compared with the six months ended 30 June 2023; (iii) an increase in the cost of medical consumables by RMB3.5 million for the six months ended 30 June 2024 as compared with the six months ended 30 June 2023; (iv) an increase in depreciation and amortisation expenses for the six months ended 30 June 2024 by RMB4.7 million as compared with the six months ended 30 June 2023; and (v) an increase in utility expenses, maintenance costs, office expenses for the six months ended 30 June 2024 by RMB0.1 million as compared with the six months ended 30 June 2023.

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

Our gross profit increased by 2.4% from RMB70.0 million for the six months ended 30 June 2023 to RMB71.6 million for the six months ended 30 June 2024, and our gross profit margin decreased from 18.9% for the six months ended 30 June 2023 to 17.3% for the six months ended 30 June 2024, which was mainly due to the increase in fixed costs such as the cost of Chinese pharmaceuticals, labour cost, depreciation and amortisation of cost of sales during the Reporting Period.

## **Other Expenses**

Our other expenses consisted of depreciation of our investment properties. Our other expenses remained stable during the Reporting Period.

## **Administrative Expenses**

Our administrative expenses primarily consisted of employee benefits expenses for administrative personnel, expenses on depreciation and amortisation, utility expenses, maintenance and office expenses and other expenses.

Our administrative expenses increased by 4.8% from RMB36.9 million for the six months ended 30 June 2023 to RMB38.7 million for the six months ended 30 June 2024, which was mainly due to the increase in employee benefit expenses and depreciation and amortisation expenses.

## **Net finance costs**

Our net finance costs increased from RMB1.6 million for the six months ended 30 June 2023 to RMB3.7 million for the six months ended 30 June 2024, which was mainly due to the decrease in foreign currency exchange gains and the increase in interest on borrowings during the Reporting Period.

## **Income Tax Expense**

Our income tax expense increased by 2.9% from RMB7.6 million for the six months ended 30 June 2023 to RMB7.8 million for the six months ended 30 June 2024, which was mainly due to an increase in our deferred income tax expense.

## **Profit for the Period and Net Profit Margin**

For the foregoing reasons, our profit for the period decreased by 17.3% from RMB24.5 million for the six months ended 30 June 2023 to RMB20.3 million for the six months ended 30 June 2024. Our net profit margin for the six months ended 30 June 2023 and the six months ended 30 June 2024 was 6.6% and 4.9%, respectively.

## **DISCUSSION OF ITEMS IN THE INTERM CONDENSED CONSOLIDATED BALANCE SHEET**

### **Net Current Liabilities**

Our net current liabilities decreased by 28.3% from RMB59.7 million as at 31 December 2023 to RMB42.9 million as at 30 June 2024, such decrease was mainly due to cash inflow from operating activities.

### **Inventories**

Our inventories decreased by 35.0% from RMB31.9 million as at 31 December 2023 to RMB20.7 million as at 30 June 2024, which was mainly due to the fact that the inventories reserved for the spring festival at the end of 2023 had been used up.

### **Trade Receivables**

Our trade receivables increased by 143.3% from RMB31.6 million as at 31 December 2023 to RMB77.0 million as at 30 June 2024, which was mainly due to a slight slowdown in the settlement of receivables from the medical insurance bureau.

### **Other Receivables and Prepayments**

Our other receivables and prepayments increased from RMB2.1 million as at 31 December 2023 to RMB2.2 million as at 30 June 2024. The balance during the Reporting Period increased by RMB0.1 million, which was mainly due to an increase in the prepayment of utility expenses.

## **Indebtedness**

Our borrowings decreased from RMB176.5 million as at 31 December 2023 to RMB167.6 million as at 30 June 2024. The balance during the Reporting Period decreased by RMB8.9 million, which was mainly due to partial repayment of borrowings during the Reporting Period.

## **Trade Payables**

Our trade payables increased from RMB124.5 million as at 31 December 2023 to RMB130.7 million as at 30 June 2024. The balance during the Reporting Period increased by RMB6.2 million, which was mainly due to the decrease in trade payables paid during the Reporting Period.

## **Accruals, Other Payables and Provisions**

Our accruals, other payables and provisions increased from RMB99.8 million as at 31 December 2023 to RMB110.8 million as at 30 June 2024. The balance during the Reporting Period increased by RMB11.0 million, which was mainly due to slightly slower payment of staff salaries.

## **Contingent Liabilities**

As at 30 June 2024, we did not have any contingent liabilities or guarantees that would have a material effect on the Group's financial position or operations.

## **Lease Liabilities**

As of 30 June 2024, the balance of our lease liabilities in respect of leased properties was approximately RMB3.4 million.

## Liquidity and Capital Resources

The following table sets forth information relating to the consolidated statements of cash flows for the period indicated:

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	<b>57,341</b>	46,409
Net cash used in investing activities	<b>(22,975)</b>	(37,794)
Net cash (used in)/generated from financing activities	<b>(13,962)</b>	9,479
Net increase in the balance of cash and cash equivalents	<b>20,404</b>	18,094

### Net Cash Flow in Operating Activities

Our net cash generated from operating activities increased from RMB46.4 million for the six months ended 30 June 2023 to RMB57.3 million for the six months ended 30 June 2024. The increase was mainly due to (i) the increase in cash flow from operating activities as a result of the increase in operating profit for the period, and (ii) the payment of income tax of RMB11.0 million in the first half of 2024 partially offset the increase in cash flow from operating activities due to the increase in operating profit.

### Net Cash Flow in Investing Activities

Our net cash used in our investing activities decreased from RMB37.8 million for the six months ended 30 June 2023 to RMB23.0 million for the six months ended 30 June 2024, which was mainly due to the decrease of RMB16.0 million in payments for the purchase of property, plant and equipment for the six months ended 30 June 2024 as compared with the six months ended 30 June 2023.

## **Net Cash Flow in Financing Activities**

Our cash flow generated from financing activities was RMB9.5 million for the six months ended 30 June 2023, as compared with cash flow used in financing activities of RMB14.0 million for the six months ended 30 June 2024. This was mainly due to the repayment of borrowings of RMB8.9 million in the first half of 2024. The cash generated from financing activities for the six months ended 30 June 2023 was mainly due to new borrowings of RMB28.1 million.

## **Financial Instruments**

Our financial instruments consist of trade receivables, other receivables, cash and cash equivalents, bank borrowings, trade payables and other payables. The management of the Company manages and monitors these exposures to ensure that effective measures are implemented in a timely manner.

## **Exposure to Fluctuation in Exchange Rates**

We deposit certain of our financial assets in foreign currencies, which mainly involve risks of fluctuations in the exchange rate of HKD and USD against RMB. We are exposed to foreign exchange risks accordingly.

We did not use any derivative financial instruments to hedge against our exposure to currency risks during the six months ended 30 June 2024. The management of the Company manages the currency risks by closely monitoring the movement of the foreign currency rates, and will consider hedging against significant foreign currency exposures should such need arise.

## **Liability-to-Asset Ratio**

As of 30 June 2024, our liability-to-asset ratio (total liabilities divided by total assets) was 42.8% (as of 31 December 2023: 43.5%).

## **USE OF PROCEEDS**

In connection with the Global Offering, 150,000,000 Shares with a nominal value of HK\$0.0001 each were issued at a price of HK\$2.10 per Share, raising net proceeds of approximately HK\$264.8 million, after deduction of the underwriting fees and related expenses by the Company in connection with the Global Offering.

The following table sets out the utilisation of the net proceeds of the Global Offering and the unutilised amounts as at 30 June 2024:

<b>Business objective</b>	<b>Percentage of total disclosed in the Prospectus</b> %	<b>Planned use of net proceeds as described in the Prospectus</b> HK\$ million	<b>Utilised net proceeds as at 30 June 2024</b> HK\$ million	<b>Unutilised Net Proceeds as at 30 June 2024</b> HK\$ million	<b>Expected timeline for Unutilised Net Proceeds</b>
Finance the ramp up of the Company's first-phase building	29.5	78.0	78.0	–	By the end of 2021
Expand the Company's business by acquiring hospitals	26.1	69.2	–	69.2	By the end of 2025
Repay the Company's general borrowings, particularly the outstanding loans from two banks with an aggregate principal amount of RMB63.0 million	15.0	39.8	39.8	–	By the end of 2023
Working capital and other general corporate purposes	10.0	26.5	26.5	–	By June 2021
Purchase medical equipment and improve and upgrade the Company's information technology systems	8.0	21.3	21.3	–	By June 2023
Employee recruitment and training	5.0	13.3	13.3	–	By June 2023
Construct a postnatal care centre	6.3	16.7	16.7	–	By the end of 2023
<b>Total</b>	<b>100</b>	<b>264.8</b>	<b>195.6</b>	<b>69.2</b>	

*Note:*

The timeline is based on the Company's estimation of its business needs as of the date of this announcement and is subject to change so long as it is deemed to be in the best interests of the Company and to the extent permitted by applicable laws and regulations. Except for the change above, there is no other change in use of the net proceeds.

During the Reporting Period, no proceeds from the Global Offering were utilized.

As at 30 June 2024, the net proceeds from the Global Offering not yet utilised were deposited into short-term demand deposits in the Company's account at one of the receiving banks as disclosed in the Prospectus.



## **PUBLIC FLOAT**

Based on the information publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public at the date of this announcement as required under the Listing Rules.

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

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

## **MATERIAL EVENTS AFTER THE REPORTING PERIOD**

As at the date of this announcement, there were no material events after the Reporting Period.

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

Throughout the Reporting Period, save as the code provision addressed below, the Company has complied with all the applicable code provisions as set out in part 2 of the Corporate Governance Code.

Code provision C.2.1 of part 2 of the Corporate Governance Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

The Chairman and chief executive officer of the Company are held by Mr. Qin Yan who has extensive experience in the industry. The Board believes that Mr. Qin Yan can provide the Company with strong and consistent leadership that allows for effective and efficient planning and implementation of business decisions and strategies.

The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Group. The Board will review the corporate governance structure and practices from time to time and shall make necessary arrangement when the Board considers appropriate.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code as its code of conduct regarding securities transactions by Directors. Having made specific enquiry, all the Directors confirmed that they had complied with the requirements as set out in the Model Code during the Reporting Period.

## **REVIEW BY THE AUDIT COMMITTEE**

The Audit Committee consists of 3 independent non-executive Directors, namely Mr. Sun Jigang (chairman), Mr. Zhao Chun and Mr. Jiang Tianfan.

The Group's interim results for the six months ended 30 June 2024 have been reviewed by all members of the Audit Committee. Based on such review, the Audit Committee was of the opinion that the Group's unaudited interim results were prepared in accordance with applicable accounting standards.

In addition, the Company's independent auditor, PricewaterhouseCoopers, has performed an independent review of the Group's interim financial information for the Reporting Period in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

## **INTERIM DIVIDEND**

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

## **EMPLOYEES AND REMUNERATION POLICIES**

The total number of employees was approximately 1,953 as at 30 June 2024 (30 June 2023: 1,886). For the six months ended 30 June 2024, the staff cost (including Directors' remuneration in the form of salaries and other benefits) was approximately RMB118.1 million (six months ended 30 June 2023: approximately RMB107.4 million).

Remuneration is determined with reference to the qualification, experience and work performance, whereas the payment of discretionary bonus is generally subject to work performance, the financial performance of the Group in that particular year and general market conditions.

The Company has adopted the 2022 Restricted Share Unit Scheme on 22 August 2022 (further details of which are set forth in the Company’s announcements dated 22 August 2022 and 23 August 2022), and the 2023 Restricted Share Unit Scheme on 9 May 2023 (further details of which are set forth in the Company’s announcement dated 9 May 2023) (collectively, the “**RSU Schemes**”). During the Reporting Period, no restricted share units had been awarded under the RSU Schemes.

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

This interim results announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.honlivhp.com](http://www.honlivhp.com)), and the interim report of the Group for the six months ended 30 June 2024 containing all information required by the Listing Rules will be dispatched to Shareholders and published on the websites of the Stock Exchange and the Company in due course.

## **APPRECIATION**

The Board would like to present its great appreciation to the management team and employees of the Group who have contributed to the success of the Group and are working towards achieving the Group’s visions. Heartfelt gratitude is also expressed to all of the partners, customers, suppliers of the Group and the Shareholders. With their kind support and trust, the Board is confident that it will lead the Group to another milestone.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings.

“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the board of Directors
“Corporate Governance Code”	the “Corporate Governance Code” as contained in Appendix C1 to the Listing Rules
“Chairman”	the chairman of our Board

“China” or “PRC”	the People’s Republic of China, which, for the purpose of this interim results announcement and for geographical reference only, excludes Hong Kong, Macau and Taiwan
“Company” or “our Company”	Honliv Healthcare Management Group Company Limited (宏力醫療管理集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 6 January 2016
“Director(s)”	the director(s) of the Company or any one of them
“Global Offering”	the global offering of the Shares, details of which are set forth in the Prospectus
“Group”, “our Group”, “our”, “we”, or “us”	our Company and its subsidiaries or, where the context so requires in respect of the period before our Company became the holding company of our present subsidiaries, the present subsidiaries of our Company and the businesses carried on by such subsidiaries or (as the case may be) their predecessors
“Henan Honliv Hospital” or “our hospital”	Henan Honliv Hospital Co., Ltd.* (河南宏力醫院有限公司), a limited liability company established in the PRC on 24 May 2004
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK dollars” or “HK\$”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Independent Third Party” or “Independent Third Parties”	a person or entity who is not a connected person of the Company under the Listing Rules
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	13 July 2020, on which the Shares were listed and from which dealings therein were permitted to take place on the Stock Exchange

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended, supplemented or otherwise modified from time to time)
“Model Code”	the “Model Code for Securities Transactions by Directors of Listed Issuers” set out in Appendix C3 to the Listing Rules
“Reporting Period”	the six months ended 30 June 2024
“Prospectus”	the prospectus of the Company dated 24 June 2020
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	share(s) with par value of HK\$0.0001 each in the capital of our Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

\* *Denotes English translation of the Chinese names of companies, entities, laws or regulation and is provided for identification purposes only*

By order of the Board  
**Honliv Healthcare Management Group Company Limited**  
**Mr. Qin Yan**  
*Chairman*

Hong Kong, 30 August 2024

*As at the date of this announcement, the Board comprises Mr. Qin Yan, Dr. Teng Qingxiao and Mr. Wang Zhongtao as the executive Directors, Mr. Qin Hongchao as the non-executive Director and Mr. Zhao Chun, Mr. Sun Jigang and Mr. Jiang Tianfan as the independent non-executive Directors.*