朝聚眼科
CHAOJU EYE CARE

Chaoju Eye Care Holdings Limited
朝 聚 眼 科 醫 療 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

Stock code : 2219

2024
ANNUAL REPORT

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Zhang Bozhou *(Chairman and Chief Executive Officer)*
Ms. Zhang Xiaoli
Mr. Zhang Junfeng
Mr. Zhang Guangdi

Non-executive Directors

Mr. Richard Chen Mao
Mr. Li Zhen
Ms. Zhang Li

Independent non-executive Directors

Mr. He Mingguang
Ms. Guo Hongyan
Mr. Li Jianbin
Mr. Bao Shan

AUDIT COMMITTEE

Mr. Li Jianbin *(Chairman)*
Ms. Guo Hongyan
Mr. Bao Shan

ESG COMMITTEE

Mr. Zhang Bozhou *(Chairman)*
Mr. Zhang Guangdi
Mr. He Mingguang
Mr. Li Jianbin
Mr. Bao Shan

REMUNERATION COMMITTEE

Mr. Bao Shan *(Chairman)*
Mr. Li Jianbin
Mr. Zhang Bozhou

NOMINATION COMMITTEE

Mr. Zhang Bozhou *(Chairman)*
Mr. Bao Shan
Mr. He Mingguang

JOINT COMPANY SECRETARIES

Mr. Zhang Guangdi *(Appointed on March 17, 2025)*
Mr. Cheng Ching Kit
Ms. Xie Chun *(Resigned on March 17, 2025)*

AUTHORISED REPRESENTATIVES

Mr. Zhang Bozhou
Mr. Cheng Ching Kit

REGISTERED OFFICE

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AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
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STOCK CODE

2219

COMPANY WEBSITE

www.chaojueye.com

FINANCIAL HIGHLIGHTS

	Year ended December 31,				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(audited)	(audited)	(audited)	(audited)	(audited)
Operating Results					
Revenue	**1,405,454**	**1,369,505**	990,044	997,787	794,282
Gross profit	**611,302**	**621,134**	434,697	448,674	349,520
Profit before tax	**262,723**	**299,242**	239,138	210,582	157,621
Net profit	**186,210**	**220,735**	183,196	157,641	120,531
Non-IFRS adjusted net profit(1)	**202,729**	**223,105**	186,174	185,902	141,000
Profitability					
Gross profit margin	**43.5%**	**45.4%**	43.9%	45.0%	44.0%
Net profit margin	**13.2%**	**16.1%**	18.5%	15.8%	15.2%
Non-IFRS adjusted net profit margin(2)	**14.4%**	**16.3%**	18.8%	18.6%	17.8%

	As at December 31,				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(audited)	(audited)	(audited)	(audited)	(audited)
Financial Position					
Total assets	**2,880,916**	2,922,806	2,723,150	2,506,514	1,089,022
Total equity	**2,326,151**	2,378,425	2,298,473	2,128,406	763,545
Total liabilities	**554,765**	544,381	424,677	378,108	325,477

Notes:

(1) Adjustments to the net profit for the year ended December 31, 2024 include: share-based compensation expenses. Adjustments to the net profit for the year ended December 31, 2023 include: share-based compensation expenses and one-off gain on a deemed disposal of interest previously held in an associate.

(2) Non-IFRS adjusted net profit margin was calculated based on non-IFRS adjusted net profit divided by revenue.

CORPORATE PROFILE

The Group is a leading ophthalmic medical service group in North China with a strong reputation nationwide. The Group was founded in 1988 in Baotou, Inner Mongolia, as a clinic providing ophthalmic services. Since its inception, the Group adheres to the vision of "Being a Leader of Happy Ophthalmic Healthcare" (成為全球快樂眼健康引領者) and has been providing its patients with a safe, reassuring and pleasant ophthalmic medical experience with the aid of effective medical equipment and technology as well as professional, caring and considerate services.

The Group generates revenue primarily from (i) consumer ophthalmic services, and (ii) basic ophthalmic services. Consumer ophthalmic services include treatments and prevention of various types of ophthalmic disorders, including refractive correction (including presbyopia correction), myopia prevention and control, dry eye syndrome, oculoplastic and provision of optical products and services, the costs for which are currently not covered by public health insurance programs. Basic ophthalmic services include treatments of a wide range of common eye diseases, including cataract, glaucoma, squint, ocular fundus diseases, ocular surface diseases, orbital diseases and pediatric eye diseases, and the cost of such services are eligible to be covered by public health insurance programs. In light of upgraded social consumption in China over the recent years, the Group has also actively invested in its consumer ophthalmic services business and devoted more efforts to continuing its steady growth, while maintaining its fundamental strength in basic ophthalmic business.

The Group's patients are treated by ophthalmologists equipped with advanced technology and equipment. The Group's medical team comprises of ophthalmologists specializing in a wide range of eye diseases as well as having strong medical background and extensive experiences. Advanced technology and equipment is another key factor underpinning its market leadership. Baotou Hospital is the one-and-only ophthalmic hospital in Inner Mongolia with a preparation room to produce hospital-made traditional Chinese medicine capsules and eye drops. As at December 31, 2024, Baotou Hospital has produced 14 types of hospital-made eye drops and 4 types of hospital-made Chinese medicine capsules. Baotou Hospital is also one of the few medical service providers in China that are qualified to produce 0.01% atropine sulfate eye drops to be prescribed within the respective hospitals to control myopia among adolescents. The Group believes that its capabilities in hospital-made pharmaceuticals have helped improve its brand awareness and customer loyalty, which has brought the Group with competitive advantage in the area of myopia control and increased its overall revenue.

The Group believes that the following competitive strengths have differentiated itself from its competitors:

- As a leading ophthalmic medical service group in China, the Group is well-positioned to capture significant demands from a vast market for ophthalmic services.
- The Group's clustered operation model helps to improve our market penetration, operational efficiency and profitability.
- The Group's centralized and standardized management system makes its business model scalable and replicable.
- The Group has a team of high-caliber medical professionals and a sound training system underpinning the foundation of its growth.
- The Group's full-service clinical ophthalmic treatments bring high customer satisfaction.
- The Group has garnered significant support from its experienced management team as well as its Shareholders.

CHAIRMAN'S STATEMENT

Dear Shareholders and Stakeholders,

The year 2024 marked a pivotal period of growth, innovation, and challenges for the Company. In the ophthalmology field with rapid development, the Company faced both challenges and opportunities, which shape our development strategy for 2025. At the same time, we remain committed to providing safe, effective and friendly services, fulfilling our commitment of Happy Ophthalmic Healthcare.

INTENSIFIED INDUSTRY COMPETITION AND FORGING AHEAD BY THE TEAM

In 2024, the global economy faced profound restructuring, with increasingly complex international competition, we remained confident in China's future economic development in the long run.

In the golden track of ophthalmic medical services, despite facing an increasingly competitive environment, various hospitals of Chaoju showed the true strength and resilience in adversity, demonstrating their abilities to cope with challenges and adapt to changes. To promote the sustainable development of the healthcare system, the Chinese government has introduced several healthcare reform policies, bringing new challenges and opportunities to the ophthalmic industry. Under the promotion of the new healthcare reform policies, the operational strategies of hospitals have also been changing, with private hospitals need to enhance quality services to meet the multi-level and diversified health needs of the public, thereby driving the collaborative development of the medical industry.

Chaoju has a history of over 30 years and is a renowned brand in ophthalmology, we have always maintained an open mindset, actively respond to changes and challenges in the environment. Our mission is to promote the happy ophthalmic healthcare for humanity through safe, effective and friendly services. We firmly believe that everyone should have access to quality ophthalmic care and treatment, a belief fuels our passion and commitment. Over the past year, we not only continuously improved medical quality and deepen our cooperation with research institutions and universities to promote scientific research and innovation, strengthened personnel training and recruitment, but also significantly increased investment in operational management, particularly in service quality, ensuring efficient operational models to provide high-quality medical services for patients.

IMPLEMENTATION OF REFINED MANAGEMENT FOR QUALITY IMPROVEMENT AND EFFICIENCY ENHANCEMENT, PERFORMANCE OPTIMIZATION AND PRECISE RESOURCE ALLOCATION

In the past year, we learned from advanced domestic and international experiences, and formulated a systematic strategic plan through cooperation with professional institutions. This enabled us to conduct a deeper analysis of market trends and industry development trends, exploring a refined management path suitable for the development of Chaoju.

We implemented an "Excellence Program" to improve the operational efficiency of hospitals by management optimization and resource allocation. Such program promoted the application of refined management concepts in decision-making and execution at all levels of the Group, integrating refined thinking into daily operations. By detailing tasks and clarifying indicators, we ensure that all work and tasks are efficiently executed.

Through scientific cost control and structural transformation strategies, we promoted the refined management of labor costs. With personnel allocation optimization and strict control of the quality of medical care, we continuously improved efficiency while ensuring the medical safety and treatment outcomes of patients. In addition, we have enhanced marketing efficiency and precision of hospitals through data-driven and accurate customer acquisition strategies, targeted marketing based on the characteristics of different regions to ensure that each advertisement and promotional activity can effectively reach the patient groups in need.

At the same time, we also strengthened patient education, by combining science popularization with marketing activities to enhance patients' awareness of disease prevention and treatment, as well as superior medical products and services. This not only allows patients to better understand the value of medical services but also encourages them to choose high-quality medical services, thereby improving their quality of life. The high-end lens and technical features promoted by us further enhanced the overall satisfaction of patients.

In 2024, we not only achieved quality and efficiency enhancement, performance optimization and precise resource allocation, but also laid a solid foundation for the operational efficiency improvement of hospitals. Through efficient resource allocation, we continued to improve the rate of return on each investment, improving the output of medical quality and scientific research results. Concurrently, we introduced advanced management concepts and technologies to ensure that each hospital remains competitive in the rapidly changing medical environment and moves forward steadily, and achieved sustainable development of the Group.

TALENT ACQUISITION AND AI-DRIVEN INNOVATION

In 2024, the Group focused on discipline construction and technological innovation, and was committed to building a technical system with core competitiveness. To this end, we launched the "Golocal Talent Program" to introduce expert talents such as well-known discipline leaders in the industry, and formulated and implemented training programs for ophthalmic medical talents and senior hospital management, so as to promote technological innovation and breakthroughs in various disciplines, significantly enhancing the professional strength of our hospitals, and enhance their competitive position in the industry.

At the same time, we also formulated standardized diagnosis and treatment programs to improve patients' acceptance of self-funded projects, ensuring that patients can clearly understand the value and effectiveness of their chosen treatment programs. In addition, the introduction of cutting-edge technology will continuously optimize our surgical and diagnosis and treatment processes, making medical services more efficient and safer.

We actively applied artificial intelligence technology to improve medical efficiency and diagnosis and treatment accuracy. Through the efficient introduction of intelligent assistance systems, we achieved higher precision and efficiency at all stages of patient diagnosis, treatment program formulation and post-operative follow-up, which not only provides patients with better medical experience, but also effectively reduces the waste of medical resources. With the continuous advancement of technology, we look forward to achieving a comprehensive upgrade of medical services in the future, providing patients with efficient and high-quality medical services, and ensuring that the Group always maintains a leading position in the market competition.

CONTINUED SOLID FINANCIAL PERFORMANCE

Facing the dual challenges of centralized procurement of intraocular lenses and the full implementation of the DIP/DRG policy, the Group successfully achieved a total revenue of RMB1,405 million and maintained a healthy and stable gross profit margin by an adjustment of its revenue structure and adopting the strategy of living within its means. This was due to our continuous investment in advanced medical equipment, reasonable pricing of specialized and high-end ophthalmic medical service projects, providing patients with a more professional and comfortable experience, and the significant increase in the proportion of femtosecond cataract surgeries. We optimized the internal operations and management procedure of hospitals through information construction, improved the utilization rate of hospital resources, formulated accurate marketing strategies to enhance the output efficiency of marketing investments, and effectively controlled costs, so as to ensure robust financial condition.

As a result, we achieved a target of the net profit of RMB186 million, maintaining a good cash flow position, and net cash flow from operating activities reached RMB354 million. This not only reflects our success in revenue and cost management, but also provides reliable support for future dividends.

CORE TASKS FOR 2025

In 2025, we will focus on the management of "Five Modernizations" of systematization, standardization, specialization, refinement, and intelligence to comprehensively enhance the operational efficiency and service quality of our hospitals. By improving institutional norms and process standards, we can ensure the effective implementation of these measures, achieving standardization and resource sharing, and lay a solid foundation for the high-quality development of our hospitals, and maintaining advantages in the fierce market competition.

Standardized construction is a crucial aspect of enhancing overall operational efficiency. In the future, we will further establish a standardized system covering all departments, strengthen process regulations, unify quality, and implement operational standards to improve service quality and ensure the efficient and stable execution of all tasks.

In terms of specialization, we will continue to attach importance to talent training and skill enhancement, formulating systematic training programs, and strive to build a high-quality professional management team. By strengthening professional training and practical learning, we will continuously improve the management capabilities and professional vision of each of our hospital.

The key to refined management lies in setting goals and decomposing tasks, precisely allocating resources, and to achieve optimal utilization of resources. The Group will continue to enhance the capabilities of employees, strengthen training, establish an effective feedback mechanism, encourage employees to put forward suggestions for improvement, and comprehensively promote the implementation of refined management.

Intelligent management is an important direction for future development, we will deepen the application of intelligence, utilizing artificial intelligence technology to enhance work efficiency, and ensure the high efficiency of technology investments. At the same time, we will focus on forward-looking planning to avoid high-cost, low-efficiency investments.

CONCLUSION

We look forward to 2025 with confidence. Our strategic measures are aimed at consolidation of existing successes and innovative improvements, and seeking breakthroughs to meet the growing needs of ophthalmology patients. We are well aware that the future development relies on collaboration, creativity, and continuous focus on patient outcomes. We will work together to push the boundaries of ophthalmic care and ensure that our innovations bring substantial improvement to our customers' lives.

As the Chairman and Chief Executive Officer of Chaoju Eye Care, I sincerely thank shareholders and the team for their support, trust and cooperation with the Company, enabling us to efficiently accomplish various tasks in an ever-changing and challenging operational environment. As we move into 2025, we will continue to adhere to our mission of "Being a Leader of Happy Ophthalmic Healthcare", embracing challenges and opportunities ahead. Together, we will continue to advance the "Excellence Program", "Golocal Talent Program" and "Happy Action", deeply cultivate the strategically important regions, and enhancing the market share in established regions, providing the public with more convenient and high-quality eye health services.

Zhang Bozhou
Chairman of the Board of Directors
March 26, 2025

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS UPDATES

As at December 31, 2024, the Group operated a network of 31 ophthalmic hospitals and 29 optical centers spanning across a total of 7 provinces, municipalities and autonomous regions in China. The ophthalmic hospitals specialize in providing ophthalmic services and the optical centers offer a series of optical products and services to satisfy a wide array of requests from customers.

The following table sets forth a breakdown of certain operational information by type of services provided by the Group for the years indicated:

	Year ended December 31,	
	2024	2023
The hospitals		
Out-patient services		
Number of out-patient visits	**1,137,742**	1,128,719
Average spending per visit (RMB)(2)	**713**	698
In-patient services		
Number of in-patient visits	**72,120**	67,258
Average spending per visit (RMB)(2)	**6,914**	7,109
Optical centers		
Number of customer visits(1)	**105,354**	120,184
Average selling price (RMB)(2)	**900**	806

Notes:

(1) Represents the total number of purchases made by customers at the optical centers. If a customer makes more than one purchase at the optical centers within the same day, he/she will only be counted once. If a customer purchases at the optical centers on different days, he/she will be counted according to the number of days he/she made purchases at the optical centers.

(2) Subject to rounding adjustments, (i) average spending per visit represents the average spending per visit calculated by the total revenue generated from the out-patient or in-patient services (as applicable) divided by the total number of out-patient or in-patient visits (as applicable); and (ii) average selling price represents the average selling price calculated by the total revenue generated from the optical centers divided by the total number of customer visits.

The Group's revenue increased by 2.6% from RMB1,369.5 million for the year ended December 31, 2023 to RMB1,405.5 million for the year ended December 31, 2024, primarily attributable to an increase in our market share through our acquisition of ophthalmic hospitals and optical centers in 2023.

The following table sets forth a breakdown of revenue by business segments for the years indicated:

	Year ended December 31,			
	2024		2023	
	Revenue	**Percentage of revenue**	Revenue	Percentage of revenue
	(RMB'000)	***%***	*(RMB'000)*	%
Consumer ophthalmic services	**706,445**	**50.3**	709,225	51.8
Basic ophthalmic services	**697,840**	**49.6**	654,011	47.8
Sales of equipment and medical consumables	**1,169**	**0.1**	6,269	0.4
Total	**1,405,454**	**100.0**	1,369,505	100.0

Consumer ophthalmic services

The Group's consumer ophthalmic services include treatments and prevention of various types of ophthalmic disorders, including refractive correction (including presbyopia correction), myopia prevention and control, dry eye syndrome, oculoplastic and provision of optical products and services, the costs for which are currently not covered by public health insurance programs.

To maintain the Group's strong reputation in the provision of consumer ophthalmic services, the Group (i) optimized its marketing and promotion activities with a focus on online promotion, new media and other online channels; (ii) chaired various pro bono eye disease screening activities for the public; (iii) formulated operational management measures to optimize its customer membership management model for maintaining customer loyalty; and (iv) streamlined the admission process to increase the Group's capacity for patient visits. The Group continued to reinforce the training on consumer ophthalmic services techniques and related skills and improve the service quality in adherence to the Group's core values of "Providing its Patients with a Safe, Reassuring and Pleasant Ophthalmic Medical Experience". Furthermore, the Group also implemented stringent medical quality control measures in providing quality medical services to its patients to enhance its reputation.

In addition, consumer ophthalmic services are usually more profitable as it is not subject to the pricing guidance imposed by public health insurance authorities and as such, the Group devoted more resources to pursue continuous and rapid growth of consumer ophthalmic services. For the year ended December 31, 2024, the Group's consumer ophthalmic services contributed to 50.3% of the Group's total revenue. In terms of revenue, consumer ophthalmic services have continued to be the Group's major source of revenue.

Basic ophthalmic services

The Group's basic ophthalmic services include treatments of a wide range of common eye diseases, including cataract, glaucoma, squint, ocular fundus diseases, ocular surface diseases, orbital diseases and pediatric eye diseases, the cost of such services are partly eligible to be covered by public health insurance programs.

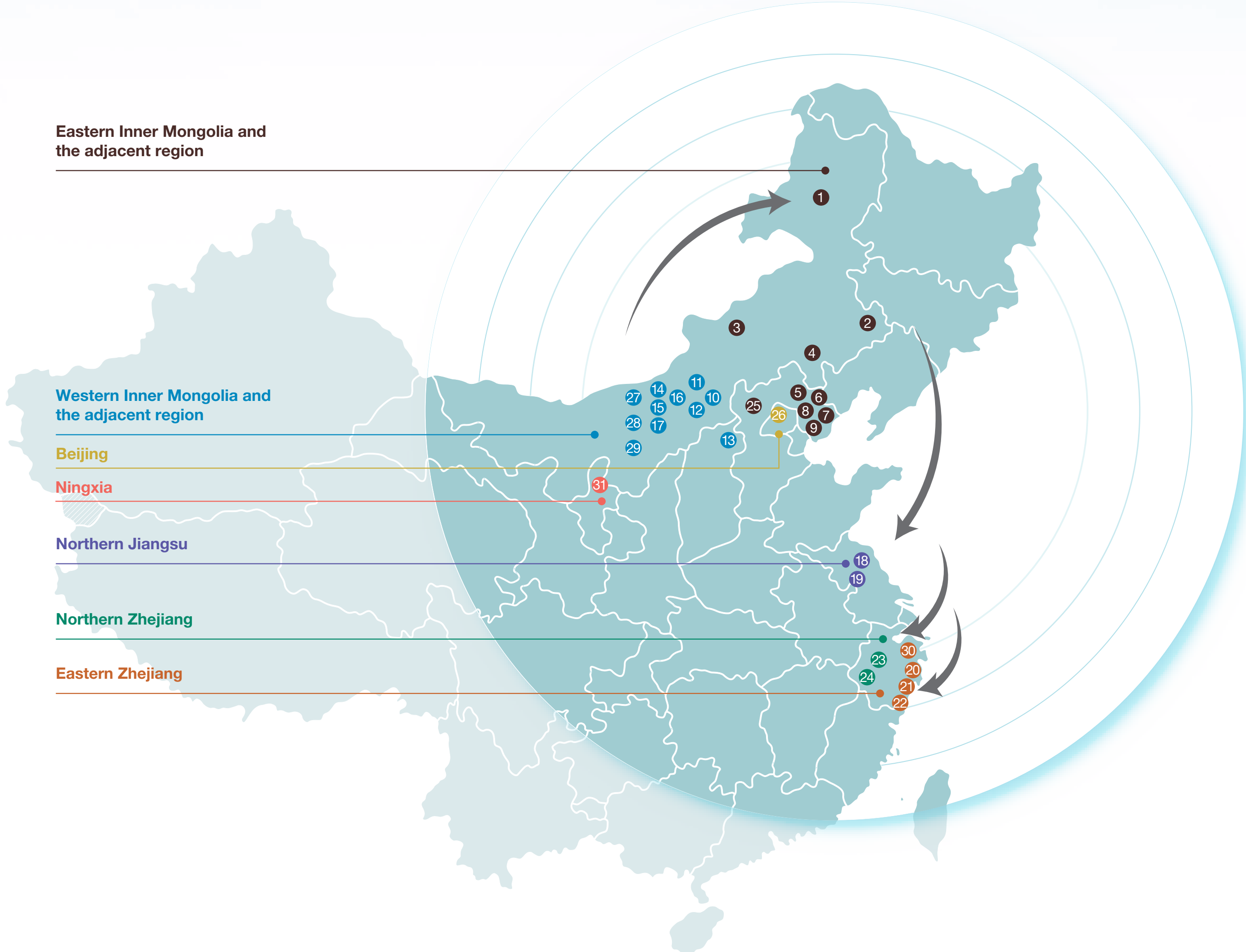
The Group continued to devote significant resources on the procurement of cutting-edge medical equipment for the treatment of eye diseases and expanded the use of advanced treatment regimes, premium medical equipments and consumables, which further raised the quality of the Group's medical services, and in turn increased the patient retention rate returning to the Group's ophthalmic hospitals to purchase treatment for other basic eye diseases.

For the year ended December 31, 2024, the Group's basic ophthalmic services accounted for approximately 49.6% of the Group's total revenue, being another major source of revenue of the Group.

The Group's Hospital Network

As at December 31, 2024, the Group operated a network of 31 ophthalmic hospitals spanning across 7 provinces, municipalities and autonomous regions in China, all of which were specialized in providing ophthalmic services.

The Group's hospitals are strategically located in seven major regions, namely western Inner Mongolia and its adjacent region, eastern Inner Mongolia and its adjacent region, eastern Zhejiang, northern Zhejiang, northern Jiangsu, Ningxia and Beijing. The Group has established a leading position in western Inner Mongolia and its adjacent region through its dense network layout of 31 hospitals as at December 31, 2024. Leveraging the Group's market presence and experience in such region as well as its highly standardized management and services models. Set out below is an illustration of the locations of the Group's hospitals as at December 31, 2024.



1. Hulunbuir Hospital
2. Tongliao Hospital
3. Xilinhot Hospital
4. Chifeng Hospital
5. Chengde Hospital
6. Tangshan Hospital
7. Tangshan Luanzhou Hospital
8. Tangshan Luannan Hospital
9. Tangshan Yutian Hospital
10. Ulanqab Hospital
11. Hohhot No.2 Hospital
12. Hohhot Hospital
13. Datong Hospital
14. Baotou Hospital
15. Baotou Kunlun Hospital
16. Baotou Tumb Right Banner Hospital
17. Ordos Dalad Banner Hospital
18. Suqian Siyang Hospital
19. Suqian Sihong Hospital
20. Ningbo Hospital
21. Ningbo Ninghai Hospital
22. Ningbo Xiangshan Hospital
23. Jiaxing Hospital
24. Hangzhou Hospital
25. Zhangjiakou Hospital
26. Beijing Clinic
27. Bayannur Hospital
28. Bayannur Wulateqianqi Clinic
29. Bayannur Wuyuan County Hospital
30. Zhoushan Hospital
31. Yinchuan Hospital

The following table sets forth certain key information of the Group's hospitals as at December 31, 2024.

	Hospital	Location	Class[(1)]	Date of Incorporation	GFA (sq.m.)	Facilities Number of registered beds[(2)]
1	Baotou Hospital	Western Inner Mongolia	Class III	May 12, 2016	15,710.00	120
2	Hohhot Hospital	Western Inner Mongolia	Class III	September 21, 2016	7,697.00	100
3	Datong Hospital	Adjacent to western Inner Mongolia	Class II	March 24, 2015	4,319.00	50
4	Ulanqab Hospital	Western Inner Mongolia	N/A	March 27, 2017	3,100.00	60
5	Baotou Kunlun Hospital	Western Inner Mongolia	Class II	March 7, 2016	2,968.00	30
6	Ordos Dalad Banner Hospital	Western Inner Mongolia	Class II	May 23, 2016	2,280.00	30
7	Hulunbuir Hospital	Eastern Inner Mongolia	Class II	February 14, 2018	3,772.00	30
8	Chifeng Hospital	Eastern Inner Mongolia	Class III	December 19, 2016	8,181.48	100
9	Tongliao Hospital	Eastern Inner Mongolia	Class II	September 20, 2017	3,150.84	60
10	Chengde Hospital	Adjacent to eastern Inner Mongolia	Class II	December 2, 2016	7,579.00	80
11	Xilinhot Hospital	Eastern Inner Mongolia	Class II	December 16, 2014	1,800.00	22
12	Ningbo Hospital	Eastern Zhejiang	Class II	Acquired	4,510.00	30
13	Ningbo Ninghai Hospital	Eastern Zhejiang	Class II	Acquired	2,798.00	20
14	Ningbo Xiangshan Hospital	Eastern Zhejiang	Class III	Acquired	2,763.00	35
15	Jiaxing Hospital	Northern Zhejiang	N/A	February 7, 2018	6,937.00	60
16	Suqian Siyang Hospital	Northern Jiangsu	N/A	July 21, 2016	4,200.00	30
17	Suqian Sihong Hospital	Northern Jiangsu	N/A	June 28, 2017	5,200.00	60
18	Tangshan Hospital	Adjacent to eastern Inner Mongolia	Class II	Acquired	10,377.90	35
19	Tangshan Luanzhou Hospital	Adjacent to eastern Inner Mongolia	Class I	Acquired	1,199.00	20
20	Tangshan Luannan Hospital	Adjacent to eastern Inner Mongolia	Class I	Acquired	2,182.65	20
21	Tangshan Yutian Hospital	Adjacent to eastern Inner Mongolia	N/A	Acquired	1,509.00	30
22	Baotou Tumb Right Banner Hospital	Western Inner Mongolia	Class II	October 15, 2021	1,000.00	20
23	Hangzhou Hospital	Northern Zhejiang	N/A	December 26, 2017	1,286.34	20
24	Hohhot No. 2 Hospital	Western Inner Mongolia	Class II	November 3, 2016	3,918.72	30
25	Zhoushan Hospital	Eastern Zhejiang	N/A	November 1, 2021	3,464.17	20
26	Yinchuan Hospital	Ningxia	Class II	Acquired	3,900.00	80

	Hospital	Location	Class[(1)]	Date of Incorporation	GFA (sq.m.)	Facilities Number of registered beds[(2)]
27	Zhangjiakou Hospital	Adjacent to eastern Inner Mongolia	N/A	June 22, 2022	5,096.14	40
28	Beijing Clinic	Beijing	N/A	Acquired	1,204.00	0
29	Bayannur Hospital	Western Inner Mongolia	Class II	Acquired	2,715.00	60
30	Bayannur Wulateqianqi Clinic	Western Inner Mongolia	N/A	Acquired	702.00	0
31	Bayannur Wuyuan Hospital	Western Inner Mongolia	N/A	Acquired	1,003.00	20
Total					**126,523.24**	**1,312.00**

Notes:

(1) Represents the classification of hospitals assigned by the NHC or its local counterparts, with Class III being the highest classification and Class I being the lowest classification. "N/A" indicates that the relevant hospital was not assigned any classification by the NHC or any of its local counterparts as at December 31, 2023, as the application for such classification of hospitals is not mandatory under the applicable laws and regulations.

(2) Represents the number of beds registered in the practicing license of the respective hospital as at December 31, 2024.

(3) The Group acquired Bayannur Hospital, Bayannur Wulateqianqi Clinic, Bayannur Wuyuan Hospital and Beijing Clinic in September 2023 and acquired Yinchuan Hospital in March 2023.

(4) The Group acquired Tangshan Hospital, Tangshan Luanzhou Hospital, Tangshan Luannan Hospital and Tangshan Yutian Hospital in November 2022.

(5) The Group acquired Ningbo Hospital in December 2017.

(6) The Group acquired Ningbo Ninghai Hospital in June 2018.

(7) The Group acquired Ningbo Xiangshan Hospital in December 2017.

The Group's Optical Center Network

The Group locates its optical centers in areas with highly desirable retail developments and surrounded by dense concentration of target customers, and usually in hospitals or at locations adjacent to them to facilitate optometry screening services for customers. The Group maintains a disciplined approach to open new optical centers and conduct market research before selecting a new site based on customer demographics and information from its existing customer database. As at December 31, 2024, the Group operated a network of 29 optical centers under the brand Chaoju (朝聚), strategically located in 5 major regions, namely the western Inner Mongolia and its adjacent region, eastern Inner Mongolia and its adjacent region, eastern Zhejiang, northern Zhejiang and northern Jiangsu, among which, there were 13 optical centers in western Inner Mongolia and its adjacent region, 9 optical centers in eastern Inner Mongolia and its adjacent region, 2 optical centers in eastern Zhejiang, 3 optical centers in northern Zhejiang and 2 optical centers in northern Jiangsu.

The following table sets forth certain key information of the Group's optical centers as at December 31, 2024.

	Optical Center	Location
1	Baotou City Chaoju Optometry Correction Eyeglasses Co., Ltd. (包頭市朝聚眼視光矯治配鏡有限公司)	Western Inner Mongolia
2	Baotou City Kunlun Chaoju Optometry Correction Eyeglasses Co., Ltd. (包頭市崑崙朝聚眼視光矯治配鏡有限責任公司)	Western Inner Mongolia
3	Chifeng Chaoju Eyeglasses Co., Ltd. (赤峰朝聚眼鏡有限責任公司)	Eastern Inner Mongolia
4	Xilinhot City Chaoju Optometry Correction Eyeglasses Co., Ltd. (錫林浩特市朝聚眼視光矯治配鏡有限公司)	Eastern Inner Mongolia
5	Dalad Banner Chaoju Optometry Eyeglasses Co., Ltd. (達拉特旗朝聚驗光配鏡有限公司)	Western Inner Mongolia
6	Jungar Banner Chaoju Optometry Eyeglasses Co., Ltd. (准格爾旗朝聚驗光配鏡有限公司)	Western Inner Mongolia
7	Baotou City Donghe District Chaoju Optometry Eyeglasses Co., Ltd. (包頭市東河區朝聚驗光配鏡有限公司)	Western Inner Mongolia
8	Tumb Right Banner Chaoju Optometry Eyeglasses Co., Ltd. (土默特右旗朝聚驗光配鏡有限公司)	Western Inner Mongolia
9	Ongniud Banner Chaoju Optometry Eyeglasses Co., Ltd. (翁牛特旗朝聚驗光配鏡有限責任公司)	Eastern Inner Mongolia
10	Chifeng City Yuanbaoshan District Chaoju Optometry Eyeglasses Co., Ltd. (赤峰市元寶山區朝聚驗光配鏡有限責任公司)	Eastern Inner Mongolia
11	Hulunbuir City Chaoju Optometry Co., Ltd. (呼倫貝爾市朝聚眼視光有限公司)	Eastern Inner Mongolia
12	Tongliao City Chaoju Eyeglasses Co., Ltd. (通遼市朝聚眼鏡有限責任公司)	Eastern Inner Mongolia

	Optical Center	Location
13	Hohhot Chaoju Optical Glasses Co., Ltd. (呼和浩特朝聚光學眼鏡有限公司)	Western Inner Mongolia
14	Hexigten Banner Chaoju Ophthalmic Optometry Clinic Co., Ltd. (克什克騰旗朝聚眼科視光門診有限公司)	Eastern Inner Mongolia
15	Hohhot City Chaoju Optometry Correction Eyeglasses Co., Ltd. (呼和浩特市朝聚眼視光矯治配鏡有限公司)	Western Inner Mongolia
16	Ulanqab City Chaoju Optometry Correction Eyeglasses Co., Ltd. (烏蘭察布市朝聚眼視光矯治配鏡有限公司)	Western Inner Mongolia
17	Datong City Chaoju Eyeglasses Co., Ltd. (大同市朝聚眼鏡有限公司)	Adjacent to western Inner Mongolia
18	Chengde Chaoju Trading Co., Ltd. (承德朝聚商貿有限公司)	Adjacent to eastern Inner Mongolia
19	Sihong County Chaoju Optical Optometry Eyeglasses Co., Ltd. (泗洪縣朝聚視光配鏡有限公司)	Northern Jiangsu
20	Siyang Chaoju Eyeglasses Co., Ltd. (泗陽朝聚眼鏡有限公司)	Northern Jiangsu
21	Hangzhou Chaoju Optical Eyeglasses Co., Ltd. (杭州朝聚光學眼鏡有限公司)	Northern Zhejiang
22	Hangzhou Chaoju Optician Co., Ltd. (杭州朝聚眼視光眼鏡有限公司)	Northern Zhejiang
23	Jiaxing City Chaoju Optical Glasses Co., Ltd. (嘉興市朝聚光學眼鏡有限公司)	Northern Zhejiang
24	Zhoushan Chaoju Optical Glasses Co., Ltd. (舟山朝聚光學眼鏡有限公司)	Eastern Zhejiang
25	Zhoushan Chaoju Zhicheng Eyeglasses Co., Ltd. (舟山朝聚至誠眼鏡有限公司)	Eastern Zhejiang
26	Baotou Low Vision Rehabilitation Center (包頭市低視力康復中心)	Western Inner Mongolia
27	Zhangjiakou Chaoju Eye Optometry Co., Ltd. (張家口朝聚眼視光配鏡有限公司)	Adjacent to eastern Inner Mongolia
28	Ningxia Kaiming Optometry Co., Ltd. (寧夏開明視光配鏡有限公司)	Adjacent to western Inner Mongolia
29	Bayannur Chaoju Optometry Co., Ltd. (巴彥淖爾朝聚眼視光有限公司)	Western Inner Mongolia

Gross Profit and Gross Profit Margin

The following table sets forth a breakdown of gross profit by business segments and the corresponding gross profit margin for the years indicated:

	Year ended December 31,			
	2024		2023	
	Gross profit (RMB'000)	**Gross profit margin %**	Gross profit (RMB'000)	Gross profit margin %
Consumer ophthalmic services	**316,426**	**44.8**	348,519	49.1
Basic ophthalmic services	**294,789**	**42.2**	271,768	41.6
Sales of equipment and medical consumables	**87**	**7.4**	847	13.5
Total	**611,302**	**43.5**	621,134	45.4

The gross profit generated from consumer ophthalmic services was RMB316.4 million for the year ended December 31, 2024, representing a decrease of 9.2% compared to the year ended December 31, 2023, mainly due to the heightened industry competition, which compressed the profit margin and led to a decline in the segment's gross margin. The gross profit generated from basic ophthalmic services was RMB294.8 million for the year ended December 31, 2024, representing an increase of 8.5% compared to the year ended December 31, 2023, which was primarily due to an increase in revenue from basic ophthalmic services of 6.7% compared to the year ended December 31, 2023 and the dilution of related costs. The Group's gross profit was RMB611.3 million for the year ended December 31, 2024, representing a decrease of 1.6% compared to the year ended December 31, 2023.

Team of Medical Professionals

The Group has a deep bench of ophthalmic experts with medical expertise and rich experience to treat a wide range of eye diseases and to provide various types of ophthalmic services. The Group focuses on the quality of ophthalmic services and devotes resources to allow its ophthalmologists to provide ophthalmic medical services in a professional and responsible manner. The Group is also committed to recruiting and cultivating qualified professionals to form an ophthalmic medical team with outstanding professional and ethical standards and strong sense of responsibility. As at December 31, 2024, the Group had a total of 1,464 full-time medical professionals, among which, are composed of 296 physicians, 625 nurses and 543 other professionals. Among the 296 physicians, 267 are full-time physicians registered as specialized ophthalmologists. In addition, the Group also had 58 multi-site practice physicians who were full-time employees of other medical institutions.

Awards, Recognitions and Social Responsibility

Awards and Recognitions

In 2024, the Group received recognitions and awards at different levels and from different aspects, such as:

January 2024	Chaoju (Chifeng) Eye Hospital Co., Ltd. (朝聚(赤峰)眼科醫院有限公司)was recognized as "Municipal Civilized Unit (市級文明單位)";
	Xiangshan Chaoju Eye Hospital Co., Ltd. (象山朝聚眼科醫院有限公司) received the "Caring Team (愛心團隊)" honorary title;
February 2024	The Glaucoma Departments of both Baotou City Chaoju Eye Hospital Co., Ltd.(包頭市朝聚眼科醫院有限公司) and Chaoju (Inner Mongolia) Eye Hospital Co., Ltd.(朝聚(內蒙古)眼科醫院有限公司)was recognized as a "Glaucoma Standardized Diagnosis and Treatment Center Demonstration Unit (青光眼規範化診療中心建設項目示範中心)";
March 2024	Baotou City Chaoju Optometry Correction Eyeglasses Co., Ltd. (包頭市朝聚眼視光矯治配鏡有限公司) was awarded the title of "Inner Mongolia Autonomous Region Integrity Measurement Demonstration Unit (內蒙古自治區誠信計量示範單位)";
May 2024	Chaoju (Chifeng) Eye Hospital Co., Ltd. (朝聚(赤峰)眼科醫院有限公司)awarded the title of "Humanitarian Public Welfare Good Partner (人道公益好夥伴)"；
	The Cataract Department of Chaoju (Inner Mongolia) Eye Hospital Co., Ltd.(朝聚(內蒙古)眼科醫院有限公司)was awarded the "National Worker Pioneer (全國工人先鋒)" honor;
June 2024	Baotou City Chaoju Eye Hospital Co., Ltd.(包頭市朝聚眼科醫院有限公司) was recognized as one of the first "Benchmark Private Hospitals in Western China (西部社會辦醫標竿醫院)"；
August 2024	Chaoju (Chifeng) Eye Hospital Co., Ltd. (朝聚(赤峰)眼科醫院有限公司)was honored as a "Statistical Integrity Enterprise (統計誠信企業)"；
November 2024	Chaoju (Inner Mongolia) Eye Hospital Co., Ltd.(朝聚(內蒙古)眼科醫院有限公司)received the "Outstanding Organization Award(優秀組織獎)" at the 2nd Hohhot Health Science Popularization Competition (第二屆呼和浩特健康科普大賽)；
December 2024	The Company was awarded the "New Quality Productive Enterprise Grand Prize 2024 (新質生產力企業大獎2024)"

Social Responsibility

The Group provides charitable medical aid and medical consultations to public institutions and disadvantaged communities from time to time. Such charitable events allow the Company to maintain good relationships with government authorities and agencies while simultaneously promote its ophthalmic and optical services. These events do not only benefit the vulnerable communities, but also improve our brand awareness and reputation. For example, in 2024, the Group:

1. continued to participate in the "Spread the Love in Inner Mongolia, Helping Patients in Pursuit of Health and Dreams" (大愛北疆助康圓夢) charity campaign jointly organized by the Inner Mongolia Disabled Persons' Federation and Inner Mongolia Disabled Persons' Welfare Foundation to provide examination and treatment to children suffering from amblyopia;

2. continued to participate in the "Belt and Road: Bright Tour" public welfare project in the China-Mongolia, provided training for optometrists in Mongolia and performed cataract recovery operation services for cataract patients in Mongolia;

3. provided optical screening services to and established medical profiles for primary and secondary school students in Inner Mongolia;

4. provided professional and customized rehabilitation training for children with low vision and squint, and carried out prevention activities to educate children and parents for early diagnosis;

5. conducted various forms of online and offline expert science popularization lectures on eye health for students and their parents for enriching their knowledge in eye health and common eye diseases among children; and

6. led 5 scientific research projects with various authorities and published 11 articles on reputable scientific journals, obtained 5 patents, and published 7 articles domestically and 2 books.

BUSINESS PROSPECTS AND STRATEGIC HIGHLIGHTS

The demand for ophthalmic medical services has gradually increased in recent years and is expected to remain relatively steady growth rates in the foreseeable future as a result of continued economic growth and an increasingly aging population. However, ophthalmic medical resources in China are scarce, and the penetration rate of surgeries for eye diseases in China is low.

As at the date of this report, the Group operated a network of 31 ophthalmic hospitals and 29 optical centers. The Group plans to continue expanding its network layout and strengthening its network coverage in the key regions of North China and expects to acquire more hospitals in the coming future. The Group also plans to expand its layout in the key regions of Yangtze River Delta region through acquisitions and establishment of new hospitals and optical centers. As at the date of this report, the Group had not entered into any letters of intent or agreements with respect to acquisitions and had not identified any definite acquisition targets.

As a leading ophthalmic medical services group in China, the Group is able to leverage on its branding and market reputation in North China and continue to increase its market share in North China. The Group has further enhanced its brand awareness and reputation in East China through continuously expanding its market share and consolidating the Group's market position in the region. The Group is well-positioned to capture the significant growth potential of the underserved market of private ophthalmic services in China.

Looking into the future, the Group expects to:

1. adhere to the vision of "Being a Leader of Happy Ophthalmic Healthcare" to provide effective medical services and continuously revise its improvement plans and promote the "Happy Action" plans;

2. reinforce its leading position in North China and enhance its market positioning in Yangtze River Delta region and other key regions while developing its featured ophthalmic hospitals, new-build and mergers and acquisitions in key regions;

3. seize opportunities in the consumer ophthalmic market and expand consumer ophthalmology by leveraging Chaoju Eye ophthalmic's clinical expertise in ophthalmology diagnosis and treatment in order to become a national chain provider of ophthalmic services trusted by the public;

4. improve the utilization efficiency of its regional resources and strengthen its centralized management model with regional center hospitals as the core;

5. serve with quality medical services and continuously improve patient satisfaction and brand awareness;

6. continue to promote Golocal Talent Program, actively attract and recruit talents by further refining its training and career developments programs, cultivating its unique corporate culture and offering fair incentives to its key employees;

7. standardize the management of the Group and the communication with regulatory authorities, such as the Stock Exchange, and various professional institutions, so as to improve the comprehensive corporate governance;

8. deepen the application of intelligent technologies and leverage artificial intelligence to enhance our work efficiency; and

9. continue to promote the construction of a sound environmental, social and corporate governance (ESG) system and constantly give back to the society.

Financial Review

Revenue

During the Reporting Period, the Group generated revenue primarily from providing (i) consumer ophthalmic services; and (ii) basic ophthalmic services. The revenue of the Group increased by 2.6% from RMB1,369.5 million for the year ended December 31, 2023 to RMB1,405.5 million for the year ended December 31, 2024.

Consumer ophthalmic services

The Group's consumer ophthalmic services offer a variety of ophthalmic disorder treatments and prevention measures, including myopia control, refractive correction (including presbyopia correction), dry eye syndrome, oculoplastic and provision of optical products and services.

The Group's revenue from consumer ophthalmic services decreased by 0.4% from RMB709.2 million for the year ended December 31, 2023 to RMB706.4 million for the year ended December 31, 2024, indicating a relatively minor adjustment in pricing due to slow down in consumer market in the PRC.

Basic ophthalmic services

The Group's basic ophthalmic services offer a wide range of common eye diseases treatments, including cataract, glaucoma, squint, ocular fundus diseases, ocular surface diseases, orbital diseases and pediatric eye diseases.

The Group's revenue from basic ophthalmic services increased by 6.7% from RMB654.0 million for the year ended December 31, 2023 to RMB697.8 million for the year ended December 31, 2024. The increase in revenue was primarily due to (i) our enhanced marketing efforts by chairing and holding various pro bono health lectures, eye disease screening, physical examination and other activities for the public; (ii) our enhanced admission, reception, pre-surgery and post-surgery processes which improved our reception capacity to enable serving rapidly increased patients in a short period of time; (iii) our increase in the successful rate of converting potential patients to the Group's customers and increase patients average spending with value-added healthcare services; and (iv) the enhanced reputation of our Group, which attracted more patients to receive basic ophthalmic services in the Group's ophthalmic hospitals, among which, more and more patients chose to return to receive treatment on their other eye for basic diseases.

Cost of Sales

During the Reporting Period, the Group's cost of sales was primarily composed of medical consumables and optical products, employee compensation directly related to our provision of medical services, cost of pharmaceuticals, depreciation, amortization and rental expenses.

The Group's cost of sales increased by 6.1% from RMB748.4 million for the year ended December 31, 2023 to RMB794.2 million for the year ended December 31, 2024, primarily due to an increase in fixed costs (such as depreciation, amortization and lease payments) and expenses incurred in relation to (i) the upgrading and renovation of the Group's existing hospitals, (ii) additional medical consumables, employee compensation and cost of pharmaceuticals from both the commencement of businesses of Zhangjiakou Chaoju Eye Hospital Co., Ltd. in July 2023 and the acquisitions of Beijing Chaoju Ophthalmic Clinic Co., Ltd., Bayannur Xudong Ophthalmic Hospital Co., Ltd., Bayannur Chaoju Optometry Co., Ltd., Wuyuan County Xudong Ophthalmic Hospital Co., Ltd. and Wulate Qianqi Chaoju Eye Hospital Co., Ltd. (collectively referred as to the "**New Hospitals**") in September 2023.

Gross Profit and Gross Profit Margin

The Group's gross profit decreased by 1.6% from RMB621.1 million for the year ended December 31, 2023 to RMB611.3 million for the year ended December 31, 2024.

The Group's gross profit margin decreased from 45.4% for the year ended December 31, 2023 to 43.5% for the year ended December 31, 2024. The decrease in gross profit margin was mainly due to (i) intensified industry competition, (ii) structural impacts of healthcare reimbursement reforms, and (iii) pricing pressures under the China's National Volume-Based Procurement.

Other Income and Gains

During the Reporting Period, the Group's other income and gains were primarily composed of interest income, fair value gains, gains on remeasurement to fair value in an associate and government grants.

The Group's other income and gains decreased by 31.2% from RMB83.3 million for the year ended December 31, 2023 to RMB57.3 million for the year ended December 31, 2024, primarily due to (i) the appreciation gain on the valuation of Ningxia Chaoju Kaiming Eye Hospital Co., Ltd. (寧夏朝聚開明眼科醫院有限公司) was no longer incurred during the Reporting Period; and (ii) a decrease in fair value gains from financial assets at fair value through profit or loss.

Selling and Distribution Expenses

During the Reporting Period, the Group's selling and distribution expenses were primarily composed of the compensation of the Group's sales and marketing personnel and advertising expenses, depreciation, amortization and rental expenses.

The Group's selling and distribution expenses increased by 18.7% from RMB105.0 million for the year ended December 31, 2023 to RMB124.6 million for the year ended December 31, 2024, primarily due to the operation of hospitals acquired in 2023 and the increased expansion marketing and advertising activities by existing hospitals as part of our efforts in market expansion.

Administrative Expenses

During the Reporting Period, the Group's administrative expenses were primarily composed of the compensation and share-based payments of the Group's administrative and management personnel, depreciation and amortization, rental expenses, start-up costs of hospitals and fees paid for the professional services.

The Group's administrative expenses increased by 6.7% from RMB222.5 million for the year ended December 31, 2023 to RMB237.5 million for the year ended December 31, 2024, primarily due to (i) strengthening expense controls; (ii) additional management personnel from New Hospitals and the amortization effects related to identified intangible asset value increments through the allocation of acquisition consideration.

Impairment Losses on Financial Assets, Net

During the Reporting Period, the Group's impairment losses on financial assets were primarily composed of provision for impairment losses on trade receivables and other receivables.

The Group's impairment losses on financial assets decreased by 65.5% from RMB5.8 million for the year ended December 31, 2023 to RMB2.0 million for the year ended December 31, 2024, primarily due to a decrease in the provision for impairment in the Reporting Period.

Finance Costs

During the Reporting Period, the Group's finance costs were primarily composed of interest expenses on lease liabilities.

The Group's finance costs decreased by 12.3% from RMB12.2 million for the year ended December 31, 2023 to RMB10.7 million for the year ended December 31, 2024, primarily due to a decrease in interest expenses arising from lease liabilities.

Income Tax Expense

During the Reporting Period, the income tax rate generally applicable to the Group's subsidiaries in China is 25% and certain subsidiaries of the Group are eligible for a preferential income tax rate of 15%. Certain other subsidiaries are eligible for preferential income tax rates of 3% and 5% with respect to part of their taxable income.

The Group's income tax expense decreased by 2.5% from RMB78.5 million for the year ended December 31, 2023 to RMB76.5 million for the year ended December 31, 2024, due to a decrease in the Group's profit before tax.

Net Profit and Net Profit Margin

As a result of the foregoing, the Group's net profit decreased by 15.6% to RMB186.2 million for the year ended December 31, 2024 from RMB220.7 million for the year ended December 31, 2023. The Group's net profit margin decreased to 13.2% for the year ended December 31, 2024 from 16.1% for the year ended December 31, 2023. The Group defined non-IFRS adjusted net profit as profit for the period adjusted for items which are non-recurring or extraordinary, including share-based compensation expenses and one-off gain on a deemed disposal of interest previously held in an associate. The Group's non-IFRS adjusted net profit decreased by 9.1% to RMB202.7 million for the year ended December 31, 2024 from RMB223.1 million for the year ended December 31, 2023.

Non-IFRS Measures

To supplement the Group's consolidated financial statements which are presented in accordance with IFRS, the Company has provided non-IFRS adjusted net profit and non-IFRS adjusted net profit margin as non-IFRS measures, which are not required by, or presented in accordance with, IFRS. The Company believes that the non-IFRS adjusted financial measures provide useful information to investors and others in understanding and evaluating the Group's consolidated statements of profit or loss in the same manner as they helped the Company's management, and that the Company's management and investors may benefit from referring to these non-IFRS adjusted financial measures in assessing the Group's operating performance from period to period by eliminating impacts of items that the Group does not consider indicative of the Group's operating performance. However, the presentation of these non-IFRS financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with IFRS. You should not view the non-IFRS adjusted results on a stand-alone basis or as a substitute for results under IFRS.

The following table sets forth the reconciliations of the Group's non-IFRS financial measures for the years ended December 31, 2023 and 2024 to the nearest measures prepared in accordance with IFRS:

	Year ended December 31,	
	2024	2023
	(RMB'000)	*(RMB'000)*
Net Profit	**186,210**	220,735
Adjustments:		
Share-based compensation expenses	**16,519**	14,443
One-off gain on deemed disposal of interest previously held in an associate	**–**	(12,073)
Non-IFRS adjusted net profit	**202,729**	223,105
Non-IFRS adjusted net profit margin	**14.4%**	16.3%

Note:

Non-IFRS adjusted net profit margin was calculated based on non-IFRS adjusted net profit divided by revenue.

Financial Position

Trade Receivables

The Group's trade receivables increased by 33.6% from RMB55.7 million for the year ended December 31, 2023 to RMB74.4 million for the year ended December 31, 2024, primarily due to an increase in medical insurance receivables as a result of the growth in the Group's provision of basic ophthalmic services.

Prepayments, other receivables and other assets

The Group's prepayments, other receivables and other assets mainly include prepayments, trust funds, loans to third parties and deposits. Prepayments, other receivables and other assets decreased by 21.0% from RMB76.8 million for the year ended December 31, 2023 to RMB60.7 million for the year ended December 31, 2024, primarily due to a decrease in other receivables paid to third party companies which have been recovered in the year.

Liquidity and Financial Resources

The Group's business operations and expansion plans require significant amount of capital, which will be used for upgrading the existing ophthalmic hospitals and optical centers, establishing and acquiring new hospitals and other working capital requirements. The Group's principal sources of liquidity are cash generated from its business operations, as well as debt and equity financing.

	For the year ended December 31,	
	2024	2023
	(RMB'000)	*(RMB'000)*
Net cash flows from operating activities	**354,355**	372,569
Net cash flows from investing activities	**245,357**	(654,095)
Net cash flows from financing activities	**(292,297)**	(204,015)
Effect of foreign exchange rate changes, net	**9,933**	4,251
Net increase/(decrease) in cash and cash equivalents	**317,348**	(481,290)

The Group's net increase in cash and cash equivalents was RMB317.3 million for the year ended December 31, 2024, primarily due to net cash inflows of RMB354.4 million from operating activities, net cash inflows of RMB245.4 million from investing activities, mainly attributable to withdrawal of time deposits over three months in the year, and net cash outflows of RMB292.3 million from financing activities, which resulted from the payment of dividends for the year ended December 31, 2023.

Trade Payables

The Group's trade payables decreased by 3.2% from RMB55.4 million for the year ended December 31, 2023 to RMB53.6 million for the year ended December 31, 2024, primarily due to a decrease in payables for medical consumables.

Other Payables and Accruals

The Group's other payables and accruals include salaries and welfare payables, rent payables, equity payables, payables for purchases of property, plant and equipment and contract liabilities.

The Group's other payables and accruals increased by 0.8% from RMB229.2 million for the year ended December 31, 2023 to RMB231.0 million for the year ended December 31, 2024, primarily due to (i) an increase in compensation payable to the employees; and (ii) equity payables of the consideration for the acquisition of Beijing Chaoju Ophthalmic Clinic Co., Ltd. (北京朝聚眼科診所有限公司), were paid in the current period.

Contingent Liabilities

As at December 31, 2024, the Group did not have any material contingent liabilities or guarantees (as at December 31, 2023: nil).

Pledge of Assets

As at December 31, 2024, no asset has been pledged by the Group (as at December 31, 2023: nil).

Capital Commitments

As at December 31, 2024, the Group had a total capital commitment of approximately RMB56.4 million (as at December 31, 2023: RMB71.5 million), primarily related to (i) an increase in the Group's liabilities in relation to the subscription of limited partnership interest in Xiamen Ronghui Hongshang Phase II Equity Investment Partnership (Limited Partnership)* (廈門融匯弘上二期股權投資合夥企業(有限合夥)); and (ii) the construction and renovation of its in-network hospitals and the procurement of medical equipment.

Significant Investments

The Group subscribed for low-risk short-term structured deposit products issued by reputable commercial banks with certain portion of its temporary idle funds (including surplus cash received from its business operations) for treasury management purpose in order to enhance the efficiency, the utilization of and the return on its temporary idle funds. These products are of very low risk nature with satisfactory liquidity and the Group expects that the structured deposit products will earn a better yield than current deposits generally offered by commercial banks in the PRC while at the same time offer flexibility to the Group in terms of treasury management. The Group has implemented adequate and appropriate internal control procedures to ensure subscriptions of structured deposit products would not affect the working capital or the operations of the Group, and that such investments would be closely monitored and conducted in accordance with the Group's treasury policy. As such, the Board is of the view that the subscriptions of the structured deposit products (as listed below) are fair and reasonable and are on normal commercial terms and the subscriptions are in the interests of the Company and the Shareholders as a whole.

As at December 31, 2024, the Group maintained a portfolio of structured deposit products with a total outstanding principal amount of RMB460.0 million, representing 16.0% of the Group's total assets. For the year ended December 31, 2024, the total principal amount of the structured deposit products that the Group has subscribed for was RMB960.0 million and the amount of interest income that the Group has recognized as fair value gains on financial assets at fair value through profit or loss was approximately RMB9.4 million.

The following table sets forth a breakdown of the major structured deposit products subscribed by the Group and remain outstanding as at December 31, 2024:

Name of the issuer of the structured deposit products	Name of the structured deposit products	Deposit Starting Date	Date of maturity	Principal amount of subscription *(RMB'000)*	Expected annualized return rate[1]	Realized/ Fair value as at December 31, 2024 *(RMB'000)*	Percentage of the total assets of the Group as at December 31, 2024
BOC	BOC Linked Structured Deposit Product (Corporate Client) (中國銀行掛鈎型結構性存款(機構客戶) (CSDVY202418186)	December 10, 2024	June 10, 2025	39,000	1.0500% to 3.0000%	39,049	1.36%

Name of the issuer of the structured deposit products	Name of the structured deposit products	Deposit Starting Date	Date of maturity	Principal amount of subscription *(RMB'000)*	Expected annualized return rate[1]	Realized/ Fair value as at December 31, 2024 *(RMB'000)*	Percentage of the total assets of the Group as at December 31, 2024
BOC	BOC Linked Structured Deposit Product (Corporate Client) (中國銀行掛鉤型結構性存款) (機構客戶) (CSDVY202418187)	December 10, 2024	June 12, 2025	37,000	1.0450% to 3.0010%	37,046	1.29%
BOC	BOC Linked Structured Deposit Product (Corporate Client) (中國銀行掛鉤型結構性存款) (機構客戶) (CSDVY202418188)	December 11, 2024	June 16, 2025	38,000	1.0500% to 3.0000%	38,045	1.32%
BOC	BOC Linked Structured Deposit Product (Corporate Client) (中國銀行掛鉤型結構性存款) (機構客戶) (CSDVY202418189)	December 11, 2024	June 18, 2025	36,000	1.0480% to 3.0020%	36,043	1.25%
BOC	BOC Linked Structured Deposit Product (Corporate Client) (中國銀行掛鉤型結構性存款(機構客戶) (CSDVY202412451)	August 13, 2024	August 13, 2025	11,000	1.4000% to 3.1010%	11,096	0.39%
BOC	BOC Linked Structured Deposit Product (Corporate Client) (中國銀行掛鉤型結構性存款) (機構客戶) (CSDVY202412452)	August 13, 2024	August 15, 2025	9,000	1.3960% to 3.0950%	9,078	0.32%
BOC	BOC Linked Structured Deposit Product (Corporate Client) (中國銀行掛鉤型結構性存款(機構客戶) (CSDVY202414800)	September 30, 2024	September 24, 2025	125,000	1.3000% to 3.1500%	125,710	4.36%
BOC	BOC Linked Structured Deposit Product (Corporate Client) (中國銀行掛鉤型結構性存款) (機構客戶) (CSDVY202414801)	September 30, 2024	September 26, 2025	115,000	1.2950% to 3.1470%	115,653	4.01%

Name of the issuer of the structured deposit products	Name of the structured deposit products	Deposit Starting Date	Date of maturity	Principal amount of subscription (RMB'000)	Expected annualized return rate[1]	Realized/ Fair value as at December 31, 2024 (RMB'000)	Percentage of the total assets of the Group as at December 31, 2024
CIB	CIB Corporate RMB Structured Deposit (興業銀行企業金融人民幣結構性存款) (CC59240806000)	August 9, 2024	August 8, 2025	20,000	1.7000% to 2.3600%	20,188	0.70%
CIB	CIB Corporate RMB Structured Deposit (興業銀行企業金融人民幣結構性存款) (CC59241008015)	October 10, 2024	October 9, 2025	30,000	1.7000% to 2.3500%	30,160	1.05%

Notes:

(1) Upon maturity, the Group expects to receive the principal amount together with the expected interest.

(2) All of the above subscriptions are funded by surplus cash of the Group.

Save as disclosed in this report, there was no other significant investments held by the Group during the Reporting Period.

Future Plan for Material investment and Capital Asset

Save as disclosed in this report and the Prospectus, the Group has no future plan for material investments and capital assets.

Borrowings and Gearing Ratio

As at December 31, 2024, the Group is in a net cash position and thus, gearing ratio is not applicable.

Foreign Exchange Risk

Foreign exchange 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 our 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. The conversion of foreign currencies into RMB, including Hong Kong dollars, has been based on rates set by the People's Bank of China. The Group seeks to limit our exposure to foreign currency risk by closely monitoring and minimizing its net foreign currency position. During the Reporting Period, the Group did not enter into any currency hedging transactions.

Interest Rate Risk

The Group's interest rate risk arises from interest-bearing borrowings. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group currently does not use any interest rate swap contracts or other financial instruments to hedge against interest rate exposure.

Credit Risk

Credit risk is the risk regarding the loss arising from a counterparty's inability to meet its obligations. The management of the Group has put in place a credit policy and the exposure to such credit risks is monitored on an on-going basis.

Liquidity Risk

The Group's liquidity is primarily dependent on our ability to maintain adequate cash inflows from operations to meet its debt obligations as they fall due, and the ability to obtain external financing to meet its committed future capital expenditure.

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by its management to finance the operation and mitigate the effects of fluctuations in cash flows.

DIVIDEND

The Company declared and paid the final dividend of HK$0.2208 per Share and the special dividend of HK$0.0767 per Share for the year ended December 31, 2023, amounting to approximately HK$205.5 million (approximately RMB187.1 million) in total.

For the six months ended June 30, 2024, the Company declared and paid an interim dividend of HK$0.1307 per Share, amounting to a total of approximately HK$90.28 million (equivalent to RMB82.5 million).

The Board has recommended the payment of a final dividend of HK$0.1193 per Share for the year ended December 31, 2024, which is subject to the approval of Shareholders at the forthcoming AGM. The final dividend is expected to be payable to the Shareholders on Friday, June 27, 2025, and will be payable to the Shareholders whose names appear on the register of members of the Company at the close of business on Monday, June 16, 2025.

The Group is not aware of any arrangement under which a Shareholder has waived or agreed to waive any dividend.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this report, there is no significant event that might affect the Group after the Reporting Period and up to the date of this report.

EMPLOYEES AND REMUNERATION POLICIES

As at December 31, 2024, the Group had 2,608 full-time employees, among which, 1,464 were professionals at the hospitals, 97 were professionals at the optical centers and 1,047 were administrative, finance and other employees at the Group's headquarters, hospitals and optical centers. In addition, the Group also had 58 practice physicians who were full-time employees of other medical institutions. The following table shows a breakdown of the Group's full-time employees by function as at that date:

	As at December 31, 2024	
	Number of employees	Percentage of total employees
Professionals at the hospitals		
Physicians[(1)]	**296**	**11.35%**
Nurses	**625**	**23.96%**
Other professionals	**543**	**20.82%**
Professionals at the optical centers	**97**	**3.72%**
Administrative, finance and other employees at		
The headquarters	**190**	**7.29%**
The hospitals	**823**	**31.56%**
The optical centers	**34**	**1.30%**
Total	**2,608**	**100%**

Note:

(1) As at December 31, 2024, 267 of the full-time physicians were registered as specialized ophthalmologists.

The Group enters into employment contracts with all of its full-time employees. The remuneration packages for its employees primarily comprise one or more of the following elements: basic salary, performance-based incentive bonus and discretionary year-end bonus. The Group also sets performance targets for its employees based on their position and regularly reviews their performance, the results of which are used in their annual salary review and promotion appraisal.

The Group adopted a share award scheme on May 10, 2022, for the purposes of recognizing and motivating the contribution of certain employees of the Group and incentivising them and helping the Group in retaining its existing employees and attracting and recruiting suitable personnel as additional employees to further the operation and development of the Group and providing them with a direct economic interest in attaining the long-term business objectives of the Group. The Scheme is analogous to a share scheme and subject to provisions of Chapter 17 of the Listing Rules (as amended with effect from January 1, 2023). As at December 31, 2024, the Company has granted 16,330,994 award Shares in aggregate to 311 employees, Directors and directors of the Company's subsidiaries pursuant to the Scheme. As at the date of this report, a total of 54,803,769 Shares are allowed to be granted under the Scheme. Further details of the Scheme are set out in the section headed "Share Schemes" in this report.

The Group provides structured training and education programs which enables its employees to consistently deliver high quality services. The Group's discipline development committees are responsible for training its medical professionals, maintaining a proper mix of different levels of professionals, as well as research and development, and have supplied numerous young ophthalmologists with solid skills and rich clinical experience. The Group also engages external consultants, experts and professors to provide training for the physicians with an aim to cultivate clinicians with extensive practical capabilities in a precise, standardized and high-quality manner. These programs aim to equip them with a sound foundation of the medical principles, ethics and knowledge as well as practical skills, and foster a high standard of practice. Regular internal and external mandatory online and on-site training are organized for the medical team to keep them abreast of the latest development in the ophthalmology industry. From time to time, the Group identifies and sponsors its employees with high development potential to undertake further study and professional training in prestigious medical institutions. They also support their attending physicians to train at toptier eye hospitals in China for a period of three to six months, such as Wenzhou Medical University Eye Hospital (溫州醫科大學附屬眼視光醫院). In addition, the Group also designs and implements specialized training for its nurses and medical assistants to improve their respective professional skills and foster their professional career path.

As at December 31, 2024, none of the Group's employees had negotiated with them on the employment terms through the labor unions or in a way of collective bargaining and the Group had not experienced any major labor disputes or labor strikes that had interfered with its operations in any material respect.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Zhang Bozhou (張波洲), aged 63, is the chairman of the Board, an executive Director and the chief executive officer of the Company and his main responsibilities include formulating development strategies and investment plans, setting annual business objectives and making decisions on the operations and management of the Group. Currently, he also serves as a director of Chaoju Medical Technology, Baotou Hospital, Hohhot Hospital, Chifeng Hospital, Beijing Chaoju and Tianjin Chaoju among the Company's principal subsidiaries along with a number of its other subsidiaries. Mr. Zhang Bozhou is a licensed ophthalmologist certified by the Personnel Department of Inner Mongolia. Mr. Zhang Bozhou is father of Mr. Zhang Guangdi, and brother of Ms. Zhang Xiaoli and Mr. Zhang Junfeng.

Mr. Zhang Bozhou has over 34 years of experience in the medical industry, focusing on ophthalmology. Mr. Zhang Bozhou has been the chairman of Beijing Chaoju since October 2014. Prior to that, he worked at various hospitals, including Baotou Hospital and Hohhot Hospital, between September 1990 and November 2015, during which he held various positions including physician and medical superintendent.

Mr. Zhang Bozhou graduated from Baotou Medical College (包頭醫學院) in Inner Mongolia, China with a bachelor's degree in clinical medicine in July 1990 and graduated from the Market Economy Academy (民營經濟研究院) of Peking University in Beijing, China under the elite leaders' business administration programme in June 2015.

Mr. Zhang Bozhou is also a well-regarded figure and has held positions at a number of public offices and charitable associations throughout his career. The following table summarizes his key involvement thereof:

Period	Position
November 2018–present	Vice president of the executive committee of the Inner Mongolia Federation of Industry and Commerce (內蒙古自治區工商聯)
May 2018–present	Council member and vice president (part-time) of the Red Cross Society of Inner Mongolia (內蒙古自治區紅十字會)
January 2018–present	Committee member of the 12th CPPCC in Inner Mongolia (內蒙古自治區政協)
January 2018–present	Representative of the 15th People's Congress of Hohhot
March 2016–present	Member of the Ophthalmology committee at the Chinese Non-Government Medical Institutions Association (中國非公立醫療機構協會眼科專業委員會)
November 2015–present	Vice president, committee member and then standing committee Member of Chinese Hospital Association Private Hospitals Management Branch (中國醫院協會民營醫院管理分會)
June 2013–present	Vice president, committee member of the Ophthalmology Committee at the Inner Mongolia Autonomous Region Medical Association (內蒙古自治區醫學會眼科學分會)

Ms. Zhang Xiaoli (張小利), aged 64, is an executive Director and her main responsibilities include providing guidance on consultation of complicated diseases, overseeing medical quality assurance and optimization of medical procedures of the Group. Currently, she also serves as a director of Chaoju Medical Technology among the Company's principal subsidiaries along with a number of its other subsidiaries. Ms. Zhang Xiaoli is a licensed ophthalmologist certified by the Personnel Department of Inner Mongolia. Ms. Zhang Xiaoli is sister of Mr. Zhang Bozhou and Mr. Zhang Junfeng, and aunt of Mr. Zhang Guangdi.

Ms. Zhang Xiaoli has over 36 years of experience in the medical industry, focusing on ophthalmology. Prior to that from November 1988 to November 2015, Ms. Zhang Xiaoli held various positions at Baotou Hospital, including superintendent between January 2006 and November 2015, deputy superintendent between June 2001 and December 2005 and an attending physician between November 1998 and May 2001.

In addition to her work experiences, Ms. Zhang Xiaoli has held a number of positions at various public offices and medical associations. The following table summarizes her roles at such public offices and associations:

Period	Position
August 2019–present	Committee member at the ophthalmology medical equipment management branch of China Medicine Education Association (中國醫藥教育協會)
June 2018–present	Microsurgery professional committee member at the Microsurgery branch of Chinese Medical Doctor Association (中國醫師協會顯微外科分會)
October 2016–October 2020	Committee member of the Ophthalmology Committee of China Association of China Medicine (中華中醫藥學會眼科分會)
January 2018–present	Representative of the 13th People's Congress of Inner Mongolia (內蒙古自治區第十三屆人大代表)
June 2013–present	Standing committee member at the ophthalmology branch of Inner Mongolia Medical Doctor Association (內蒙古自治區醫師協會眼科醫師分會)

Ms. Zhang Xiaoli obtained a certificate from continuing education course provided by Baotou Medical College in Inner Mongolia, China specializing in clinical medicine in July 2000.

Mr. Zhang Junfeng (張俊峰), aged 59, is an executive Director and his primary responsibilities include supervising and reviewing the Group's business development and supply chain management. Currently, he also serves as a director of Chaoju Medical Technology among the Company's principal subsidiaries along with a number of its other subsidiaries. Mr. Zhang Junfeng is a licensed ophthalmologist certified by the Personnel Department of Inner Mongolia. Mr. Zhang Junfeng is brother of Mr. Zhang Bozhou and Ms. Zhang Xiaoli, and uncle of Mr. Zhang Guangdi.

Mr. Zhang Junfeng has approximately 35 years of experience in the medical industry, focusing on ophthalmology. He has been a director of Chaoju Medical Technology since November 2015. He served as the medical superintendent of Jiaxing Hospital from October 2012 to October 2018, the medical superintendent of Ulanqab Hospital from November 2009 to September 2012 and the deputy medical superintendent of Hohhot Hospital from April 2004 to August 2009. Prior to that, from February 1990 to March 2004, he worked as an ophthalmologist at Inner Mongolia Autonomous Region Bayannur Wuyuan Eye Hospital (內蒙古自治區巴彥淖爾五原眼科醫院).

Mr. Zhang Junfeng graduated from Shanghai Jiaotong University in Shanghai, China under the CMBA programme in March 2014.

Mr. Zhang Guangdi (張光弟), aged 32, is an executive Director and a joint company secretary of the Company whose main responsibilities include assisting the facilitation of operation and related management plans of the Group. Currently, he also serves as a director of Chaoju Medical Technology among the Company's principal subsidiaries along with a number of its other subsidiaries. Mr. Zhang Guangdi is son of Mr. Zhang Bozhou, and nephew of Ms. Zhang Xiaoli and Mr. Zhang Junfeng.

Mr. Zhang Guangdi has been the investment manager at Beijing Chaoju since August 2021 preceded by his role as the director of operations at the refractive correction department at Hohhot Hospital. He was also employed as the general manager of Sihong Hospital from April 2018 to September 2019 and the assistant to general manager at Jiangsu Chaoju from July 2015 to April 2018.

Mr. Zhang Guangdi graduated from Inner Mongolia University (內蒙古大學) in Inner Mongolia, China with a bachelor's degree in financial management in June 2014.

Non-executive Directors

Mr. Richard Chen Mao, aged 56, has been a non-executive Director since the Listing Date and his main responsibilities include providing professional advice and judgement to the Board. Currently, he also serves as a director of Chaoju Medical Technology among the Company's principal subsidiaries along with a number of its other subsidiaries.

Mr. Richard Chen Mao has over 17 years of experience in finance and investment matters, with a focus in the medical industry. Outside of the Group, Mr. Richard Chen Mao has been the managing director of Orchid Asia Investment Consulting Shanghai Co., Ltd. (蘭馨亞洲投資諮詢(上海)有限公司) since March 2015. Prior to that, he worked in Johnson & Johnson Medical (Shanghai) Ltd. (強生(上海)醫療器械有限公司) from February 2006 to October 2014, where his last position was a senior director and he supervised the development of new business. From 1995 to 2006, Mr. Richard Chen Mao successively worked in various managing positions in finance, commerce and investment at General Electric Company (通用電氣公司).

Mr. Richard Chen Mao graduated from the University of Wisconsin-Madison in Wisconsin, United States with a bachelor's degree in business administration in December 1994.

Mr. Li Zhen (李甄), aged 46, has been a non-executive Director since the Listing Date and his main responsibilities include providing professional advice and judgement to the Board. Currently, he also serves as a director of Chaoju Medical Technology among the Company's principal subsidiaries along with a number of its other subsidiaries.

Mr. Li Zhen has over 16 years of experience in investment management matters. Since January 2008, he has been working at FountainVest Partners and currently serves as its Managing Director. Prior to that, from July 2005 to December 2007, he was a senior associate at the Shanghai branch of Temasek Holdings Private Limited. He has been a director of LBX Pharmacy Chain Joint Stock Company (a company listed on the Shanghai Stock Exchange, stock code: 603883) since April 2022. Prior to that, he served as a director of Antengene Corporation Limited (a company listed in the Stock Exchange with stock code 6996) from February 2019 to June 2021.

Mr. Li Zhen obtained his Bachelor's degree in laws and Master's degree in economics from Fudan University (復旦大學) in Shanghai, China in July 2000 and June 2005, respectively. He graduated with an Executive of Business Administration degree from China Europe International Business School in Shanghai, China (中歐國際工商學院) in September 2012.

Ms. Zhang Li (張麗), aged 38, has been a non-executive Director since June 12, 2023 and her main responsibilities include providing professional advice and judgement to the Board.

Ms. Zhang Li has over 10 years of experience in wealth management matters. Apart from the Group, Ms. Zhang Li has been acting as a director of investor relations at Riverhead Capital Investment Management Co., Ltd. (陽光融匯資本投資管理有限公司) since September 2018. Prior to that, she worked at Sunshine Life Insurance Corporation Limited (陽光人壽保險股份有限公司) between June 2013 and August 2018, primarily responsible for management reporting and accounting.

Ms. Zhang Li obtained a bachelor's degree in accounting from Shandong University of Finance and Economics (山東財經大學) in China in July 2010 and a master's degree in finance from Beijing Technology and Business University (北京工商大學) in June 2013.

Independent non-executive Directors

Mr. He Mingguang (何明光), aged 55, has been an independent non-executive Director since the Listing Date and his main responsibilities include supervising and providing independent judgement to the Board.

Mr. He Mingguang has over 31 years of experience in the medical and academic industry, focusing on ophthalmology. He is currently a professor of ophthalmic epidemiology at the University of Melbourne (墨爾本大學), positions which he has held since October 2014. He has also been working at the Zhongshan Ophthalmic Centre of Sun Yat-Sen University (中山大學) since July 1993 and currently serves as a professor of ophthalmology.

Mr. He Mingguang is also a recipient of several research funding throughout the course of his career for his research including "Artificial intelligence in ophthalmology: from data to algorithm and real-world application" funded by the National Health and Medical Research Council in Australia in 2020, "Integration of retinal photography and artificial intelligence to build opportunistic screening services in primary care settings" funded by the Medical Research Future Fund in Australia in 2017 and "Development of an automated web-based screening system for eye diseases" funded by Bupa in Australia in 2016.

Mr. He Mingguang graduated from Sun Yat-Sen Medicine University (中山醫科大學), which was subsequently merged to Sun Yat-Sen University (中山大學), in Guangzhou, China with a bachelor's degree in medicine in July 1993 and a doctoral degree in ophthalmology in June 2005. After that, he graduated from The John Hopkins University in the United States with a master's degree in public health in May 2001 and University College of London in the United Kingdom with a doctoral degree in philosophy in November 2006.

Ms. Guo Hongyan (郭紅岩), aged 60, has been an independent non-executive Director since the Listing Date and her main responsibilities include supervising and providing independent judgment to the Board.

Ms. Guo Hongyan has over 32 years of experience in the legal and academic industry. She has been employed by the China University of Political Science and Law (中國政法大學) since April 1992, and is currently a professor and doctoral advisor director at the international public law research center. She has also been a part-time lawyer at the Beijing office of Yingke Law Firm (盈科律師事務所) since July 2021, preceded by her role as a part-time lawyer at Beijing Tiantai Law Firm (北京天馳君泰律師事務所) from May 2017 to June 2021.

Prior to that, from March 2011 to February 2016, Ms. Guo Hongyan was the visiting professor and deputy director at the international environmental law research center at the China University of Political Science and Law, and from December 2013 to October 2014, she served as the Asia regional organizational officer at the space law moot court of the International Institute of Space Law (國際空間法學會空間法模擬法庭). Since September 2012, Ms. Guo Hongyan worked as the deputy director at the China University of Political Science and Law branch of Collaborative Innovation Center for Territorial Sovereignty and Maritime Rights (國家領土主權與海洋權益協同創新中心).

Ms. Guo Hongyan graduated from the China University of Political Science and Law (中國政法大學) in Beijing, China with a bachelor's degree in law in July 1987 and a master's degree in private international law in January 1992. She later obtained a master's degree of laws in international and comparative law from Chicago-Kent College of Law at Illinois Institute of Technology in Chicago, United States in December 2009. She obtained her doctoral degree in international law from China University of Political Science and Law in June 2011.

Mr. Li Jianbin (李建濱), aged 46, has been an independent non-executive Director since the Listing Date and his main responsibilities include supervising and providing independent judgment to the Board.

Mr. Li Jianbin has over 23 years of experience in tax advisory and investment matters. From April 2020 to June 2023, he served as the managing partner at the strategic investment department of Beijing Xiaomi Mobile Software Co., Ltd. (北京小米移動軟件有限公司). Prior to that, between December 2017 and April 2020, he was the vice president of the finance department where he was responsible for optimizing the capabilities of the group's finance department, managing its tax matters and overseeing its merger and acquisition projects. From July 2001 to November 2017, he held various positions at PricewaterhouseCoopers Consultants (Shenzhen) Limited Beijing Branch (普華永道諮詢(深圳)有限公司北京分公司), where his last position was tax and commercial advisory partner.

Mr. Li Jianbin graduated with bachelor's degrees in laws and economics from Peking University (北京大學) in Beijing, China in July 2001. He has been a member of The Chinese Institute of Certified Public Accountants since September 2010 and a member of the China Certified Tax Agents Association since March 2013 and received his PRC lawyer's practicing licence issued by the Ministry of Justice of the People's Republic of China in February 2007.

Mr. Bao Shan (寶山), aged 53, has been an independent non-executive Director since the Listing Date and his main responsibilities include supervising and providing independent judgment to the Board.

Mr. Bao Shan has over 24 years of experience in management advisory matters. He joined Alliance PKU Management Consultants Ltd. (北京北大縱橫管理諮詢有限責任公司) in May 2005, and is currently serving as the senior vice president. Prior to that, from October 2002 to May 2005, he was a partner at Beijing Fengshou Management Consultancy Co., Ltd. (北京豐收管理諮詢有限公司). From July 2000 to October 2002, he was employed as a manager at the marketing department of Tsinghua Tongfang Artificial Environment Co., Ltd. (同方人工環境有限公司).

Mr. Bao Shan graduated from Renmin University of China (中國人民大學) in Beijing, China with a master's degree in business administration in July 1998. He subsequently received a doctor's degree in national economics from the Graduate School of Chinese Academy of Social Sciences (中國社會科學院研究生院) in Beijing, China in June 2016.

SENIOR MANAGEMENT

Mr. Zhang Bozhou (張波洲) is the chairman of the Board, an executive Director and the chief executive officer of the Company. Please see "– Directors – Executive Directors" for details of his background.

Ms. Fu Jin (符錦), aged 42, has joined the Group since April 2023 and is the chief financial officer of the Company, and is primarily responsible for supervising and overseeing the overall financial operations of the Group, including financial management, financing and investing activities and strategic financial planning. Ms. Fu graduated from the University of International Business and Economics with a Bachelor in Business Administration in 2004 and has nearly 20 years of financial and accounting related experience.

Ms. Fu is a member of the Chinese Institute of Certified Public Accountants, and a certified management accountant by the Institute of Certified Management Accountants. Prior to joining the Group, Ms. Fu worked at New Frontier Health Corporation (New York Stock Exchange stock code: NFH), the operator of United Family Healthcare, which is the largest high-end and integrated healthcare services platform in China. She had been the Vice President of finance and Chief Accounting Officer of United Family Healthcare since September 2019 and was primarily involved in the acquisition of United Family Healthcare by New Frontier Health Corporation and privatisation transactions of the Company. From August 2004 to July 2016, she worked for Ernst & Young Hua Ming LLP and Deloitte Touche Tohmatsu Certified Public Accountants LLP, Beijing Branch and was engaged in a number of financial advisory projects related to audit and assurance, capital market transactions and mergers and acquisitions to advise corporate clients, such as listed companies and multinational groups.

Ms. Yang Yajun (楊亞軍), aged 54, is the chief medical officer of the Company, and her main responsibilities include medical quality control, supply chain management, human resource management and information management of the Group. Ms. Yang was appointed as the chief medical officer of the Group in December 2017. Prior to that, she served as the director of medical quality department of Beijing Chaoju from July 2015 to December 2017 where she was responsible for medical quality control, infection management control and services management of the hospitals. Ms. Yang Yajun is a licensed ophthalmologist as certified by the Personnel Department of Hebei.

Ms. Yang Yajun has over 32 years of experience in the medical industry, focusing on ophthalmology. Previously, from June 2005 to December 2014, Ms. Yang Yajun successively served as the attending physician, associate-chief physician,chief physician, business director and the medical superintendent of Chifeng Hospital. Outside of the Group, she was employed as an ophthalmologist at the Huailai Eyecare Hospital in Hubei (河北懷來縣眼科醫院) between June 2000 and May 2005. Prior to that, she worked as a physician in Zhangjiakou No. 4 Hospital (張家口第四醫院) from July 1992 to June 2000, where she was responsible for providing ophthalmic clinic care.

Ms. Yang Yajun obtained her associate diploma in clinical medicine and bachelor's degree in clinical medicine from Hebei North University (河北北方學院) (formerly known as Zhangjiakou Medical College (張家口醫學院)) in Hebei, China in July 1992 and June 2003, respectively. She has been a standing member of the ophthalmologist branch of the Inner Mongolia Medical Association since November 2016 and a standing committee member of the ophthalmology committee of China Association of Non-public Medical Institutions since July 2018. From 2016, for four consecutive years, Ms. Yang Yajun was awarded as the outstanding person of the year by the Asian Foundation for the Prevention of Blindness.

Mr. Liu Hongyan (劉洪雁), aged 55, is the chief operating officer of the Company, and his main responsibilities include marketing and overall business development of the Group, establishing sales strategies and policies, organizing operational management, assisting the chief executive officer in setting business development plans and evaluating the Group's business performance. Mr. Liu Hongyan was appointed as the chief operating officer of the Group in November 2017. Prior to that, Mr. Liu Hongyan served as the director of operation department of Beijing Chaoju from January 2017 to November 2017 where he was responsible for the preparation and implementation of operational targets of the Group's operating entities.

Mr. Liu Hongyan has approximately 23 years of experience in sales and marketing matters, particularly in the medical and pharmaceutical industry. Prior to joining the Group, between June 2006 and June 2014, Mr. Liu Hongyan served as the national sales manager for Alcon (China) Ophthalmic Product Co., Ltd. (愛爾康(中國)眼科產品有限公司). Before that, from June 1999 to May 2006, he worked at Yanlijian (Hangzhou) Pharmacy Co., Ltd. (眼力健(杭州)製藥有限公司) during which he successively served as the salesperson at the instrument department and the regional sales manager at the medical equipment department.

Mr. Liu Hongyan graduated from Yanshan University (燕山大學) in Hebei, China with a bachelor's degree and a master's degree in engineering in July 1992 and March 1995, respectively.

DIRECTORS' REPORT

The Board is pleased to present its report together with the audited consolidated financial statements of the Group for the Reporting Period.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the (i) provision of in-patient and out-patient ophthalmic medical services in the PRC; and (ii) sales of optical products in the PRC.

Analysis of the principal activities of the Group during the year ended December 31, 2024 is set out in note 1 to the consolidated financial statements in this report.

A list of the Company's principal subsidiaries as at December 31, 2024, together with, among others, their dates and places of incorporation and particulars of their issued share capital, are set out in note 1 to the consolidated financial statements in this report.

BUSINESS REVIEW

Further discussion and analysis of these activities as required by Schedule 5 to the Companies Ordinance, including a fair review of the Group's business, an analysis of the Group's financial performance, events affecting the Group that have occurred subsequent to the end of the financial year, and an indication of likely future development in the Group's business, are set out in the section headed "Management Discussion and Analysis" in this report. A description of the principal risks and uncertainties faced by the Group, key relationship between the Group and its employees, customers and suppliers, the environmental policies and performance of the Group and compliance with the relevant laws and regulations which have significant impact on the Group are set out below.

PRINCIPLE RISKS AND UNCERTAINTIES

The Group's results of operations are subject to various factors with the key risks and uncertainties are summarized below:

- Pricing controls and coverage limits under public health insurance programs may affect the pricing of the Group's services and products;

- The Group is exposed to inherent risks of patient complaints, medical disputes and legal proceedings arising from its operations. Any complaints from the Group's patients or any claims or accusations on malpractice, medical negligence or misconduct could result in significant costs, and may adversely affect the Group's reputation, business, financial condition, results of operations and prospects;

- Failure to implement the infection control policies and procedures may adversely affect the Group's operation and reputation;

- Opening new hospitals or optical centers could result in fluctuations in the Group's short-term financial performance;

- The development and uncertainties in the regulatory regimes for the ophthalmic services industry and the optical industry in the PRC could have a material adverse effect on the Group's business;

- The Group may be unable to fully recover its trade receivables; and

- The Group may incur impairment on its goodwill, and its results of operations and financial position may be adversely affected.

Since the above is not an exhaustive list, investors are advised to make their own judgment or consult their own investment advisors before making any investment in the Shares.

For more details of other risks and uncertainties faced by the Group, please refer to the section headed "Risk Factors" of the Prospectus.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is subject to various PRC laws and regulations in relation to environmental protection matters and disposal of clinical waste. This includes medical sanitation, reduction of occupational hazards in hospitals, prevention of medical accidents, disease control, disposal of medical waste and discharge of waste water, pollutants and radioactive substances. The Group has formulated policies on medical waste disposal to ensure the proper classification, sterilization and storage, and the proper and timely disposal of medical waste. The Group has also put in place policies and procedures to protect the health and safety of the Group's staff on handling medical waste. During the Reporting Period, the businesses of the Group were in compliance in all material respects with applicable laws and regulations with regard to environmental protection.

The Group is committed to fulfilling social responsibility, promoting employee benefits and development, protecting the environment, giving back to the community and achieving sustainable growth.

For more details, please refer to the Environmental, Social and Governance Report, which will be published and made available on the websites of the Stock Exchange and the Company together with this report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in all material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended December 31, 2024, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group.

RESULTS AND FINAL DIVIDEND

The results of the Group for the year ended December 31, 2024 are set out in the consolidated financial statements of this report. The Board recommended the payment of a final dividend of HK$0.1193 per Share (2023: HK$0.2208 per Share), and there was no special dividend (2023: HK$0.0767 per Share) for the year ended December 31, 2024.

The Group is not aware of any arrangement under which a Shareholder has waived or agreed to waive any dividend.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from June 3, 2025 to June 6, 2025, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the AGM, during which period no share transfers will be registered. To be eligible to attend the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on June 2, 2025. Shareholders whose names appear on the register of members of the Company on June 6, 2025 are entitled to attend and vote at the AGM.

The register of members of the Company will be closed from June 12, 2025 to June 16, 2025, both days inclusive, in order to determine the identity of the Shareholders who are entitled to the proposed final dividend, during which period no share transfers will be registered. To be eligible to receive the proposed final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on June 11, 2025. Shareholders whose names appear on the register of members of the Company on June 16, 2025 are entitled to the proposed final dividend.

RELATIONSHIPS WITH KEY STAKEHOLDERS

The Group actively communicates with stakeholders such as patients/customers, employees, investors and Shareholders, governments and regulatory agencies, suppliers and partners, and attaches great importance to the suggestions and feedback of stakeholders, and regards them as an important basis for the Group to improve operation management and sustainable development standards. To fully listen to the voices of the stakeholders, the Group has established a variety of communication channels to ensure open and transparent information and efficient communication processes.

The Group is fully aware that communication with stakeholders is an important and continuous process. In the future, the Group will continue to improve the communication mechanism, actively respond to the demands of the stakeholders, optimize the management and operation standards of the Company, and enhance the sustainable development performance of the Group.

Shareholders

The Group recognizes the importance of protecting the interests of the Shareholders and of having effective communication with them. The Group believes communication with the Shareholders is a two-way process and have thrived to ensure the quality and effectiveness of information disclosure, maintain regular dialogue with the Shareholders and listen carefully to the views and feedback from the Shareholders. This has been and will be done through general meetings, corporate communications, interim and annual reports and results announcements.

Staff

The Group understands that employees are its valuable assets, and the realization and enhancement of employees' values will facilitate the achievement of the Group's overall goals. The Group has been working hard to provide employees with competitive remuneration packages and attractive promotion opportunities. The Group provides structured training and education programs which enables its employees to consistently deliver high quality services. The Group will continue to actively attract and recruit more talents, and enhance the overall level of the Group's talent team through performance related remuneration packages, on-the-job training programs and promotion opportunities. As at December 31, 2024, the percentage of female employees at the Group is approximately 75.6% and the percentage of male employees is approximately 24.3%, details of which are set out in the Environmental, Social and Governance Report, which will be published and made available on the websites of the Stock Exchange and the Company together with this report. The Group will continue to strive for gender diversity and maintain the female-to-male ratio in its workforce.

Patients and Customers

The Group considers patient satisfaction as its priority. As an ophthalmic medical service provider, the Group is committed to serving its patients to the best of its ability and continually enhancing the level of service excellence. The Group has embraced new media platforms as an effective communication channel with its patients to collect feedbacks and help us identify areas for further improvement.

Suppliers

The Group believes that its suppliers are equally important in providing high-quality medical services. The Group has a centralized procurement management department to achieve economies of scale and better control the quality of the medical equipment, pharmaceuticals, medical consumables and optical products it procures. The Group selects its suppliers based on stringent criteria and applicable laws and regulations to ensure the quality of its supplies. When selecting suppliers, the Group performs assessment based on various criteria, including quality and source of products, reputations in the industry, price and delivery time. The suppliers are required to possess all accreditation, qualifications, licenses and permits necessary to conduct their operations.

For the year ended December 31, 2024, there was no significant and material dispute between the Group and its stakeholders.

FINANCIAL SUMMARY

A summary of the Group's results, assets and liabilities for the last five financial years are set out on page 4 of this report. This summary does not form part of the audited consolidated financial statements.

PROCEEDS FROM GLOBAL OFFERING AND ITS UTILIZATION

The shares of the Company were listed on the Main Board of the Stock Exchange on July 7, 2021. In the Global Offering, the Company issued 137,500,000 Shares at HK$10.60 per Share and subsequently issued 20,125,000 Shares at HK$10.60 per Share on August 3, 2021 upon partial exercise of the overallotment option. The net proceeds from the Global Offering received by the Company, after deduction of the underwriting fees and commissions and other expenses payable by the Company in connection with the Global Offering, were approximately HK$1,599 million.

As disclosed in the Prospectus, the Company intended to use the net proceeds from the Global Offering for the following purposes:

(i) approximately 35.8% of the net proceeds is intended to be used for the establishment of new hospitals and the relocation, upgrade and renovation of existing hospitals;

(ii) approximately 44.8% of the net proceeds is intended to be used for acquiring hospitals, when appropriate opportunities arise, in new markets with sizable population and relatively high level of demand for ophthalmic healthcare services;

(iii) approximately 9.4% of the net proceeds is intended to be used for upgrading information technology systems;

(iv) approximately 10.0% of the net proceeds is intended to be used for working capital and other general corporate purposes.

The Group had utilized an aggregate of approximately HK$854.85 million of the net proceeds as at December 31, 2024 according to the intentions set out in the Prospectus.

The unutilized net proceeds in the amount of HK$744.15 million are expected to be utilized as set out on the Prospectus. The following table sets out the planned applications of the net proceeds as well as the expected timeline for utilization:

Use of Proceeds	Net Proceeds from the Global Offering HK$ million	Percentage of the net proceeds from the Global Offering	Utilized during the year ended December 31, 2024 HK$ million	Utilized as at December 31, 2024 HK$ million	Unutilized amount as at December 31, 2024 HK$ million	Updated timeline for utilization[(1)(2)]
Establishment of new hospitals and the relocation, upgrade and renovation of existing hospitals	572.44	35.8%	103.45	286.05	286.39	Expected to be fully utilized on or before December 31, 2025
Acquiring hospitals, when appropriate opportunities arise, in new markets which has sizable population and relatively high level of demand for ophthalmic healthcare services	716.35	44.8%	28.71	360.25	356.10	Expected to be fully utilized on or before December 31, 2025
Upgrading information technology systems	150.31	9.4%	14.70	48.65	101.66	Expected to be fully utilized on or before December 31, 2025
Working capital and other general corporate purposes	159.90	10.0%	–	159.90	–	–
Total	**1,599.00**	**100.0%**	**146.86**	**854.85**	**744.15**	

Notes:

(1) The update on the expected timeline for the use of proceeds as per announcement dated March 26, 2024.

(2) The updated expected timeline for utilizing the remaining net proceeds is made based on the best estimation of the Company taking into account, among others, the prevailing and future market conditions and business development and need, and is therefore subject to change.

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

The Group's customer base substantially consists of individual customers. For the year ended December 31, 2024, the Group's largest customer or the five largest customers in aggregate contributed less than 1.0% of the Group's total revenue.

Major Suppliers

For the year ended December 31, 2024, the Group's purchases from its five largest suppliers accounted for 48.18% (2023: 56.1%) of the Group's total purchases, and the Group's purchases from its single largest supplier accounted for 19.50% (2023: 23.0%) of the Group's total purchases.

As at the date of this report, all of the Group's five largest customers and suppliers during the Reporting Period were independent third parties, and to the best of the knowledge of the Directors, none of the Directors, their respective associates or any Shareholder who owned more than 5% of the Company's issued share capital (excluding treasury shares) had any interest in any of the Group's five largest customers and suppliers.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and the Group during the year ended December 31, 2024 are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year December 31, 2024 are set out in note 31 to the consolidated financial statements.

CAPITAL STRUCTURE

The share capital of the Group only comprises ordinary shares. As at the date of this report, the total issued share capital of the Company was HKD$380,000 divided into 1,520,000,000 Shares.

The capital structure of the Group was 19.3% debt and 80.7% equity as at December 31, 2024, compared with 18.6% debt and 81.4% equity as at December 31, 2023.

RESERVES

Details of the changes in the Group's reserves during the year ended December 31, 2024 are set out in note 33 to the consolidated financial statements.

As at December 31, 2024, the Company's reserves available for distribution amounted to approximately RMB1,740.6 million (as at December 31, 2023: RMB1,682.7 million). Details of the Group's reserves available for distribution to the Shareholders as at December 31, 2024 are set out in page 95 to the consolidated financial statements.

TAXATION

Tax position of the Company for the year ended December 31, 2024 is set out in note 11 to the consolidated financial statements.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief available to the Shareholders by reason of their holding of the Company's securities.

If the Shareholders are unsure about the taxation implications of purchasing, holdings, disposing of, dealing in, or the exercise of any rights in relation to the Shares, they are advised to consult an expert.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at December 31, 2024 are set out in note 28 to the consolidated financial statements.

MATERIAL ACQUISITIONS AND DISPOSALS

Save as otherwise disclosed in this report, the Group did not have any material acquisitions or disposal of subsidiaries, associates or joint ventures for the year ended December 31, 2024 and as at the date of this report.

DIRECTORS

The Directors during the Reporting Period and up to the date of this report are:

Executive Directors

Mr. Zhang Bozhou (張波洲) *(Chairman and Chief Executive Officer)*
Ms. Zhang Xiaoli (張小利)
Mr. Zhang Junfeng (張俊峰)
Mr. Zhang Guangdi (張光弟)

Non-executive Directors

Mr. Richard Chen Mao
Mr. Li Zhen (李甄)
Ms. Zhang Li (張麗)

Independent Non-executive Directors

Mr. He Mingguang (何明光)
Ms. Guo Hongyan (郭紅岩)
Mr. Li Jianbin (李建濱)
Mr. Bao Shan (寶山)

In accordance with article 109 of the Articles of Association, Ms. Zhang Xiaoli, Mr. Zhang Junfeng, Mr. Richard Chen Mao and Mr. Li Zhen shall retire by rotation, and being eligible, have offered themselves for re-election at the forthcoming AGM.

Details of the Directors to be re-elected at the AGM are set out in the circular to the Shareholders dated April 28, 2025.

DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Company are set out on pages 33 to 39 of this report.

DIRECTORS’ SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Each of the Directors (including non-executive Directors and independent non-executive Directors) has entered into a service contract or an appointment letter with the Company, under which they agreed to act as Directors. The principal particulars of these service contracts and letters of appointment are: (a) for a term of three years or until the third AGM of the Company since their respective date of appointment; and (b) subject to termination in accordance with their respective terms. The terms of the service contracts or the letters of appointment may be renewed in accordance with the Articles of Association and the Listing Rules.

The appointments are subject to the provisions of retirement and rotation of Directors under the Articles of Associations and the Listing Rules.

None of the Directors proposed for re-election at the forthcoming AGM has a service contract with any member of the Group which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

REMUNERATION POLICY

As at December 31, 2024, the Group had 2,608 full-time employees, among which, 1,464 were professionals at the hospitals, 97 were professionals at the optical centers and 1,047 were administrative, finance and other employees at the Group’s headquarters, hospitals and optical centers. In addition, the Group also had 58 practice physicians who were full-time employees of other medical institutions. Total staff remuneration expenses including Directors’ remuneration in 2024 amounted to RMB421.2 million (2023: RMB377.8 million). Remuneration is determined with reference to professional seniority and experience, education background, quality of services rendered, revenue contribution and research and training contributions of the staff concerned and in accordance with the prevailing industry practice. On top of basic salary, other employee benefits primarily include social insurance and housing provident contributions made by the Group, performance-based incentive bonus and discretionary year-end bonus.

The Group enters into employment contracts with all of its full-time employees. The Group provides in-house and external training and education programs to enable its employees to consistently deliver high quality services and keep abreast of the latest development in the ophthalmology industry. The remuneration packages for its employees primarily comprise one or more of the following elements: basic salary, performance-based incentive bonus and discretionary year-end bonus. The Group also sets performance targets for its employees based on their position and regularly review their performance, the results of which are used in their annual salary review and promotion appraisal. The remuneration of the Directors is reviewed by the Remuneration Committee and approved by the Board. The relevant Director’s experience, duties and responsibilities, time commitment, the Company’s performance and the prevailing market conditions are taken into consideration in determining the emolument of the Directors. The Group believes it has maintained good relationships with its employees. As at the date of this report, none of the Group’s employees had negotiated with them on the employment terms through the labor unions or in a way of collective bargaining and the Group had not experienced any major labor disputes or labor strikes that had interfered with its operations in any material respect.

SHARE SCHEMES

Share Award Scheme

The Scheme was approved and adopted by the Board on May 10, 2022 (the "**Adoption Date**"). The following is a summary of the principal terms of the Scheme but does not form part of, nor was it intended to be, part of the Scheme nor should it be taken as affecting the interpretation of the rules of the Scheme:

(1) Purpose of the Scheme

The purposes and objectives of the Scheme are to (i) recognize and motivate the contribution of certain employees of the Group; (ii) incentivize them and help the Group in retaining its existing employees and attracting and recruiting suitable personnel as additional employees to further the operation and development of the Group; and (iii) provide them with a direct economic interest in attaining the long-term business objectives of the Group.

(2) Eligibility of Participation in the Scheme

The following classes of persons (the "**Eligible Persons**") (excluding the Excluded Persons) are eligible for being elected to be Selected Persons for participation in the Scheme:

(i) any employee or director of the Company or any of its subsidiaries (including persons who are granted Shares under the Scheme as an inducement to enter into employment contracts with these companies);

(ii) any employee or director of a Related Entity; and

(iii) any person who provides services to the Group on a continuing and recurring basis in its ordinary and usual course of business which are material to the long-term growth of the Group.

(3) Total number of Shares to be granted

The Board shall not make any further award which will result in:

(i) the aggregate number of the Shares awarded by the Board under the Scheme exceeding 10% of the issued share capital of the Company as at the Adoption Date (i.e. 70,762,500 Shares); and

(ii) the aggregate number of the Shares held by public Shareholders falls below the minimum percentage as prescribed under the Listing Rules.

Pursuant to the Scheme, awarded Shares can be satisfied by (i) new Shares to be subscribed by the trustee of the Scheme (the "**Trustee**") under the Company's available general mandate or under a specific mandate approved or to be approved by the Shareholders; or (ii) Shares purchased by the Trustee in the open market as directed by the Board.

As at the date of issuing this report, the total number of shares available for issue under the Scheme is 55,622,185 Shares, representing approximately 7.86% of the issued shares of the Company on the even date.

(4) Maximum entitlement of each Selected Person

The maximum number of Shares which may be awarded to each Selected Person under the Scheme shall not exceed 1% of the issued share capital of the Company as at the Adoption Date (i.e. 7,076,250 Shares).

(5) Administration of the Scheme

The Scheme shall be subject to the administration of the Board and the Trustee in accordance with the rules of the Scheme, the terms of the trust deed entered into between the Company and the Trustee (the "**Trust Deed**") and all applicable laws and regulations. The Board shall have the absolute power to interpret the Scheme Rules or any part thereof. The Board may delegate and authorize any committee, sub-committee or person to administer the Scheme in accordance with its rules.

The Board may, from time to time at its absolute discretion, select any Eligible Persons for participation in the Scheme as the Selected Persons, make an offer to the Selected Persons and grant award shares to such Selected Persons.

(6) Vesting Period of award Shares under the Scheme

Vesting shall only occur upon satisfaction (or where applicable, wavier by the Board) of the conditions imposed by the Board. The Trustee shall transfer the relevant award Shares to the relevant Selected Persons as soon as practicable after the Vesting Date if no event of lapse occurs on or before the vesting date.

(7) Consideration for acceptance

There is nil consideration for any acceptance of the relevant award Shares by the Selected Persons.

(8) Life of the Scheme

The Scheme shall be valid and effective for a term of 10 years commencing from the Adoption Date, subject to the occurrence of any of the following terminating events (whichever is earlier):

(i) the Board gives not less than 3 months' prior notice in writing to the Trustee and all Selected Persons to terminate the Scheme; or

(ii) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company).

During the Reporting Period, a total of 2,934,270 award Shares were granted under the Scheme and a total of 320,633 award Shares were lapsed. Details of the movements of the award Shares granted under the Scheme during the Reporting Period are set out in note 32 to the condensed consolidated financial statements of this report, which is subject to adjustment under the accounting standard and policy adopted.

As at the date of this report, the trustee of the Share Award Scheme held 16,750,065 Shares.

The total number of Shares available for grant under the Scheme as at January 1, 2024 and December 31, 2024 was 57,417,406 Shares and 54,803,769 Shares, representing approximately 8.12% and 7.75% of the issued share capital of the Company as at the date of this report respectively.

As the share scheme was adopted before new chapter 17 of the Listing Rules taking into effect, there is no clawback mechanism established under the share scheme.

The table below shows details of the award Shares granted under the Scheme during the Reporting Period:

Name/ category	Position/description	Grant date	Purchase price per Share (HK$)	Unvested Shares as at January 1, 2024	New grants during the Reporting Period	Number of Shares vested during the Reporting Period	Weighted average closing price of Shares immediately before the vesting date (HK$)	Unvested Shares as at December 31, 2024	Closing price of the Shares immediately before the grant date (HK$)	Awards cancelled during the Reporting Period	Awards lapsed during the reporting period	Vesting period[1]	Fair value of awarded Shares at the date of grant (HK$)[2]
Zhang Bozhou	Executive Director and Chief Executive Officer	June 14, 2023	1.00	333,910	–	100,173	3.75	233,737	4.31	–	–	April 1, 2024 to May 31, 2026	1,402,422
Zhang Junfeng	Executive Director	June 14, 2023	1.00	80,640	–	24,192	3.75	56,448	4.31	–	–	April 1, 2024 to May 31, 2026	338,688
Zhang Xiaoli	Executive Director	June 14, 2023	1.00	100,000	–	30,000	3.75	70,000	4.31	–	–	April 1, 2024 to May 31, 2026	420,000
Zhang Guangdi	Executive Director	June 14, 2023	1.00	49,180	–	14,754	3.75	34,426	4.31	–	–	April 1, 2024 to May 31, 2026	206,556
Zhang Fengsheng	Substantial Shareholder	June 14, 2023	1.00	83,470	–	25,041	3.75	58,429	4.31	–	–	April 1, 2024 to May 31, 2026	350,574
Zhang Jiao	Associate of Zhang Junfeng	June 14, 2023	1.00	74,960	–	22,488	3.75	52,472	4.31	–	–	April 1, 2024 to May 31, 2026	314,832
He Yong	Associate of Zhang Xiaoli	June 14, 2023	1.00	83,470	–	25,041	3.75	58,429	4.31	–	–	April 1, 2024 to May 31, 2026	350,574
212 employee participants	–	June 14, 2023	Nil-1.00	12,019,464	–	3,592,246	3.75	8,106,585	4.31	–	320,633	April 1, 2024 to May 31, 2026	50,698,594.80
5 service providers	–	June 14, 2023	Nil	520,000	–	156,000	3.75	364,000	4.31	–	–	April 1, 2024 to May 31, 2026	2,184,000
4 service providers	–	December 17, 2024	Nil	–	300,000	–	–	300,000	2.79	–	–	April 1, 2025 to May 31, 2026	837,000
83 employee participants	–	December 17, 2024	Nil-1.00	–	2,634,270	–	–	2,634,270	2.79	–	–	April 1, 2025 to May 31, 2026	7,349,613.3
Total				**13,345,094**	**2,934,270**	**3,989,935**		**11,968,796**		**-**	**320,633**		

Name/category	Grant date	Purchase price per Share (HK$)	Number of awarded Shares held at January 1, 2024	New grants during the Reporting Period	Number of Shares vested during the Reporting Period	Weighted average closing price of Shares immediately before the vesting date (HK$)	Unvested Shares as at December 31, 2024	Closing price of the Shares immediately before the grant date (HK$)	Awards cancelled during the Reporting period	Awards lapsed during the Reporting Period	Vesting period[1]	Fair value of awarded Shares at the date of grant (HK$)[2]
The five highest paid individuals for the year ended December 31, 2023	June 14, 2023	Nil-1.00	1,199,134	–	236,637	3.75	962,497	4.31	–	–	April 1, 2024 to May 31, 2026	5,036,362.8
The other grantees (other than the five highest paid individuals for the year ended December 31, 2023)	June 14, 2023	Nil-1.00	12,145,960	–	3,753,298	3.75	8,072,029	4.31	–	320,633	April 1, 2024 to May 31, 2026	51,229,878
The five highest paid individuals for the year ended December 31, 2024	June 14, 2023	Nil-1.00	588,790	–	176,637	3.75	412,153	4.31	–	–	April 1, 2024 to May 31, 2026	–
	December 17, 2024	Nil-1.00	–	310,470	–	–	310,470	2.79	–	–	April 1, 2025 to May 31, 2026	866,211.3
The other grantees (other than the five highest paid individuals for the year ended December 31, 2024)	June 14, 2023	Nil-1.00	12,756,304	–	3,813,298	3.75	8,943,006	4.31	–	320,633	April 1, 2024 to May 31, 2026	–
	December 17, 2024	Nil-1.00	–	2,623,800	–	–	2,623,800	2.79	–	–	April 1, 2025 to May 31, 2026	7,320,402

Notes:

(1) The vesting of the award Shares shall be subject to certain vesting conditions based on a set of indicators that are linked with, and subject to, the results of individual performance assessments carried out by the Group for each grantee under the Scheme and the achievement of the overall performance of the Group by the grantees.

(2) The fair value of awarded Shares at the date of grant at June 14, 2023 was approximately HK$4.20 per Share, being the closing price of the Shares at the date of grant; and the fair value of awarded Shares at the date of grant at December 17, 2024 was approximately HK$2.79 per Share, being the closing price of the Shares at the date of grant.

(3) The grantees will not make further payment for being vested with relevant awarded Shares under the Share Scheme.

Share Option Scheme

The Company has not adopt any share option scheme.

PENSION AND EMPLOYEE BENEFITS SCHEME

The employees' remuneration consists of salaries, bonuses, employees' provident fund, and social security contributions, other welfare payments and share-based compensation expenses. In accordance with applicable PRC laws, the Group made contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance) and housing funds for its employees. Details of the retirement and employee benefits scheme of the Company are set out in note 7 to the consolidated financial statements.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to the factors set out in Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company considers such Directors to be independent from January 1, 2024 to December 31, 2024.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in this report, none of the Directors or any entity connected with him/her had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries or fellow subsidiaries was a party during the Reporting Period.

DIRECTORS' INTEREST IN COMPETING BUSINESS

As at December 31, 2024, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

(i) Interests and short positions of the Directors in the Shares, underlying Shares and debentures of the Company and its associated corporations

As at December 31, 2024, the interests or short positions of the Directors in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

Interest in Shares or Underlying Shares of the Company

Name of Director	Nature of Interest	Number of Shares or underlying Shares	Approximate percentage of shareholding interest
Mr. Zhang Bozhou[1]	Beneficial owner; interests held jointly with another person; interests of controlled corporation	287,452,328(L)	40.63%
Mr. Zhang Xiaoli[1]	Beneficial owner; interests held jointly with another person; interests of controlled corporation; interests of spouse	287,452,328(L)	40.63%
Mr. Zhang Junfeng[1]	Beneficial owner; interests held jointly with another person; interests of controlled corporation	287,452,328(L)	40.63%
Mr. Zhang Guangdi	Beneficial owner	48,699(L)	0.01%

Notes:

(1) Mr. Zhang Bozhou, Ms. Zhang Xiaoli, Mr. Zhang Junfeng, Mr. Zhang Fengsheng and Ms. Zhang Yumei have entered into Acting-in-concert Agreement to acknowledge and confirm their acting-in-concert relationship in relation to the Company and irrevocably entrust Mr. Zhang Bozhou to exercise, at his discretion, their voting rights at the shareholders meetings of the Group. Under the SFO, Mr. Zhang Bozhou, Ms. Zhang Xiaoli, Mr. Zhang Junfeng, Mr. Zhang Fengsheng and Ms. Zhang Yumei are deemed to be interested in the Company's Shares which each other has interest in, being 287,452,328 Shares;

(2) As at December 31, 2024, the Company had a total of 707,526,500 Shares in issue.

(ii) Interests in the Company's associated corporations

So far as the Directors are aware, as of December 31, 2024, the following persons were interested in 10% or more of the nominal value of the share capital carrying rights to vote in all circumstances at general meetings of any member of the Group (other than the Company):

Name of Director	Name of member of the Group	Subscribed capital contribution (RMB)	Approximate percentage of shareholding (Note)
Mr. Zhang Bozhou	Xiamen Xinkangnuo	22,646,550	26.64%
Ms. Zhang Xiaoli	Xiamen Xinkangnuo	24,677,455	29.03%
Mr. Zhang Junfeng	Xiamen Xinkangnuo	17,568,480	20.67%

Note: As at December 31, 2024, the registered share capital of Xiamen Xinkangnuo is RMB85,000,000.

Save as disclosed above, as of December 31, 2024, so far as it was known to the Directors, none of the Directors had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTOR'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this report, at no time during the Reporting Period was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as the Directors are aware, as of December 31, 2024, the following persons had an interest or a short position in the Shares which were required to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Division 2 and 3 of Part XV of the SFO or were, directly or indirectly, interested in 10% 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 which are required to be entered in the register of deposit of shares of the Company pursuant to the provisions of Section 336 of the SFO:

Name of Shareholder	Nature of Interest	Number of Shares/ underlying Shares	Approximate percentage of shareholding interest in the Company	Long position/ Short position/ Lending pool
Mr. Zhang Bozhou(1)(2)	Beneficial owner; interests held jointly with another person; interests of controlled corporation	287,452,328	40.63%	Long position
Mr. Zhang Xiaoli(1)(3)	Beneficial owner; interests held jointly with another person; interests of controlled corporation; interests of spouse	287,452,328	40.63%	Long position
Mr. Zhang Junfeng(1)(4)	Beneficial owner; interests held jointly with another person; interests of controlled corporation	287,452,328	40.63%	Long position
Mr. Zhang Fengsheng(1)(5)	Beneficial owner; interests held jointly with another person; interests of controlled corporation	287,452,328	40.63%	Long position
Ms. Zhang Yumei(1)(6)	Interests held jointly with another person; interests of controlled corporation	287,452,328	40.63%	Long position
Ms. Zhang Hongbo(7)	Interests of spouse	287,452,328	40.63%	Long position
Mr. He Yong(8)	Beneficial owner; interests of spouse	287,452,328	40.63%	Long position
Ms Su Yuqin(9)	Interests of spouse	287,452,328	40.63%	Long position
Ms. Li Furong(10)	Interests of spouse	287,452,328	40.63%	Long position
Mr. Jin Longqi(11)	Interests of spouse	287,452,328	40.63%	Long position
Jutong Medical Management Co., Ltd.	Beneficial owner	77,684,000	10.98%	Long position
Sihai Medical Management Co., Ltd.	Beneficial owner	84,266,000	11.91%	Long position
Guangming Medical Management Co., Ltd.	Beneficial owner	59,966,000	8.48%	Long position
Orchid Asia VII Global Investment Limited(12)	Beneficial owner	84,948,500	12.01%	Long position
ORCHID ASIA VII, L.P.(12)	Interests of controlled corporation	79,002,105	11.17%	Long position
ORCHID ASIA VII GP, LIMITED(12)	Interests of controlled corporation	79,002,105	11.17%	Long position
ORCHID ASIA V GROUP, LIMITED(12)	Interests of controlled corporation	79,002,105	11.17%	Long position
ORCHID ASIA V GROUP MANAGEMENT, LIMITED(12)	Interests of controlled corporation	79,002,105	11.17%	Long position
OAVII HOLDINGS, L.P.(12)	Interests of controlled corporation	79,002,105	11.17%	Long position
AREO HOLDINGS LIMITED(12)	Interests of controlled corporation	84,948,500	12.01%	Long position
Ms. Lam Lai Ming(12)	Interests of controlled corporation	84,948,500	12.01%	Long position
Mr. Gabriel Li(12)	Interests of controlled corporation	84,948,500	12.01%	Long position
Ms. Zhang Wenwen(13)	Interests of controlled corporation	35,699,000	5.05%	Long position
Mr. Xiao Feng(14)	Interests of spouse	35,699,000	5.05%	Long position

Notes:

(1) Mr. Zhang Bozhou, Ms. Zhang Xiaoli, Mr. Zhang Junfeng, Mr. Zhang Fengsheng and Ms. Zhang Yumei have entered into Acting-in-concert Agreement to acknowledge and confirm their acting-in-concert relationship in relation to the Company and irrevocably entrust Mr. Zhang Bozhou to exercise, at his discretion, their voting rights at the shareholders meetings of the Group. Under the SFO, Mr. Zhang Bozhou, Ms. Zhang Xiaoli, Mr. Zhang Junfeng, Mr. Zhang Fengsheng and Ms. Zhang Yumei are deemed to be interested in the Company's Shares which each other has interest in, being 287,452,328 Shares.

(2) Mr. Zhang Bozhou wholly-owns Jutong Medical Management Co., Ltd. and controls Xiamen Juludazhou Equity Investment Partnership (Limited Partnership) (廈門聚鷺達洲股權投資合夥企業(有限合夥)) as its general partner, which held 77,684,000 and 21,563,299 Shares, respectively as at December 31, 2024.

(3) Ms. Zhang Xiaoli wholly-owns Sihai Medical Management Co., Ltd., which held 84,266,000 Shares as at December 31, 2024.

(4) Mr. Zhang Junfeng wholly-owns Guangming Medical Management Co., Ltd, which held 59,966,000 Shares as at December 31, 2024.

(5) Mr. Zhang Fengsheng wholly-owns Xiwang Medical Management Co., Ltd, which held 34,398,500 Shares as at December 31, 2024.

(6) Ms. Zhang Yumei wholly-owns Sitong Medical Management Co., Ltd, which held 8,910,000 Shares as at December 31, 2024.

(7) Ms. Zhang Hongbo is the spouse of Mr. Zhang Bozhou and is deemed to be interested in Mr. Zhang Bozhou's interests in the Company.

(8) Mr. He Yong is the spouse of Ms. Zhang Xiaoli and is deemed to be interested in Ms. Zhang Xiaoli's interests in the Company and vice versa.

(9) Ms. Su Yuqin is the spouse of Mr. Zhang Junfeng and is deemed to be interested in Mr. Zhang Junfeng's interests in the Company.

(10) Ms. Li Furong is the spouse of Mr. Zhang Fengsheng and is deemed to be interested in Mr. Zhang Fengsheng's interests in the Company.

(11) Mr. Jin Longqi is the spouse of Ms. Zhang Yumei and is deemed to be interested in Ms. Zhang Yumei's interests in the Company.

(12) Orchid Asia VII Global Investment Limited is owned as to 7% by Orchid Asia VII Co-Investment, Limited, which is in turn wholly-owned by Areo Holdings Limited, and 93% by Orchid Asia VII, L.P.. Orchid Asia VII, L.P. is wholly-owned by OAVII Holdings, L.P., which is in turn wholly-owned by Orchid Asia VII GP, Limited. Orchid Asia VII GP, Limited is wholly-owned by Orchid Asia V Group Management, Limited, which is in turn wholly-owned by Orchid Asia V Group Limited. Orchid Asia V Group Limited is wholly-owned by Areo Holdings Limited, which is in turn wholly-owned by Ms. Lam Lai Ming, and is controlled by Mr. Gabriel Li by virtue of his directorship there.

(13) Ms. Zhang Wenwen controls Riverhead Capital, L.P.(北京陽光融匯醫療健康產業成長投資管理中心(有限合夥)) and Ronghui Yangguang Runfeng, L.P. (北京融匯陽光潤豐投資管理中心(有限合夥)), which held 22,240,500 and 13,458,500 Shares, respectively, as at December 31, 2024.

(14) Mr. Xiao Feng is the spouse of Ms. Zhang Wenwen and is deemed to be interested in Ms. Zhang Wenwen's interests in the Company.

(15) As at December 31, 2024, the Company had a total of 707,526,500 Shares in issue.

Save as disclosed above, the Directors are not aware of any person who had, as of December 31, 2024, an interest or a short position in the Shares which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO or would be, 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 any other member of the Group.

CHANGES TO DIRECTORS' INFORMATION

There was no change in the information of the Directors of the Company during the year ended December 31, 2024 which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

CHANGES TO DIRECTORS' REMUNERATION

There was no change to information which is required to be disclosed and has been disclosed by Directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules for the Reporting Period.

EQUITY-LINKED AGREEMENTS

The Company has adopted incentive plans as set out in note 32 to the consolidated financial statements. Save as disclosed in this report, there was no other equity-linked agreement entered into by the Company or any of its subsidiaries during the Reporting Period.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules as its code of conduct regarding securities transactions by the Directors. Upon specific enquiry, all Directors confirmed that they had complied with the requirements as set out in the Model Code since January 1, 2024 and up to the date of this report.

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

For the year ended December 31, 2024, in order to safeguard the value of the Company and the interests of the Shareholders, the Company repurchased from the Stock Exchange 49,000 Shares and 49,500 Shares on January 12, 2024 and January 15, 2024, respectively, all of which were cancelled on January 25, 2024. The Company repurchased a total of 98,500 Shares on the Stock Exchange, with an aggregate cash consideration (excluding expenses) of HK$422,200.

	Price per share			
Repurchase date	**Highest price (HK$)**	**Lowest price (HK$)**	**Number of shares**	**Total consideration (HK$)**
January 12, 2024	4.38	4.20	49,000	211,265
January 15, 2024	4.28	4.24	49,500	210,935

The Company had fully cancelled the shares disclosed above on 25 January 2024.

Save as disclosed above, the Group had not purchased, sold or repurchased any listed securities of the Company (including sale of treasury shares) during the year ended December 31, 2024. As at December 31, 2024, the Company did not hold any treasury shares.

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with the requirements under the Listing Rules. The Audit Committee is composed of three independent non-executive Directors, being Mr. Li Jianbin (chairman of the Audit Committee), Ms. Guo Hongyan and Mr. Bao Shan. The primary duties of the Audit Committee are to assist the Board in providing an independent view of the effectiveness of the financial reporting process, the internal control and risk management system of the Group, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board.

REVIEW OF ANNUAL REPORT

The Audit Committee has jointly reviewed with the management and the independent auditors of the Company, the accounting principles and policies adopted by the Company and discussed internal control and financial reporting matters (including the review of the audited annual results for the year ended December 31, 2024) of the Group. The Audit Committee and the independent auditors considered that the annual results for the year ended December 31, 2024 are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

CONTINUING CONNECTED TRANSACTIONS

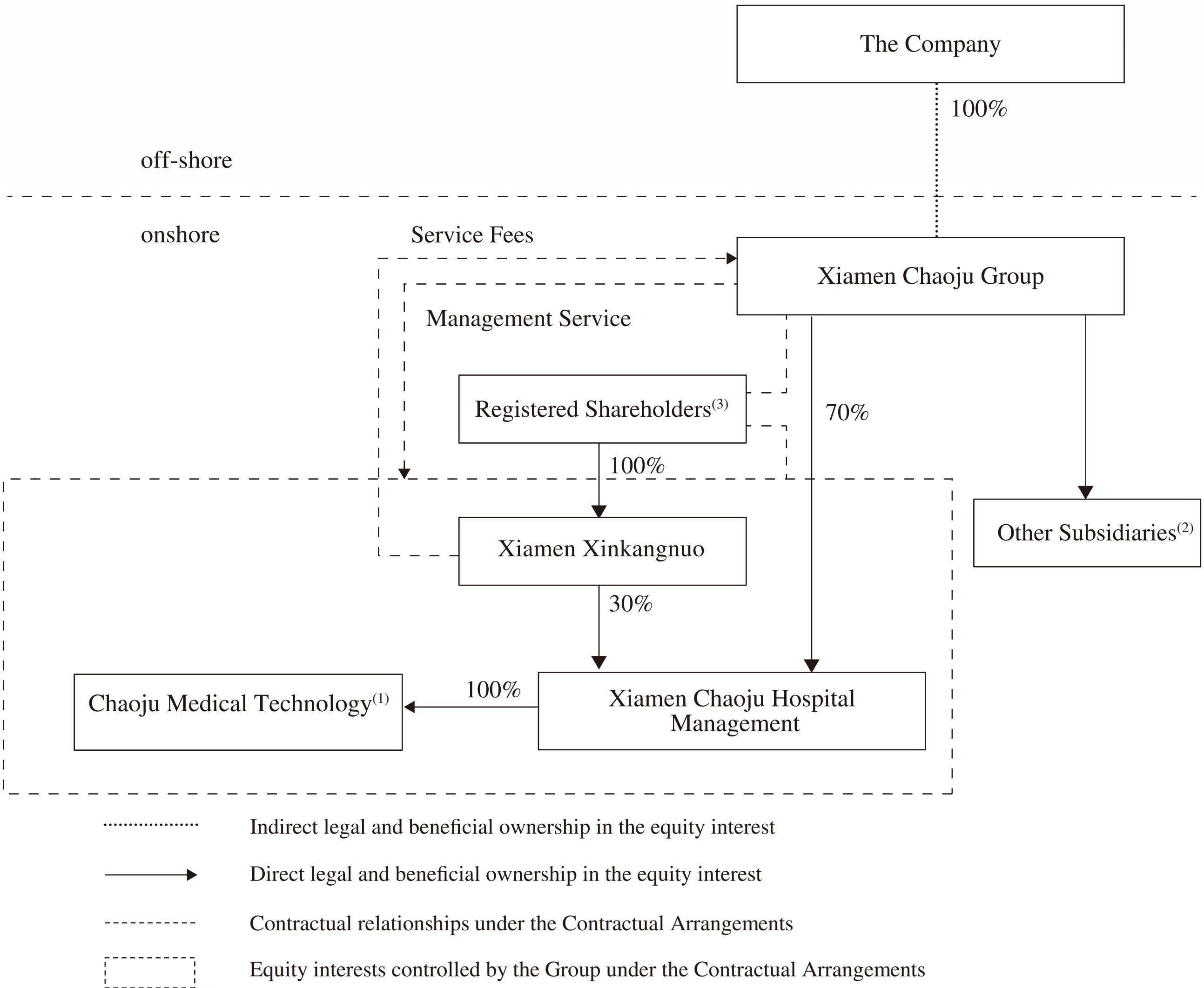
During the year ended December 31, 2024, the Group had maintained certain non-exempt continuing connected transactions.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Contractual Arrangements

The Group primarily engages in the provision of ophthalmic services and eye care services through its hospitals and optical clinics in the PRC, which falls within the "restricted" investment category under the applicable Special Administrative Measures (Negative List) for the Access of Foreign Investment (2020) (外商投資准入特別管理措施(負面清單)(2020年版)), and therefore may not be held 100% by foreign investors and foreign investments in medical institutions are restricted to no more than 70% equity interest in the medical institutions in the PRC (the "**Foreign Ownership Restriction**"). In light of the Foreign Ownership Restriction, and in order to comply with PRC laws and regulations and maintain full control over all of the Group's operations, the Group, through its indirect wholly-owned subsidiary, Xiamen Chaoju Group, entered into the Contractual Arrangements with, among others, Xiamen Chaoju Hospital Management, the holding company of most of the Group's hospitals and clinics (the "**VIE Hospitals**"). The Contractual Arrangements apply to the 30% equity interest in the VIE Hospitals, and pursuant to it, Xiamen Chaoju Group acquired full control over the financial and operational policies of Xiamen Chaoju Hospital Management and has become entitled to all the economic benefits derived from its operations.

The following simplified diagram illustrates the flow of economic benefits from Xiamen Chaoju Hospital Management and the VIE Hospitals to the Group as stipulated under the Contractual Arrangements:



Notes:

(1) As at December 31, 2024 Chaoju Medical Technology is the holding entity of the Group's VIE Hospitals being Baotou Hospital, Hohhot Hospital, Chifeng Hospital, Baotou Kunlun Hospital, Ordos Dalad Banner Hospital, Ulanqab Hospital, Tongliao Hospital, Datong Hospital, Hulunbuir Hospital, Xilinhot Hospital, Chengde Hospital, Jiaxing Hospital, Suqian Sihong Hospital, Suqian Siyang Hospital, Pingzhuang Clinic of Chifeng Hospital (赤峰醫院平庄門診部), Hohhot No.2 Hospital, Tumb Right Banner Hospital, Hangzhou Hospital and Zhoushan Hospital. Except for Tongliao Hospital, Datong Hospital, Hulunbuir Hospital, all the VIE Hospitals were wholly-controlled by the Group as at December 31, 2024. The minority shareholders of Tongliao Hospital, Datong Hospital and Hulunbuir Hospital were independent third parties as at December 31, 2024. For the shareholding details and connected relationship of the minority shareholders of these entities with the Group, see note (3) in the section headed "History, Reorganization and Corporate Structure — Corporate Reorganization" under the simplified beneficial ownership structure of the Group's business immediately prior to the Reorganization in the Prospectus and the announcement of the Company dated September 26, 2022 and January 2, 2024.

(2) In 2022, (i) Hohhot No. 2 Hospital had obtained the necessary licenses and commenced business in February 2022, its entire equity interest has been transferred to Xiamen Chaoju Hospital Management in February 2022; (ii) Tumb Right Banner Hospital had obtained the necessary licenses and commenced business in July 2022, its entire equity interest has been transferred to Xiamen Chaoju Hospital Management also in July 2022; (iii) Hangzhou Hospital had obtained the necessary licenses and commenced business in August 2022, its entire equity interest has been transferred to Xiamen Chaoju Hospital Management in December 2022; and (iv) Zhoushan Hospital had obtained the necessary licenses in January 2023 and commenced business in February 2023, its entire equity interest has been transferred to Xiamen Chaoju Hospital Management in December 2022. Therefore, as at December 31, 2022, Hohhot No. 2 Hospital, Tumb Right Banner Hospital, Hangzhou Hospital and Zhoushan Hospital were all under the remit of the Contractual Arrangements. For further information, please also see the paragraph headed "Licenses, Permits and Approvals" in the section headed "Business" in the Prospectus.

(3) Xiamen Chaoju Group controls, inter alia, hospitals and clinic other than the VIE Hospitals, including Ningbo Ninghai Hospital, Ningbo Hospital, Ningbo Xiangshan Hospital, Hexigten Banner Clinic, Tangshan Hospital, Tangshan Yutian Hospital, Tangshan Luannan Hospital and Tangshan Luanzhou Hospital. As advised by the then PRC Legal Advisors of the Company, although these hospitals and clinic are medical institutions and therefore their shareholding is subject to foreign investment restrictions, they are not required to be subject to the Contractual Arrangements since the Group's control therein does not exceed 70%. The minority shareholders of these hospitals were independent third parties as at December 31, 2022. For the shareholding details and connected relationship of the minority shareholders of these entities with the Group, see section headed "History, Reorganization and Corporate Structure — Corporate Reorganization" under the simplified beneficial ownership structure of the Group's business immediately prior to the Reorganization in the Prospectus and the announcement of the Company dated September 26, 2022.

(4) For details of the Registered Shareholders, see the section headed "History, Reorganization and Corporate Structure" in the Prospectus.

Summary of the Material Terms of the Contractual Arrangements

A brief description of the specific agreements that comprise the Contractual Arrangements is set out below. For details of the specific agreements, please refer to the section headed "Contractual Arrangements" in the Prospectus.

(1) Exclusive Operation Services Agreement

The Registered Shareholders, Xiamen Xinkangnuo and Xiamen Chaoju Hospital Management have entered into an Exclusive Operation Services Agreement with Xiamen Chaoju Group on September 30, 2020 (the "**Exclusive Operation Services Agreement**"), pursuant to which Xiamen Xinkangnuo, Xiamen Chaoju Hospital Management and the Registered Shareholders agreed to engage Xiamen Chaoju Group as their exclusive provider of medical institution operation services and other services in exchange for a service fee payable to Xiamen Chaoju Group.

Under the Exclusive Operation Services Agreement, the services to be provided include but are not limited to (i) strategic investment and project investment; (ii) management of human resources and operational technology competency; (iii) collection of business information and market survey; (iv) publicity and customer relations; (v) monitoring of technology operation and research on market strategy; (vi) solutions regarding technology in the medical industry; (vii) medicine, medical equipment and consumables monitoring; and (viii) technical services, operation maintenance, provision of equipment and facilities, management consultancy and advisory services. Xiamen Chaoju Group has proprietary rights to all the intellectual properties developed or created by itself from the performance of these services. During the term of the Exclusive Operation Services Agreement, Xiamen Chaoju Group may use the intellectual property rights owned by Xiamen Xinkangnuo, Xiamen Chaoju Hospital Management and its subordinate medical institutions free of charge and without any conditions. Xiamen Xinkangnuo may also use the work achievements created by Xiamen Chaoju Group and its subordinate medical institutions from the services performed by Xiamen Chaoju Group and its subordinate medical institutions in accordance with the Exclusive Operation Services Agreement.

Under the Exclusive Operation Services Agreement, the service fee that shall be payable to Xiamen Chaoju Group by Xiamen Xinkangnuo shall be an amount equal to 30% of the distributable profit of Xiamen Chaoju Hospital Management of a given audited financial year, after deducting losses from the previous financial years (if any) and any statutory provident fund (if applicable). Apart from the service fees, Xiamen Xinkangnuo and Xiamen Chaoju Hospital Management shall reimburse all reasonable costs, reimbursed payments, compensation and out-of-pocket expenses incurred by Xiamen Chaoju Group in connection with the performance of the Exclusive Operation Services Agreement and provision of services. In addition, absent of a prior written consent of Xiamen Chaoju Group, during the term of the Exclusive Operation Services Agreement, the Registered Shareholders, Xiamen Xinkangnuo and Xiamen Chaoju Hospital Management shall not directly or indirectly accept the same or any similar services provided by any third party and shall not establish similar corporation relationships with any third party. Xiamen Chaoju Group has the right to, subject to the then PRC laws and upon issuing a written notice to the Registered Shareholders, Xiamen Xinkangnuo and Xiamen Chaoju Hospital Management, appoint any third party to provide any or all of the services, or to fulfill its obligations under the Exclusive Operation Services Agreement. The Exclusive Operation Services Agreement shall become effective from September 30, 2020 and shall remain valid for three years and shall, subject to compliance with the Listing Rules, be automatically renewed for three years each time when its term ends, unless being terminated in accordance with the terms therein. According to the Exclusive Operation Services Agreement, unless otherwise required by applicable PRC laws and regulations, none of the parties to the agreements (except Xiamen Chaoju Group) is entitled to unilaterally terminate the agreement. Furthermore, pursuant to the Exclusive Operation Services Agreement, it may only be terminated in the event that (i) continued performance of the obligations of the agreement will result in violation of or non-compliance with the applicable PRC laws and regulations, the Listing Rules or the requirements of the Stock Exchange; (ii) Xiamen Chaoju Group or its designated person directly holds all the equity interests in Xiamen Xinkangnuo, and all of the Registered Shareholders' equity interests in Xiamen Xinkangnuo or all of the assets of Xiamen Xinkangnuo attributable to the Registered Shareholders are transferred to Xiamen Chaoju Group pursuant to applicable PRC laws and regulations; (iii) Xiamen Chaoju Group or its designated person directly holds all the equity interests in Xiamen Chaoju Hospital Management, and all of Xiamen Xinkangnuo's equity interests in Xiamen Chaoju Hospital Management or all of the assets of Xiamen Chaoju Hospital Management attributable to Xiamen Xinkangnuo are transferred to Xiamen Chaoju Group pursuant to applicable PRC laws and regulations; or (iv) Xiamen Chaoju Group unilaterally terminates the agreement.

(2) Exclusive Option Agreements

On September 30, 2020, Xiamen Chaoju Group, the Registered Shareholders, Xiamen Xinkangnuo and Xiamen Chaoju Hospital Management entered into exclusive option agreements (the "**Exclusive Option Agreements**").

Pursuant to the Exclusive Option Agreements, (i) each of the Registered Shareholders irrevocably and unconditionally grants an exclusive option to Xiamen Chaoju Group which entitles Xiamen Chaoju Group to elect to purchase at any time, when permitted by the then applicable PRC laws, all or part of the equity interest in Xiamen Xinkangnuo itself or through its designated person(s); (ii) Xiamen Xinkangnuo irrevocably and unconditionally grants an exclusive option to Xiamen Chaoju Group which entitles Xiamen Chaoju Group to elect to purchase at any time, when permitted by the then applicable PRC laws, all or any part of its 30% equity interest in Xiamen Chaoju Hospital Management itself or through its designated person(s); and (iii) Xiamen Chaoju Hospital Management irrevocably and unconditionally grants an exclusive option to Xiamen Chaoju Medical Technology Group which entitles Xiamen Chaoju Group to elect to purchase at any time, when permitted by the then applicable PRC laws, 30% of all or part of the assets of Xiamen Chaoju Hospital Management attributable to Xiamen Xinkangnuo from Xiamen Chaoju Hospital Management itself or through its designated person(s), Xiamen Chaoju Group may appoint designated person(s) in its sole discretion when exercising its option. The transfer price of the relevant equity interests and assets shall be the minimum purchase price permitted under PRC law, and each of the Registered Shareholders, Xiamen Xinkangnuo and Xiamen Chaoju Hospital Management undertakes that he/she/it will, subject to applicable PRC laws, return in full the consideration received in relation to such transfer of equity interests or assets to Xiamen Chaoju Group. The Registered Shareholders and Xiamen Xinkangnuo undertake to develop the business of Xiamen Chaoju Hospital Management and not to take any action which may affect its asset value, goodwill and effectiveness of business licenses. Furthermore, in the absence of prior written consent of Xiamen Chaoju Group, the Registered Shareholders and Xiamen Xinkangnuo shall not (i) transfer or otherwise dispose of any option under the Exclusive Option Agreements, or create any encumbrances thereon; and Xiamen Chaoju Hospital Management shall not assist in transferring or otherwise disposing of any option under the Exclusive Option Agreements, or creating any encumbrances thereon; and (ii) directly or indirectly (by itself or through the entrustment of any other natural person or legal person entity) carry out, own or acquire any business compete with or likely compete with the business of Xiamen Chaoju Group or the Group. In addition, the Registered Shareholders, Xiamen Xinkangnuo and Xiamen Chaoju Hospital Management undertake that, upon Xiamen Chaoju Group issuing the notice to exercise the option in accordance with the Exclusive Option Agreements, they will implement necessary actions to affect the transfer and relinquish any pre-emptive right, if any. Each of the parties to the Exclusive Option Agreements confirms and agrees that (i) in the event of a dissolution or liquidation of Xiamen Chaoju Hospital Management under the PRC laws, all the residual assets which are attributable to Xiamen Xinkangnuo shall be transferred to Xiamen Chaoju Group or its designated person(s) at the minimum purchase price permitted under PRC laws, and each of Xiamen Xinkangnuo and Xiamen Chaoju Hospital Management undertakes that it will, subject to applicable PRC laws, return in full the consideration received in relation to such transfer to Xiamen Chaoju Group or its designated person(s); and (ii) in the event of bankruptcy, reorganization or merger of Xiamen Xinkangnuo, death or incapacity of the Registered Shareholders or any other event which causes changes to the Registered Shareholders' shareholding in Xiamen Xinkangnuo or Xiamen Xinkangnuo's shareholding in Xiamen Chaoju Hospital Management, (a) the successor of the Registered Shareholders' equity interest in Xiamen Xinkangnuo and the successor of Xiamen Xinkangnuo's equity interest in Xiamen Chaoju Hospital Management shall be bound by the Contractual Arrangements; and (b) any disposal of shareholding in Xiamen Xinkangnuo and Xiamen Chaoju Hospital Management shall be governed by the Contractual Arrangements unless Xiamen Chaoju Group consents otherwise in writing.

The Exclusive Option Agreements shall become effective from September 30, 2020. The Exclusive Option Agreement has an indefinite term and a termination provision which stipulates that unless otherwise required by applicable PRC laws and regulations, none of the parties to the agreement (except Xiamen Chaoju Group) is entitled to unilaterally terminate the agreements.

Each of the Exclusive Option Agreements may only be terminated in the event that (i) continued performance of the obligations of the agreements will result in violation of or non-compliance with the applicable PRC laws and regulations, the Listing Rules or the requirements of the Stock Exchange; (ii) Xiamen Chaoju Group or its designated person directly holds all the equity interests in Xiamen Xinkangnuo, and all of the Registered Shareholders' equity interests in Xiamen Xinkangnuo or all of the assets of Xiamen Xinkangnuo attributable to the Registered Shareholders are transferred to Xiamen Chaoju Group pursuant to applicable PRC laws and regulations; (iii) Xiamen Chaoju Group or its designated person directly holds all the equity interests in Xiamen Chaoju Hospital Management, and all of Xiamen Xinkangnuo's equity interests in Xiamen Chaoju Hospital Management or all of the assets of Xiamen Chaoju Hospital Management attributable to Xiamen Xinkangnuo are transferred to Xiamen Chaoju Group pursuant to applicable PRC laws and regulations; or (iv) Xiamen Chaoju Group unilaterally terminates the agreements.

The then PRC Legal Advisors of the Company advised the Company that the Exclusive Option Agreements are legal, valid and binding on the parties, except for the provisions that (i) an arbitral body may grant injunctive relief or directly issue liquidation order against Xiamen Chaoju Group; and (ii) interim remedies or enforcement order may be granted by overseas courts such as the courts of Hong Kong and the Cayman Islands, which may not be enforceable under PRC laws.

(3) Shareholders' Rights Entrustment Agreements and Powers of Attorney

On September 30, 2020, Xiamen Chaoju Group, Xiamen Xinkangnuo, the Registered Shareholders and Xiamen Chaoju Hospital Management entered into the shareholders' rights entrustment agreement (the "**Shareholders' Rights Entrustment Agreement**") and the powers of attorney executed by the Registered Shareholders and Xiamen Xinkangnuo (the "**Powers of Attorney**") in favor of Xiamen Chaoju Group (and its successors or liquidators) (the "**Attorney**").

Pursuant to the Shareholders' Rights Entrustment Agreements and the Powers of Attorney, (i) the Registered Shareholders irrevocably agree to authorize the Attorney to exercise all the shareholders' rights as a shareholder of Xiamen Xinkangnuo (as applicable); and (ii) Xiamen Xinkangnuo irrevocably agrees to authorize the Attorney to exercise all of its rights and powers of a shareholder of Xiamen Chaoju Hospital Management with 30% equity interest, including the rights to vote in a shareholders' meeting, sign minutes, and file documents with the relevant companies registry. As Xiamen Chaoju Group is a subsidiary of the Company, the terms of the Shareholders' Rights Entrustment Agreements and the Powers of Attorney will give the Company control over all corporate decisions of Xiamen Chaoju Hospital Management, and 100% equity interests of Xiamen Xinkangnuo and Xiamen Chaoju Hospital Management.

Shareholders' Rights Entrustment Agreements shall become effective from September 30, 2020. Each of the Powers of Attorney has an indefinite term and a termination provision which stipulates that unless otherwise required by applicable PRC laws and regulations, none of the parties to the agreement (except Xiamen Chaoju Group) is entitled to unilaterally terminate it.

Each of the Shareholders' Rights Entrustment Agreements may only be terminated in the event that (i) continued performance of the obligations of the agreements will result in violation of or non-compliance with the applicable PRC laws and regulations, the Listing Rules or the requirements of the Stock Exchange; (ii) Xiamen Chaoju Group or its designated person directly holds all the equity interests in Xiamen Xinkangnuo, and all of the Registered Shareholders' equity interests in Xiamen Xinkangnuo or all of the assets of Xiamen Xinkangnuo attributable to the Registered Shareholders are transferred to Xiamen Chaoju Group pursuant to applicable PRC laws and regulations; (iii) Xiamen Chaoju Group or its designated person directly holds all the equity interests in Xiamen Chaoju Hospital Management, and all of Xiamen Xinkangnuo's equity interests in Xiamen Chaoju Hospital Management or all of the assets of Xiamen Chaoju Hospital Management attributable to Xiamen Xinkangnuo are transferred to Xiamen Chaoju Group pursuant to applicable PRC laws and regulations; or (iv) Xiamen Chaoju Group unilaterally terminates the agreements.

(4) Equity Pledge Agreements

On September 30, 2020, Xiamen Xinkangnuo, Xiamen Chaoju Group, the Registered Shareholders and Xiamen Chaoju Hospital Management entered into equity pledge agreements (the "**Equity Pledge Agreements**"). Pursuant to the Equity Pledge Agreements, (i) the Registered Shareholders agree to pledge all of their respective equity interests in Xiamen Xinkangnuo; and (ii) Xiamen Xinkangnuo agrees to pledge all of its equity interests in Xiamen Chaoju Hospital Management to Xiamen Chaoju Group to secure performance of all their obligations and the obligations of Xiamen Chaoju Hospital Management under the Exclusive Option Agreements, the Shareholders' Rights Entrustment Agreements, the Powers of Attorney and the Equity Pledge Agreements underlying the Contractual Arrangements.

If Xiamen Chaoju Hospital Management and Xiamen Xinkangnuo declare any dividend during the term of the pledge, Xiamen Chaoju Group is entitled to receive all dividends or other income arising from the pledged equity interests, if any. In case of any breach of obligations by any of Xiamen Xinkangnuo, the Registered Shareholders and Xiamen Chaoju Hospital Management, Xiamen Chaoju Group, upon issuing a written notice to the Registered Shareholders or Xiamen Xinkangnuo, will be entitled to all remedies available in the Contractual Arrangements including but not limited to disposing of the pledged equity interests.

In addition, pursuant to the Equity Pledge Agreements, the Registered Shareholders and Xiamen Xinkangnuo undertake to Xiamen Chaoju Group, among other things, not to transfer their pledged equity interests and not to create or allow any pledge or encumbrance thereon that may affect the rights and interest of Xiamen Chaoju Group without its prior written consent. Xiamen Xinkangnuo and Xiamen Chaoju Hospital Management undertake to Xiamen Chaoju Group, among other things, not to consent to any transfer the pledged equity interests or to create or allow any pledge or encumbrance thereon without Xiamen Chaoju Group's prior written consent.

The pledges in respect of Xiamen Xinkangnuo and Xiamen Chaoju Hospital Management take effect upon the completion of registration with the relevant administration for industry and commerce and the Company has registered the equity pledges contemplated under the Equity Pledge Agreements with the relevant PRC legal authority pursuant to PRC laws and regulations.

The Equity Pledge Agreements became effective from September 30, 2020. Each of the Equity Pledge Agreements has an indefinite term and a termination provision which stipulates that unless otherwise required by applicable PRC laws and regulations, none of the parties to the agreement (except Xiamen Chaoju Group) is entitled to unilaterally terminate it.

Each of the Equity Pledge Agreements may only be terminated in the event that: (i) continued performance of the obligations of the agreements will result in violation of or non-compliance with the applicable PRC laws and regulations, the Listing Rules or the requirements of the Stock Exchange; (ii) Xiamen Chaoju Group or its designated person directly holds all the equity interests in Xiamen Xinkangnuo, and all of the Registered Shareholders' equity interests in Xiamen Xinkangnuo or all of the assets of Xiamen Xinkangnuo attributable to the Registered Shareholders are transferred to Xiamen Chaoju Group pursuant to applicable PRC laws and regulations; (iii) Xiamen Chaoju Group or its designated person directly holds all the equity interests in Xiamen Chaoju Hospital Management, and all of Xiamen Xinkangnuo's equity interests in Xiamen Chaoju Hospital Management or all of the assets of Xiamen Chaoju Hospital Management attributable to Xiamen Xinkangnuo are transferred to Xiamen Chaoju Group pursuant to applicable PRC laws and regulations; or (iv) Xiamen Chaoju Group unilaterally terminates the agreements.

(5) Spouse Undertakings

The spouses of each of the Registered Shareholders has signed an undertaking (the "**Spouse Undertakings**") to the effect that (i) the respective interests of the Registered Shareholders in Xiamen Xinkangnuo (together with any other interests therein) do not fall within the scope of joint possession; and (ii) each of the spouses has no right to or control over such interests of the respective persons and will not have any claim on such interests.

The then PRC Legal Advisors are of the view that (i) the above arrangements provide protection to the Group even in the event of death or divorce of the Registered Shareholders and; (ii) the death or divorce of such shareholder would not affect the validity of the Contractual Arrangements, and Xiamen Chaoju Group or the Company can still enforce their right under the Contractual Arrangements against the Registered Shareholders and their successors.

Business Activities and Financial Contribution of the VIE Hospitals

The VIE Hospitals are principally engaged in providing ophthalmic medical services. The Group owns 70% equity interest in each of the VIE Hospitals and as a result of the Contractual Arrangements, the Group has obtained control of the remaining equity interest of the VIE Hospitals through Xiamen Xinkangnuo. As such, the Company is entitled to receive substantially all of the economic interest returns generated by the VIE Hospitals. The following table sets forth the revenue and assets of the VIE Hospitals subject to the Contractual Arrangements during the Reporting Period:

	For the year ended December 31, 2024		As at December 31, 2024	
	Revenue	% of total revenue	Total assets	% of total assets
	(RMB in thousands, except percentages)			
VIE Hospitals	**1,209,780**	**86.1**	**710,372**	**24.7**

Governing Framework

On March 15, 2019, the National People's Congress (the "**NPC**") adopted the Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法》) (the "**FIL**") at the closing meeting of the second session of the 13th SCNPC. The FIL took effect on January 1, 2020 and replaced the Law of the People's Republic of China on Sino-Foreign Equity Joint Ventures《(中華人民共和國中外合資經營企業法》), the law on Sino-Foreign Contractual Joint Ventures of the PRC《(中華人民共和國中外合作經營企業法》) and the Wholly Foreign-Owned Enterprises of the PRC《(中華人民共和國外資企業法》), became the legal foundation for foreign investment in the PRC. On December 26, 2019, the General Office of the State Council promulgated the Regulations on the Implementation of the Foreign Investment Law《(中華人民共和國外商投 資法實施條例》) (the "**FIL Implementing Regulation**"), which came into effect on January 1, 2020.

Conducting operations through contractual arrangements has been adopted by many PRC-based companies, and has been adopted by the Company in the form of the Contractual Arrangements, to establish control of Xiamen Chaoju Hospital Management and its subsidiaries operating in the PRC, through which the Group operates its business in the PRC. The FIL stipulates four forms of foreign investment, but does not mention concepts "actual control", nor does it explicitly stipulate the contractual arrangements as a form of foreign investment. Besides, it does not explicitly prohibit or restrict a foreign investor to rely on contractual arrangements to control the majority of its business that is subject to foreign investment restrictions or prohibitions in the PRC. Provided that no additional laws, administrative regulations, departmental rules or other regulatory documents on contractual arrangements has been issued and enacted, the coming into effect of the FIL does not, by itself, have any material adverse operational and financial impact on the legality and validity of the Company's Contractual Arrangements.

Furthermore, the FIL stipulates that foreign investment includes "foreign investors invest in China through any other methods under laws, administrative regulations or provisions prescribed by the State Council". Although its implementing rules do not expressly stipulate the contractual arrangements as a form of foreign investment, there are possibilities that future laws, administrative regulations or provisions may regard contractual arrangements as a form of foreign investment, at which time it will be uncertain whether the Contractual Arrangements will be deemed to be in violation of the foreign investment access requirements and how the above-mentioned Contractual Arrangements will be handled. Therefore, there is no guarantee that the Contractual Arrangements and the business of the VIE Hospitals will not be materially and adversely affected in the future due to changes in PRC laws and Regulations. In the event that such measures are not complied with, the Stock Exchange may take enforcement actions against the Group which may have a material adverse effect on the trading of the Shares.

Risks in relation to the Contractual Arrangements and Actions Taken to Reduce Risks

There are the certain risks that are associated with the Contractual Arrangements, including:

(1) If the PRC government finds that the Contractual Arrangements do not comply with applicable PRC laws and regulations, or if these regulations or their interpretations change in the future, the Group could be subject to penalties or be forced to relinquish the economic interests in those operations;

(2) Certain provisions in the Contractual Arrangements through which the Group is entitled to corresponding economic interests in its operations in China may not be enforceable under PRC laws;

(3) Substantial uncertainties exist with respect to the interpretation and implementation of the FIL, its implementation regulations and how they may impact the viability of the Group's current corporate structure, business, financial condition and results of operations;

(4) The Contractual Arrangements may not be as effective in securing full economic benefits from the Group's ophthalmic medical services business as direct ownership, and relevant parties may fail to perform their obligations under the Contractual Arrangements;

(5) The Registered Shareholders may potentially have a conflict of interest with the Group, which may materially and adversely affect the Group's business and operations;

(6) If the Group exercises the option to acquire the equity interest in Xiamen Xinkangnuo or Xiamen Chaoju Hospital Management, the equity transfer may subject the Group to certain limitations and substantial costs; and

(7) The Contractual Arrangements may be subject to scrutiny by the PRC tax authorities, and any finding that the Group owes additional taxes could substantially reduce the Group's consolidated net income and the value of the Shares.

For details, please refer to the section headed "Risk Factors – Risks Relating to Our Corporate Structure and Contractual Arrangements" of the Prospectus.

The Group has adopted the following measures to ensure the effective operation with the implementation and compliance of the Contractual Arrangements:

(1) Major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to the Board, if necessary, for review and discussion on an occurrence basis;

(2) The Board will review the overall performance of and compliance with the Contractual Arrangements at least once a year; and

(3) The Company will disclose the overall performance and compliance with the Contractual Arrangements in its annual reports and interim reports to update the Shareholders and potential investors.

In addition, the Company believes that its Directors are able to perform their roles in the Group independently and the Group is capable of managing its business independently under the following measures:

(1) The decision-making mechanism of the Board as set out in the Articles of Association includes provisions to avoid conflict of interest by providing, among others, that in the event of conflict of interest in any contract or transaction calling for vote, the Director who is so interested shall declare the nature of his or her interest at the earliest time before or at meeting of the Board at which it is practicable for him or her to do so, and if he or she is to be regarded as having material interest in any contracts or arrangements, such Director shall abstain from voting and not be counted in the quorum;

(2) Each of the Directors is aware of his or her fiduciary duties as a Director which requires, among others, that he or she acts for the benefits and in the best interests of the Group;

(3) The Company will appoint four independent non-executive Directors, comprising one-third of the Board, to provide a balance of the number of interested and independent Directors with a view to promoting the interests of the Company and the Shareholders as a whole; and

(4) The Group will disclose in its announcements, circulars and annual and interim reports in accordance with the requirements under the Listing Rules regarding decisions on matters reviewed by the Board (including independent non-executive Directors) relating to any business or interest of each Director and his/her associates that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

The Board reviews the implementation and effectiveness of the above mechanism on an annual basis.

Listing Rules Implications and Waivers from the Stock Exchange

Mr. Zhang Bozhou, an executive Director, the chief executive officer and one of the Controlling Shareholders, Ms. Zhang Xiaoli, an executive Director and one of the Controlling Shareholders, Mr. Zhang Junfeng, an executive Director and one of the Controlling Shareholders, Mr. Zhang Fengsheng, one of the Controlling Shareholders, and Ms. Zhang Yumei, one of the Controlling Shareholders, are connected persons of the Company pursuant to Rule 14A.07(1) of the Listing Rules. Therefore, the transactions contemplated under the Contractual Arrangements constitute continuing connected transactions of the Company under the Listing Rules.

The Directors (including the independent non-executive Directors) are of the view that the Contractual Arrangements and the transactions contemplated thereunder are fundamental to the legal structure and business of the Group, that such transactions have been and will be entered into in the ordinary and usual course of business of the Group, are on normal commercial terms or better and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements and any new transactions, contracts and agreements related thereto or renewal of existing transactions, contracts and agreements to be entered into, among others, by the Registered Shareholders, Xiamen Xinkangnuo and any member of the Group (the "**New Intergroup Agreements**") technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, the Directors consider that, given that the Group is placed in a special situation in relation to the connected transactions rules under the Contractual Arrangements, it would be unduly burdensome and impracticable, and would add unnecessary administrative costs to the Company if such transactions are subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules, including, among others, announcement, circular and independent Shareholders' approval requirements.

In respect of the Contractual Arrangements, the Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with (i) the announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Contractual Arrangements pursuant to Rule 14A.105 of the Listing Rules; (ii) the requirement of setting an annual cap for the transactions under the Contractual Arrangements under Rule 14A.53 of the Listing Rules; and (iii) the requirement of limiting the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules, for so long as the Shares are listed on the Stock Exchange, subject however to the following conditions:

(1) No change to the Contractual Arrangements will be made without the approval of the independent non-executive Directors.

(2) No change to the agreements governing the Contractual Arrangements will be made without the independent Shareholders' approval.

(3) The Contractual Arrangements shall continue to enable the Group to receive the economic benefits derived by Xiamen Xinkangnuo through: (i) the Group's option (if and when so allowed under the applicable PRC laws) to acquire all or part of the entire equity interests and assets of Xiamen Xinkangnuo and Xiamen Chaoju Hospital at a consideration which shall be the lowest price as permitted under applicable PRC laws; (ii) the business structure under which the profit generated by Xiamen Xikangnuo is substantially retained by the Group, such that no annual cap shall be set on the amount of service fees payable to Xiamen Chaoju Group by Xiamen Xinkangnuo under the Exclusive Operation Services Agreement; and (iii) the Group's right to control the management and operation of, as well as the substance of, all of the voting rights of Xiamen Chaoju Hospital Management and Xiamen Xinkangnuo.

(4) On the basis that the Contractual Arrangements provide an acceptable framework for the relationship between the Company and the subsidiaries in which the Company has direct shareholding, on one hand, Xiamen Xinkangnuo, on the other hand, that framework may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign owned enterprise or operating company (including branch company) engaging in the same business as that of the Group which the Group might wish to establish when justified by business expediency, without obtaining the approval of the Shareholders, on substantially the same terms and conditions as the existing Contractual Arrangements.

(5) The Group will disclose details relating to the Contractual Arrangements on an on-going basis.

Annual Review by the Independent Non-executive Directors and the Auditors

The independent non-executive Directors, upon review of the overall performance of and compliance with the Contractual Arrangements, confirmed that:

(1) The transactions carried out during such year have been entered into in accordance with the relevant provisions of the Contractual Arrangements;

(2) No dividends or other distributions have been made by Xiamen Xinkangnuo to the holder of its equity interest which are not otherwise subsequently assigned or transferred to the Group;

(3) No dividends or other distributions have been made by the Xiamen Chaoju Hospital Management to Xiamen Xinkangnuo which are not otherwise subsequently assigned or transferred to the Group; and

(4) Any new contracts entered into, renewed or reproduced between the Group and Xiamen Xinkangnuo during the relevant financial period are fair and reasonable, or advantageous to the Shareholders, so far as the Group is concerned and in the interests of the Company and the Shareholders as a whole.

The independent auditors of the Group has carried out review procedures on the transactions carried out pursuant to the Contractual Arrangements during the year ended December 31, 2024 and has provided a letter to the Board confirming that:

(1) The transactions have received the approval of the Directors, have been entered into in accordance with the relevant Contractual Arrangements;

(2) No dividends or other distributions have been made by Xiamen Xinkangnuo to the holder of its equity interest which are not otherwise subsequently assigned to the Group; and

(3) No dividends or other distributions have been made by the Xiamen Chaoju Hospital Management to Xiamen Xinkangnuo which are not otherwise subsequently assigned or transferred to the Group.

Xiamen Xinkangnuo has undertaken that, for so long as the Shares are listed on the Stock Exchange, Xiamen Xinkangnuo will provide the Group's management and the Company's reporting accountants' full access to its relevant records for the purpose of their review of the continuing connected transactions.

Material Changes

Save as disclosed above, there were no other new contractual arrangements entered into, renewed and/or reproduced between the Group and the VIE Hospitals during the Reporting Period. There was no material change in the Contractual Arrangements and/or the circumstances under which they were adopted during the Reporting Period.

During the Reporting Period, none of the Contractual Arrangements had been unwound on the basis that none of the restrictions that led to the adoption of the Contractual Arrangements had been removed. As at December 31, 2024, the Company had not encountered interference or encumbrance from any PRC governing bodies in operating its businesses through its VIE Hospitals under the Contractual Arrangements.

Connected Transactions

The Group entered into certain connected transactions with connected persons of the Company. Details of the connected transactions of the Company subsisted or conducted in 2024 which are required to be disclosed herein under the Listing Rules, are as follows:

On April 15, 2024, a series of transactions were entered into between the Group and certain connected persons of the Company, the details of which are set out below:

(I) Baotou Hospital, a subsidiary of the Company, entered into the Tenancy Agreement I with Baotou Chaoju to lease the Premises I for a term commencing from April 15, 2024 to December 31, 2029 for use as Myopia prevention popularization hall and preparation room. The annual rent payable for leasing the Premises I is RMB1,197,632.89 (RMB527.37/m^2 x 2,270.97m^2 (rounded number)) (tax included). The rent shall be paid one-off in a total amount of RMB6,844,554.00 within ten days of the date of the Tenancy Agreement I, which is for the whole rental period.

(II) Chaoju Medical Technology, a subsidiary of the Company, entered into the Tenancy Agreement II with Baotou Chaoju to lease the Premises II for a term commencing from April 15, 2024 to December 31, 2029 for use as Students' dormitory. The annual rent payable for leasing the Premises II is RMB340,933.73 (RMB401.50/m^2 x 849.15m^2 (rounded number)) (tax included). The rent shall be paid one-off in a total amount of RMB1,948,459.59 within ten days of the date of the Tenancy Agreement II, which is for the whole rental period.

(III) Chaoju Medical Technology entered into the Tenancy Agreement III with Baotou Chaoju to lease the Premises III for a term commencing from April 15, 2024 to December 31, 2029 for holding teaching and training activities. The annual rent payable for leasing the Premises III is RMB1,645,222.90 (RMB563.86/m^2 x 2,917.80m^2 (rounded number)) (tax included). The rent shall be paid one-off in a total amount of RMB9,402,561.56 within ten days of the date of the Tenancy Agreement III, which is for the whole rental period.

(IV) Jiaxing Hospital, a subsidiary of the Company, entered into the Tenancy Agreement IV with Mr. Zhang Bozhou to lease the Premises IV for a term commencing from August 29, 2024 to December 31, 2029 for operation of eye hospital. The annual rent payable for leasing the Premises IV is RMB555,126.00 (RMB416.18/m^2 x 1,333.85m^2 (rounded number)) (tax included). The rent shall be paid annually at the end of each year.

(V) Jiaxing Hospital entered into the Tenancy Agreement V with Ms. Zhang Xiaoli to lease the Premises V for a term commencing from August 29, 2024 to December 31, 2029 for operation of eye hospital. The annual rent payable for leasing the Premises V is RMB389,843.30 (RMB416.18/m^2 x 936.71m^2 (rounded number)) (tax included). The rent shall be paid annually at the end of each year.

Baotou Chaoju is owned as to 30% and 30% by Mr. Zhang Bozhou and Ms. Zhang Xiaoli, respectively, and Mr. Zhang Bozhou and Ms. Zhang Xiaoli are each an executive Director and a controlling shareholder of the Company, Baotou Chaoju, Mr. Zhang Bozhou and Ms. Zhang Xiaoli are connected persons of the Company. Accordingly, the transactions under the Tenancy Agreements constitute one-off connected transactions of the Company under Chapter 14A of the Listing Rules.

For further details of the connected transactions, please refer to the announcement of the Company dated April 15, 2024.

RELATED PARTY TRANSACTIONS

Save as disclosed above, none of the other related party transactions as disclosed in note 38 to the financial statements constituted connected transactions or continuing connected transactions which are required to be disclosed in accordance with the Listing Rules. The Company has complied with the disclosure requirements of Chapter 14A of Listing Rules in respect of the connected transactions and continuing connected transactions.

NON-COMPETITION UNDERTAKINGS

As disclosed in the Prospectus, the Group's Controlling Shareholders have executed the deed of non-competition (the "**Deed of Non-competition**") in favor of the Company on January 4, 2021. Pursuant to the Deed of Non-competition, the Controlling Shareholders and/or their respective close associates (other than members of the Group) have confirmed that as at the date of the Deed of Non-competition, neither of the Controlling Shareholders or their respective close associates (other than members of the Group) had, in any form, engaged in, assisted or supported any third party in the operation of, participated, or had any interest in, any business that, directly or indirectly, competes or will compete or may compete with the business carried on or contemplated to be carried on by any member of the Group from time to time, including ophthalmic services, and hospital management business.

Each of them has confirmed in writing to the Company of their compliance with the Deed of Non-competition for disclosure in this report for the year ended December 31, 2024. No new business opportunity was informed by them as at December 31, 2024.

The independent non-executive Directors have reviewed the implementation of the Deed of Non-competition and are of the view that the non-competition undertakings have been complied with for the year ended December 31, 2024.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the laws of Cayman Islands that would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

CONTRACTS OF SIGNIFICANCE WITH CONTROLLING SHAREHOLDERS

To the best knowledge of the Directors, no contract of significance, including for the provision of services, has been entered into among the Company or any of its subsidiaries and the Controlling Shareholders or any of their subsidiaries during the Reporting Period.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period.

DONATIONS

The Group made charitable and other donations totaling approximately RMB4.1 million for the year ended December 31, 2024.

SIGNIFICANT LEGAL PROCEEDINGS

For the year ended December 31, 2024, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatening against the Company.

PERMITTED INDEMNITY PROVISIONS

In accordance with Article 192 of the Articles of Associations, the Directors and senior management of the Company shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts, except such (if any) as they shall incur or sustain through their own fraud or dishonesty.

The Company has maintained directors' liability insurance to protect the Directors against any potential losses arising from his/her actual or alleged misconduct, except such (if any) as he/she incurred or sustained through their own fraud or dishonesty.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance practices. Information on the corporate governance practices adopted by the Company is set out in the section headed "Corporate Governance Report" in this report.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and to the best knowledge of the Directors, at least 25% of the Company's total issued Shares, the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under the Listing Rules, was held by the public at all times during the year ended December 31, 2024 and as at the date of this report.

AUDIT COMMITTEE

The Audit Committee has, together with the management and auditor of the Company, reviewed the accounting principles and policies adopted by the Group and the consolidated financial statements for the year ended December 31, 2024.

AUDITOR

The Company has appointed Ernst & Young as the auditor of the Company for the year ended December 31, 2024. A resolution will be proposed for approval by Shareholders at the forthcoming AGM to re-appoint Ernst & Young as the auditor of the Company.

There has been no change in auditor of the Company since the Listing Date.

By order of the Board
Zhang Bozhou
Chairman
The PRC, March 26, 2025

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the corporate governance report of the Company for the year ended December 31, 2024.

CORPORATE STRATEGY, BUSINESS MODEL AND CULTURE

Since its inception, the Group adheres to the vision of "Being a Leader of Happy Ophthalmic Healthcare" (成為全球快樂眼健康引領者) and has been providing its patients with a safe, reassuring and pleasant ophthalmic medical experience with the aid of effective medical equipment and technology as well as professional, caring and considerate services.

Details of the corporate strategy, business model and culture of the Group are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report, as well as the 2024 environmental, social and governance report of the Company which is published separately.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code as set out in Appendix C1 "Corporate Governance Code" to the Listing Rules as its own code of corporate governance. During the year ended December 31, 2024, save for such provision addressed below, the Company has complied with all applicable code provisions and principles as set out in the CG Code to enable the Shareholders to evaluate how the principles of corporate governance have been applied.

On May 19, 2020, Mr. Zhang Bozhou was appointed as an executive Director, chairman of the Board and chief executive officer of the Company. Since then, Mr. Zhang Bozhou assumes the dual role as the chairman of the Board and the chief executive officer of the Company. Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Board believes that vesting the roles of the chairman and chief executive officer in Mr. Zhang Bozhou is beneficial to the management of the Group and will improve the efficiency of the Group's decision making and executive process given Mr. Zhang Bozhou's knowledge in the Group's affairs. Further, the Group has put in place an appropriate check-and-balance mechanism through the Board and the independent non-executive Directors. In light of the above, the Board considers such structure will not impair the balance of power and authority between the Board and the management of the Group and the deviation from code provision C.2.1 of the CG Code is appropriate in the circumstances of the Group.

The Board will continue to review its corporate governance structure and practices from time to time and shall make necessary arrangement when the Board considers appropriate.

CORPORATE GOVERNANCE AND ENVIRONMENTAL, SOCIAL AND GOVERNANCE (THE "ESG")

Corporate governance and the ESG are intrinsically linked, both help us to retain a healthy business and also aid the Company's efforts to develop control mechanisms, promote satisfaction, appease stakeholders and shareholders and ultimately increase shareholder value.

The Group recognizes that implementing good corporate governance and maintaining sustainable growth is the key to success in the current competitive business environment. The Group is keen to monitor and respond to changes in its business and the external environment, the Group is also committed to maintaining high standards of corporate governance for safeguarding the interests of the Shareholders and adopts various measures and procedures regarding the strengthening its management, cultivating organic growth and promoting environmental protection, occupational health and safety. The Company will issue separately an Environmental, Social and Governance Report which in line with the Environmental, Social and Governance Reporting Guide as set out in Appendix C2 to the Listing Rules. For further details, please refer to the the Environmental, Social and Governance Report.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding dealings in the securities of the Company by the Directors, senior management members, and employees who, because of his/her office or employment, is likely to possess inside information in relation to the Group or the Company's securities.

Having made specific enquiries of all Directors, each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code during the year ended December 31, 2024 and up to the date of this report. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management members or relevant employees of the Group during the year ended December 31, 2024.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Since May 19, 2020 and up to the date of this report, each of the chairman of the Board and the chief executive officer of the Company has been Mr. Zhang Bozhou.

For further details on the compliance with code provision C.2.1 of the CG Code, please refer to the section headed "Corporate Governance Practices" in this report.

THE BOARD

Board Composition

As at the date of this report, the Board comprises four executive Directors, three non-executive Directors and four independent non-executive Directors as follows:

Executive Directors

Mr. Zhang Bozhou *(Chairman and Chief Executive Officer)*
Ms. Zhang Xiaoli
Mr. Zhang Junfeng
Mr. Zhang Guangdi

Non-executive Directors

Mr. Richard Chen Mao
Mr. Li Zhen
Ms. Zhang Li

Independent Non-executive Directors

Mr. He Mingguang
Ms. Guo Hongyan
Mr. Li Jianbin
Mr. Bao Shan

The biographies of the Directors are set out under the section headed "Directors and Senior Management" in this report.

Save as disclosed in the Directors' biographies set out in the section headed "Directors and Senior Management" in this report, none of the Directors have any personal relationship (including financial, business, family or other material or relevant relationship) with any other Director and chief executive officer.

Board Independence

The Company has put in place an internal mechanism to ensure independent views and input are available to the Board, including but not limited to appointment of sufficient number of independent non-executive Directors, strict compliance with the independence assessment criteria for the election and appointment of them, annual assessment of their independence, the abstention mechanism for voting on relevant resolutions of the Board by related independent non-executive Directors, access to external independent professional advice at the Company's expense. The implementation and effectiveness of the mechanism are reviewed on an annual basis. The Board considers that such mechanism had been implemented properly and effectively for the year ended December 31, 2024.

Independent Non-executive Directors

During the year ended December 31, 2024, the Board has at all times met the requirements under Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

For the year ended December 31, 2024, the Company has also complied with Rule 3.10A of the Listing Rules relating to the appointment of independent non-executive Directors representing at least one-third of the Board.

The Company has received from each of its independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. Having regard to the criteria under Rule 3.13 of the Listing Rules and the confirmations received, the Company considers the independent non-executive Directors to be independent.

Appointment, Resignation and Re-election of Directors

Details of the Directors' service contracts and letters of appointment are set out in the section headed "Directors' Report – Directors' Service Contracts and Letters of Appointment" in this report.

In accordance with Article 109(a) of the Articles of Association, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. The Company at the general meeting at which a Director retires may fill the vacated office.

In accordance with Article 109(b) of the Articles of Association, the Directors to retire by rotation shall include (so far as necessary to obtain the number required) any Director who wishes to retire and not to offer himself for re-election. Any Director who has not been subject to retirement by rotation in the three years preceding the annual general meeting shall retire by rotation at such annual general meeting. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.

Accordingly, Ms. Zhang Xiaoli, Mr. Zhang Junfeng, Mr. Richard Chen Mao and Mr. Li Zhen shall retire from office by rotation at the forthcoming AGM and, being eligible, will offer themselves for re-election at the AGM.

The Nomination Committee has reviewed and assessed the background, expertise, experience and time commitment of the retiring Directors according to the nomination policy of the Company, taking into account various aspects set out in the board diversity policy of the Company including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

The Nomination Committee is of the view that the working profile and knowledge in the business and the Group of Ms. Zhang Xiaoli, Mr. Zhang Junfeng, Mr. Richard Chen Mao and Mr. Li Zhen will continue to bring contribution to the Board and they have performed their duties as Directors effectively. Hence, The Nomination Committee has nominated and the Board has recommended Ms. Zhang Xiaoli, Mr. Zhang Junfeng, Mr. Richard Chen Mao and Mr. Li Zhen to stand for re-election at the forthcoming AGM.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by managing and supervising its affairs. Directors of the Board take decisions objectively in the interests of the Company and the Shareholders.

All Directors, including the independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

All Directors have full and timely access to all the information of the Company as well as the services and advice from the senior management of the Company. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his responsibilities to the Company.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management.

The Company has arranged appropriate insurance cover to protect Directors from possible legal action against them.

Remuneration of Directors and Senior Management

The Company is not aware of any arrangement under which a director has waived or agreed to waive any emoluments.

Details of the remuneration of the members of the Board for the year ended December 31, 2024 are set out in note 9 to the consolidated financial statements in this report.

The remuneration of the senior management members of the Company by bands during the year ended December 31, 2024 are set out below:

Remuneration Bands	Number of individuals
HK$1,000,001 to HK$1,500,000	–
HK$1,500,001 to HK$2,000,000	1
HK$2,000,001 to HK$2,500,000	3
HK$2,500,001 to HK$3,000,000	1

The Company's remuneration policy is to ensure that the remuneration offered to employees, including Directors and senior management, is based on skill, knowledge, responsibilities and involvement in the Company's affairs. The remuneration packages of executive Directors are also determined with reference to the Company's performance and profitability, the prevailing market conditions and the performance or contribution of each executive Director. The remuneration for the executive Directors comprises salaries, allowances, benefits in kind, performance-related bonuses and pension scheme contributions. The remuneration policy for non-executive Directors and independent non-executive Directors is to ensure that non-executive Directors and independent non-executive Directors are adequately compensated for their efforts and time dedicated to the Company's affairs, including their participation in Board committees. The remuneration for the non-executive Directors and independent non-executive Directors mainly comprises Director's fee which is determined with reference to their duties and responsibilities by the Board. Individual Directors and senior management have not been involved in deciding their own remuneration.

Continuous Professional Development of Directors

Directors shall keep abreast of responsibilities as a Director and of the conduct, business activities and development of the Company.

Every newly appointed Director will receive formal and comprehensive introduction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of directors' responsibilities and obligations under the Listing Rules and relevant statutory requirements.

All Directors are provided with monthly regular giving a balanced and understandable assessment of the Group's performance, financial position and prospects to keep the Directors' abreast of the Group's affairs in order to discharge their duties. All Directors are also updated from time to time on major changes/material developments in the laws, rules and regulations applicable to the Company.

Directors are encouraged by the Company to participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. All Directors are encouraged by the Company to attend relevant training courses at the Company's expenses.

For the year ended December 31, 2024, all Directors have been provided with the relevant guideline materials regarding the duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors and duty of disclosure of interests. All Directors have provided to the Company records indicating that they have received required training.

Name of Directors	Nature of continuous professional development programmes
Executive Directors	A&B
Mr. Zhang Bozhou *(Chairman and Chief Executive Officer)*	A&B
Ms. Zhang Xiaoli	A&B
Mr. Zhang Junfeng	A&B
Mr. Zhang Guangdi	A&B
Non-executive Directors	
Mr. Richard Chen Mao	A&B
Mr. Li Zhen	A&B
Ms. Zhang Li	A&B
Independent Non-executive Directors	
Mr. He Mingguang	A&B
Ms. Guo Hongyan	A&B
Mr. Li Jianbin	A&B
Mr. Bao Shan	A&B

Notes:

A: Attending training relevant to the Company's business conducted by lawyers

B: Reading materials relevant to corporate governance, directors' duties and responsibilities, listing rules and other relevant ordinances.

Board Diversity Policy

The Company has adopted a board diversity policy (the "**Board Diversity Policy**") which sets out the objective and approach to achieve and maintain diversity of the Board in order to enhance the effectiveness of the Board. Pursuant to the Board Diversity Policy, the Company seeks to achieve diversity of the Board through the consideration of a number of factors when selecting candidates to the Board, including but not limited to professional experience, skills, knowledge, gender, age, cultural and education background, ethnicity and length of service.

The Directors have a balanced mix of gender, knowledge and skills, including in management, strategic development, business development, sales, research and development, investment management, finance and risk management. The Directors also obtained degrees in various majors including clinical medicine, public health, business administration, financial management, finance, economics, accounting and laws. As at the date of this report, the Board comprises three female and eight male Directors ranging from 32 years old to 64 years old with experiences from different industries and sectors. The Nomination Committee considered that the Board has achieved gender diversity and possessed befitted skills and expertise and a diverse mix appropriate for the business of the Company. The Nomination Committee will review the composition and diversity of the Board on a regular basis to ensure the continuing effectiveness of the Board Diversity Policy.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

As at December 31, 2024, the share of female employees (including senior management) at the Group is 75.6% and the share of male employees is 24.3%. The Board considered the Group's achievement in gender diversity with its workforce satisfactory. The Company will continue to devote efforts in maintaining at least one-third of the Group's management roles be held by women, with a view to create a promising career path for the Group's outstanding female management personnel and to nurture potential female successors to the Board in the future.

The Nomination Committee will monitor the implementation of the Board Diversity Policy and review the Board Diversity Policy from time to time to ensure its continued effectiveness.

BOARD COMMITTEES

During the Reporting Period, the Board has established four committees, namely, the Audit Committee, the Remuneration Committee, the Nomination Committee and the ESG Committee for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are posted on the websites of the Stock Exchange and the Company and are available to Shareholders upon request.

The majority of the members of each Board committee are independent non-executive Directors and the list of the chairman and members of each Board committee is set out under the section headed "Corporate Information" in this report.

Audit Committee

The Audit Committee was established by the Board with specific written terms of reference. The Audit Committee currently consists of Mr. Li Jianbin, Ms. Guo Hongyan and Mr. Bao Shan, being all the independent non-executive Directors and is chaired by Mr. Li Jianbin who possesses appropriate professional accounting qualification as required under the Listing Rules.

The principal duties of the Audit Committee include the following: to assist the Board in reviewing the financial statements, reports and accounts and considering any significant or unusual items raised by the external auditors, reviewing the compliance, accounting policies and financial reporting procedures, supervising the implementation of the internal audit system, advising on the appointment or replacement of external auditors, liaising between the internal audit department and external auditors and reviewing the adequacy and effectiveness of the Company's financial controls, risk management and internal control systems. There has been no disagreement between the Board and the Audit Committee on appointment of external auditor as at the date of this report.

During the Reporting Period, the Audit Committee held 2 meetings and met the Company's external auditors to discuss and consider the following matters:

- reviewed the interim results and interim reports of the Company and its subsidiaries for the six months ended June 30, 2024 and the annual results and annual reports of the Company and its subsidiaries for the year ended December 31, 2023. The Audit Committee has been provided with sufficient resources to discharge its duties and has access to independent professional advice;

- reviewed the Company's annual audit plan and discussed with the external auditors the nature and scope of the audit and reporting obligations; and

- reviewed the financial control system, compliance procedures, risk management and internal control systems of the Company.

Remuneration Committee

The Remuneration Committee was established by the Board with specific written terms of reference. The Remuneration Committee currently consists of two independent non-executive Directors, being Mr. Bao Shan, Mr. Li Jianbin, and one executive Director, being Mr. Zhang Bozhou with Mr. Bao Shan acting as the chairman of the Remuneration Committee.

The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages of each Director and senior management, and the remuneration policy and structure for all Directors and senior management; reviewing and approving compensations payable to the Directors and senior management; reviewing the performance of the Directors and senior management; supervising the implementation of the remuneration policies of the Company; approving the terms of executive Directors' service contracts; reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules. In addition to the basic salary, the Company's senior personnel may be granted incentives under the share scheme adopted by the Company. The appraisal spirit of the Remuneration Committee under the Board is strictly implemented adhering to performance orientation by performing appraisal on senior management personnel and the terms of the share schemes on an annual basis.

During the Reporting Period, the Remuneration Committee held 2 meetings to discuss and consider the following matters:

- reviewed the remuneration policy and structure for all Directors and senior management;

- made recommendations to the Board on the remuneration packages of individual executive Directors and senior management;

- reviewed and approving matters relating to share schemes under Chapter 17 of the Listing Rules; and

- assessed the performance of each Director.

Nomination Committee

The Nomination Committee was established by the Board with specific written terms of reference. The Nomination Committee currently consists of two independent non-executive Directors, being Mr. He Mingguang and Mr. Bao Shan, and one executive Director, being Mr. Zhang Bozhou with Mr. Zhang Bozhou acting as the chairman of the Nomination Committee.

The principal duties of the Nomination Committee include reviewing the structure, size and composition of the Board, identifying qualified candidates to become Directors and senior management, making recommendations to the Board on the appointment and succession planning of Directors, monitoring the implementation of the Board Diversity Policy and assessing the independence of independent non-executive Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects set out in the Board Diversity Policy, including but not limited to professional experience, skills, knowledge, gender, age, cultural and education background, ethnicity and length of service. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

The Board has adopted a nomination policy, pursuant to which the Nomination Committee shall assess the suitability and the potential contribution to the Board of a proposed candidate before making a recommendation to the Board. The nomination policy sets out the factors for assessment, including reputation for integrity, skills, qualification and experiences, commitment in respect of availability time and relevant interest; independence of proposed independent non-executive Directors (where applicable); and diversity in all aspects (such as professional experience, skills, knowledge, gender, age, cultural and education background, ethnicity and length of service).

The Nomination Committee shall identify, consider and recommend to the Board appropriate candidates to serve as Directors and to make recommendations to the Shareholders. The ultimate responsibility for selection and appointment of Directors rests with the entire Board. The Nomination Committee may also actively communicate with the Company and understand the Company's true demand for management for the selection of candidates.

During the Reporting Period, the Nomination Committee held 2 meetings to review and assess the implementation of the Board Diversity Policy.

ESG Committee

The ESG Committee was established by the Group with specific written terms of reference. The ESG Committee is currently comprised of two executive Directors, Mr. Zhang Bozhou and Mr. Zhang Guangdi, and three independent non-executive Directors, Mr. He Mingguang, Mr. Li Jianbin and Mr. Bao Shan. The ESG Committee is chaired by Mr. Zhang Bozhou.

The primary functions of the ESG Committee include formulating and reviewing ESG issues and strategies, identifying and monitoring potential ESG risks in daily operations, approving the disclosure of annual ESG reports, and conducting regular reviews and evaluations of objectives. During the Reporting Period, the ESG Committee held one meeting to approve the 2023 Environmental, Social and Governance Report.

Corporate Governance Function

The Board recognizes that corporate governance should be the collective responsibility of the Directors.

The Board reviewed and monitored the Company's corporate governance policies and practices, the training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance with the Model Code and compliance manual applicable to employees and Directors, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

ATTENDANCE RECORDS OF THE BOARD AND BOARD COMMITTEE MEETINGS AND GENERAL MEETINGS

Code provision C.5.1 of the CG Code provides that board meetings should be held at least four times a year at approximately quarterly intervals. Since January 1, 2024 and up to December 31, 2024, four Board meetings and one general meeting were held.

The attendance records of each Director (former and current) at the Board meetings, the Board Committee meetings and the general meeting of the Company held between January 1, 2024 and December 31, 2024 are set out in the table below:

	Attendance/Number of Meetings Entitled to Attend					
Name of Director	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**ESG Committee**	**General Meeting**
Executive Directors						
Mr. Zhang Bozhou *(Chairman and Chief Executive Officer)*	4/4	N/A	2/2	2/2	1/1	1/1
Ms. Zhang Xiaoli	4/4	N/A	N/A	N/A	N/A	1/1
Mr. Zhang Junfeng	4/4	N/A	N/A	N/A	N/A	1/1
Mr. Zhang Guangdi	4/4	N/A	N/A	N/A	1/1	1/1
Non-executive Directors						
Mr. Richard Chen Mao	4/4	N/A	N/A	N/A	N/A	1/1
Mr. Li Zhen	4/4	N/A	N/A	N/A	N/A	1/1
Ms. Zhang Li	4/4	N/A	N/A	N/A	N/A	1/1
Independent Non-executive Directors						
Mr. He Mingguang	4/4	N/A	N/A	2/2	1/1	1/1
Ms. Guo Hongyan	4/4	2/2	N/A	N/A	N/A	1/1
Mr. Li Jianbin	4/4	2/2	2/2	N/A	1/1	1/1
Mr. Bao Shan	4/4	2/2	2/2	2/2	1/1	1/1

During the Reporting Period, the Chairman held three meetings with the independent non-executive Directors without the presence of other Directors.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group for the year ended December 31, 2024.

The management has provided to the Board such explanations and information as are necessary to enable the Board to carry out an informed assessment of the Group's consolidated financial statements, which are put to the Board for approval. The Company provides all members of the Board with updates on the Group's performance, positions and prospects from time to time.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report on pages 89 to 90 of this report.

AUDITOR'S REMUNERATION

An analysis of the remuneration paid to the external auditor of the Company, Ernst & Young, for the year ended December 31, 2024, is set out below:

Type of Services	**Amount** (RMB'000)
Audit services	1,750
Non-audit services	650
Total	**2,400**

The non-audit services for the year ended December 31, 2024 primarily consists of the service of reviewing the interim results for the six months ended June 30, 2024.

RISK MANAGEMENT AND INTERNAL CONTROL

Responsibilities

The Board acknowledges that it is the responsibility of the Board for maintaining an adequate risk management and internal control systems to safeguard shareholder investments and the Company's assets, and the review of the effectiveness of such systems is conducted on an annual basis. The risk management and internal control system and procedures are designed to meet the specific business needs of the Group and minimize the Group's risk exposure, aiming to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatements or loss.

The key elements of the Group's risk management and internal control structure are as follows:

- Well-defined organizational structure with appropriate segregation of duties, limit of authority, reporting lines and responsibilities to minimize the risks of errors and abuse;

- Clear and written policies and procedures have been established and regularly reviewed for major functions and operations;

- a sound risk management procedure, requiring all relevant departments to accurately identify, carefully assess, dynamically monitor and timely respond to risks within the scope of their duties, and perform their responsibility of risk control;

- Continuous monitoring of the key operating data and performance indicators, timely and up-to-date business and financial reporting, and taking immediate corrective actions where necessary; and

- Internal audit function to perform independent appraisal of major operations on a regular basis.

The Group's internal audit department plays a major role in monitoring the internal governance of the Company. The major tasks of the internal audit department are reviewing the financial condition and internal control system of the Company and conducting comprehensive audits of all branches and subsidiaries of the Company on a regular basis. The review covers all material controls including financial, operational, compliance controls and risk management. Apart from regular reporting, any urgent matters in relation to the relevant are as at internal control will be reported in a timely manner. Review results and recommendations in the form of written reports are submitted to the Audit Committee for discussion and review. Follow up actions will be taken up by the internal audit department to ensure that material internal control defects previously identified have been properly resolved. The Group has introduced whistleblowing system to encourage reporting of any suspected or potential misconduct of behavior.

The Group has established rules regulating information disclosures which stipulates the management and disclosure of inside information. The Group publishes annual reports, interim reports, and results announcements and other documents as required by the Listing Rules to disclose information to investors and the public to ensure timely disclosure of information in accordance with the Listing Rules and the SFO. The Group strictly prohibits unauthorized use or dissemination of confidential or inside information. Policies and procedures including pre-clearance on dealing the Company's securities by notification of regular blackout period and securities dealing restrictions to Directors and relevant employees, handling and dissemination of inside information, handling whistleblowing matters, and anti-corruption laws and regulations have been implemented by the Group to guard against possible mishandling of inside information, improprieties and corruptions within the Group.

During the Reporting Period, the Board has conducted a review of the effectiveness of the risk management and internal control systems of the Group and considered the risk management and internal control systems to be effective and adequate. The Board also believes that the Company has sufficient resources, staff qualifications and experience, training programme and budget of accounting, internal audit and financial reporting functions, as well as those relating to the ESG performance and reporting. The Group continuously reviews the effectiveness of the risk management and internal control systems, and adopted measures and procedures in various aspects, such as fund management, budget management, and market activities, to strengthen the effectiveness of the risk management and internal control systems.

JOINT COMPANY SECRETARIES

Ms. Xie Chun (解淳) was a joint company secretary of the Company from June 22, 2022 until her resignation with effect from March 17, 2025 in order to devote more time to other business commitment.

Mr. Zhang Guangdi, who is also an executive Director, was appointed as the joint company secretary of the Company on March 17, 2025 in place of Ms. Xie Chun. For details of Mr. Zhang Guangdi's biography, please see in the section headed "Directors and Senior Management" in this annual report.

In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong Laws, the other joint company secretary of the Company, Mr. Cheng Ching Kit, who currently serves as an assistant vice president of SWCS Corporate Services Group (Hong Kong) Limited, a professional corporate services provider, and possesses the requisite qualification as required under Rule 3.28 of the Listing Rules, remains in office and acts as a joint company secretary of the Company to assist Mr. Zhang Guangdi to discharge his duties as company secretary of the Company.

In respect of corporate governance, the Listing Rules and other applicable laws and regulations related to the Company and other matters, Mr. Cheng's primary corporate contact person at the Company is Mr. Zhang Guangdi, another joint company secretary of the Company, and Mr. Zhang Guangdi is responsible for reporting to the Board and/or the Chairman. The relevant professional trainings that Ms. Xie Chun and Mr. Cheng participated in during the year ended December 31, 2024 have reached 15 hours, which is in compliance with the requirements of Rule 3.29 of the Listing Rules. As Mr. Zhang Guangdi was appointed after the Reporting Period, Rule 3.29 of the Listing Rules is not applicable to Mr. Zhang Guangdi.

DIVIDEND POLICY

Subject to the requirements of the Articles of Association, Cayman Islands Companies Act and other applicable laws and regulations, the Board has absolute discretion to recommend any dividend. The determination to pay dividends will be made at the discretion of the Board and will depend upon the Group's earnings and financial condition, operating requirements, capital requirements and any other conditions that the Directors may deem relevant. Future dividend payments will also depend upon the availability of dividends received from the operating subsidiaries of the Group in the PRC. It will continue to be reviewed by the Board from time to time and there can be no assurance that dividends will be paid in any particular amount, if at all, for any given period.

SHAREHOLDERS' COMMUNICATION POLICY

The Company has established a Shareholders' communication policy. The policy aims at promoting effective communication with Shareholders and other stakeholders, encouraging Shareholders to engage actively with the Company and enabling Shareholders to exercise their rights as Shareholders effectively.

The Company communicates with the Shareholders and/or potential investors mainly in the following ways: (i) the holding of annual general meetings and extraordinary general meetings, if any, which may be convened for specific purposes which provide opportunities for the Shareholders to communicate directly to the Board; (ii) the publication of announcements, annual reports, interim reports and/or circulars as required under the Listing Rules and press releases providing updated information of the Group; (iii) the availability of latest information of the Group on the Company's website at www.chaojueye.com; and (iv) the prompt responses to Shareholders' enquiries by mail and email.

During the Reporting Period, the Board reviewed the implementation and effectiveness of the Shareholders' communication policy, including the multiple communication channels for Shareholders in place and the steps taken to handle Shareholders' enquiries, and considered that the Shareholders' communication policy has been properly implemented and effective.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual Directors.

All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and the poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

Convening of extraordinary general meeting and putting forward proposals

In accordance with Article 64 of the Articles of Association, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Shareholders may put forward proposals for consideration at a general meeting of the Company according to Article 64 of the Articles of Association requisitioning an extraordinary general meeting and including a resolution at such meeting. The requirements and procedures of Article 64 are set out above.

As regards proposing a person for election as a Director, the procedures are available on the website of the Company.

Enquiries to the Board

Shareholders and investors who intend to put forward their enquiries about the Company to the Board could send their enquiries to the headquarters of the Company at 24/F, East Zone, Block A, Shouke Building, No. 14 Yard, West 3rd Ring South Road, Fengtai District, Beijing, the PRC (email address: CJ@chaojueye.com).

Changes to the contact details above will be communicated through the Company's website at www.chaojueye.com, which also contains information and updates on the Group's business developments and operations, as well as press releases and financial information.

CONSTITUTIONAL DOCUMENTS

During the year ended December 31, 2024, there had been no change in the Company's Articles of Association.

INDEPENDENT AUDITOR'S REPORT

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To the shareholders of Chaoju Eye Care Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Chaoju Eye Care Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 91 to 192, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

KEY AUDIT MATTERS (CONTINUED)

Impairment assessment of goodwill	
Goodwill as at 31 December 2024 was RMB185,599,000. The impairment testing performed by management regarding various cash-generating units ("**CGUs**") involved significant judgement for the determination of the value in use of the CGUs. This is a key audit matter due to the magnitude, the complexity and management's estimates involved in the impairment assessment. The accounting policies and the relevant disclosures are included in notes 2.4, 3 and 17 to the consolidated financial statements.	Our procedures in relation to the impairment assessment of goodwill included, but were not limited to: 1. Evaluating the models used in determining the value in use of the CGUs by comparison with market practice; 2. Evaluating the reasonableness of the key assumptions used in the impairment testing models by comparison with the historical performance and industry data; 3. Obtaining management's sensitivity analysis over the key assumptions of the cash flow forecast to analyse the potential impact of a range of possible outcomes; and 4. Reviewing the disclosures of impairment assessment in the consolidated financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Tsang Pang Sum, Joe.

Ernst & Young
Certified Public Accountants
Hong Kong
26 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
REVENUE	5	**1,405,454**	1,369,505
Cost of sales		**(794,152)**	(748,371)
Gross profit		**611,302**	621,134
Other income and gains	6	**57,260**	83,278
Selling and distribution expenses		**(124,574)**	(104,989)
Administrative expenses		**(237,485)**	(222,459)
Other expenses		**(31,098)**	(59,666)
Impairment losses on financial assets, net		**(2,028)**	(5,835)
Finance costs	8	**(10,654)**	(12,221)
PROFIT BEFORE TAX	7	**262,723**	299,242
Income tax expense	11	**(76,513)**	(78,507)
PROFIT FOR THE YEAR		**186,210**	220,735
Attributable to:			
Owners of the parent		**195,076**	228,914
Non-controlling interests		**(8,866)**	(8,179)
		186,210	220,735
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic for profit for the year (expressed in RMB per share)	13	**0.28**	0.33
Diluted for profit for the year (expressed in RMB per share)	13	**0.28**	0.33

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

Year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
PROFIT FOR THE YEAR	**186,210**	220,735
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**13,112**	12,320
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**13,112**	12,320
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**13,112**	12,320
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**199,322**	233,055
Attributable to:		
Owners of the parent	**208,188**	241,234
Non-controlling interests	**(8,866)**	(8,179)
	199,322	233,055

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	31 December 2024 RMB'000	31 December 2023 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**391,917**	396,995
Investment properties	15	**27,415**	28,774
Right-of-use assets	16(a)	**241,273**	195,100
Goodwill	17	**185,599**	205,986
Intangible assets	18	**165,635**	166,963
Financial assets at fair value through profit or loss	19	**125,337**	92,000
Deferred tax assets	30	**7,664**	5,712
Time deposits	24	**20,339**	95,007
Prepayments, other receivables and other assets	22	**7,753**	6,604
Total non-current assets		**1,172,932**	1,193,141
CURRENT ASSETS			
Inventories	20	**40,313**	51,112
Trade receivables	21	**74,426**	55,742
Prepayments, other receivables and other assets	22	**52,983**	70,190
Financial assets at fair value through profit or loss	19	**462,068**	412,453
Other current financial assets	23	**10,092**	50,222
Time deposits	24	**287,317**	626,509
Cash and cash equivalents	25	**780,785**	463,437
Total current assets		**1,707,984**	1,729,665
CURRENT LIABILITIES			
Trade payables	26	**53,614**	55,356
Other payables and accruals	27	**229,172**	221,137
Due to related parties	38(b)	**22**	306
Interest-bearing other borrowings	28	**7,073**	7,153
Lease liabilities	16(b)	**34,251**	41,822
Tax payable		**15,153**	16,965
Total current liabilities		**339,285**	342,739
NET CURRENT ASSETS		**1,368,699**	1,386,926
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,541,631**	2,580,067

	Notes	31 December 2024 RMB'000	31 December 2023 RMB'000
NON-CURRENT LIABILITIES			
Convertible bonds	29	**33,556**	–
Lease liabilities	16(b)	**143,126**	151,822
Deferred tax liabilities	30	**36,953**	41,777
Other payables and accruals	27	**1,845**	8,043
Total non-current liabilities		**215,480**	201,642
Net assets		**2,326,151**	2,378,425
EQUITY			
Equity attributable to owners of the parent			
Share capital	31	**152**	152
Treasury shares	31	**(63,963)**	(76,901)
Equity component of convertible bonds		**947**	–
Reserves	33	**2,379,054**	2,436,803
		2,316,190	2,360,054
Non-controlling interests		**9,961**	18,371
Total equity		**2,326,151**	2,378,425

Zhang Bozhou
Director

Zhang Guangdi
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

	Attributable to owners of the parent									
	Share capital RMB'000	Treasury shares RMB'000	Equity component of convertible bonds RMB'000	Capital reserve RMB'000	Share-based payment reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non controlling interests RMB'000	Total equity RMB'000
At 31 December 2023 and 1 January 2024	152	(76,901)	–	1,915,061	19,359	53,763	448,620	2,360,054	18,371	2,378,425
Profit for the year	–	–	–	–	–	–	195,076	195,076	(8,866)	186,210
Other comprehensive income for the year:										
Exchange differences related to foreign operations	–	–	–	–	–	13,112	–	13,112	–	13,112
Total comprehensive income for the year	–	–	–	–	–	13,112	195,076	208,188	(8,866)	199,322
Share-based payments (note 32)	–	–	–	–	16,063	–	–	16,063	456	16,519
Shares vested under share-based payments	–	15,244	–	6,591	(18,535)	–	–	3,300	–	3,300
Cancellation of treasury shares	–	384	–	(384)	–	–	–	–	–	–
Repurchase of shares for the share award scheme (note 31)	–	(2,690)	–	–	–	–	–	(2,690)	–	(2,690)
Issue of convertible bonds	–	–	947	–	–	–	–	947	–	947
Final and special 2023 dividend declared (note 12)	–	–	–	–	–	–	(187,134)	(187,134)	–	(187,134)
Interim 2024 dividend (note 12)	–	–	–	–	–	–	(82,538)	(82,538)	–	(82,538)
At 31 December 2024	152	(63,963)	947	1,921,268*	16,887*	66,875*	374,024*	2,316,190	9,961	2,326,151

	Attributable to owners of the parent								
	Share capital RMB'000	Treasury shares RMB'000	Capital reserve RMB'000	Share-based payment reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non controlling interests RMB'000	Total equity RMB'000
At 31 December 2022 and 1 January 2023	152	(18,665)	1,908,470	11,862	41,443	329,456	2,272,718	25,755	2,298,473
Profit for the year	–	–	–	–	–	228,914	228,914	(8,179)	220,735
Other comprehensive income for the year:									
Exchange differences related to foreign operations	–	–	–	–	12,320	–	12,320	–	12,320
Total comprehensive income for the year	–	–	–	–	12,320	228,914	241,234	(8,179)	233,055
Share-based payments (note 32)	–	–	–	14,088	–	–	14,088	355	14,443
Shares vested under share-based payments	–	–	6,591	(6,591)	–	–	–	–	–
Acquisition of subsidiaries	–	–	–	–	–	–	–	440	440
Share of capital reserve of an associate	–	–	3,207	–	–	–	3,207	–	3,207
Deemed disposal of an associate	–	–	(3,207)	–	–	–	(3,207)	–	(3,207)
Purchases of shares for the share award scheme (note 31)	–	(58,236)	–	–	–	–	(58,236)	–	(58,236)
Final 2022 dividend declared	–	–	–	–	–	(109,750)	(109,750)	–	(109,750)
At 31 December 2023	152	(76,901)	1,915,061*	19,359*	53,763*	448,620*	2,360,054	18,371	2,378,425

* These reserve accounts comprise the consolidated reserves of RMB2,379,054,000 (2023: RMB2,436,803,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**262,723**	299,242
Adjustments for:			
Finance costs	8	**10,654**	12,221
Interest income	6	**(39,584)**	(41,306)
Foreign exchange differences, net	7	**5,318**	8,069
Fair value gains on financial assets at fair value through profit or loss	6	**(3,828)**	(16,223)
Depreciation of property, plant and equipment	7,14	**73,304**	64,448
Depreciation of investment properties	15	**1,359**	–
Impairment of of investment properties	7,15	**–**	19,137
Depreciation of right-of-use assets	7,16(a)	**55,879**	49,139
Amortisation of intangible assets	7,18	**13,619**	9,774
Write-down of inventories	7	**424**	–
Impairment of trade receivables	7,21	**2,154**	4,123
(Reversal of impairment)/impairments of prepayments and other receivables	7,22	**(126)**	1,712
Impairment of property, plant and equipment	7,14	**–**	866
Impairment of goodwill	7,17	**20,387**	13,831
Loss on disposal of items of property, plant and equipment, net	7	**182**	860
Loss on disposal of items of intangible assets, net	7	**–**	7
Gain on revision of leases	7,16(c)	**(302)**	–
Gain on a deemed disposal of interest previously held in an associate	7	**–**	(12,073)
Share-based payments	7,32	**16,519**	14,443
		418,682	428,270
Decrease in inventories		**10,375**	6,912
Increase in trade receivables		**(20,838)**	(10,744)
Decrease/(increase) in prepayments, other receivables and other assets		**17,333**	(35,772)
(Decrease)/increase in trade payables		**(1,742)**	9,683
Increase in other payables and accruals		**17,067**	49,703
Decrease in amounts due to related parties		**(284)**	(84)
Cash generated from operations		**440,593**	447,968
Interest received		**9,524**	8,636
Interest paid		**(10,345)**	(11,491)
Income tax paid		**(85,417)**	(72,544)
Net cash flows from operating activities		**354,355**	372,569

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of financial assets at fair value through profit or loss		**(1,000,000)**	(1,572,000)
Proceeds from financial assets at fair value through profit or loss		**920,876**	1,466,563
Purchases of time deposits over three months		**(432,953)**	(1,101,887)
Withdrawal of time deposits over three months		**874,260**	848,437
Purchases of other current financial assets		**(10,000)**	(50,000)
Redemption of other current financial assets		**50,604**	–
Payments for acquisition of items of property, plant and equipment		**(64,466)**	(80,011)
Payments for acquisition of intangible assets		**(12,291)**	(6,539)
Payments for acquisition of leasehold land		**(42,173)**	–
Proceeds from disposal of items of property, plant and equipment		**120**	1,507
One-off payments for acquisition of right-of-use assets		**(17,329)**	–
Acquisition of subsidiaries		**–**	(155,621)
Payment for acquisition of subsidiaries in prior years		**(21,291)**	(4,544)
Net cash flows from/(used in) investing activities		**245,357**	(654,095)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of convertible bonds	29	**34,800**	–
Purchases of shares for the share award scheme		**(2,690)**	(58,236)
Prepayments received from the award of shares under the share award scheme		**4,364**	10,729
Repurchase of restricted shares under the share award scheme		**(214)**	–
Repayment of interest-bearing other borrowings	34	**(370)**	(11,410)
Principal portion of lease payments	34	**(58,515)**	(35,348)
Dividends paid		**(269,672)**	(109,750)
Net cash flows used in financing activities		**(292,297)**	(204,015)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**307,415**	(485,541)
Cash and cash equivalents at beginning of year		**463,437**	944,727
Effect of foreign exchange rate changes, net		**9,933**	4,251
CASH AND CASH EQUIVALENTS AT END OF YEAR		**780,785**	463,437
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**346,948**	463,437
Non-pledged time deposits with original maturity of less than three months when acquired		**433,837**	–
Cash and cash equivalents as stated in the consolidated statement of financial position and statement of cash flows		**780,785**	463,437

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 19 May 2020. The registered address of the Company is 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands.

The Company is an investment holding company. The Company's subsidiaries are involved in the provision of in-patient services, out-patient services, and sale of optical products and sales of equipment and medical consumables in the mainland of the People's Republic of China (the "**PRC**").

In the opinion of the directors, the controlling shareholders of the Group are Mr. Zhang Bozhou (together with Jutong Medical Management Co., Ltd.), Ms. Zhang Xiaoli (together with Sihai Medical Management Co., Ltd.), Mr. Zhang Junfeng (together with Guangming Medical Management Co., Ltd.), Mr. Zhang Fengsheng (together with Xiwang Medical Management Co., Ltd.), Ms. Zhang Yumei (together with Sitong Medical Management Co., Ltd.) and Xiamen Juludazhou Equity Investment Partnership (Limited Partnership) (being controlled by Mr. Zhang Bozhou as the sole general partner), who are the parties acting-in-concert (collectively referred to as the "**Controlling Shareholders**").

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

English name	Chinese name	Place of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Chaoju Medical Investment Limited	朝聚醫療投資有限公司	British Virgin Islands	USD1.00	100%	–	Investment holding company
Chaoju Eye Care (HK) Company Limited	朝聚眼科醫療(香港)有限公司	PRC/Hong Kong, PRC	HK$10,000	–	100%	Investment holding company
Xiamen Chaoju Medical Technology Group Co., Ltd.*^	廈門朝聚醫療科技集團有限公司	PRC/Mainland China	RMB1,388,000,000	–	100%	Investment holding company
Xiamen Xinkangnuo Management Consulting Co., Ltd.*	廈門信康諾管理諮詢有限公司	PRC/Mainland China	RMB85,000,000	–	100%	Investment holding company
Xiamen Chaoju Hospital Management Development Co., Ltd. *	廈門朝聚醫院管理發展有限公司	PRC/Mainland China	RMB193,277,310	–	70%	Investment management
Xiamen Chaoju Eye Optics Technology Development Co., Ltd. *	廈門朝聚眼視光科技發展有限公司	PRC/Mainland China	RMB100,000,000	–	100%	Investment management
Xiamen Zhicheng Zhiyuan Medical Equipment Trading Co., Ltd.*	廈門至誠致遠醫療器械貿易有限公司	PRC/Mainland China	USD10,000,000	–	100%	Sale of equipment and optical products

1. CORPORATE INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

English name	Chinese name	Place of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Inner Mongolia Chuangjie Enterprise Operation Management Co., Ltd. *	內蒙古創傑企業運營管理有限公司	PRC/Mainland China	RMB50,000,000	–	100%	Ophthalmic hospital management
Tianjin Chaoju Yangguang Medical Instrument Trade Co., Ltd. *☆	天津朝聚陽光醫療器械貿易有限公司	PRC/Mainland China	RMB5,000,000	–	100%	Sale of equipment and optical products
Chaoju Medical Technology Co., Ltd. *	朝聚醫療科技有限公司	PRC/Mainland China	RMB135,294,117	–	100%	Investment management
Beijing Chaoju Investment Management Co., Ltd.*	北京朝聚投資管理有限公司	PRC/Mainland China	RMB30,000,000	–	100%	Investment management
Chaoju (Inner Mongolia) Eye Hospital Co., Ltd. *	朝聚(內蒙古)眼科醫院有限公司	PRC/Mainland China	RMB15,000,000	–	100%	Provision of ophthalmic service
Hohhot Chaoju Eye Hospital Co., Ltd. *	呼和浩特朝聚眼科醫院有限公司	PRC/Mainland China	RMB20,000,000	–	100%	Provision of ophthalmic service
Hohhot City Chaoju Optometry Correction Eyeglasses Co., Ltd.*	呼和浩特市朝聚眼視光矯治配鏡有限公司	PRC/Mainland China	RMB1,000,000	–	100%	Sale of eyewear and optical products
Baotou City Chaoju Eye Hospital Co., Ltd. *	包頭市朝聚眼科醫院有限公司	PRC/Mainland China	RMB16,880,000	–	100%	Provision of ophthalmic service
Baotou City Chaoju Optometry Correction Eyeglasses Co., Ltd.*	包頭市朝聚眼視光矯治配鏡有限公司	PRC/Mainland China	RMB1,000,000	–	100%	Sale of eyewear and optical products
Baotou City Kunlun Chaoju Eye Hospital Co., Ltd. *	包頭市崑崙朝聚眼科醫院有限責任公司	PRC/Mainland China	RMB4,000,000	–	100%	Provision of ophthalmic service
Baotou City Kunlun Chaoju Optometry Correction Eyeglasses Co., Ltd.*	包頭市崑崙朝聚眼視光矯治配鏡有限責任公司	PRC/Mainland China	RMB1,000,000	–	100%	Sale of eyewear and optical products
Baotou Low Vision Rehabilitation Center *	包頭市低視力康復中心	PRC/Mainland China	RMB310,000	–	100%	Amblyopia recovery
Baotou City Donghe District Chaoju Optometry Eyeglasses Co., Ltd. *	包頭市東河區朝聚驗光配鏡有限公司	PRC/Mainland China	RMB100,000	–	100%	Sale of eyewear and optical products
Ulanqab City Chaoju Optometry Correction Eyeglasses Co., Ltd. *	烏蘭察布市朝聚眼視光矯治配鏡有限公司	PRC/Mainland China	RMB1,000,000	–	100%	Sale of eyewear and optical products
Chaoju (Ulanqab) Eye Hospital Co., Ltd. *	朝聚(烏蘭察布)眼科醫院有限公司	PRC/Mainland China	RMB5,000,000	–	100%	Provision of ophthalmic service

1. CORPORATE INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

English name	Chinese name	Place of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Jungar Banner Chaoju Optometry Eyeglasses Co., Ltd. *	准格爾旗朝聚驗光配鏡有限公司	PRC/Mainland China	RMB100,000	–	100%	Sale of eyewear and optical products
Tumb Right Banner Chaoju Optometry Eyeglasses Co., Ltd. *	土默特右旗朝聚驗光配鏡有限公司	PRC/Mainland China	RMB100,000	–	100%	Sale of eyewear and optical products
Chaoju (Chifeng) Eye Hospital Co., Ltd. *	朝聚(赤峰)眼科醫院有限公司	PRC/Mainland China	RMB15,500,000	–	100%	Provision of ophthalmic service
Chifeng Chaoju Eyeglasses Co., Ltd. *	赤峰朝聚眼鏡有限責任公司	PRC/Mainland China	RMB100,000	–	100%	Sale of eyewear and optical products
Chifeng City Yuanbaoshan District Chaoju Optometry Eyeglasses Co., Ltd. *	赤峰市元寶山區朝聚驗光配鏡有限責任公司	PRC/Mainland China	RMB200,000	–	100%	Sale of eyewear and optical products
Chengde Chaoju Eye Hospital Co., Ltd. *	承德朝聚眼科醫院有限公司	PRC/Mainland China	RMB10,000,000	–	100%	Provision of ophthalmic service
Chengde Chaoju Trading Co., Ltd. *	承德朝聚商貿有限公司	PRC/Mainland China	RMB3,000,000	–	100%	Sale of eyewear and optical products
Tongliao City Chaoju Eyeglasses Co., Ltd. *	通遼市朝聚眼鏡有限責任公司	PRC/Mainland China	RMB500,000	–	100%	Sale of eyewear and optical products
Tongliao Chaoju Eye Hospital Co., Ltd. *	通遼朝聚眼科醫院有限公司	PRC/Mainland China	RMB10,000,000	–	95%	Provision of ophthalmic service
Datong Chaoju Ankang Eye Hospital Co., Ltd. *	大同朝聚安康眼科醫院有限公司	PRC/Mainland China	RMB15,000,000	–	86.67%	Provision of ophthalmic service
Datong City Chaoju Eyeglasses Co., Ltd. *	大同市朝聚眼鏡有限公司	PRC/Mainland China	RMB1,000,000	–	100%	Sale of eyewear and optical products
Hulunbuir Chaoju Eye Hospital Co., Ltd. *	呼倫貝爾朝聚眼科醫院有限公司	PRC/Mainland China	RMB22,000,000	–	86.05%	Provision of ophthalmic service
Hulunbuir City Chaoju Optometry Co., Ltd. *	呼倫貝爾市朝聚眼視光有限公司	PRC/Mainland China	RMB500,000	–	97.30%	Sale of eyewear and optical products
Dalad Banner Chaoju Optometry Eyeglasses Co., Ltd. *	達拉特旗朝聚驗光配鏡有限公司	PRC/Mainland China	RMB100,000	–	100%	Sale of eyewear and optical products

1. CORPORATE INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

English name	Chinese name	Place of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Dalad Banner Chaoju Eye Hospital Co., Ltd. *	達拉特旗朝聚眼科醫院有限責任公司	PRC/Mainland China	RMB4,000,000	–	100%	Provision of ophthalmic service
Ongniud Banner Chaoju Optometry Eyeglasses Co., Ltd. *	翁牛特旗朝聚驗光配鏡有限責任公司	PRC/Mainland China	RMB200,000	–	100%	Sale of eyewear and optical products
Xilinhot City Chaoju Optometry Correction Eyeglasses Co., Ltd. *	錫林浩特市朝聚眼視光矯治配鏡有限公司	PRC/Mainland China	RMB1,000,000	–	100%	Sale of eyewear and optical products
Xilinhot City Chaoju Eye Hospital Co., Ltd. *	錫林浩特市朝聚眼科醫院有限責任公司	PRC/Mainland China	RMB6,130,000	–	100%	Provision of ophthalmic service
Hexigten Banner Chaoju Ophthalmic Optometry Clinic Co., Ltd. *	克什克騰旗朝聚眼科視光門診有限公司	PRC/Mainland China	RMB1,600,000	–	100%	Sale of eyewear and optical products
Hangzhou Chaoju Optical Eyeglasses Co., Ltd. *	杭州朝聚光學眼鏡有限公司	PRC/Mainland China	RMB500,000	–	100%	Sale of eyewear and optical products
Hangzhou Chaoju Eye Hospital Co., Ltd. *	杭州朝聚眼科醫院有限公司	PRC/Mainland China	RMB20,000,000	–	100%	Provision of ophthalmic service
Zhoushan Chaoju Eye Hospital Co., Ltd. *	舟山朝聚眼科醫院有限公司	PRC/Mainland China	RMB22,000,000	–	100%	Provision of ophthalmic service
Zhoushan Chaoju Optical Glasses Co., Ltd. *	舟山朝聚光學眼鏡有限公司	PRC/Mainland China	RMB5,000,000	–	80%	Sale of eyewear and optical products
Zhejiang Chaoju Hezhong Investment Management Co., Ltd. *	浙江朝聚和眾投資管理有限公司	PRC/Mainland China	RMB100,000,000	–	100%	Investment management
Ningbo Boshi Eye Hospital Co., Ltd. *	寧波博視眼科醫院有限公司	PRC/Mainland China	RMB26,000,000	–	63%	Provision of ophthalmic service
Ninghai Eye Hospital Co., Ltd. *	寧海眼科醫院有限公司	PRC/Mainland China	RMB23,000,000	–	65%	Provision of ophthalmic service
Xiangshan Chaoju Eye Hospital Co., Ltd. *	象山朝聚眼科醫院有限公司	PRC/Mainland China	RMB12,000,000	–	55%	Provision of ophthalmic service
Jiaxing Chaoju Eye Hospital Co., Ltd. *	嘉興朝聚眼科醫院有限公司	PRC/Mainland China	RMB10,000,000	–	100%	Provision of ophthalmic service
Jiaxing Chaoju Optical Glasses Co., Ltd. *	嘉興市朝聚光學眼鏡有限公司	PRC/Mainland China	RMB500,000	–	100%	Sale of eyewear and optical products

1. CORPORATE INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

English name	Chinese name	Place of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Jiangsu Chaoju Medical Management Co., Ltd. *	江蘇朝聚醫療管理有限公司	PRC/Mainland China	RMB50,000,000	–	100%	Investment management
Sihong County Chaoju Optometry Eyeglasses Co., Ltd. *	泗洪縣朝聚視光配鏡有限公司	PRC/Mainland China	RMB300,000	–	100%	Sale of eyewear and optical products
Sihong Chaoju Eye Hospital Co., Ltd. *	泗洪朝聚眼科醫院有限公司	PRC/Mainland China	RMB10,000,000	–	100%	Provision of ophthalmic service
Siyang Chaoju Eyeglasses Co., Ltd. *	泗陽朝聚眼鏡有限公司	PRC/Mainland China	RMB500,000	–	100%	Sale of eyewear and optical products
Siyang Chaoju Eye Hospital Co., Ltd. *	泗陽朝聚眼科醫院有限公司	PRC/Mainland China	RMB10,000,000	–	100%	Provision of ophthalmic service
Tumb Right Banner Chaoju Eye Hospital Co., Ltd. *	土默特右旗朝聚眼科醫院有限公司	PRC/Mainland China	RMB7,000,000	–	100%	Provision of ophthalmic service
Hohhot Chaoju Optical Glasses Co., Ltd. *	呼和浩特朝聚光學眼鏡有限公司	PRC/Mainland China	RMB1,000,000	–	100%	Sale of eyewear and optical products
Zhangjiakou Chaoju Eye Hospital Co., Ltd. *	張家口朝聚眼科醫院有限公司	PRC/Mainland China	RMB20,000,000	–	100%	Provision of ophthalmic service
Hangzhou Chaoju Optician Co., Ltd. *	杭州朝聚眼視光眼鏡有限公司	PRC/Mainland China	RMB1,000,000	–	100%	Sale of eyewear and optical products
Xiamen Chaojuleda Holding Co., Ltd.*	廈門朝聚樂達控股有限公司	PRC/Mainland China	RMB100,000,000	–	100%	Investment management
Tangshan Jidong Eye Care Hospital Co., Ltd. * (hereinafter referred to as "Tangshan Hospital")	唐山冀東眼科醫院有限公司(以下簡稱"唐山醫院")	PRC/Mainland China	RMB50,000,000	–	80%	Provision of ophthalmic service
Yutian Jidong Eye Care Hospital Co., Ltd. *	玉田縣冀東眼科醫院有限公司	PRC/Mainland China	RMB5,000,000	–	51%	Provision of ophthalmic service
Luanzhou Jidong Eye Care Hospital Co., Ltd. *	灤州冀東眼科醫院有限公司	PRC/Mainland China	RMB5,000,000	–	65%	Provision of ophthalmic service
Luannan Jidong Vision Hospital Co., Ltd. *	灤南冀東視明眼科醫院有限公司	PRC/Mainland China	RMB6,000,000	–	51%	Provision of ophthalmic service
Zhoushan Chaoju Zhicheng Eyeglasses Co., Ltd. *	舟山朝聚至誠眼鏡有限公司	PRC/Mainland China	RMB1,000,000	–	100%	Sale of eyewear and optical products

1. CORPORATE INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

English name	Chinese name	Place of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Zhangjiakou Chaoju Eye Optometry Co., Ltd. *	張家口朝聚眼視光配鏡有限公司	PRC/Mainland China	RMB1,000,000	–	100%	Sale of eyewear and optical products
Ningbo Juwang Minghui Investment Partnership (Limited Partnership) *	寧波聚望明暉投資合夥企業(有限合夥)	PRC/Mainland China	RMB2,500,000	–	54%	Investment management
CJ VISION CAPITAL INC	朝聚願景資本公司	The United States	USD1.00	–	100%	Investment management
Ningxia Chaoju Kaiming Eye Hospital Co., Ltd. *	寧夏朝聚開明眼科醫院有限公司	PRC/Mainland China	RMB20,000,000	–	100%	Provision of ophthalmic service
Ningxia Kaiming Optometry Co., Ltd. *	寧夏開明視光配鏡有限公司	PRC/Mainland China	RMB100,000	–	100%	Sale of eyewear and optical products
Bayannur Chaoju Management Consulting Co., Ltd. *	巴彥淖爾朝聚管理諮詢有限公司	PRC/Mainland China	RMB200,000,000	–	100%	Investment management
Beijing Chaoju Ophthalmic Clinic Co., Ltd. *	北京朝聚眼科診所有限公司	PRC/Mainland China	RMB28,000,000	–	97%	Provision of ophthalmic service
Bayannur Xudong Ophthalmic Hospital Co., Ltd. *	巴彥淖爾市旭東眼科醫院有限公司	PRC/Mainland China	RMB22,700,000	–	100%	Provision of ophthalmic service
Wulate Qianqi Chaoju Eye Hospital Co., Ltd. *△	烏拉特前旗朝聚眼科醫院有限公司	PRC/Mainland China	RMB3,550,000	–	100%	Provision of ophthalmic service
Wuyuan County Xudong Ophthalmic Hospital Co., Ltd. *	五原縣旭棟眼科醫院有限公司	PRC/Mainland China	RMB5,210,000	–	100%	Provision of ophthalmic service
Bayannur Chaoju Eye Vision Co., Ltd. *△	巴彥淖爾朝聚眼視光有限公司	PRC/Mainland China	RMB500,000	–	100%	Sale of eyewear and optical products
Xiamen Chaoju Letong Holdings Co., Ltd. (hereinafter referred to as "Chaoju Letong") *	廈門朝聚樂通控股有限公司(以下簡稱"朝聚樂通")	PRC/Mainland China	RMB30,000,000	–	100%	Investment management

1. CORPORATE INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

English name	Chinese name	Place of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Inner Mongolia Chaoju Medical Technology Co., Ltd. *	內蒙古朝聚醫療科技有限責任公司	PRC/Mainland China	RMB250,000,000	–	100%	Investment management
Xiamen Jule Mingtong Investment Partnership (Limited Partnership) *#	廈門聚樂明通投資合夥企業(有限合夥)	PRC/Mainland China	RMB7,220,000	–	100%	Investment management

* The names of these companies referred to in this report represent management』s best effort in translating the Chinese names of the companies registered in Mainland China, as no English names have been registered. Except for Baotou Amblyopia Recovery Center, which is a not-for-profit optical centre, other companies incorporated in Mainland China are registered as limited liability companies under PRC laws.

^ Xiamen Chaoju Medical Technology Group Co., Ltd. is registered as a foreign-owned enterprise under PRC laws.

☆ This subsidiary was dissolved on 7 February 2024.

△ Wulate Qianqi Xudong Ophthalmic Out-Patient Department Co., Ltd. was officially renamed as Wulate Qianqi Chaoju Eye Hospital Co., Ltd. in July 2024.

△ Bayannur Chaoxu Ophthalmology Hospital Co., Ltd. was officially renamed as Bayannur Chaoju Eye Vision Co., Ltd. in January 2024.

This subsidiary was newly established during the year.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2. ACCOUNTING POLICIES
2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") (which include all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations) issued by the International Accounting Standards Board ("**IASB**"), and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

2.1 BASIS OF PREPARATION (CONTINUED)

Basis of consolidation (continued)

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

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

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (CONTINUED)

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

(c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised IFRSs, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[3]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity (Effective for annual periods beginning on or after 1 January 2026)*[2]
Amendments to IAS 21	*Lack of Exchangeability*[1]
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[2]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual/reporting periods beginning on or after 1 January 2027
4 No mandatory effective date yet determined but available for adoption

Further information about those IFRSs that are expected to be applicable to the Group is described below.

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRSs. IFRS 18 and the consequential amendments to other IFRSs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSS (CONTINUED)

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRSs. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRSs. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19. Some of the Company's subsidiaries are considering the application of IFRS 19 in their specified financial statements.

Amendments to IFRS 9 and IFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSS (CONTINUED)

Annual Improvements to IFRS Accounting Standards – Volume 11 set out amendments to IFRS 1, IFRS 7 (and the accompanying *Guidance on implementing IFRS 7*), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 7 *Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 9 *Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2.4 MATERIAL ACCOUNTING POLICIES

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Business combinations and goodwill (continued)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Fair value measurement

The Group measures its equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets, and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is to the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Related parties (continued)

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment and depreciation (continued)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Categories	Estimated useful life	Annual rates
Buildings	30 years	3%
Leasehold improvements	3-10 years	10%-33%
Medical equipment	5-10 years	10%-19%
Motor vehicles	4-8 years	12%-24%
Office equipment	3-5 years	19%-32%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at the end of each reporting period.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income. Such properties are stated at cost less accumulated depreciation and any impairment losses.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

Categories	Estimated useful life	Annual rates
Buildings	20 years	4.75%

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Intangible assets (other than goodwill) (continued)

Software

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life from 3 to 10 years.

Medical licences

Medical licences acquired in a business combination are recognised at fair value at the acquisition date. These medical licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of licenses over their estimated useful lives of 15 years. In considering the estimated useful lives, renewal periods are considered only if there is evidence to support renewal by the Group without significant cost.

Brand

Brand acquired in a business combination is recognised at fair value at the acquisition date. The brand has a finite useful life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of brands over their estimated useful lives of 20 years.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Buildings	2 to 20 years
Leasehold land	50 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

Group as a lessee (continued)

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of buildings and motor vehicles (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that is considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in other income and gains in the statement of profit or loss due to its nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as other income and gains in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (continued)

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

In certain cases, the Group may consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, financial liabilities included in other payables and accruals, other borrowings, amounts due to related parties.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of certain medical consumables is determined using the individual valuation method, and the cost of other inventories is determined using the weighted average method. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Income tax (continued)

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Where the Group receives grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets and released to the statement of profit or loss over the expected useful lives of the relevant assets by equal annual instalments.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

The Group's revenue is primarily derived from providing in-patient services, out-patient services and sale of equipment and optical products.

- In-patient services

  Revenue from the provision of in-patient services is recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group.

- Out-patient services

  Revenue from the provision of out-patient services is recognised at the point in time when the services are provided.

- Sales of equipment and optical products

  The Group sells equipment and optical products to third parties, and revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Share-based payments

The Company operates a share award scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("**equity-settled transactions**"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a discounted cash flow method to determine the equity fair value of the Company and adopted the equity allocation model to determine the fair value of the underlying ordinary shares, taking into account the terms and conditions upon which the shares were granted, further details of which are given in note 32 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the consolidated statement of profit or loss and other comprehensive income for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Other employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Housing fund and other social insurances

The Group has participated in defined social security contribution schemes for its employees pursuant to the relevant laws and regulations of the PRC. These include a housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances. The contributions are charged to profit or loss on an accrual basis. The Group has no further obligations beyond the contributions made.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

The financial statements are presented in RMB. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currency of an overseas subsidiary is a currency other than RMB. As at the end of the reporting period, the assets and liabilities of the entity are translated into RMB at the exchange rates prevailing at the end of the reporting period and the statement of profit or loss is translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Assessment of control over a not-for-profit hospital founded by the Group

On 31 December 2019, the Group made a capital contribution to Baotou Amblyopia Recovery Center, a not-for-profit hospital founded by one of the ultimate shareholders, Mr. Zhang Bozhou, and has become the controlling shareholder. The Group has entered into agreements with the hospital, pursuant to which the Group obtains contractual rights to provide management services by the hospital for 15 years and is entitled to receive income-based management fees for the period. All the three directors of the council and other main staff are appointed by the Group.

The Group has exercised significant judgements in determining whether the Group has control over the hospital. In exercising such judgement, the Group considers whether the rights of the Group give the current ability to direct the relevant activities, whether rights exercisable by other parties as internal governance body members are substantive, whether the Group is exposed, or has rights, to variable returns from its involvement with the hospital, and whether the Group has the ability to use its power over the hospital to affect the amount of returns. After assessment, management has concluded that the Group has the decision-making power over the internal governance body of the hospital to direct the relevant activities of the hospital, so the Group has control over and thus has consolidated the hospital.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has tax losses of RMB267,134,000 (2023: RMB207,017,000) carried forward. These losses related to subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

If the Group had been able to recognise all unrecognised deferred tax assets, the profit and equity would have increased by RMB30,089,000. Further details on deferred taxes are disclosed in note 30 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Judgements (continued)

Property lease classification – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all the fair value of the commercial property, that it retains substantially all the significant risks and rewards incidental to ownership of these properties which are leased out and accounts for the contracts as operating leases.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2024 was RMB185,599,000 (2023: RMB205,986,000). Further details are given in note 17.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (continued)

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Provision for expected credit losses on trade receivables and other receivables

The Group uses a provision matrix to calculate ECLs for trade receivables and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 21 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (continued)

Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimation of fair value requires the determination of the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires the determination of the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them. Details of share-based payments are contained in note 32 to the financial statements.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("**IBR**") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs when available and is required to make certain entity-specific estimates.

Estimated useful lives and impairment of medical licenses and brand

Determination of the fair value of medical licenses and brand requires the use of significant judgements and assumptions on estimating the compound growth rate, the long-term revenue growth rate, the discount rate, financial forecast and useful lives of medical licenses and brand.

The Group's management determines the estimated useful lives, residual values and the amortisation method in determining the related amortisation charges for its medical licenses and brand. This estimate is based on management's best estimate of the useful lives of medical licenses and brand of similar nature and functions. Management will increase the amortisation charge where the economic useful lives are estimated to be shorter than originally expected or will write off or write down the carrying value of the items. Actual economic useful lives may differ from estimated economic useful lives. Periodic review could result in a change in the amortisation period and therefore amortisation charge in the future periods.

In addition, management assesses impairment whenever events or changes in circumstances indicate that the carrying amount of medical licenses and brand may not be recoverable. When the recoverable amounts of medical licenses and brand differ from the original estimates, adjustment will be made and recognised in the period in which such event takes place.

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the provision of in-patient services, out-patient services, sales of optical products and sales of equipment and medical consumables. For management purposes, the aforesaid businesses are integral and the Group has not organised into different operating segments. Management monitors the results of the Group's operation as a whole for the purpose of making decisions about resource allocation and performance assessment, and accordingly no further operating segment analysis thereof is presented.

Geographical information

As the Group's major operations, customers and non-current assets are located in the People's Republic of China (the "**PRC**"), no further geographical segment information is provided.

Information about major customers

No revenue from single customers individually accounted for 10% or more of the Group's revenue.

5. REVENUE

An analysis of revenue is as follows:

	2024 **RMB'000**	2023 RMB'000
Revenue from contracts with customers	**1,405,454**	1,369,505
Analysed into:		
Basic ophthalmic services	**697,840**	654,011
Consumer ophthalmic services	**706,445**	709,225
Sales of equipment and medical consumables	**1,169**	6,269
Total	**1,405,454**	1,369,505

5. REVENUE (CONTINUED)

(a) Disaggregated revenue information for revenue from contracts with customers

	2024 **RMB'000**	2023 RMB'000
Types of goods or services		
In-patient services	**498,653**	478,165
Out-patient services	**810,856**	788,210
Sales of optical products	**94,776**	96,861
Sales of equipment and medical consumables	**1,169**	6,269
Total	**1,405,454**	1,369,505

	2024 **RMB'000**	2023 RMB'000
Timing of revenue recognition		
Services and goods transferred at a point in time	**906,801**	891,340
Services transferred over time	**498,653**	478,165
Total	**1,405,454**	1,369,505

The following table shows the amounts of revenue recognised in the year and prior year that were included in the contract liabilities at the beginning of the respective years:

	2024 **RMB'000**	2023 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the respective years:		
Out-patient services	**5,294**	5,405
Others	**2,382**	3,811
Total	**7,676**	9,216

5. REVENUE (CONTINUED)

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

In-patient services

For in-patient services, customers normally receive in-patient treatment which contains various treatment components that are all highly interdependent and regarded as a single performance obligation. Since the patient simultaneously receives and consumes the benefits of the Group's performance in the medical treatment, the relevant revenue of in-patient services is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards the complete satisfaction of performance obligation is measured by direct measurements of the value of individual products or services transferred by the Group to the customer.

Out-patient services

Revenue from the provision of out-patient services is recognised at the point in time, when the services are provided.

Sales of optical products

For the sales of optical products, the performance obligation is satisfied upon delivery of the products and the Group has already received the payment or has the right to receive the payment properly.

Sales of equipment and medical consumables

For the sales of equipment and medical consumables, the performance obligation is satisfied upon delivery of the equipment and the Group has already received the payment or has the right to receive the payment properly.

6. OTHER INCOME AND GAINS

	2024 **RMB'000**	2023 RMB'000
Interest income	**39,584**	41,306
Government grants	**8,265**	9,589
Fair value gain from financial assets at fair value through profit or loss	**3,828**	16,223
Rental income	**1,343**	621
Gain on a deemed disposal of interest previously held in an associate	**–**	12,073
Others	**4,240**	3,466
Total other income and gains	**57,260**	83,278

7. PROFIT BEFORE TAX

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

	Notes	2024 RMB'000	2023 RMB'000
Cost of sales		**794,152**	748,371
Depreciation of property, plant and equipment	14	**73,304**	64,448
Depreciation of investment properties	15	**1,359**	–
Depreciation of right-of-use assets	16(a)	**55,879**	49,139
Amortisation of intangible assets	18	**13,619**	9,774
Impairment of goodwill#	17	**20,387**	13,831
Impairment of property, plant and equipment#	14	**–**	866
Write-down of inventories		**424**	–
Lease payments not included in the measurement of lease liabilities	16(c)	**1,338**	1,302
Auditor's remuneration		**2,400**	2,560
Employee benefit expense (including directors' remuneration):			
Wages, salaries and allowances, social securities and benefits		**373,279**	338,243
Pension costs (defined contribution scheme)*		**31,442**	25,068
Share-based payments	32	**16,519**	14,443
Total		**421,240**	377,754
Impairment of trade receivables, net	21	**2,154**	4,123
(Reversal of impairment)/impairment of prepayments, other receivables and other assets	22	**(126)**	1,712
Interest income	6	**(39,584)**	(41,306)
Impairment of investment properties	15	**–**	19,137
Fair value gains on financial assets at fair value through profit or loss	6	**(3,828)**	(16,223)
Government grants	6	**(8,265)**	(9,589)
Loss on disposal of items of property, plant and equipment, net		**182**	860
Loss on disposal of items of intangible assets, net		**–**	7
Gain on revision of leases	16(c)	**(302)**	–
Gain on a deemed disposal of interest previously held in an associate	6	**–**	(12,073)
Foreign exchange differences, net		**5,318**	8,069

* There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

\# The impairment of goodwill and impairment of property, plant and equipment are included in "Other expenses" in the consolidated statement of profit or loss.

8. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 RMB'000	2023 RMB'000
Interest on lease liabilities	**10,345**	11,491
Interest on other borrowings	**290**	730
Interest on convertible bonds	**19**	–
Total	**10,654**	12,221

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2024 RMB'000	2023 RMB'000
Fees	**819**	819
Other emoluments:		
Salaries, allowances and benefits in kind	**3,977**	3,417
Performance related bonuses*	**1,049**	1,090
Equity-settled share option expense	**697**	541
Pension scheme contributions	**122**	146
Subtotal	**5,845**	5,194
Total	**6,664**	6,013

* Certain executive directors of the Company are entitled to bonus payments which are determined by a comprehensive performance assessment, including but not limited to their achievement, values and etc.

During the year, certain directors were granted share awards, in respect of their services to the Group, under the share award scheme of the Company, further details of which are set out in note 32 to the financial statements. The fair value of such awarded shares, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2024 RMB'000	2023 RMB'000
Mr. He Mingguang	**205**	205
Ms. Guo Hongyan	**205**	205
Mr. Bao Shan	**205**	205
Mr. Li Jianbin	**204**	204
Total	**819**	819

There were no other emoluments payable to the independent non-executive directors during the year (2023: Nil).

(b) Executive directors, non-executive directors and the chief executive

	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Equity-settled share option expense RMB'000	Pension scheme contributions RMB'000	Total RMB'000
2024					
Executive directors					
Mr. Zhang Bozhou	**963**	**930**	**408**	**11**	**2,312**
Ms. Zhang Xiaoli	**1,383**	**12**	**123**	**–**	**1,518**
Mr. Zhang Guangdi	**1,030**	**107**	**67**	**66**	**1,270**
Mr. Zhang Junfeng	**601**	**–**	**99**	**45**	**745**
Subtotal	**3,977**	**1,049**	**697**	**122**	**5,845**
Non-executive directors					
Mr. Li Zhen	**–**	**–**	**–**	**–**	**–**
Mr. Richard Chen Mao	**–**	**–**	**–**	**–**	**–**
Ms. Zhang Li	**–**	**–**	**–**	**–**	**–**
Subtotal	**–**	**–**	**–**	**–**	**–**
Total	**3,977**	**1,049**	**697**	**122**	**5,845**

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(b) Executive directors, non-executive directors and the chief executive (continued)

	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Equity-settled share option expense RMB'000	Pension scheme contributions RMB'000	Total RMB'000
2023					
Executive directors					
Mr. Zhang Bozhou	981	930	320	44	2,275
Ms. Zhang Xiaoli	1,309	20	97	–	1,426
Mr. Zhang Guangdi	792	76	47	63	978
Mr. Zhang Junfeng	335	64	77	39	515
Subtotal	3,417	1,090	541	146	5,194
Non-executive directors					
Mr. Li Zhen	–	–	–	–	–
Mr. Richard Chen Mao	–	–	–	–	–
Ms. Zhang Li	–	–	–	–	–
Subtotal	–	–	–	–	–
Total	3,417	1,090	541	146	5,194

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2023: Nil).

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one director (2023: one director), details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining four (2023: four) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2024	2023
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	**5,537**	6,199
Equity-settled share option expense	**971**	1,161
Pension scheme contributions	**199**	126
Performance related bonuses	**1,216**	787
Total	**7,923**	8,273

The number of non-director highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2024	2023
HK$1,500,001 to HK$2,000,000	**1**	–
HK$2,000,001 to HK$2,500,000	**3**	3
HK$2,500,001 to HK$3,000,000	**–**	1
Total	**4**	4

During the year and in prior years, share awards were granted to four (2023: four) non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 32 to the financial statements. The fair value of awarded shares, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

11. INCOME TAX EXPENSE

Pursuant to Caishui [2020] No.23 "Announcement Regarding Continuation of Corporate Tax Policies for the Development of the Western Region" (關於延續西部大開發企業所得稅政策的公告), certain subsidiaries operated in the western region of Mainland China are entitled to a preferential corporate income tax rate of 15%, provided that the main business of the subsidiaries belongs to the encouraged projects stipulated in the Catalogue of Encouraged Industries in the Western Region, and such main business income accounts for more than 60% of the total income of the subsidiaries.

Pursuant to Caishui [2022] No.13 "Announcement on Further Implementing the Income Tax Preferential Policies for Small Meagre-profit Enterprises" (關於進一步實施小微企業所得稅優惠政策的公告), from 1 January 2022 to 31 December 2024, certain subsidiaries for the portion of taxable income exceeding RMB1,000,000 but not exceeding RMB3,000,000, the amount of taxable income can be halved 25%, and the income tax rate will be levied at 20%.

Pursuant to Caishui [2023] No.6 "Announcement on the Income Tax Preferential Policies for Small Meagre-profit Enterprises and Self-employed Businesses" (關於小微企業和個體工商戶所得稅優惠政策的公告), from 1 January 2023 to 31 December 2024, certain subsidiaries for the portion of taxable income not exceeding RMB1,000,000, the amount of taxable income can be halved 25%, and the income tax rate will be levied at 20%.

Pursuant to Neishuifa [2024] No.1 "Several Measures by the Taxation Bureau of Inner Mongolia Autonomous Region to Further Support the High-Quality Development of the Private Economy" (內蒙古自治區稅務局進一步支持民營經濟高質量發展的若干措施), effective from 3 January 2024, for small meagre-profit enterprises with an annual taxable income of less than RMB1 million, the local share portion of corporate income tax is exempted.

Under the relevant PRC Corporate Income Tax Law and the respective regulations, except for the preferential treatments available to certain subsidiaries as mentioned above, other subsidiaries within the Group were subject to corporate income tax at the statutory rate of 25%.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits in Hong Kong during the year and prior year.

	2024 **RMB'000**	2023 RMB'000
Current – Mainland China		
Charge for the year	**83,605**	83,257
Deferred (note 30)	**(7,092)**	(4,750)
Total tax charge for the year	**76,513**	78,507

11. INCOME TAX EXPENSE (CONTINUED)

A reconciliation of the tax expenses/(credit) applicable to profit before tax at the applicable tax rates for the countries in which the Company and the majority of its subsidiaries are domiciled and operate to the tax expenses at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	2024 RMB'000	2023 RMB'000
Profit before tax	**262,723**	299,242
Tax at the statutory tax rate	**65,681**	74,811
Lower tax rates for specific provinces or enacted by local authority	**(31,999)**	(33,668)
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries	**8,128**	9,538
Expenses not deductible for tax	**10,310**	9,763
Tax losses utilised from previous periods	**(3,827)**	(3,289)
Deductible temporary differences not recognised	**5,088**	1,869
Tax losses not recognised	**23,132**	19,483
Tax charge at the Group's effective rate	**76,513**	78,507

12. DIVIDENDS

	2024 HK$'000	2023 HK$'000
Interim dividend – HK13.07 cents (2023: Nil) per ordinary share	**90,284**	–
Proposed final dividend – HK11.93 cents (2023: HK22.08 cents) per ordinary share	**84,408**	156,222
Proposed special dividend – HK0.00 cents (2023: HK7.67 cents) per ordinary share	**–**	54,267
Less: Dividend for shares held under the share award scheme	**(1,998)**	(5,992)
	82,410	204,497

The proposed final dividend for 2024 is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

On 6 June 2024, the Company's shareholders approved a final dividend of HK22.08 cents and a special dividend of HK7.67 cents per ordinary share, amounting to a total of approximately HK$205,506,000 (equivalent to RMB187,134,000) based on the 690,776,435 outstanding shares.

On 29 August 2024, the board of directors declared an interim dividend of HK13.07 cents per ordinary share, amounting to a total of approximately HK$90,284,000 (equivalent to RMB82,538,000) based on the 690,776,435 outstanding shares.

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

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 689,198,000 (2023: 695,610,000) outstanding during the year.

The calculation of the diluted earnings 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 outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

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

Earnings	**2024** **RMB'000**	2023 RMB'000
Profit for the year attributable to ordinary equity holders of the parent for the purpose of the basic and diluted earnings per share calculation	**195,076**	228,914
Interest on convertible bonds	**15**	–
Profit attributable to ordinary equity holders of the parent before interest on convertible bonds	**195,091***	228,914

Shares	**Number of shares** **2024** **'000**	2023 '000
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation	**689,198#**	695,610
Effect of dilution – weighted average number of ordinary shares:		
Share awards	**2,140**	1,116
Total	**691,338***	696,726

* Because the diluted earnings per share amount is increased when taking convertible bonds into account, the convertible bonds had an anti-dilutive effect on the basic earnings per share for the year and were ignored in the calculation of diluted earnings per share. Therefore, the diluted earnings per share amount is based on the profit for the year of RMB195,076,000, and the weighted average number of ordinary shares of 691,338,000 outstanding during the year.

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

14. PROPERTY, PLANT AND EQUIPMENT

31 December 2024

	Buildings RMB'000	Leasehold improvements RMB'000	Medical equipment RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2024:							
Cost	39,259	145,317	412,758	17,584	33,972	–	648,890
Accumulated depreciation and impairment	(5,860)	(56,745)	(158,910)	(10,481)	(19,899)	–	(251,895)
Net carrying amount	33,399	88,572	253,848	7,103	14,073	–	396,995
At 1 January 2024, net of accumulated depreciation and impairment	33,399	88,572	253,848	7,103	14,073	–	396,995
Additions	–	16,923	31,003	3,084	5,580	11,938	68,528
Disposals	–	–	(146)	(102)	(54)	–	(302)
Depreciation provided during the year	(1,243)	(21,506)	(42,580)	(1,904)	(6,071)	–	(73,304)
At 31 December 2024, net of accumulated depreciation and impairment	32,156	83,989	242,125	8,181	13,528	11,938	391,917
At 31 December 2024:							
Cost	39,259	153,750	441,905	19,849	38,825	11,938	705,526
Accumulated depreciation and impairment	(7,103)	(69,761)	(199,780)	(11,668)	(25,297)	–	(313,609)
Net carrying amount	32,156	83,989	242,125	8,181	13,528	11,938	391,917

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

31 December 2023

	Buildings RMB'000	Leasehold improvements RMB'000	Medical equipment RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2023:							
Cost	39,259	172,200	344,275	15,934	24,263	47,787	643,718
Accumulated depreciation	(4,617)	(94,970)	(128,026)	(8,765)	(15,031)	–	(251,409)
Net carrying amount	34,642	77,230	216,249	7,169	9,232	47,787	392,309
At 1 January 2023, net of accumulated depreciation	34,642	77,230	216,249	7,169	9,232	47,787	392,309
Additions	–	22,685	61,672	1,449	9,521	124	95,451
Disposals	–	–	(1,873)	(407)	(87)	–	(2,367)
Acquisition of subsidiaries	–	8,744	14,867	909	307	–	24,827
Depreciation provided during the year	(1,243)	(20,087)	(36,201)	(2,017)	(4,900)	–	(64,448)
Impairment	–	–	(866)	–	–	–	(866)
Transfers	–	–	–	–	–	(47,911)	(47,911)
At 31 December 2023, net of accumulated depreciation and impairment	33,399	88,572	253,848	7,103	14,073	–	396,995
At 31 December 2023:							
Cost	39,259	145,317	412,758	17,584	33,972	–	648,890
Accumulated depreciation and impairment	(5,860)	(56,745)	(158,910)	(10,481)	(19,899)	–	(251,895)
Net carrying amount	33,399	88,572	253,848	7,103	14,073	–	396,995

No assets has been pledged by the Group as at 31 December 2024 (2023: Nil).

15. INVESTMENT PROPERTIES

	2024 RMB'000	2023 RMB'000
At 31 December:		
Cost	**47,911**	47,911
Accumulated depreciation	**(1,359)**	–
Impairment	**(19,137)**	(19,137)
Net carrying amount	**27,415**	28,774

A reconciliation of the net carrying amount of investment properties at the beginning and end of the year is as follows:

	2024 RMB'000	2023 RMB'000
Net carrying amount at 1 January	**28,774**	–
Transfer from property, plant and equipment	**–**	47,911
Depreciation provided during the year	**(1,359)**	–
Impairment provided during the year	**–**	(19,137)
Net carrying amount at 31 December	**27,415**	28,774

The management of the Group regularly reviews whether there are any indications of impairment for investment properties and recognises an impairment loss if the carrying amount of an asset is lower than its recoverable amount. The Group conducts impairment test on investment properties whenever there is an indication that the investment properties may be impaired. The recoverable amount is the higher of an asset's fair value less costs of disposal and the present value of its future cash flows. As at 31 December 2024, the balance of the Group's provision for impairment of investment properties was RMB19,137,000 (2023: RMB19,137,000).

As at 31 December 2024, the fair value of the investment properties was approximately RMB28,400,000 according to a valuation performed by an independent professionally qualified valuer.

Fair value hierarchy

The fair value measurement hierarchy of the Group's investment properties is as follows:

	2024 RMB'000	2023 RMB'000
Significant unobservable inputs:		
Buildings (Level 3)	**28,400**	28,774

During the year, there were no transfers into or out of Level 3 (2023: Nil).

15. INVESTMENT PROPERTIES (CONTINUED)

Fair value hierarchy (continued)

The investment properties are measured initially at cost less accumulated depreciation and provision for any impairment in value.

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation techniques	Significant unobservable inputs
Buildings	Discounted cash flow method	Discount rate

Under the discounted cash flow method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a property interest. A market-derived discount rate is applied to the projected cash flow in order to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

16. LEASES

The Group as a lessee

The Group leases certain buildings under operating lease arrangements with leases negotiated for terms ranging from 2 to 20 years. A single lump sum payment was made upfront to acquire the leased land from the owner with lease period of 50 years, and no ongoing payments will be made under the terms of this leased land. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land RMB'000	Buildings RMB'000	Total RMB'000
As at 1 January 2023	–	200,744	200,744
Additions	–	12,991	12,991
Acquisition of subsidiaries	–	30,504	30,504
Depreciation charge	–	(49,139)	(49,139)
As at 31 December 2023 and 1 January 2024	–	195,100	195,100
Additions	42,173	50,691	92,864
Depreciation charge	(421)	(55,458)	(55,879)
Revision of a lease term arising from a change in the non-cancellable period of a lease	–	9,188	9,188
As at 31 December 2024	41,752	199,521	241,273

16. LEASES (CONTINUED)

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the year are as follows:

	2024 RMB'000	2023 RMB'000
Carrying amount at 1 January	**193,644**	184,143
New leases	**33,362**	12,991
Acquisition of subsidiaries	**–**	31,858
Accretion of interest recognised during the year	**10,345**	11,491
Payments	**(68,860)**	(46,839)
Revision of a lease term arising from a change in the non-cancellable period of a lease	**8,886**	–
Carrying amount at 31 December	**177,377**	193,644
Analysed into:		
Current portion	**34,251**	41,822
Non-current portion	**143,126**	151,822

The maturity analysis of lease liabilities is disclosed in note 41 to the financial statements.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2024 RMB'000	2023 RMB'000
Interest on lease liabilities	**10,345**	11,491
Depreciation charge of right-of-use assets	**55,879**	49,139
Expense relating to short-term leases	**1,338**	1,302
Gain on revision of leases	**(302)**	–
Total amount recognised in profit or loss	**67,260**	61,932

16. LEASES (CONTINUED)

(d) The total cash outflow for leases is disclosed in note 34(c) to the financial statements.

The Group as a lessor

The Group leases its investment properties (note 15) consisting of one commercial property in Hohhot under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB1,343,000, details of which are included in note 6 to the financial statements.

At 31 December 2024, the undiscounted lease payments receivable by the Group in future periods under operating leases with its tenants are as follows:

	2024 RMB'000
Within one year	1,906
After one year but within two years	1,906
After two years but within three years	1,906
After three years but within four years	2,002
After four years but within five years	2,002
After five years	19,561
Total	29,283

17. GOODWILL

	RMB'000
At 1 January 2023:	
Cost	115,214
Net carrying amount	115,214
Cost at 1 January 2023, net of accumulated impairment	115,214
Acquisition of subsidiaries	104,603
Impairment during the year	(13,831)
At 31 December 2023	205,986
At 31 December 2023:	
Cost	219,817
Accumulated impairment	(13,831)
Net carrying amount	205,986
Cost at 1 January 2024, net of accumulated impairment	205,986
Impairment during the year	(20,387)
Cost and net carrying amount at 31 December 2024	185,599
At 31 December 2024:	
Cost	219,817
Accumulated impairment	(34,218)
Net carrying amount	185,599

17. GOODWILL (CONTINUED)

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating units ("**CGUs**") for impairment testing:

- Ningbo Boshi Eye Hospital Co., Ltd. cash-generating unit;
- Ninghai Eye Hospital Co., Ltd. cash-generating unit;
- Xiangshan Chaoju Eye Hospital Co., Ltd. cash-generating unit;
- Tangshan Jidong Eye Hospital Co., Ltd. cash-generating unit;
- Yutian Jidong Eye Hospital Co., Ltd. cash-generating unit;
- Luanzhou Jidong Eye Hospital Co., Ltd. cash-generating unit;
- Luannan Jidong Shiming Eye Hospital Co., Ltd. cash-generating unit;
- Ningxia Chaoju Kaiming Ophthalmology Hospital Co., Ltd. cash-generating unit;
- Beijing Chaoju Ophthalmology Clinic Co., Ltd. cash-generating unit; and
- Bayannur Xudong Ophthalmology Hospital Co., Ltd. cash-generating unit;

Ningbo Boshi Eye Hospital Co., Ltd. cash-generating unit

The recoverable amount of the Ningbo Boshi Eye Hospital Co., Ltd. cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. As at the end of the year, the pre-tax discount rate applied to the cash flow projections is 16.10% (2023: 18.83%). The growth rate used to extrapolate the cash flows of the Ningbo Boshi Eye Hospital Co., Ltd. cash-generating unit beyond the five-year period is 2.0% (2023: 2.2%).

Ninghai Eye Hospital Co., Ltd. cash-generating unit

The recoverable amount of the Ninghai Eye Hospital Co., Ltd. cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. As at the end of the year, the pre-tax discount rate applied to the cash flow projections is 16.41% (2023: 18.83%). The growth rate used to extrapolate the cash flows of the Ninghai Eye Hospital Co., Ltd. cash-generating unit beyond the five-year period is 2.0% (2023: 2.2%).

17. GOODWILL (CONTINUED)

Impairment testing of goodwill (continued)

Xiangshan Chaoju Eye Hospital Co., Ltd. cash-generating unit

The recoverable amount of the Xiangshan Chaoju Eye Hospital Co., Ltd. cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. As at the end of the year, the pre-tax discount rate applied to the cash flow projections is 14.00% (2023: 18.83%). The growth rate used to extrapolate the cash flows of the Xiangshan Chaoju Eye Hospital Co., Ltd. cash-generating unit beyond the five-year period is 2.0% (2023: 2.2%).

Tangshan Jidong Eye Hospital Co., Ltd. cash-generating unit

The recoverable amount of the Tangshan Jidong Eye Hospital Co., Ltd. cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. As at the end of the year, the pre-tax discount rate applied to the cash flow projections is 16.57% (2023: 18.19%). The growth rate used to extrapolate the cash flows of the Tangshan Jidong Eye Hospital Co., Ltd. cash-generating unit beyond the five-year period is 2.0% (2023: 2.2%).

Yutian Jidong Eye Hospital Co., Ltd. cash-generating unit

The recoverable amount of the Yutian Jidong Eye Hospital Co., Ltd. cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. As at the end of the year, the pre-tax discount rate applied to the cash flow projections is 16.71% (2023: 18.19%). The growth rate used to extrapolate the cash flows of the Yutian Jidong Eye Hospital Co., Ltd. cash-generating unit beyond the five-year period is 2.0% (2023: 2.2%).

Luanzhou Jidong Eye Hospital Co., Ltd. cash-generating unit

The recoverable amount of the Luanzhou Jidong Eye Hospital Co., Ltd. cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. As at the end of the year, the pre-tax discount rate applied to the cash flow projections is 15.66% (2023: 18.19%). The growth rate used to extrapolate the cash flows of the Luanzhou Jidong Eye Hospital Co., Ltd. cash-generating unit beyond the five-year period is 2.0% (2023: 2.2%).

Luannan Jidong Shiming Eye Hospital Co., Ltd. cash-generating unit

The recoverable amount of the Luannan Jidong Shiming Eye Hospital Co., Ltd. cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. As at the end of the year, the pre-tax discount rate applied to the cash flow projections is 16.19% (2023: 18.19%). The growth rate used to extrapolate the cash flows of the Luannan Jidong Shiming Eye Hospital Co., Ltd. cash-generating unit beyond the five-year period is 2.0% (2023: 2.2%).

17. GOODWILL (CONTINUED)

Impairment testing of goodwill (continued)

Ningxia Chaoju Kaiming Ophthalmology Hospital Co., Ltd. cash-generating unit

The recoverable amount of the Ningxia Chaoju Kaiming Ophthalmology Hospital Co., Ltd. cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. As at the end of the year, the pre-tax discount rate applied to the cash flow projections is 14.75% (2023: 18.25%). The growth rate used to extrapolate the cash flows of the Ningxia Chaoju Kaiming Ophthalmology Hospital Co., Ltd. cash-generating unit beyond the five-year period is 2.0% (2023: 2.2%).

Beijing Chaoju Ophthalmology Clinic Co., Ltd. cash-generating unit

The recoverable amount of the Beijing Chaoju Ophthalmology Clinic Co., Ltd. cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. As at the end of the year, the pre-tax discount rate applied to the cash flow projections is 16.35% (2023: 18.83%). The growth rate used to extrapolate the cash flows of the Beijing Chaoju Ophthalmology Clinic Co., Ltd. cash-generating unit beyond the five-year period is 2.0% (2023: 2.2%).

Bayannur Xudong Ophthalmology Hospital Co., Ltd. cash-generating unit

The recoverable amount of the Bayannur Xudong Ophthalmology Hospital Co., Ltd. cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. As at the end of the year, the pre-tax discount rate applied to the cash flow projections is 15.19% (2023: 18.83%). The growth rate used to extrapolate the cash flows of the Bayannur Xudong Ophthalmology Hospital Co., Ltd. cash-generating unit beyond the five-year period is 2.0% (2023: 2.2%).

The carrying amount of goodwill allocated to each of the cash-generating units is as follows:

	2024 **RMB'000**	2023 RMB'000
Ningbo Boshi Eye Hospital Co., Ltd.	**–**	4,056
Ninghai Eye Hospital Co., Ltd.	**–**	2,445
Xiangshan Chaoju Eye Hospital Co., Ltd.	**–**	7,896
Tangshan Jidong Eye Hospital Co., Ltd.	**66,954**	66,954
Yutian Jidong Eye Hospital Co., Ltd.	**11,142**	11,142
Luannan Jidong Shiming Eye Hospital Co., Ltd.	**5,461**	5,461
Luanzhou Jidong Eye Hospital Co., Ltd.	**3,429**	3,429
Ningxia Chaoju Kaiming Ophthalmology Hospital Co., Ltd.	**13,447**	19,437
Beijing Chaoju Ophthalmology Clinic Co., Ltd.	**22,621**	22,621
Bayannur Xudong Ophthalmology Hospital Co., Ltd.	**62,545**	62,545
Total	**185,599**	205,986

17. GOODWILL (CONTINUED)

Impairment testing of goodwill (continued)

Assumptions were used in the value in use calculation of the Ningbo Boshi Eye Hospital Co., Ltd., Ninghai Eye Hospital Co., Ltd., Xiangshan Chaoju Eye Hospital Co., Ltd., Tangshan Jidong Eye Hospital Co., Ltd., Yutian Jidong Eye Hospital Co., Ltd., Luanzhou Jidong Eye Hospital Co., Ltd., Luannan Jidong Shiming Eye Hospital Co., Ltd., Ningxia Chaoju Kaiming Ophthalmology Hospital Co., Ltd., Beijing Chaoju Ophthalmology Clinic Co., Ltd. and Bayannur Xudong Ophthalmology Hospital Co., Ltd. cash-generating units for 31 December 2024. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Revenue	–	The value assigned to the budgeted revenue is the average revenue achieved in the year immediately before the budget year, taking into account the expected growth rate.
Discount rates	–	The discount rates used are before tax and reflect specific risks relating to the relevant units.

The values assigned to the key assumptions on market development of ophthalmic services, discount rates and raw materials price inflation are consistent with external information sources.

In the opinion of the directors of the Company, for the Ningbo Boshi Eye Hospital Co., Ltd. cash-generating unit, a reasonably possible change in the key assumptions of the cash flow projections would cause its carrying amount exceed its recoverable amount. If the discount rate increased or decreased by 1% from 16.10%, the impairment loss would increase by RMB676,000 (2023: RMB1,720,000) or decrease by RMB658,000 (2023: RMB1,978,000), respectively, during the year ended 31 December 2024.

In the opinion of the directors of the Company, for the Ninghai Eye Hospital Co., Ltd. cash-generating unit, a reasonably possible change in the key assumptions of the cash flow projections would cause its carrying amount exceed its recoverable amount. If the discount rate increased or decreased by 1% from 16.41%, the impairment loss would increase by RMB864,000 (2023: RMB1,249,000) or decrease by RMB1,002,000 (2023: RMB1,454,000), respectively, during the year ended 31 December 2024.

In the opinion of the directors of the Company, for the Xiangshan Chaoju Eye Hospital Co., Ltd. cash-generating unit, a reasonably possible change in the key assumptions of the cash flow projections would cause its carrying amount exceed its recoverable amount. If the discount rate increased or decreased by 1% from 14.00%, the impairment loss would increase by RMB1,274,000 (2023: RMB2,458,000) or decrease by RMB1,457,000 (2023: RMB3,148,000), respectively, during the year ended 31 December 2024.

In the opinion of the directors of the Company, for the Ningxia Chaoju Kaiming Ophthalmology Hospital Co., Ltd. cash-generating unit, a reasonably possible change in the key assumptions of the cash flow projections would cause its carrying amount exceed its recoverable amount. If the discount rate increased or decreased by 1% from 14.75%, the impairment loss would increase by RMB2,406,000 or decrease by RMB2,555,000, respectively, during the year ended 31 December 2024.

18. INTANGIBLE ASSETS

31 December 2024

	Software RMB'000	Medical licences RMB'000	Brand RMB'000	Construction in progress RMB'000	Total RMB'000
Cost at 1 January 2024,					
net of accumulated amortisation	13,215	104,580	46,597	2,571	166,963
Additions	4,350	–	–	7,941	12,291
Transfers	8,105	–	–	(8,105)	–
Amortisation provided during the year	(2,397)	(8,807)	(2,415)	–	(13,619)
At 31 December 2024	23,273	95,773	44,182	2,407	165,635
At 31 December 2024:					
Cost	31,276	132,100	48,300	2,407	214,083
Accumulated amortisation	(8,003)	(36,327)	(4,118)	–	(48,448)
Net carrying amount	23,273	95,773	44,182	2,407	165,635

18. INTANGIBLE ASSETS (CONTINUED)

31 December 2023

	Software RMB'000	Medical licences RMB'000	Brand RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2023:					
Cost	14,458	81,800	20,000	–	116,258
Accumulated amortisation	(3,815)	(21,075)	(167)	–	(25,057)
Net carrying amount	10,643	60,725	19,833	–	91,201
Cost at 1 January 2023, net of accumulated amortisation	10,643	60,725	19,833	–	91,201
Additions	3,968	–	–	2,571	6,539
Disposals	(7)	–	–	–	(7)
Acquisition of subsidiaries	404	50,300	28,300	–	79,004
Amortisation provided during the year	(1,793)	(6,445)	(1,536)	–	(9,774)
At 31 December 2023	13,215	104,580	46,597	2,571	166,963
At 31 December 2023 and at 1 January 2024:					
Cost	18,821	132,100	48,300	2,571	201,792
Accumulated amortisation	(5,606)	(27,520)	(1,703)	–	(34,829)
Net carrying amount	13,215	104,580	46,597	2,571	166,963

19. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 RMB'000	2023 RMB'000
Wealth management products	**462,068**	412,453
Investment funds with limited life	**125,337**	92,000
Total	**587,405**	504,453
Analysed into:		
Current portion	**462,068**	412,453
Non-current portion	**125,337**	92,000

(a) The above wealth management products were issued by banks in Mainland China. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

(b) The above investment funds with limited life represent the Group's investment in unlisted private funds which were managed by financial institutions incorporated in Mainland China. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

20. INVENTORIES

	2024 RMB'000	2023 RMB'000
Medical consumables	**23,671**	33,040
Pharmaceuticals	**12,531**	13,806
Optical products	**4,111**	4,266
Total	**40,313**	51,112

21. TRADE RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables	**79,381**	60,429
Impairment	**(4,955)**	(4,687)
Net carrying amount	**74,426**	55,742

Trade receivables mainly represents the balances due from public health insurance programs and social organisation for the healthcare services provided by the Group, and sales of optical products.

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit periods range from 30 to 180 days. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	2024 RMB'000	2023 RMB'000
Within 3 months	**51,250**	41,691
4 to 6 months	**7,582**	4,570
7 to 12 months	**9,297**	3,657
Over 12 months	**6,297**	5,824
Total	**74,426**	55,742

21. TRADE RECEIVABLES (CONTINUED)

The movements in the loss allowance for impairment of trade receivables are as follows:

	2024 **RMB'000**	2023 RMB'000
At beginning of the year	**4,687**	7,681
Acquisition of subsidiaries	**–**	936
Impairment losses, net (note 7)	**2,154**	4,123
Amount written off as uncollectible	**(1,886)**	(8,053)
At end of the year	**4,955**	4,687

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days 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 reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings.

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

As at 31 December 2024

	Within 3 months	**4 to 6 months**	**7 to 12 months**	**Over 12 months**	**Total**
Trade receivables from social organisation					
Expected credit loss rate	**1.93%**	**1.93%**	**1.93%**	**34.84%**	**15.32%**
Gross carrying amount (RMB'000)	**8,288**	**2,595**	**2,293**	**9,041**	**22,217**
Expected credit losses (RMB'000)	**160**	**50**	**44**	**3,150**	**3,404**
Trade receivables from public health insurance programs					
Expected credit loss rate	**1.93%**	**1.93%**	**1.93%**	**53.39%**	**2.71%**
Gross carrying amount (RMB'000)	**43,952**	**5,136**	**7,187**	**871**	**57,146**
Expected credit losses (RMB'000)	**848**	**99**	**139**	**465**	**1,551**
Trade receivables from sales of optical products					
Expected credit loss rate	**1.93%**	**–**	**–**	**–**	**1.93%**
Gross carrying amount (RMB'000)	**18**	**–**	**–**	**–**	**18**
Expected credit losses (RMB'000)	**–**	**–**	**–**	**–**	**–**

21. TRADE RECEIVABLES (CONTINUED)

As at 31 December 2023

	Within 3 months	4 to 6 months	7 to 12 months	Over 12 months	Total
Trade receivables from social organisation					
Expected credit loss rate	1.32%	2.76%	3.00%	36.30%	13.75%
Gross carrying amount (RMB'000)	8,612	2,214	1,769	6,669	19,264
Expected credit losses (RMB'000)	114	61	53	2,421	2,649
Trade receivables from public health insurance programs					
Expected credit loss rate	1.33%	1.33%	1.33%	49.26%	4.98%
Gross carrying amount (RMB'000)	33,333	2,449	1,967	3,110	40,859
Expected credit losses (RMB'000)	443	33	26	1,532	2,034
Trade receivables from sales of optical products					
Expected credit loss rate	1.33%	–	–	–	1.33%
Gross carrying amount (RMB'000)	306	–	–	–	306
Expected credit losses (RMB'000)	4	–	–	–	4

22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2024 RMB'000	2023 RMB'000
Prepayments		
– current	**29,472**	22,847
– non-current	**7,753**	6,604
Trust fund	**4,670**	2,682
Tax assets	**5,606**	3,342
Other receivables	**36,246**	64,456
	83,747	99,931
Impairment allowance	**(23,011)**	(23,137)
Total	**60,736**	76,794
Analysed into:		
Current portion	**52,983**	70,190
Non-current portion	**7,753**	6,604

The movements in the loss allowance for impairment of prepayments and other receivables are as follows:

	2024 RMB'000	2023 RMB'000
At the beginning of the year	**23,137**	21,620
Acquisition of subsidiaries	**–**	80
(Reversal of impairment)/impairment losses, net (note 7)	**(126)**	1,712
Amount written off as uncollectible	**–**	(275)
At the end of the year	**23,011**	23,137

23. OTHER CURRENT FINANCIAL ASSETS

	2024 RMB'000	2023 RMB'000
Debt securities	**10,092**	50,222

Other current financial assets are debt securities that are only held for collection of contractual cash flows, and are measured at amortised cost.

24. TIME DEPOSITS

	2024 RMB'000	2023 RMB'000
Time deposits – current	**287,317**	626,509
Time deposits – non-current	**20,339**	95,007
Total	**307,656**	721,516

Non-current portion time deposits represent deposits with maturity date over one year from the report date. As at 31 December 2024, RMB20,339,000 of non-current portion time deposits carried fixed interest rates of 2.60% per annum, with maturity dates in May 2027.

Current time portion deposits represent deposits with original maturity date over 3 months when acquired. As at 31 December 2024, RMB287,317,000 of current portion time deposits carried fixed interest rates ranging from 1.80% to 4.58% per annum.

25. CASH AND CASH EQUIVALENTS

	2024 **RMB'000**	2023 RMB'000
Cash and bank balances	**346,948**	463,437
Time deposits	**433,837**	–
Cash and cash equivalents	**780,785**	463,437

Cash and cash equivalents are denominated in the following currencies:

	2024 **RMB'000**	2023 RMB'000
RMB	**344,102**	449,629
Hong Kong dollar	**273,841**	13,661
United States dollar	**162,842**	147
Cash and cash equivalents	**780,785**	463,437

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to RMB344,102,000 (2023: RMB449,629,000). The RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between two months and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

26. 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:

	2024	2023
	RMB'000	RMB'000
Within 1 year	**47,937**	49,477
1 to 2 years	**2,424**	3,093
2 to 3 years	**1,252**	1,392
Over 3 years	**2,001**	1,394
Total	**53,614**	55,356

The trade payables are non-interest-bearing and are normally settled on 30 to 90 days terms.

27. OTHER PAYABLES AND ACCRUALS

	2024	2023
	RMB'000	RMB'000
Salary and welfare payable	**114,899**	97,161
Rent payables	**38,544**	36,724
Payables for purchases of property, plant and equipment	**18,380**	13,169
Equity payables	**18,347**	36,638
Contract liabilities (note(a))	**10,112**	7,676
Service fee payables	**7,577**	13,633
Deposit	**4,281**	5,901
Accrual taxes payables	**3,866**	5,157
Other payables	**15,011**	13,121
Total	**231,017**	229,180
Analysed into:		
Current portion	**229,172**	221,137
Non-current portion	**1,845**	8,043

27. OTHER PAYABLES AND ACCRUALS (CONTINUED)

Note (a): Details of contract liabilities are as follows:

	2024 RMB'000	2023 RMB'000
Out-patient services	**5,372**	5,294
Others	**4,740**	2,382
Total	**10,112**	7,676

28. INTEREST-BEARING OTHER BORROWINGS

	2024			2023		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Other loans – unsecured	**4.15-5.70**	**2025**	**7,073**	4.35-5.70	2024	7,153
Total – current			**7,073**			7,153
Non-Current						
Convertible bonds* (note 29)	**Weighted average of 4.38**	**2028**	**33,556**	–	–	–
Total – non-current			**33,556**			–
Total			**40,629**			7,153

	2024 RMB'000	2023 RMB'000
Analysed into:		
Other borrowings repayable:		
Within one year	**7,073**	7,153
In the second to fourth years, inclusive	**33,556**	–
Total	**40,629**	7,153

* As at 31 December 2024, convertible bonds carry a weighted average effective interest rate at 4.38% (2023: nil) and will mature in 2028 (2023: nil).

29. CONVERTIBLE BONDS

On 26 December 2024, Chaoju Letong issued convertible bonds with a nominal value of RMB34,800,000 to Shenzhen Xinchuang Yihe Private Equity Investment Fund Partnership (Limited Partnership). The bonds are convertible at the option of the bondholders into ordinary shares of Chaoju Letong on 26 December 2028. The conversion ratio shall be determined based on the principal amount of RMB34,800,000 and the Chaoju Letong's pre-money valuation of RMB175 million. The bonds are redeemable at the option of Chaoju Letong at a price of RMB34,800,000. The bonds carry interest at a rate of 3.6% per annum, which is payable at the time of maturity, or exempted while conversion.

The fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option. The residual amount is assigned as the equity component and is included in shareholders' equity.

The convertible bonds issued during the year have been split into the liability and equity components as follows.

	2024 **RMB'000**	2023 RMB'000
Nominal value of convertible bonds issued during the year	**34,800**	–
Equity component	**(1,263)**	–
Liability component at the issuance date	**33,537**	–
Interest expense	**19**	–
Liability component at 31 December (note 28)	**33,556**	–

30. DEFERRED TAX

The deferred tax assets and liabilities recognised by the Group, and the movements thereon, during the year are as follows:

31 December 2024

Deferred tax liabilities

	Right-of-use assets RMB'000	Fair value adjustments arising from acquisition of subsidiaries RMB'000	Withholding taxes RMB'000	Depreciation allowance in excess of related depreciation RMB'000	Financial products changes in fair value RMB'000	Convertible Bonds RMB'000	Total RMB'000
At 1 January 2024	24,713	36,643	9,538	4,195	368	–	75,457
Deferred tax charged/(credited) to the statement of profit or loss during the year	(4,338)	(2,758)	(1,410)	161	(58)	(1)	(8,404)
Deferred tax charged to equity	–	–	–	–	–	316	316
At 31 December 2024	20,375	33,885	8,128	4,356	310	315	67,369

Deferred tax assets

	Impairment of financial assets RMB'000	Losses available for offsetting against future taxable profits RMB'000	Lease liabilities RMB'000	Unrealised gains and losses from intra-group transactions RMB'000	Total RMB'000
At 1 January 2024	596	7,850	29,781	1,165	39,392
Deferred tax (charged)/credited to the statement of profit or loss during the year	116	3,152	(4,370)	(210)	(1,312)
At 31 December 2024	712	11,002	25,411	955	38,080

30. DEFERRED TAX (CONTINUED)

31 December 2023

Deferred tax liabilities

	Right-of-use assets RMB'000	Fair value adjustments arising from acquisition of subsidiaries RMB'000	Withholding taxes RMB'000	Depreciation allowance in excess of related depreciation RMB'000	Financial products changes in fair value RMB'000	Total RMB'000
At 1 January 2023	22,853	20,148	12,700	4,124	419	60,244
Deferred tax charged/(credited) to the statement of profit or loss during the year	1,860	(1,965)	(3,162)	71	(51)	(3,247)
Acquisition of subsidiaries	–	18,460	–	–	–	18,460
At 31 December 2023	24,713	36,643	9,538	4,195	368	75,457

Deferred tax assets

	Impairment of financial assets RMB'000	Losses available for offsetting against future taxable profits RMB'000	Lease liabilities RMB'000	Unrealised gains and losses from intra-group transactions RMB'000	Total RMB'000
At 1 January 2023	1,932	7,852	27,252	853	37,889
Deferred tax (charged)/credited to the statement of profit or loss during the year	(1,336)	(2)	2,529	312	1,503
At 31 December 2023	596	7,850	29,781	1,165	39,392

30. DEFERRED TAX (CONTINUED)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2024 RMB'000	2023 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	**7,664**	5,712
Net deferred tax liabilities recognised in the consolidated statement of financial position	**36,953**	41,777
Net deferred tax liabilities in respect of continuing operations	**(29,289)**	(36,065)

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

Deferred tax assets have not been recognised in respect of the following items:

	2024 RMB'000	2023 RMB'000
Tax losses	**267,134**	207,017
Deductible temporary differences	**63,759**	23,194
	330,893	230,211

The above tax losses are available for a maximum of five years for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

The Group is liable to withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008. The applicable rate is 5% for the Group.

Deferred tax liabilities of RMB8,323,000 as at 31 December 2024 (2023: RMB12,893,000) have not been provided in respect of withholding tax that would be payable on the distribution of retained earnings of certain Mainland China subsidiaries, which was determined based on the extent of retained earnings of these subsidiaries unlikely to be distributed of RMB166,456,000 as at 31 December 2024 (2023: RMB257,858,000). In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future.

31. SHARE CAPITAL

The Company was incorporated in the Cayman Islands on 19 May 2020 with authorised share capital of HK$380,000 divided into 1,520,000,000 shares with a par value of HK$0.00025 each.

Share Capital	2024 HK$	2023 HK$
Authorised 1,520,000,000 shares of par value of HK$0.00025 each	**380,000**	380,000

	RMB	RMB
Issued and fully paid 707,526,500 (2023: 707,625,000) shares of par value of HK$0.00025 each	**151,731**	151,752

		Shares in issued		Treasury shares	
		Number of shares	RMB'000	Number of shares	RMB'000
At 1 January 2023		707,625,000	152	5,800,000	18,665
Shares repurchased		–	–	14,340,000	58,236
At 31 December 2023 and 1 January 2024		707,625,000	152	20,140,000	76,901
Shares repurchased	(i)	–	–	698,500	2,690
Shares vested		–	–	(3,989,935)	(15,244)
Shares cancelled		(98,500)	–	(98,500)	(384)
At 31 December 2024		707,526,500	152	16,750,065	63,963

Note:

(i) Pursuant to the board resolution passed on 10 May 2022, as the board directed, the trustee of the share award scheme purchased a total of 698,500 shares on the Hong Kong Stock Exchange at a total consideration of HK$2,966,000 (equivalent to approximately RMB2,690,000) which was paid wholly out of retained profits in accordance with section 257 of the Hong Kong Companies Ordinance. As at 31 December 2024, the Group had 16,750,065 (2023: 20,140,000) purchased shares classified as treasury shares held for share award scheme.

32. SHARE-BASED PAYMENTS

Xiamen Juludazhou Equity Investment Partnership (Limited Partnership) ("**Juludazhou**") 廈門聚鷺達洲股權投資合夥企業（有限合夥） was incorporated on 10 April 2020 in the PRC as the domestic shareholding platform for employee incentive. The main purpose of establishing the domestic shareholding platform is to allow key domestic employees to enjoy the economic interest of the equity of the Group through the shareholding platform indirectly to achieve employee incentive. The vesting conditions and schedule for each of the eligible participants were agreed after taking into consideration his/her roles and responsibilities, historical contributions to the Group as well as his/her performance judged against a set of key performance indicators.

On 22 October 2017, as approved by the board of directors of Chaoju Medical Technology, it was resolved to grant 1,996,976 shares which the controlling shareholders of the Group originally held for employee incentive purposes, and the economic interests of such shares were further allocated to eligible participants of the Group. The grant price for each share under the share-based incentive scheme is RMB2.00. Subject to the terms and conditions as set out in the share-based incentive scheme, these granted shares will be vested in the proportion of 40%, 30% and 30% on the first working day after 6 months, 18 months and 30 months after the listing of the Company's shares on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Listing**"), respectively.

On 26 December 2019, as approved by the board of directors of Chaoju Medical Technology, it was resolved to grant 3,200,702 shares which the controlling shareholders of the Group originally held for employee incentive purposes, the economic interests of which were further allocated to eligible participants of the Group. The grant price for each share under the share-based incentive scheme is in the range between RMB5.21 and RMB11.00. Subject to the terms and conditions as set out in the share-based incentive scheme, these granted shares will be vested either on the first working day after 6 months after the Listing or in the proportion of 40%, 30% and 30% on the first working day after 6 months, 18 months and 30 months after the Listing (for the other eligible participants), respectively.

The following table discloses the movements of the shares awarded, which were granted on 22 October 2017 and 26 December 2019, during the reporting period:

			Number of shares			
Date of grant	**Share price as at the date of grant** RMB per share	**Grant price** RMB per share	**As at 1 January 2024**	**Vested during the year**	**As at 31 December 2024**	**Vesting period**
22 Oct 2017	9.20	2.00	**599,093**	**(599,093)**	**–**	6 – 30 months after the Listing
26 Dec 2019	11.82	5.21-11.00	**540,211**	**(540,211)**	**–**	6 – 30 months after the Listing

32. SHARE-BASED PAYMENTS (CONTINUED)

Date of grant	Share price as at the date of grant RMB per share	Grant price RMB per share	Number of shares: As at 1 January 2023	Vested During the year	As at 31 December 2023	Vesting period
22 Oct 2017	9.20	2.00	1,198,186	(599,093)	599,093	6 – 30 months after the Listing
26 Dec 2019	11.82	5.21-11.00	1,080,421	(540,210)	540,211	6 – 30 months after the Listing

For the year ended 31 December 2024, the Group recognised share-based payments of RMB30,000 (2023: RMB1,290,000).

The Company operates a share award scheme (the "**Scheme**") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. The Scheme became effective on 10 May 2022 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share awards currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share awards to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share awards in excess of this limit is subject to shareholders' approval in a general meeting.

On 14 June 2023, the Company approved a batch of Scheme. Pursuant to the batch of granted share awards, the Company granted 13,396,724 restricted shares to 224 eligible persons, who are employees of the Company and its subsidiaries. The Company received prepaid exercise amounts of RMB10,729,000 from the eligible employees under the share award scheme in 2023. Share awards granted under the batch of granted share awards shall be valid and vest over a three-year period, with 30%, 30% and 40% of total share awards vesting on 31 May each year from 2024 to 2026. Performance targets are set out for each batch of granted share awards and determined annually by the Board.

On 17 December 2024, the Company approved a batch of Scheme. Pursuant to the batch of granted share awards, the Company granted 2,934,270 restricted shares to 87 eligible persons, who are employees of the Company and its subsidiaries. Share awards granted under the batch of granted share awards shall be valid and vest over a two-year period, with 50% and 50% of total share awards vesting on 31 May each year from 2025 to 2026. Performance targets are set out for each batch of granted share awards and determined annually by the Board.

32. SHARE-BASED PAYMENTS (CONTINUED)

The following table discloses the movements of the shares awarded, which were granted on 14 June 2023 and 17 December 2024, during the reporting period:

Date of grant	Share price as at the date of grant HK$ per share	Grant price HK$ per share	Number of shares As at 1 January 2024	Granted during the year	Vested during the year	Forfeited during the year	As at 31 December 2024	Vesting period
14 June 2023	4.20	Nil – 1.00	**13,345,094**	**-**	**(3,989,935)**	**(320,633)**	**9,034,526**	1 April 2024 to 31 May 2026
17 December 2024	2.79	Nil – 1.00	**-**	**2,934,270**	**-**	**-**	**2,934,270**	1 April 2025 to 31 May 2026

Date of grant	Share price as at the date of grant HK$ per share	Grant price HK$ per share	Number of shares As at 1 January 2023	Granted during the year	Forfeited during the year	As at 31 December 2023	Vesting period
14 June 2023	4.20	Nil – 1.00	–	13,396,724	(51,630)	13,345,094	1 April 2024 to 31 May 2026

At the end of the reporting period, the Company had 11,968,796 restricted shares outstanding under the Scheme. The exercise in full of the outstanding shares would, under the present capital structure of the Company, result in the reduction of 11,968,796 treasury shares held under the Scheme by the Company, and such number of treasury shares were transferred to the capital reserve.

The outstanding share-based payments were permitted to be granted issued shares which were originally held by the controlling shareholders of the Group, and there is a dilution effect in the computation of earnings per share.

The fair values of the awarded shares were approximately HK$4.20 per share and HK$2.79 per share, which were calculated based on the market price of the Company's shares at their respective dates of grant on 14 June 2023 and 17 December 2024, respectively.

For the year ended 31 December 2024, the Group recognised share-based payments of RMB16,409,000 (2023: RMB13,153,000) under the Scheme.

32. SHARE-BASED PAYMENTS (CONTINUED)

Tangshan Hospital operates a share option scheme which became effective on 1 July 2024. The exercise period of the share options granted is determinable by the directors and the share option scheme shall be valid for a term of twenty-three months.

There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options. The Group accounts for the share option scheme as an equity-settled plan.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the share option scheme during the year:

	2024	
	Weighted average exercise price RMB per share	**Number of options**
At 1 January	**–**	**–**
Granted during the year	**1.00**	**1,000,000**
At 31 December	**1.00**	**1,000,000**

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2024 Number of options	Exercise price* RMB per share	Exercise period
1,000,000	1.00	1 May 2026 to 31 May 2026

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in Tangshan Hospital's share capital.

The fair value of the share options granted during the year was RMB304,000 (RMB0.30 each), of which the Group recognised a share option expense of RMB80,000 during the year ended 31 December 2024.

32. SHARE-BASED PAYMENTS (CONTINUED)

The fair value of equity-settled share options granted during the year, was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2024
Volatility (%)	**43.73**
Risk-free interest rate (%)	**1.65**
Expected life of options (year)	**1.92**
Weighted average share price (RMB per share)	**0.30**

For the year ended 31 December 2024, the Group recognised share-based payments of RMB16,519,000 (2023: RMB14,443,000) in total.

33. RESERVES

The amounts of the Group's reserves and the movements therein for the year and prior year are presented in the consolidated statement of changes in equity on pages 95 to 96 of the financial statements.

Capital reserve

The capital reserve of the Group represents (i) any difference between the net assets value attributed to non-controlling interests acquired and the fair value of the consideration paid for acquisition of non-controlling interests, (ii) capital contributions from then shareholders to entities now comprising the Group prior to the reorganisation, (iii) excess of the capital contribution proceeds received over the Company's issued share capital after incorporation of the Company, and (iv) amount previously recognised in share-based payment reserve when shares granted are vested. Details of the movements in the capital reserve are set out in the consolidated statement of changes in equity.

Share-based payment reserve

The share-based payment reserve is used to recognise the value of share-based incentive schemes provided to employees, including key management personnel, as part of their remuneration. Refer to note 32 to the financial statements for further details of these plans.

34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB33,362,000 (2023: RMB12,991,000) and RMB33,362,000 (2023: RMB66,044,000), respectively, in respect of lease arrangements for buildings.

(b) Changes in liabilities arising from financing activities

2024

	Other borrowings RMB'000	Lease liabilities RMB'000	Convertible bonds RMB'000
At 1 January 2024	**7,153**	**193,644**	**–**
Changes from financing cash flows	**(370)**	**(58,515)**	**34,800**
Equity component of convertible bonds	**–**	**–**	**(1,263)**
New leases	**–**	**33,362**	**–**
Interest expenses	**290**	**10,345**	**19**
Reassessment and revision of lease terms	**–**	**8,886**	**–**
Changes from operating cash flows	**–**	**(10,345)**	**–**
At 31 December 2024	**7,073**	**177,377**	**33,556**

2023

	Other borrowings RMB'000	Lease liabilities RMB'000
At 1 January 2023	12,013	184,143
Changes from financing cash flows	(11,410)	(35,348)
Acquisition of subsidiaries	5,820	31,858
New leases	–	12,991
Interest expenses	730	11,491
Changes from operating cash flows	–	(11,491)
At 31 December 2023	7,153	193,644

34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2024 RMB'000	2023 RMB'000
Within operating activities	**11,683**	12,793
Within investing activities	**17,329**	–
Within financing activities	**58,515**	35,348
Total	**87,527**	48,141

35. CONTINGENT LIABILITIES

As at 31 December 2024, the Group did not have any contingent liabilities or guarantees that would have a material impact on the financial position or operations of the Group.

36. PLEDGE OF ASSETS

As at December 31, 2024, no asset has been pledged by the Group.

37. COMMITMENTS

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

	2024 RMB'000	2023 RMB'000
Contracted, but not provided for:		
Capital contributions to investment fund	**30,000**	70,000
Property, plant and equipment	**26,417**	1,500
	56,417	71,500

38. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Related party transactions

The Group had the following material transactions with related parties during the year:

	Notes	2024 RMB'000	2023 RMB'000
Purchase of services:			
Entities controlled by controlling shareholders		**269**	200
Controlling shareholders		**–**	791
		269	991
Purchase of property, plant and equipment from:	(i)		
Entities under control of certain persons		**–**	151
Lease payments:	(i)		
Entities controlled by controlling shareholders	(ii)	**30,531**	507
Controlling shareholders		**2,056**	1,846
		32,587	2,353

Notes:

(i) The pricing for the purchase of property, plant and equipment and the rental paid to related parties were determined according to the published price. The transactions were conducted in accordance with the terms mutually agreed between the parties.

(ii) In April 2024, the Group entered into three lease arrangements in respect of certain leasehold properties from an entity controlled by controlling shareholders for myopia prevention popularization hall and preparation room, students' dormitory, and teaching and training activities, respectively. The amount of rent payable by the Group under the lease is RMB3,184,000 (tax included) per year. The rent was paid in one-off in a total amount of RMB18,196,000 (tax included) within ten days of the date from the tenancy agreement, which is for the whole rental period, at the commencement date of the lease, the Group recognised right-of use assets of RMB17,329.000.

On 7 December 2021, the Group entered into a lease arrangement for certain leasehold properties from an entity controlled by controlling shareholders. The lease term is five years, commencing on 1 January 2022, and ending on 31 December 2026. In 2024, the rent payments of RMB12,776,000 were made in accordance with the contract.

38. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(b) Outstanding balances with related parties

Due from related parties

As at 31 December 2023 and 2024, The Group did not have amounts due from related parties.

Due to related parties

	2024 RMB'000	2023 RMB'000
Other payables		
Entities ultimately controlled by the controlling shareholders	**22**	107
Controlling shareholders	**–**	199
	22	306

(c) Compensation of key management personnel of the Group

	2024 RMB'000	2023 RMB'000
Salaries, allowances and benefits in kind	**5,637**	5,050
Performance related bonuses	**2,742**	2,535
Share-based payments	**1,475**	1,722
Pension scheme contributions	**276**	276
Total compensation paid to key management personnel	**10,130**	9,583

Further details of directors' and the chief executive's emoluments are included in note 9 to the financial statements.

39. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

	2024 RMB'000	2023 RMB'000
Financial assets at fair value through profit or loss:		
Financial assets at fair value through profit or loss	**587,405**	504,453
Financial assets at amortised cost:		
Trade receivables	**74,426**	55,742
Financial assets included in prepayments, other receivables and other assets	**11,963**	41,962
Other current financial assets	**10,092**	50,222
Time deposits	**307,656**	721,516
Cash and cash equivalents	**780,785**	463,437
Total	**1,184,922**	1,332,879

	2024 RMB'000	2023 RMB'000
Financial liabilities at amortised cost:		
Trade payables	**53,614**	55,356
Financial liabilities included in other payables and accruals	**79,367**	76,429
Interest-bearing other borrowings	**7,073**	7,153
Due to related parties	**22**	306
Lease liabilities	**177,377**	193,644
Convertible bonds	**33,556**	–
Total	**351,009**	332,888

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	Carrying amounts		Fair values	
	2024	2023	**2024**	2023
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial assets				
Financial assets at fair value through profit or loss	**587,405**	504,453	**587,405**	504,453
Time deposits – non-current	**20,339**	95,007	**20,339**	95,007
Total	**607,744**	599,460	**607,744**	599,460
Financial liabilities				
Convertible bonds	**33,556**	–	**33,556**	–

Management has assessed that the fair values of trade receivables, financial assets included in prepayments, other receivables and other assets, time deposits, cash and cash equivalents, other current financial assets, trade payables, financial liabilities included in interest-bearing other borrowings, other payables and accruals, due to related parties and lease liabilities approximate to their carrying amounts largely due to the short-term maturities of these instruments or their floating interest rates.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

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

The fair value of the liability portion of the convertible bonds is estimated by discounting the expected future cash flows using an equivalent market interest rate for a similar bond with consideration of the Group's own non-performance risk.

The Group invests in unlisted investments, which represent wealth management products issued by banks in Mainland China. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The Group invests in unlisted private funds with limited life, which were managed by financial institutions incorporated in Mainland China. The fair value of the investment is determined using the latest round financing, i.e. the prior transaction price or the third-party pricing information.

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy

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

Assets measured at fair value:

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	–	462,068	125,337	587,405
Total	–	462,068	125,337	587,405

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Financial assets at fair value through profit or loss	–	412,453	92,000	504,453
Total	–	412,453	92,000	504,453

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

Assets measured at fair value: (continued)

The movements in fair value measurements within Level 3 during the year are as follows:

	2024 RMB'000	2023 RMB'000
Financial assets at fair value through profit or loss		
At 1 January	**92,000**	–
Purchases	**40,000**	92,000
Total losses recognised in the statement of profit or loss included in other income	**(6,663)**	–
At 31 December	**125,337**	92,000

Liabilities measured at fair value:

The Group did not have any financial liabilities measured at fair value as at 31 December 2024 and 2023.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets (2023: Nil).

Assets for which fair values are disclosed:

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Time deposits – non-current	–	20,339	–	20,339

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (continued)

Assets for which fair values are disclosed: (continued)

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Time deposits – non-current	–	95,007	–	95,007

Liabilities for which fair values are disclosed:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Convertible bonds	–	–	33,556	33,556

The Group did not have any financial liabilities disclosed at fair value as at 31 December 2023.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, financial assets at fair value through profit or loss, time deposits, convertible bonds, lease liabilities and other borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group does not hold or issue derivative financial instruments for trading purposes. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below:

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Interest rate risk

The Group regularly reviews and monitors the mix of fixed and floating interest rate borrowings in order to manage its interest rate risk. At 31 December 2024, approximately 100% (2023: 100%) of the Group's interest-bearing borrowings bore interest at fixed rates.

The Directors consider that the overall interest rate risk is not significant and no sensitivity analysis is presented for the Group.

(b) Foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the Hong Kong dollar exchange rate, with all other variables held constant, of the Group's equity during the year.

	Increase/ (decrease) in HK$ rate %	**Increase/ (decreased) in equity* RMB'000**
2024		
If the Hong Kong dollar weakens against RMB	**(5)**	**(29,820)**
If the Hong Kong dollar strengthens against RMB	**5**	**29,820**
If the United States dollar weakens against RMB	**(5)**	**(8,142)**
If the United States dollar strengthens against RMB	**5**	**8,142**

	Increase/ (decrease) in HK$ rate %	Increase/ (decreased) in equity* RMB'000
2023		
If the Hong Kong dollar weakens against RMB	(5)	(31,466)
If the Hong Kong dollar strengthens against RMB	5	31,466

* Excluding retained profits

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of each year.

The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk.

As at 31 December 2024	**12-month ECLs**	**Lifetime ECLs**			
	Stage 1 RMB'000	**Stage 2 RMB'000**	**Stage 3 RMB'000**	**Simplified approach RMB'000**	**Total RMB'000**
Trade receivables*	**–**	**–**	**–**	**79,381**	**79,381**
Financial assets included in prepayments, other receivables and other assets					
– Normal**	**11,935**	**–**	**–**	**–**	**11,935**
– Doubtful**	**–**	**382**	**22,606**	**–**	**22,988**
Time deposits					
– Not yet past due	**307,656**	**–**	**–**	**–**	**307,656**
Cash and cash equivalents					
– Not yet past due	**780,785**	**–**	**–**	**–**	**780,785**
Total	**1,100,376**	**382**	**22,606**	**79,381**	**1,202,745**

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk (continued)

Maximum exposure and year-end staging (continued)

As at 31 December 2023	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables*	–	–	–	60,429	60,429
Financial assets included in prepayments, other receivables and other assets					
– Normal**	42,222	–	–	–	42,222
– Doubtful**	–	190	22,636	–	22,826
Time deposits					
– Not yet past due	721,516	–	–	–	721,516
Cash and cash equivalents					
– Not yet past due	463,437	–	–	–	463,437
Total	1,227,175	190	22,636	60,429	1,310,430

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 21 to the financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 21 to the financial statements.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operation and mitigate the effects of fluctuations in cash flows.

The maturity profile of the Group's financial liabilities at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

2024	**Within 1 year RMB'000**	**1 to 2 years RMB'000**	**2 to 5 years RMB'000**	**More than 5 years RMB'000**	**Total RMB'000**
Convertible bonds	**–**	**–**	**39,811**	**–**	**39,811**
Trade payables	**53,614**	**–**	**–**	**–**	**53,614**
Financial liabilities included in other payables and accruals	**79,367**	**–**	**–**	**–**	**79,367**
Interest-bearing other borrowings	**7,239**	**–**	**–**	**–**	**7,239**
Due to related parties	**22**	**–**	**–**	**–**	**22**
Lease liabilities	**44,328**	**38,364**	**76,136**	**42,092**	**200,920**
Total	**184,570**	**38,364**	**115,947**	**42,092**	**380,973**

2023	Within 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	More than 5 years RMB'000	Total RMB'000
Trade payables	55,356	–	–	–	55,356
Financial liabilities included in other payables and accruals	76,429	–	–	–	76,429
Interest-bearing other borrowings	7,284	–	–	–	7,284
Due to related parties	306	–	–	–	306
Lease liabilities	49,334	51,456	65,042	68,072	233,904
Total	188,709	51,456	65,042	68,072	373,279

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the reporting periods.

The asset-liability ratios as at the end of the reporting periods are as follows:

	2024 **RMB'000**	2023 RMB'000
Total assets	**2,880,916**	2,922,806
Total liabilities	**554,765**	544,381
Asset-liability ratio	**19%**	19%

42. EVENTS AFTER THE REPORTING PERIOD

No significant events took place subsequent to 31 December 2024.

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000
NON-CURRENT ASSETS		
Investment in a subsidiary	**232,592**	212,264
Due from subsidiaries	**696,983**	682,080
Total non-current assets	**929,575**	894,344
CURRENT ASSETS		
Prepayments, deposits and other receivables	**5,078**	2,937
Due from subsidiaries	**174,045**	233,723
Time deposits	**148,926**	472,613
Cash and cash equivalents	**436,329**	13,619
Total current assets	**764,378**	722,892
CURRENT LIABILITIES		
Other payables and accruals	**2,580**	465
Due to subsidiaries	**14,617**	10,863
Total current liabilities	**17,197**	11,328
NET CURRENT ASSETS	**747,181**	711,564
Net assets	**1,676,756**	1,605,908
EQUITY		
Share capital	**152**	152
Treasury shares	**(63,963)**	(76,901)
Reserves	**1,740,567**	1,682,657
Total equity	**1,676,756**	1,605,908

Zhang Bozhou
Director

Zhang Guangdi
Director

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

	Share capital RMB'000	Treasury shares RMB'000	Capital reserve RMB'000	Share-based payment reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 31 December 2023 and 1 January 2024	152	(76,901)	1,510,484	18,314	121,549	32,310	1,605,908
Profit for the year	–	–	–	–	–	293,774	293,774
Other comprehensive loss for the year:							
Exchange differences on translation of foreign operations	–	–	–	–	32,997	–	32,997
Total comprehensive income for the year	–	–	–	–	32,997	293,774	326,771
Share-based payments	–	–	–	16,439	–	–	16,439
Shares vested under share-based payments	–	15,244	1,891	(17,135)	–	–	–
Repurchase of shares	–	(2,690)	–	–	–	–	(2,690)
Cancellation of treasury shares	–	384	(384)	–	–	–	–
Final 2023 dividend declared	–	–	–	–	–	(187,134)	(187,134)
Interim 2024 dividend	–	–	–	–	–	(82,538)	(82,538)
At 31 December 2024	152	(63,963)	1,511,991	17,618	154,546	56,412	1,676,756

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

	Share capital RMB'000	Treasury shares RMB'000	Capital reserve RMB'000	Share-based payment reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 31 December 2022 and 1 January 2023	152	(18,665)	1,506,378	7,977	97,483	2,346	1,595,671
Profit for the year	–	–	–	–	–	139,714	139,714
Other comprehensive income for the year:							
Exchange differences on translation of foreign operations	–	–	–	–	24,066	–	24,066
Total comprehensive income for the year	–	–	–	–	24,066	139,714	163,780
Share-based payments	–	–	–	14,443	–	–	14,443
Shares vested under share-based payments	–	–	4,106	(4,106)	–	–	–
Repurchase of shares	–	(58,236)	–	–	–	–	(58,236)
Dividend	–	–	–	–	–	(109,750)	(109,750)
At 31 December 2023	152	(76,901)	1,510,484	18,314	121,549	32,310	1,605,908

44. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 26 March 2025.

DEFINITIONS & GLOSSARY

In this report, the following expressions have the meanings set out below unless the context otherwise requires:

"AGM"	annual general meeting of the Company to be held on June 6, 2025
"Articles of Association"	the articles of association of the Company (as amended from time to time)
"Audit Committee"	the audit committee of the Board
"Award"	an award of Shares by the Board to a Selected Person made in accordance with the Scheme Rules
"Baotou Chaoju"	Baotou City Chaoju Eye Medical Co. Ltd.* (包頭市朝聚眼科醫療有限公司), a limited liability company established under the laws of the PRC on August 8, 2002
"Baotou Hospital"	Baotou City Chaoju Eye Hospital Co., Ltd.* (包頭市朝聚眼科醫院有限公司), a limited liability company incorporated in the PRC on May 12, 2016, or where the context refers to any time prior to the effective date of the incorporation of this entity, its predecessor(s), a subsidiary of the Company
"Baotou Kunlun Hospital"	Baotou City Kunlun Chaoju Eye Hospital Co., Ltd.* (包頭市昆侖朝聚眼科醫院有限責任公司), a limited liability company incorporated in the PRC on March 7, 2016, or where the context refers to any time prior to the effective date of the incorporation of this entity, its predecessor(s), a subsidiary of the Company
"Beijing Clinic"	Beijing Chaoju Investment Management Co., Ltd.* (北京朝聚投資管理有限公司), a limited liability company incorporated in the PRC on October 28, 2014, an indirect wholly-owned subsidiary of the Company
"Board" or "Board of Directors"	the board of Directors of the Company
"BOC"	Bank of China Limited
"CAGR"	compound annual growth rate
"cataract"	a condition involving the clouding or opacification of the natural lens. Cataract is most commonly caused by aging, but may also be caused by other reasons such as malnutrition, diabetes, trauma or radiation. The more opaque the lens the more the quality of vision is reduced. As a common treatment, clear artificial lenses may be implanted as a substitute for the natural lens to restore clear vision
"Cayman Islands Companies Act"	the Companies Act (2021 Revision) of the Cayman Islands, as amended or supplemented or otherwise modified from time to time
"CG Code" or "Corporate Governance Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Chaoju Medical Technology"	Chaoju Medical Technology Co., Ltd.* (朝聚醫療科技有限公司), a limited liability company established under the laws of the PRC on November 16, 2015, an indirect wholly-owned subsidiary of the Company, formerly known as Chaoju Medical Technology Equity Co., Ltd.* (朝聚醫療科技股份有限公司)

"Chengde Hospital"	Chengde Chaoju Eye Hospital Co., Ltd.* (承德朝聚眼科醫院有限公司), a limited liability company incorporated in the PRC on December 2, 2016, a subsidiary of the Company
"Chifeng Hospital"	Chaoju (Chifeng) Eye Hospital Co., Ltd.* (朝聚(赤峰)眼科醫院有限公司), a limited liability company incorporated in the PRC on December 19, 2016, or where the context refers to any time prior to the effective date of the incorporation of this entity, its predecessor(s), a subsidiary of the Company
"China" or "PRC"	the People's Republic of China, but for the purpose of this report and for geographical reference only, references herein to "China" and the "PRC" do not apply to Hong Kong, Macau and Taiwan
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), which came into effect on March 3, 2014, as amended, supplemented or otherwise modified from time to time
"Company", "we" or "us"	Chaoju Eye Care Holdings Limited, an exempted company with limited liability incorporated under the laws of the Cayman Islands on May 19, 2020 and, except where the context otherwise requires, all of its subsidiaries, or where the context refers to the time before it became the holding company thereof, the Company's present subsidiaries
"Controlling Shareholders"	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to the Individual Shareholders, Sihai Medical Management Co., Ltd., Jutong Medical Management Co., Ltd, Xiwang Medical Management Co., Ltd, Guangming Medical Management Co., Ltd, Sitong Medical Management Co., Ltd and Xiamen Juludazhou Equity Investment Partnership (Limited Partnership) (廈門聚鷺達洲股權投資合夥企業(有限合夥))
"Ordos Dalad Banner Hospital"	Dalad Banner Chaoju Eye Hospital Co., Ltd.* (達拉特旗朝聚眼科醫院有限責任公司), a limited liability company incorporated in the PRC on May 23, 2016, a subsidiary of the Company
"Datong Hospital"	Datong Chaoju Ankang Eye Hospital Co., Ltd.* (大同朝聚安康眼科醫院有限公司), a limited liability company incorporated in the PRC on March 24, 2015, a subsidiary of the Company
"Directors"	director(s) of the Company
"East China"	an eastern region of China consisting of Hangzhou, Zhoushan and Zhejiang Province
"ESG"	environmental, social and governance
"ESG Committee"	the ESG committee of the Board
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., a global market research and consulting company, an independent third party
"glaucoma"	an eye condition usually caused by overly high intraocular pressure, which usually causes optic nerve atrophies and visual field defect

"Global Offering"	the Hong Kong Public Offering and the International Offering
"Group" or "the Group"	the Company together with its subsidiaries
"Hangzhou Hospital"	Hangzhou Chaoju Eye Hospital Co., Ltd.* (杭州朝聚眼科醫院有限公司) (formerly known as Hangzhou Chaoju Optometry Hospital Co., Ltd.* (杭州朝聚眼視光醫院有限公司)), a limited liability company incorporated in the PRC on December 26, 2017, or where the context refers to any time prior to the effective date of the incorporation of this entity, its predecessor(s), a subsidiary of the Company
"HK$"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Hohhot Hospital"	Chaoju (Inner Mongolia) Eye Hospital Co., Ltd.* (朝聚(內蒙古)眼科醫院有限公司), a limited liability company incorporated in the PRC on September 21, 2016, or where the context refers to any time prior to the effective date of the incorporation of this entity, its predecessor(s), a subsidiary of the Company
"Hohhot No.2 Hospital"	Hohhot Chaoju Eye Hospital Co., Ltd.* (呼和浩特朝聚眼科醫院有限公司), a limited liability company incorporated in the PRC on November 3, 2016, or where the context refers to any time prior to the effective date of the incorporation of this entity, its predecessor(s), a subsidiary of the Company
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hulunbuir Hospital"	Hulunbuir Chaoju Eye Hospital Co., Ltd.* (呼倫貝爾朝聚眼科醫院有限公司), a limited liability company incorporated in the PRC on February 14, 2018, a subsidiary of the Company
"hyperopia"	a type of refractive error also known as farsightedness, which is usually caused by a shorter-than-normal eyeball or insufficient refractive ability of the crystalline lens, which results in parallel lights to focus at a position behind the retina, thus forming a blurred spot on the retina
"IFRS"	International Financial Reporting Standards
"Independent Third Party(ies)"	an individual(s) or a company(ies) who or which is/are not connected (within the meaning of the Listing Rules) with any directors, chief executive or substantial shareholders (within the meaning of the Listing Rules) of the Company, its subsidiaries or any of their respective associates
"Inner Mongolia"	the Inner Mongolia Autonomous Region of the PRC, unless the context indicates otherwise
"in-patient service"	treatments of patients who are checked in at hospitals and are hospitalized overnight or for an extended period of time
"Jiangsu Chaoju"	Jiangsu Chaoju Medical Management Co., Ltd.* (江蘇朝聚醫療管理有限公司) a limited liability company incorporated in the PRC on July 8, 2015, an indirect wholly-owned subsidiary of the Company, formerly known as Jiangsu Chaoju Investment Management Co., Ltd.* (江蘇朝聚投資管理有限公司)

"Jiaxing Hospital"	Jiaxing Chaoju Eye Hospital Co., Ltd.* (嘉興朝聚眼科醫院有限公司), a limited liability company incorporated in the PRC on February 7, 2018, or where the context refers to any time prior to the effective date of the incorporation of this entity, its predecessor(s), a subsidiary of the Company
"Listing"	the listing of the Shares on the Main Board
"Listing Date"	the date, namely July 7, 2021, on which the Shares were listed on the Stock Exchange and from which dealings in the Shares were permitted to commence on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
"Tangshan Luannan Hospital"	Luannan Jidong Vision Hospital Co., Ltd.* (灤南冀東視明眼科醫院有限公司), a limited liability company incorporated in the PRC on August 23, 2018, a subsidiary of the Company
"Tangshan Luanzhou Hospital"	Luanzhou Jidong Eye Care Hospital Co., Ltd.* (灤州冀東眼科醫院有限公司), a limited liability company incorporated in the PRC on July 19, 2018, a subsidiary of the Company
"macula"	the center of the retina where the retina is most sensitive to lights, and is therefore the core area for the sense of vision
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with GEM of the Stock Exchange
"Model Code"	the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"myopia"	a type of refractive error also known as nearsightedness, where the patient is unable to see distant objects clearly. Myopia is usually caused by a longer-than-normal eyeball or excessive refractive ability of the crystalline lens, which results in parallel lights focusing at a position before reaching the retina, thus forming a blurred spot when it reaches the retina
"NHC"	National Health Commission of the PRC (中華人民共和國國家衛生健康委員會)
"Ningbo Hospital"	Ningbo Boshi Eye Hospital Co., Ltd.* (寧波博視眼科醫院有限公司), a limited liability company incorporated in the PRC on August 26, 2016, a subsidiary of the Company
"Ningbo Ninghai Hospital"	Ninghai Eye Hospital Co., Ltd.* (寧海眼科醫院有限公司), a limited liability company incorporated in the PRC on November 2, 2016, a subsidiary of the Company
"Nomination Committee"	the nomination committee of the Board
"North China"	a northern region of China consisting of Beijing, Tianjin, Hebei Province, Shanxi Province and Inner Mongolia

"ocular fundus"	the interior surface of the eye opposite the crystalline lens, including the retina, optic disc, macula and posterior pole
"ocular surface"	the interface between the functioning eye and the environment, including the outer layer of the cornea, the conjunctiva, and the margin of the eye lids
"ophthalmologist"	a medical doctor who specializes in eye and vision care
"out-patient service"	treatments of patients who are not checked-in at hospitals and stay at the hospital only for a short period of time (usually completed within the day)
"PRC Legal Advisors"	Jingtian & Gongcheng, the legal advisors to the Company as to the laws of the PRC
"Pre-IPO Investment(s)"	the pre-IPO investment(s) in the Company undertaken by the Pre-IPO Investors, details of which are set out in the section headed "History, Development and Corporate Structure" in the Prospectus
"Pre-IPO Investor(s)"	investor(s) being introduced to become shareholders of the Group, details of which are set out in the section headed "History, Development and Corporate Structure" in the Prospectus
"Premises I"	Partial area on the 1st and 3rd Floor, and the 4th and 5th Floor of Baotou Chaoju Eye Hospital Teaching and Experimental Building, Wenming Road East, Jianshe Road South, Jiuyuan District, Baotou City, Inner Mongolia with a total gross floor area of approximately 2,270.97 square meters
"Premises II"	Baotou Chaoju Eye Hospital Comprehensive Building 2, Wenming Road East, Jianshe Road South, Jiuyuan District, Baotou City, Inner Mongolia with a total gross floor area of approximately 849.15 square meters
"Premises III"	Partial area on the 1st and 3rd Floor, and the 2nd Floor of Baotou Chaoju Eye Hospital Teaching and Experimental Building, Wenming Road East, Jianshe Road South, Jiuyuan District, Baotou City, Inner Mongolia with a total gross floor area of approximately 2,917.80 square meters
"Premises IV"	Room 403, 601 and 603, Hongtai Commercial Building, Zhonghuan West Road, Economic and Technology Development Zone, Jiaxing City, Zhejiang Province with a total gross floor area of approximately 1,333.85 square meters
"Premises V"	Room 201 and 402, Hongtai Commercial Building, Zhonghuan West Road, Economic and Technology Development Zone, Jiaxing City, Zhejiang Province with a total gross floor area of approximately 936.71 square meters
"presbyopia"	an eye condition where the patient has difficulty seeing near items clearly due to declines in refractive abilities of the lens. Presbyopia is a result of the aging of the eye, as the lens loses its natural elasticity and therefore its ability to focus on near objects
"Prospectus"	the prospectus of the Company published on June 24, 2021

"registered beds"	the number of beds that are registered in the practicing license of a medical institution
"Registered Shareholders" or "Individual Shareholders"	the five individual shareholders of the Company, namely, Mr. Zhang Bozhou (張波洲), Ms. Zhang Xiaoli (張小利), Mr. Zhang Junfeng (張俊峰), Mr. Zhang Fengsheng (張豐生) and Ms. Zhang Yumei (張玉梅)
"Remuneration Committee"	the remuneration committee of the Board
"Reorganization"	the reorganization of the group of companies now comprising the Group conducted in preparation for the Listing, details of which are set out in the section headed "History, Reorganization and Corporate Structure" of the Prospectus
"Reporting Period"	the year ended December 31, 2024
"Riverhead Capital I"	Riverhead Capital I, L.P. (北京陽光融匯醫療健康產業成長投資管理中心) (有限合夥), a limited liability partnership established under the laws of the PRC on February 9, 2015, a shareholder of the Company, which is controlled by Ms. Zhang Wenwen, one of the non-executive Directors
"Riverhead Runfeng"	Ronghui Yangguang Runfeng, L.P. (北京融匯陽光潤豐投資管理中心(有限合夥)), a limited liability partnership established under the laws of the PRC on March 10, 2016, a shareholder of the Company, which is controlled by Ms. Zhang Wenwen, one of the non-executive Directors
"RMB" or "Renminbi"	the lawful currency of the PRC
"Scheme"	the share award scheme of the Company as adopted by the Board on May 10, 2022 and as amended from time to time
"Scheme Rules"	the rules relating to the Scheme in its present form or any amended form
"Selected Person(s)"	any eligible person whom the Board may, from time to time, at its absolute discretion select for participation in the Scheme
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
"Share(s)"	ordinary share(s) in the share capital of the Company with nominal value of HK$0.00025 each
"Shareholder(s)"	holder(s) of the Shares
"Shanghai Chaoxi"	Shanghai Chaoxi Investment Development Center (Limited Partnership)* (上海朝翕投資發展中心(有限合夥)), a limited liability partnership established under the laws of the PRC on December 25, 2015, our shareholder prior to the Reorganization, which is controlled by Mr. Wang Hui

"Suqian Sihong Hospital"	Sihong Chaoju Eye Hospital Co., Ltd.* (泗洪朝聚眼科醫院有限公司), a limited liability company incorporated in the PRC on June 28, 2017, or where the context refers to any time prior to the effective date of the incorporation of this entity, its predecessor(s), a subsidiary of the Company
"Suqian Siyang Hospital"	Siyang Chaoju Eye Hospital Co., Ltd.* (泗陽朝聚眼科醫院有限公司), a limited liability company incorporated in the PRC on July 21, 2016, a subsidiary of the Company
"squint"	deviation of the eyes where there is an eye misalignment
"Stock Exchange"	the Stock Exchange of Hong Kong Limited
"Tangshan Hospital"	Tangshan Jidong Eye Care Hospital Co., Ltd.* (唐山冀東眼科醫院有限公司), a limited liability company incorporated in the PRC on November 18, 2014, a subsidiary of the Company
"Tenancy Agreements"	Collectively, Tenancy Agreement I, Tenancy Agreement II, Tenancy Agreement III, Tenancy Agreement IV and Tenancy Agreement V
"Tenancy Agreement I"	the tenancy agreement dated April 15, 2024 entered into between Baotou Hospital and Baotou Chaoju for lease of Premises I
"Tenancy Agreement II"	the tenancy agreement dated April 15, 2024 entered into between Chaoju Medical and Baotou Chaoju for lease of Premises II
"Tenancy Agreement III"	the tenancy agreement dated April 15, 2024 entered into between Chaoju Medical and Baotou Chaoju for lease of Premises III
"Tenancy Agreement IV"	the tenancy agreement dated April 15, 2024 entered into between Jiaxing Hospital and Mr. Zhang Bozhou for lease of Premises IV
"Tenancy Agreement V"	the tenancy agreement dated April 15, 2024 entered into between Jiaxing Hospital and Ms. Zhang Xiaoli for lease of Premises V
"Tianjin Chaoju"	Tianjin Chaoju Yangguang Medical Instrument Trade Co., Ltd.* (天津朝聚陽光醫療器械貿易有限公司), a limited liability company incorporated in the PRC on January 20, 2017, an indirect wholly-owned subsidiary of the Company
"Tongliao Hospital"	Tongliao Chaoju Eye Hospital Co., Ltd.* (通遼朝聚眼科醫院有限公司), a limited liability company incorporated in the PRC on September 20, 2017, a subsidiary of the Company
"Trustee"	such person(s) who will from time to time be duly appointed to be the trustee(s) of the trusts declared by the Trust Deed. For the purpose of this definition, "Trust Deed" shall mean a trust deed to be entered into between the Company as settlor and the Trustee as trustee (as restated, supplemented and amended from time to time) in respect of the appointment of the Trustee for the administration of the Scheme

"Tumb Right Banner Hospital"	Tumb Right Banner Chaoju Eye Hospital Co., Ltd.* (土默特右旗朝聚眼科醫院有限公司), a limited liability company incorporated in the PRC on October 15, 2021, or where the context refers to any time prior to the effective date of the incorporation of this entity, its predecessor(s), a subsidiary of the Company
"Ulanqab Hospital"	Chaoju (Ulanqab) Eye Hospital Co., Ltd.* (朝聚(烏蘭察布)眼科醫院有限公司), a limited liability company incorporated in the PRC on March 27, 2017, or where the context refers to any time prior to the effective date of the incorporation of this entity, its predecessor(s), a subsidiary of the Company
"Xiamen Chaoju Group"	Xiamen Chaoju Medical Technology Group Co., Ltd* (廈門朝聚醫療科技集團有限公司), a limited liability company established under the laws of the PRC on July 15, 2020, an indirect wholly-owned subsidiary of the Company
"Xiamen Chaoju Hospital Management"	Xiamen Chaoju Hospital Management Development Co., Ltd* (廈門朝聚醫院管理發展有限公司) a limited liability company established under the laws of the PRC on June 5, 2020, a subsidiary of the Company
"Xiamen Chaoxi"	Xiamen Chaoxi Enterprise Management Consulting Partnership (Limited Partnership)* (廈門朝翕企業管理諮詢合夥企業(有限合夥)), a limited liability partnership established in the PRC on April 3, 2020, a shareholder of the Company, which is owned by Shanghai Chaoxi as to 99.92%
"Xiamen Xinkangnuo"	Xiamen Xinkangnuo Management Consulting Co., Ltd.* (廈門信康諾管理諮詢有限公司), a limited liability company established under the laws of the PRC on August 6, 2020, a subsidiary of the Company by way of consolidation of financial statements, which is owned by Mr. Zhang Bozhou as to 26.64%, Ms. Zhang Xiaoli as to 29.03%, Mr. Zhang Junfeng as to 20.67%, Mr. Zhang Fengsheng as to 20.67% and Ms. Zhang Yumei as to 2.99%, respectively
"Ningbo Xiangshan Hospital"	Xiangshan Chaoju Eye Hospital Co., Ltd.* (象山朝聚眼科醫院有限公司) (formerly known as Xiangshan Renming Eye Diseases Hospital Co., Ltd.* (象山仁明眼病醫院有限公司)), a limited liability company incorporated in the PRC on April 7, 2015, a subsidiary of the Company
"Xilinhot Hospital"	Xilinhot City Chaoju Eye Hospital Co., Ltd.* (錫林浩特市朝聚眼科醫院有限責任公司), a limited liability company incorporated in the PRC on December 16, 2014, a subsidiary of the Company
"Tangshan Yutian Hospital"	Yutian County Jidong Eye Care Hospital Co., Ltd.* (玉田縣冀東眼科醫院有限公司), a limited liability company incorporated in the PRC on November 20, 2017, a subsidiary of the Company

* The English translation of the Chinese names denoted in this report is for illustration purpose only. Should there be any inconsistencies, the Chinese name shall prevail.