



熙康雲醫院控股有限公司

XIKANG CLOUD HOSPITAL HOLDINGS INC.

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 9686

Annual Report 2025



*Delivering medical and
nursing services to home*

Contents

Page

2	Corporate Information
4	Milestones
9	Financial Highlights
10	Chief Executive Officer's Statement
12	Management Discussion and Analysis
35	Directors' Report
77	Directors and Senior Management
82	Corporate Governance Report
101	Environmental, Social and Governance Report
147	Independent Auditor's Report
153	Consolidated Statement of Profit or Loss and Other Comprehensive Income
155	Consolidated Statement of Financial Position
157	Consolidated Statement of Changes in Equity
158	Consolidated Statement of Cash Flows
159	Notes to Financial Statements
278	Five-year Financial Highlights
279	Definitions



Corporate Information

BOARD OF DIRECTORS

Chairman and Non-executive Director

Dr. LIU Jiren (劉積仁)

Executive Director

Ms. ZONG Wenhong (宗文紅) (*Chief Executive Officer*)

Non-executive Directors

Mr. XU Hongli (徐洪利)

Dr. WANG Nan (王楠)

Mr. PU Chengchuan (蒲成川)

Independent Non-executive Directors

Dr. CHEN Yan (陳艷)

Dr. QI Guoxian (齊國先)

Dr. YIN Guisheng (印桂生)

AUDIT COMMITTEE

Dr. CHEN Yan (陳艷) (*Chairman*)

Dr. QI Guoxian (齊國先)

Dr. YIN Guisheng (印桂生)

REMUNERATION COMMITTEE

Dr. CHEN Yan (陳艷) (*Chairman*)

Dr. LIU Jiren (劉積仁)

Dr. QI Guoxian (齊國先)

NOMINATION COMMITTEE

Dr. LIU Jiren (劉積仁) (*Chairman*)

Dr. CHEN Yan (陳艷)

Dr. YIN Guisheng (印桂生)

STRATEGY COMMITTEE

Dr. LIU Jiren (劉積仁) (*Chairman*)

Ms. ZONG Wenhong (宗文紅)

Dr. QI Guoxian (齊國先)

Dr. YIN Guisheng (印桂生)

JOINT COMPANY SECRETARIES

Ms. ZHAO Shu (趙姝)

Mr. WONG Wai Chiu (黃偉超)

AUTHORIZED REPRESENTATIVES

Ms. ZONG Wenhong (宗文紅)

Mr. WONG Wai Chiu (黃偉超)

AUDITOR

Ernst & Young

Certified Public Accountants and Registered Public Interest Entity Auditor

27/F, One Taikoo Place

979 King's Road

Quarry Bay, Hong Kong

LEGAL ADVISORS TO THE COMPANY

As to Hong Kong law:

Clifford Chance

27/F Jardine House

One Connaught Place

Central

Hong Kong

As to PRC law:

Tian Yuan Law Firm

Suite 509, Tower A, Corporate Square

35 Financial Street

Xicheng District

Beijing

PRC

As to Cayman Islands law:

Maples and Calder (Hong Kong) LLP

26th Floor, Central Plaza

18 Harbour Road

Wanchai

Hong Kong

COMPANY WEBSITE

<https://www.xikang.com>

STOCK CODE

09686

HONG KONG SHARE REGISTRAR**Computershare Hong Kong Investor Services Limited**

Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**Maples Fund Services (Cayman) Limited**

PO Box 1093, Boundary Hall
Cricket Square
Grand Cayman, KY1-1102
Cayman Islands

PRINCIPAL BANKERS**Industrial Bank Co., Ltd., Xi'an Road Branch**

No. 594 and No. 586-1,
Huanghe Road,
Shahekou District
Dalian City
Liaoning Province
PRC

China Merchants Bank Co., Ltd., Nanhu Technology Development Area Branch

No. 33, Caita Street, Heping District
Shenyang City
Liaoning Province
PRC

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN CHINA

1-1, 1-2, 1-3, 1-4, 1-5, 2-1,
No. 12 Huizheng Alley, Haishu District
Ningbo City, Zhejiang Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40/F, Dah Sing Financial Centre
248 Queen's Road East
Wan Chai
Hong Kong

REGISTERED OFFICE

PO Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands



Milestones

February 2025

“Care in Zhejiang” (“浙里護理”) appeared on CCTV. Zhejiang: Time- and labor-saving “online appointment with nurses” brings nursing service to your doorstep



March 2025

ZONG Wenhong, CEO of Xikang Cloud Hospital, was invited to the “Interview on Two Sessions Health Policy” (“兩會健康策”) where she elaborated on our 10-year innovation of “Internet + Care”



April 2, 2025

Dian Diagnostics’ Health To C Business Unit initiates strategic cooperation with Xikang Cloud Hospital



May 2025

Xikang Cloud Hospital Named the “Annual Leading Enterprise” by VCBeat

On the 2025 VBEF Future Healthcare and Pharmaceuticals Top 100 List, Xikang Cloud Hospital was honored with the title of “2025 Leading Enterprise” for its outstanding contributions in the fields of urban cloud hospitals and home care.



May 2025

Xikang Cloud Hospital jointly released the “2025 Home Care Services White Paper (《2025居家護理服務白皮書》)” with VBinsight

On May 9, at the “2025 Future Healthcare Industry Summit” hosted by VCBeat, Xikang Cloud Hospital unveiled the 2025 Home Care Services White Paper* with VBinsight, providing industry insights and a future outlook for the development of home care sector in the PRC.



May 2025

“Care in Changzhou (常享護理)” goes live in Changzhou, Jiangsu



Milestones

July 7, 2025

"Care in Zhejiang (浙里護理)" Promotion and Exchange Meeting was held

With over 500,000 visits in three years, "Care in Zhejiang (浙里護理)" has made care services accessible to every home



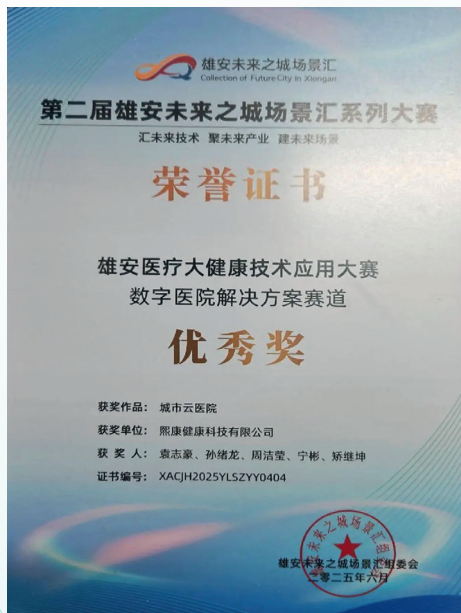
August 11, 2025

Promotion and Application Experience Exchange Conference for "YuJian Huli Daojia (豫健護理到家)" platform in Henan Province was successfully held in Zhengzhou

The Promotion and Application Experience Exchange Conference for "YuJian Huli Daojia (豫健護理到家)" platform in Henan Province, organized by the Henan Provincial Nursing Association, was grandly convened at the Third People's Hospital of Henan Province. More than 200 participants, including representatives from health commissions, nursing associations, nursing quality control centers, and medical institutions at all levels across 18 prefectures and cities in the province, as well as experts and nursing professionals, gathered to explore innovative practices and future directions for "Internet + Nursing Service". Nearly 40,000 fellow nursing professionals attended the conference online.



September 10, 2025

XiKang's "City-specific Cloud Hospital" won the Excellence Award at the Xiongan Future City Scenarios Competition

September 22, 2025

Xikang Cloud Hospital was awarded as the "2025 Rising Stars of the Future Healthcare Industry • Listed Companies"

October 28, 2025

“Pengcheng Home Care (彭城家護)” goes live in Xuzhou, Jiangsu



November 17, 2025

Xikang Cloud Hospital makes its debut at the Ningbo EldExpo, jointly outlining the high-quality development blueprint for the silver economy



Financial Highlights

	Year ended December 31,		
	2025	2024	Change
	RMB million	RMB million	RMB million
Revenue	464.1	501.5	(37.4)
Gross profit	126.7	147.5	(20.8)
Gross margin	27.3%	29.4%	(2.1%)
Loss for the year	(38.6)	(83.8)	45.2
Add: Share-based compensation expenses	19.6	8.5	11.1
Adjusted net loss for the year (non-HKFRS measure)	(19.0)	(75.3)	56.3



Chief Executive Officer's Statement

2025 witnessed accelerated implementation of structural transformation in China's healthcare industry, moreover, brought Xikang Cloud Hospital from "scale expansion" to "quality enhancement" and "value realization" as a pivotal year. With the increasing trend of the ageing population and declining birth rates, home-based medical care services have evolved from "optional services" to universal "essential public needs". The powerful resonance in supply and demand, coupled with dual empowerment from policies and technologies, is propelling the home medical and nursing market into a golden period of development and ushering in a broader future.

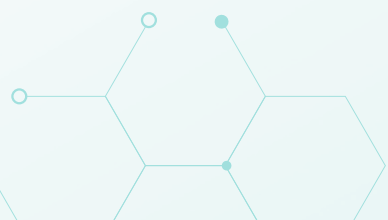
During the year, we have stuck to the core vision of "empowering every family with fair, precise, friendly medical, nursing, and home care services", with the steadfast focus on the strategic direction of "Medical and Nursing Services Delivered to Home". We have precisely positioned amid industry transformation while iterating breakthroughs in response to evolving demands with scaled deployment, technological innovation and ecosystem synergy as the infrastructure, engine and support, respectively. Such steps have not only solidified our leading position in the sector but also achieved simultaneous optimization of business quality, operational efficiency, and financial performance, while tangible operating results have validated the elemental competitiveness and clear profit outlook of the Company.

STRATEGIC FOCUS AND LEADING MODELS

In 2025, leveraging the "City-Specific Cloud Hospital Platform" firmly, our key capabilities, including government collaboration, standardized replication, AI empowerment and ecosystem collaboration have been strengthened. Through deep integration of government resources and establishment of the rapidly replicable standardized operating system, in addition to fully embracing AI technologies, we have successfully built a three-pronged main barrier of "government's endorsement + scale effect + intelligent operations", which further cemented our key position in the home medical and nursing sector. In terms of project expansion, our proven platform operation experience and strong reputation for government collaboration have contributed to our success in securing municipal platforms among cities including Changzhou and Xuzhou, paving the way for accessible home-based medical care services across more regions; for model innovation, we have introduced the government voucher linkage mechanism, which precisely aligned professional medical care services with public welfare policies by deep collaboration with local governments, accelerating the implementation of inclusive healthcare.

RESTRUCTURING VALUE AND RAMP-UP GROWTH

In 2025, we have reshaped our growth logic with the help of strategic focus, continuing to concentrate resources on primary fields to steer our corporate development with precision. We fully unleashed the potential of the platforms, which are accelerating the transformation of their vast health data repository from a "cost center" into a "value engine". Our refined data analysis and application assisted in continuous enhancement in service precision and operating efficiency, with significant improvements in our financial quality. In the year of 2025, our net losses achieved a substantial narrowing while operating net cash flow maintained positive, leading to the more robust foundation for high-quality development. From the rapid expansion of our cloud hospital service network to the deep accumulation of data assets and the continuous unlocking of user value, we have established the growth drivers with a positive cycle of "scale-efficiency-value", guiding Xikang Cloud Hospital into a new phase of development.



Chief Executive Officer's Statement

ECOLOGICAL INTEGRATION AND WIN-WIN COEXISTENCE

We are redefining our role within the industry chain – upgrading from a “medical service provider” to a “health value integrator”. In 2025, committed to our open and mutually beneficial philosophy, we have gone all out for building the comprehensive ecosystem incorporating “Medical Care + Nursing + Health Management + Derivative Services”. In virtue of resource sharing and complementary strengths, we conducted deep collaboration with industry chain partners, including pharmaceutical enterprises, medical device suppliers, and insurance providers, so as to successfully incubate diverse new business models including “nursing + testing,” “nursing + insurance,” and “nursing + equipment leasing”. Apart from continuously exploring our profit margin spots, we have initiated a sustainable business ecosystem benefiting all stakeholders, enabling users to gain more comprehensive and higher-quality health services, partners to achieve business growth and cost optimization, and us to obtain diversified revenue through ecosystem services and data empowerment, realizing mutual benefits for all parties within the ecosystem.

STAYING TRUE TO ORIGINAL ASPIRATION AND FOREMOST IN THE FUTURE

Over the past year, we have achieved steady growth in our own operations and moreover, the service rules have been reshaped for the home medical and nursing market by standardized service delivery and the promotion of innovative models. As a result, professional and safe medical care services have transcended the spatiotemporal constraints, reaching numerous households and becoming a solid cornerstone supporting public livelihoods.

Looking ahead, a grand blueprint for industry advancement is going to be collectively charted in view of profound iteration in demographic structure, technology-driven innovation, sustained policy incentives, and evolving service philosophies. Due to the highlighted industrial value, leading enterprises are strategically expanding into the home care field, representing validation for market potential and elevating expectations for industry leading participants. As one of the pioneers in the industry, we remain dedicated to our original mission when living up to the responsibilities called by the times to build competitive barriers with differentiated business models, fortify our development foundation with robust operational services, and seize the opportunities with the clear growth path.

We have always forged ahead practically for lasting stability. We will continue to pioneer in advancing medical healthcare accessibility by delivering reliable results to benefit society and providing our investors with long-term and stable returns, along with commitment to foster the enhancement of universal health and constructing Healthy China.

ZONG Wenhong

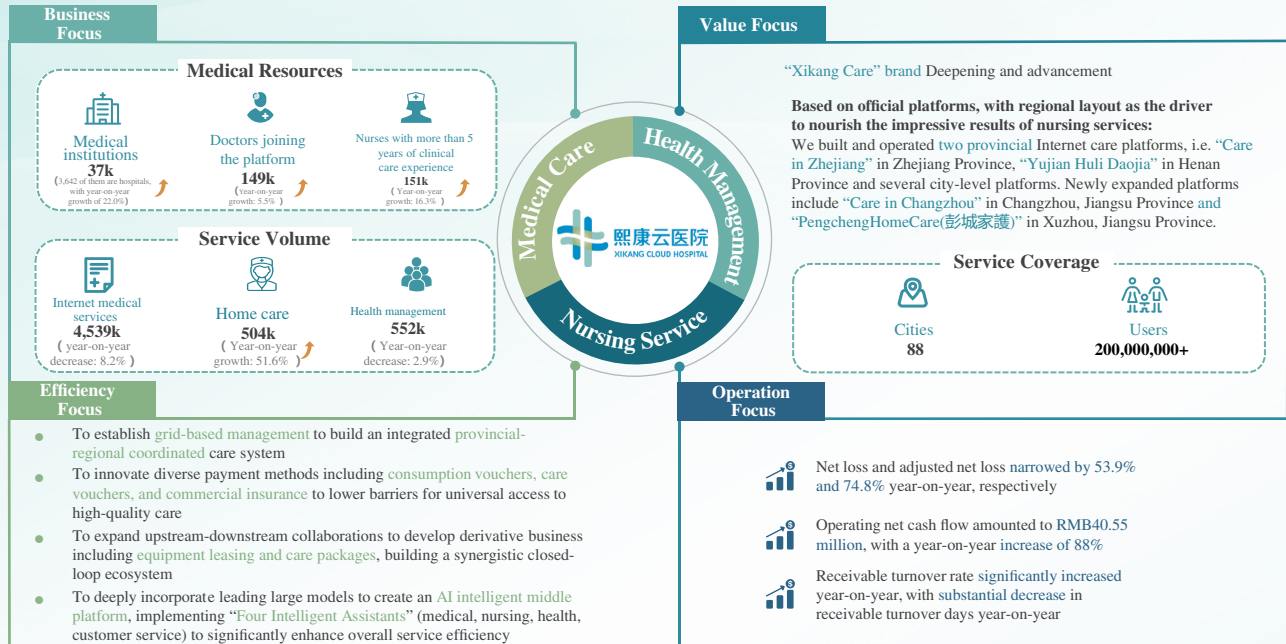
Chief Executive Officer and Chief Medical Officer

March 20, 2026



Management Discussion and Analysis

COMPREHENSIVE REVIEW OF THE RESULTS IN THE YEAR OF 2025



I. BUSINESS REVIEW

At present, China is facing a structural challenge as a deeply aging population and low birth rates running in parallel. On the one hand, aging population has generated huge and rigid demand for home care services and chronic disease management. On the other hand, the low birth rate has made families more reliant on professional care services for maternity, infants and children. This trend has led to a significant imbalance between traditional offline medical services in terms of time, space and supply, and has also generated enormous market potential for out-of-hospital extended services such as in-home nursing services. Meanwhile, China is aggressively promoting the application of “AI + Healthcare” and the construction of a hierarchical diagnosis and treatment system, explicitly encouraging the optimization of resource allocation through the Internet, AI and other technologies. This has created a great development opportunity for online medical platforms to undertake primary-level services and extend out-of-hospital scenarios.

Management Discussion and Analysis

With the dual drive as rigid social demand and policy guidance, professional in-home nursing care services are increasingly becoming the important force supporting families and unlocking social vitality. We have always adhered to taking city as the entrance. **With the support of local governments, we rapidly, massively and cost-effectively access city's medical resources, enabling doctors and nurses to provide more professional and convenient medical and care services for city residents.**

Through our combined strategy of “**replicable platform model, distinctive nursing services, in-depth integration of AI and big data applications, and open industrial ecosystem**”, we systematically promote the digital and intelligent transformation and upgrading of regional medical service models. We continuously optimize the precise matching between urban medical resources and medical demand, build a more efficient regional digital medical service ecosystem, and extend our professional medical and nursing services to every household in the city, and ensure that medical and nursing services in home settings are equally professional, safe and reliable as those provided in hospitals to achieve seamless connection.

Unique “City-specific Cloud Hospital Platform” Business Model

We take government cooperation as our core focus to ensure **the credibility of our platform**: through in-depth linkage with regional healthcare service systems, we quickly integrate the regional medical resource network, achieving efficient integration and full connectivity of regional medical resources, and forming **the credibility barrier** for our “City-specific Cloud Hospital Platform”.

We integrate medical service resources in batches on a city-by-city basis, forming our **standardized replication model**. Through our city expansion strategy that combines “regional platform to institutional promotion” and “institutional model to regional platform”, we efficiently and massively integrate core resources such as medical institutions, doctors and nurses to drive their intensive settlement on our platform, and rapidly build a localized cloud hospital platform. Relying on a full-scenario service system (Medical Care + Nursing Service+ Health Management) and a standardized operation model, we achieve large-scale replication and expansion. With the established large-scale service network, we build a sustainable **market penetration barrier**.

We take AI technology as the core engine to drive **the construction of a new intelligent medical service ecosystem**. Leveraging a multi-modal AI technology system, we build a digital medical and health closed loop of “intelligent matching – precise service – quality control – continuous optimization”. Through the continuous technological iteration and scenario expansion, we promote data-driven intelligent decision-making and business process optimization, comprehensively improving the quality and efficiency of medical and nursing care and health management services. We also continuously build a **brand effect barrier** by accelerating our city expansion.



Management Discussion and Analysis

Platform Service Scaling: Building a National Standardized Service Network

As China's leading operator of "Internet + Nursing Services", we have consistently positioned "at-home medical and care services" as our core strategic focus, to accelerate the development and expansion of city-specific cloud hospital platforms within the smart healthcare ecosystem. Drawing on the proven experience of successfully operating China's first city-specific cloud hospital platform in Ningbo, we have established a full-chain digital medical service system covering medical treatment, nursing, and health management. The decade-proven "Ningbo Model" is highly replicable, providing a standardized implementation pathway for our national business expansion. By continuously deepening the application of AI technology and the development of smart healthcare systems, combined with in-depth market penetration in key regions including East China, North China, and South China, we have achieved rapid growth of city-specific cloud hospital platform network, with significantly enhanced platform coverage and service efficiency. As of December 31, 2025, the number of medical institutions connected to our city-specific cloud hospital platform network was over 37,000, of which the number of hospitals was 3,642 (December 31, 2024: 2,986), representing an increase of 22.0% as compared to the previous year. There were 149,000 doctors joining our platforms (December 31, 2024: 142,000), representing an increase of 5.5% compared to the previous year. There were 151,000 nurses (with over 5 years of clinical experience) joining our platforms (December 31, 2024: 130,000), representing an increase of 16.3% as compared to the previous year.

In 2025, the brand influence of "Xikang Nursing" continued to expand. By leveraging the first-mover advantage in "Internet + Nursing Services" and a validated standardized operation system, we have formed a synergistic development pattern of "provincial benchmark demonstration + municipal rapid replication". During the Reporting Period, we further strengthened cooperation with various provincial and municipal governments across China. While deeply operating two provincial-level "Internet + Nursing Services" benchmarks in Zhejiang Province and Henan Province, we newly expanded platforms such as Care in Changzhou (常享護理) in Changzhou City and Pengcheng Home Care (彭城家護) in Xuzhou City, steadily expanding our nursing service footprint. Meanwhile, supported by an intelligent AI dispatching system, intelligent and precise resource allocation, and a full-process AI monitoring and quality control system, we have achieved improvements in both operational efficiency and service quality, enabling our core business to maintain a leading position in high-speed growth. In 2025, the volume of home care services we provided exceeded 504,000 (December 31, 2024: 332,000), representing an increase of 51.6% as compared to the previous year. The volume of online nursing consultations we provided exceeded 386,000 (December 31, 2024: 324,000), representing an increase of 19.1% as compared to the previous year.



Management Discussion and Analysis

Platform Data Valorization: Digital Cornerstone Empowering Ecological Development

As an innovative business production system, “the city-specific cloud hospital platform” network generates massive and diverse healthcare data continuously around the clock and across all scenarios with the explosive growth of business scale. These data include follow-up visit and treatment data for common and chronic diseases from the internet medical system, continuous care and rehabilitation data from the internet nursing system, as well as long-term vital sign monitoring data collected by the physical examination system. These highly valuable data, featuring strong connectivity and wide business coverage, are integrated and interoperable with in-hospital clinical data, forming an accurate digital portrait covering the entire life cycle of patients. This lays a solid data foundation for the transformation of the entire medical system from “treatment-oriented” to “health-oriented” and endows the platform with unique asset attributes.

Based on that, we operate massive, multi-dimensional and high-quality data as core assets. The continuously connected healthcare service resources and the constantly generated and integrated medical and health data resources on the platform serve as the “new nuclear energy” driving the industrial ecosystem, providing broad development space for the aggregation of industrial ecological resources and the innovation of application scenarios.

Platform Industrial Ecosystemization: Generating Value from Medical and Nursing Services to Health Ecosystem

Our platform is not only a livelihood service platform but also an industrial ecosystem platform. Centered closely on “at-home medical and nursing services”, driven by technologies such as AI and big data, and based on the in-depth integration of the three core businesses as “Medical Care + Nursing Service + Health Management”, we accelerate the integration of ecological service resources, continuously innovate to meet users’ all-round healthcare needs, and build a one-stop, full-chain service industrial ecosystem relying on the cloud hospital platform, to constantly enhance the market competitiveness of our unique cloud hospital platform model. Through the deep integration of technological innovation and specialized operation, we continue to empower medical institutions and healthcare professionals and improve service efficiency. Through data-driven intelligent matching systems, we efficiently allocate medical and nursing resources, shorten response times and optimize user experience. Through precise user portrait analysis and demand insights, we continuously improve healthcare service quality for users and industrial chain partners, comprehensively promoting the precise extension of the medical model from hospitals to out-of-hospital and home settings, and upgrading from basic needs to specialized and personalized services, and deeply building a full-scenario covered collaborative service system of “prevention – treatment – rehabilitation”.



Management Discussion and Analysis

During the Reporting Period, based on the refined demands in specialized fields and the interest appeals of multiple parties, we actively explored incremental markets, taking the elderly, women and children, patients with chronic diseases, and post-operative patients as core service targets. We continuously optimized specialized medical and nursing solutions for obstetrics and gynecology, pediatrics, traditional Chinese medicine, rehabilitation, neurology, and other departments in home care scenarios. By expanding service boundaries and refined operation, we built a service system covering home care services, rehabilitation services, medical equipment rental, at-home rapid testing, specialized service packages, and other formats. Through value sharing with industrial ecological partners such as pharmaceutical companies, equipment suppliers, and insurance companies, we jointly built a full-cycle, multi-level service matrix of “healthcare services + derivative products”, empowering the platform’s one-stop service capabilities and precisely responding to users’ diversified health needs. Driven by heartfelt and professional service, we build an ecological closed loop of collaborative growth, promoting the upgrading of medical and nursing services from one-way diagnosis and treatment to lifelong health partners. While enhancing commercial value, we create more comprehensive healthcare value to society.

Strategic Focus Delivers Results: Structural Optimization Continuously Improves Financial Quality

During the Reporting Period, based on the cloud hospital platform model and the core business focus strategy, we deeply integrated AI technology into core business scenarios and concentrated resources on strategic business innovation and urban network expansion. By divesting non-core loss-making businesses, disposing of offline inefficient assets, and combining the service product matrix with intelligent operation, the Company has achieved a significant improvement in business value and optimized operational efficiency. The adjusted net loss has narrowed substantially, and operating net cash flow has continued to improve, forming a sustainable development closed loop with multi-dimensional linkage of “scale growth – efficiency improvement – quality optimization – value growth”, laying a solid foundation for national large-scale replication and sustainable development.



Management Discussion and Analysis

The following table sets forth the revenue from each business segment during the Reporting Period:

	Year ended December 31,			
	2025		2024	
	Amount	%	Amount	%
	(RMB in thousands, except for percentages)			
Medical Services ^(Note 1)	145,594	31.4%	216,670	43.2%
Nursing Services ^(Note 2)	79,719	17.2%	56,151	11.2%
Health Management Services ^(Note 3)	238,825	51.4%	228,675	45.6%
Total	464,138	100.0%	501,496	100.0%

Notes:

- 1 Revenue generated from our medical services segment decreased by 32.8% to RMB145.6 million for the year ended December 31, 2025 from RMB216.7 million for the year ended December 31, 2024, mainly attributable to the fewer project opportunities resulting from our implementation of structural optimizations for certain low-profit business units to maximize the utilization of existing resources to enhance resource efficiency along with intensifying market competition.
- 2 Revenue generated from our nursing services segment increased by 42.0% to RMB79.7 million for the year ended December 31, 2025 from RMB56.2 million for the year ended December 31, 2024, mainly attributable to the gradual demonstration of economies of scale of nursing services benefiting from our realization of rapid replication by market promotion and professional operation apart from enhancing operational efficiency through information technology, digitization and AI empowerment.
- 3 Revenue generated from our health management services segment increased by 4.4% to RMB238.8 million for the year ended December 31, 2025 from RMB228.7 million for the year ended December 31, 2024, mainly attributable to the increase in health management products.



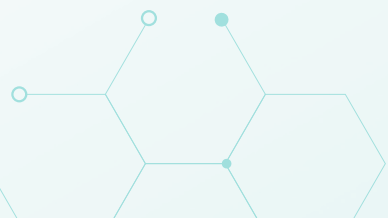
Management Discussion and Analysis

Development of Three Major Business Segments

Xikang Cloud Hospital has been focusing on residents' healthcare needs, continuously promoting the innovation of service scenarios and contents of "Medical Care + Nursing Service + Health Management", and continuously leads the development of at-home medical and care industry in China. Relying on the city-specific cloud hospital platform, we have built a service ecosystem covering the entire life cycle: **The Medical Services Segment** digitally empowers medical institutions and practicing physicians to deliver online medical services featuring integration of online and offline services, continuity between in-hospital and out-of-hospital care, and equal emphasis on treatment and rehabilitation. **The Nursing Service Segment** extends care services to out-of-hospital scenarios through a professional and standardized system, providing safe, reliable home care services and online nursing consultation services of the same quality as those provided in hospitals. **The Health Management Segment** offers full-cycle health management services to individual and institutional users through self-operated medical institutions. Based on the deeply integrated mechanism of the three closely connected and highly efficient business segments, we systematically integrate ecological service resources, continuously innovate to meet users' comprehensive healthcare needs, strengthen the unique competitiveness of our platform model, and further consolidate our leading position in the market.

We consistently uphold digital and intelligent innovation, driven by AI and large model technologies as core engines and guided by user needs. Through in-depth technological integration and innovative scenario applications, we have built an AI intelligent middle platform and launched an intelligent assistant matrix covering the full spectrum of healthcare services, including "AI Doctor Assistant", "AI Nurse Assistant", "AI Health Assistant", and "AI Customer Service Assistant". This has achieved instant service response, intelligent resource allocation, improved efficiency for medical and nursing staff, and optimized user experience. We have realized the full-chain intelligence from demand identification to service delivery, significantly enhanced the overall service efficiency of the cloud hospital platform, and promoted the upgrading of healthcare service scenarios toward precision and humanization.

During the Reporting Period, we continued to focus on "at-home medical and care services". While consolidating our existing leading market position, we strategically expanded into emerging regions, developed cooperation across the upstream and downstream industrial chains, and explored new business growth drivers. Through efficient collaboration and integration of the three major business scenarios of medical treatment, nursing, and health management, we comprehensively improved resource integration efficiency and achieved cross-regional synergy. We have built an integrated business linkage system of "medical treatment + pharmacy + nursing + testing".



Management Discussion and Analysis

Medical Services

We strictly adhere to the seriousness of medical services and put patients at the center, continuously innovating and meeting patients' service needs from hospital to home, offline to online, and treatment to rehabilitation, by deeply integrating medical service ecosystem resources within city and aligning with national healthcare consumption trends, to provide users with high-quality, efficient, safe and reliable home medical services of the same quality as in-hospital services through our city-specific cloud hospital platform. During the Reporting Period, we further refined the specialized operation of internet healthcare, continuously expanded medical service scenarios and enriched medical resources to provide cooperative medical institutions with integrated home medical service solutions, including online diagnosis and treatment, home monitoring, self-service test ordering, in-home sampling, and intelligent report interpretation. This has comprehensively improved the service supply capacity of our partner medical institutions and has formed an increasingly mature city-level medical service operation network.

With the rapid development of AI technology in achieving precision and intelligence in assisted medical services, we continue to upgrade our technological infrastructure based on large models and big data, providing a digital and intelligent healthcare service system for both doctors and patients. For doctors, we offer "AI Doctor Assistant" and "AI-assisted medical record generation" embedded in all aspects of the medical service chain, helping doctors improve diagnosis and treatment efficiency, and supporting medical institutions in optimizing the quality and efficiency of internet-based medical services. For patients, we provide tools including "AI triage", "AI pre-consultation", and "AI interpretation of examination and test reports". Leveraging large models and data analysis technologies, we conduct in-depth analysis of patient data, medical knowledge, and clinical guidelines. Through 24/7 real-time online response, we accurately match patients with high-quality medical resource connections and medical service provision.

During the Reporting Period, we continued to promote structural adjustment and optimization, resulting in periodic fluctuations in the volume of medical service business, with total internet medical service volume as 4,539,000 (December 31, 2024: 4,944,000), representing a decrease of 8.2% compared to the previous year. Among that, the volume of our online consultation services was 2,273,000 (December 31, 2024: 2,460,000) representing a decrease of 7.6% compared to the previous year. The volume of e-prescription services was 773,000 (December 31, 2024: 785,000), representing a decrease of 1.6% compared to the previous year. The volume of our remote medical services was 884,000 (December 31, 2024: 1,184,000), representing a decrease of 25.3% compared to the previous year. The volume of examination and test-booking services was 609,000 (December 31, 2024: 515,000), representing an increase of 18.4% compared to the previous year, resulting from our at-home testing one-stop service solution integrating "online test ordering + on-site sampling + report interpretation", enabling users to access professional and rapid testing without leaving home. This has not only deepened business synergy but also improved resource utilization efficiency.

During the Reporting Period, the revenue generated from our Medical Services amounted to RMB145.6 million (December 31, 2024: RMB216.7 million), representing a decrease of 32.8% compared to previous year.



Management Discussion and Analysis

Nursing Services

As an innovative leader in China's home medical care industry, under the background of strict entry and strong regulation in the industry, we have always adhered to the fundamental principles of professionalism, safety and reliability, and followed the core strategy of "official platforms and regional layout". Through the "city-specific cloud hospital platform" model, we efficiently integrate medical resources and promote the rapid launch of at-home medical and care services in multiple regions. Since pioneering the innovative pilot of home care services in Ningbo in 2016, we have built a mature, complete and standardized operation and service system through long-term practice and experience accumulation, realizing large-scale development from regional pilots to cross-provincial linkage. At present, our business covers East China, Central China, South China, Southwest China, Northeast China and other regions in China.

Horizontal Expansion: Establishing Industry Benchmarks and Promoting Regional Synergistic Development

We are committed to promoting the standardized and regulated development of home care services. By establishing unified management systems, service models, operation mechanisms and training systems among cities, we ensure that residents in all business-covered areas can enjoy high-quality and homogeneous home care services. With the "Zhe Li Huli" platform as the core, we have innovatively explored a provincial grid management model, covering 672 medical institutions across the province. We have broken down information barriers between platforms, hospitals and primary medical institutions, achieved seamless connection of resources and services, and built an integrated provincial-linked nursing system, which effectively promotes the optimal allocation and efficient utilization of medical resources across the province. Meanwhile, we actively implement the "Horizontal Integration" strategy to promote the in-depth integration of nursing services with various industries. By deepening cooperation with the government, finance, insurance, pharmaceutical companies, testing institutions and other stakeholders, we continuously expand home care service scenarios, innovatively launch various payment models such as nursing consumption coupons and commercial insurance payment, and actively explore new business formats such as "nursing + testing" and "nursing + insurance", further broadening business boundaries and achieving resource sharing and complementary advantages.



Management Discussion and Analysis

Relying on mature technical capabilities, an extensive customer base and a professional operation system, we have successfully created a leading “government – enterprise – hospital” tripartite cooperation model in the industry. At present, we have fully undertaken the construction and operation of a number of provincial and municipal official regional-level “Internet + Nursing Services” platforms, and built a home care service network covering Zhejiang, Henan, Chongqing, Liaoning, Guangxi, Anhui, Jiangsu and other provinces and cities, with the covered population continuously growing to more than 200 million. During the Reporting Period, we continued to deepen the operation of Care in Zhejiang (浙理護理) in Zhejiang Province, “Yujian Huli Daojia” in Henan Province, Kind Care (盛情護理) in Shenyang City, Liaoning Province, Nanning Cloud Hospital for Home Care (南寧雲醫院居家護理) in Nan’ning City, Guangxi Zhuang Autonomous Region, Cloud Care in Chongqing (渝悅雲護理) in Jiulongpo District, Chongqing City, and Care in Xuan (宣慧護理) in Xuancheng City, Anhui Province. We also newly expanded platforms such as Care in Changzhou (常享護理) in Changzhou City and Pengcheng Home Care (彭城家護) in Xuzhou City, Jiangsu Province, forming a cross-regional and multi-level service layout.

In the future, we will continue to implement the differentiated path of “government cooperation, regional layout and market-oriented operation”, balance business innovation and ecological integration, and by continuously optimizing the service system, expanding service coverage and enriching business forms, lead the large-scale, standardized and high-quality development of home care services.

Vertical Development: AI Empowers Professional Operations and Elevates Multi-Dimensional Value

So far we have established a highly replicable and adaptable standardized operation system. Through standardized process design and intelligent technical support, we have deepened our professional operation capabilities. Relying on AI and big data technologies, we have built a refined operation model to achieve intensive development of existing markets and rapid replication in new markets. Besides, we have strengthened data operation, dynamically optimized service resource allocation through user behavior analysis and demand forecasting, increased user reach and promoted user conversion, realized “public domain traffic acquisition + private domain conversion”, and continuously expanded the base of paying nursing users. As of December 31, 2025, the volume of home care services we provided exceeded 504,000 (December 31, 2024: 332,000), representing an increase of 51.6% as compared to the previous year.



Management Discussion and Analysis

Centered on user needs and based on the construction of a standardized management system, we have fully upgraded our home care services platform. By deeply integrating technologies such as natural language processing and multi-modal interaction, we have successfully launched “Xiao Xi Assistant”, an AI nursing agent, forming a service closed loop covering intelligent prediction, precise matching and dynamic optimization. We have launched the “Route Planning Assistant”, which optimizes the algorithm model by accessing multi-source real-time big data and AI paths to help nurses intelligently plan the optimal service routes. We have built a three-in-one intelligent customer service system of “AI Customer Service + WeChat Work + Customer Service Representatives”, achieving instant response and seamless interaction from user consultation to problem resolution, significantly improving service efficiency and user experience simultaneously, and further enhancing user satisfaction.

In terms of service depth, we have built a professional service system covering the entire medical life cycle. As of December 31, 2025, we have provided more than 240 refined in-home nursing services in 13 major categories (December 31, 2024: over 200 items). These services range from newborn care and infant growth monitoring, to PICC catheter maintenance and specialized wound/stoma care, from post-operative rehabilitation guidance and home-based chronic disease management, to traditional rehabilitation services such as TCM massage and cupping, as well as hospice care programs including pain management and psychological support. Our professional capabilities run through users’ health journey from the beginning to the end of life, truly realizing full-cycle health protection “from cradle to heaven”, and we are committed to providing users with “One-stop Home Medical and Nursing Solutions”.

In terms of service forms, we have focused more on in-depth innovation in specialized nursing, strengthened ecological network linkage and accelerated value transformation with specialized services as the pivot, and fully tapped the potential value of high-value users, forming a multi-level service and product matrix. During the Reporting Period, medical equipment rental has emerged as a new growth engine for nursing derivative services. Through expanding ecological partners and exploring demand scenarios for home care services, we have built a professional rental medical equipment matrix covering maternity and infant care, wound care, catheter care and other fields, creating an integrated service model of “professional medical nursing services + professional medical equipment rental”. For the maternity and infant group with increasingly prominent home care needs, we have broken the restrictions of traditional service scenarios and innovatively launched the “Mobile Postpartum Care Service Package”, which precisely bridges the gap between hospital wards and home recuperation for postpartum women, freeing professional postpartum care services from the constraints of space and environment.

During the Reporting Period, the revenue generated from our Nursing Services amounted to RMB79.7 million (December 31, 2024: RMB56.2 million), representing an increase of 42.0% as compared to the previous year.



Management Discussion and Analysis

Health Management Services

We always take user health as our mission and are committed to building a user-centric, technology-driven integrated health service system of “Prevention – Screening – Management” with deep integration of online and offline services, providing comprehensive and integrated health management solutions for institutional and individual clients. During the Reporting Period, relying on the layout of 9 medical institutions in key cities across the country, we cooperated with ecological partners to create full-process health protection featuring “in-depth testing + private health butler” for customers.

With efficient business synergy, extensive resource integration and strong brand recognition, we deeply explore and respond to health management needs in different scenarios. Taking standardized physical examination services as the unified entrance and combining cutting-edge technologies such as genetic testing and functional medicine testing, we provide one-stop services covering early disease screening, precise diagnosis, treatment and intervention. On the basis of consolidating and strengthening service synergy, we continue to refine our distinctive “1+N” health management model (“1” represents basic physical examination services to ensure service quality and reliable data, “N” represents value-added services flexibly combined according to customers’ needs), and constantly explore paths for business innovation and breakthroughs. During the Reporting Period, we further enhanced ecological synergy and cooperated with a number of professional third-party testing institutions to jointly promote the “precision testing + precision nutrition” O2O health management solution based on genetic testing and big data analysis, which significantly improved the scientificity and personalization of service content.

We continue to deepen the application of multi-modal health data analysis and AI technology. Relying on the AI intelligent middle platform, we have upgraded core functions including intelligent interpretation of physical examination reports and structured health record management, and innovatively launched digital tools such as the “AI Medical Assistant Xiaokang” intelligent analysis system and the visualized “Full Body Health Map”. These have realized full-process intelligent tracking of health assessment, personalized intervention programs and effect tracking, built a health management service system with higher technological content and more agile response, comprehensively improved the accuracy and intelligence of health management, and created a high-quality health management experience for users. In 2025, the volume of our health management services was 552 thousand, representing a decrease of 2.9% as compared to the previous year (December 31, 2024: 569 thousand).

During the Reporting Period, the revenue generated from our Health Management Services amounted to RMB238.8 million (December 31, 2024: RMB228.7 million), representing an increase of 4.4% as compared to the previous year.



Management Discussion and Analysis

II. BUSINESS PROSPECTS

The internet healthcare industry is undergoing a profound transformation centered on structural changes. Five major trends are intertwined to jointly reshape the industry ecosystem: The first one, the demographic change of population is fostering a new paradigm of home-based medical care. With accelerating global population aging and smaller family structures, the urgent demand of the elderly for convenient and professional care is driving home medical care to become a basic package. Second, technological innovation is forging new pathways for AI and full-course disease management. AI is evolving into the core hub of health management, enabling end-to-end data connectivity spanning risk prediction in prevention, precise diagnosis in screening, treatment plan optimization, and dynamic adjustment during rehabilitation. Third, advancing the Healthy China initiative requires strong emphasis on primary healthcare, improving the grassroots medical service network, promoting the downward flow of high-quality medical resources, and effectively solving the “last-mile” problem. Fourth, policy dividends are unlocking new industrial drivers. National institutional innovation and resource allocation continue to empower the sector, with special policies for the silver economy highlighting priority areas such as home-based elderly care and smart healthcare. Fifth, the shift in service philosophy is leading a new revolution in health governance, as medical services move from passive disease treatment to proactive health management. As the pioneer of the city-specific cloud hospital platform model in China and a leader in the digital transformation of serious medical care, we will consistently achieve efficient large-scale replication through our “standard city development model”, fully empower scenario innovation via “in-depth AI application”, and build a sustainable business system with a “diversified high-value ecosystem”. These efforts will jointly drive our high-quality growth and accelerate the healthcare industry towards precision, personalization, and proactivity.

In terms of large-scale replication and expansion, we will further consolidate and release the pioneer advantage of “Internet + Nursing Services”. Relying on our proven standardized operation system, we will focus on economically developed regions and highly populated provinces including the Yangtze River Delta, Pearl River Delta, and Beijing-Tianjin-Hebei region, rapidly promoting the national layout of our service network and continuously expanding our leading market position. By deepening the strategic integration of the city-specific cloud hospital platform into the smart healthcare ecosystem, we will deliver professional, safe, and diversified medical and nursing services to more households across the country, while optimizing the efficient matching between platform resources and user demand. We will build a multi-scenario and multi-format home medical and nursing service system, accelerate the conversion of resources into market efficiency based on our large-scale service network, amplify scale effects, and achieve coordinated growth of social and commercial value.



Management Discussion and Analysis

In terms of the in-depth application of AI, we will focus on promoting the deep integration of AI and big data technologies to fully upgrade our “at-home medical and nursing services” system. Centered on multi-modal AI, we will realize real-time data collection, analysis, and feedback, and build an intelligent management closed loop covering “prevention – treatment – rehabilitation”. Through full-process data accumulation, we will develop a dynamically self-optimizing intelligent data platform, break the spatial and temporal boundaries of traditional medical services, extend service scenarios precisely from hospitals to homes, and upgrade services toward specialization and personalization. Driven by technology and empowered by data, we will achieve service precision, streamlined business processes, and continuous product innovation, supporting the efficient and sustainable development of our core business.

In terms of the diversified high-value ecosystem, we will leverage our large user base and data assets accumulated on the platform to deepen the composite profit model of “service + product + ecosystem” and realize the strategic upgrading from “medical service provider” to “health value integrator”. By deeply integrating into the healthcare and elderly care ecosystem, we will promote efficient cross-sectoral resource synergy and enrich the connotation of “online and at-home” healthcare services. By building a one-stop healthcare service platform, we will expand value-added services such as testing reagents, rehabilitation equipment, and health insurance to enhance user lifetime value. Through the positive cycle of “services generate data → data empowers services” we will provide self-driven core momentum for the long-term ecological development of the city-specific cloud hospital platform and achieve the fusion of data value into industrial value. Based on the city-specific cloud hospital platform and its accumulated “Medical Care + Nursing Service + Health Management” resources, we will deeply integrate governments, medical institutions, commercial insurers, pharmaceutical and device supply chains, and health management service providers to build a win-win ecosystem of “Medical Care + Payment + Supply Chain + Data”.

We have reshaped the service supply system through the city-specific cloud hospital platform and upheld the bottom line of safety and quality with professional service capabilities. Amid industry transformation, policy guidance, and long-term user trust, we have taken a difficult yet correct path toward inclusive healthcare. We firmly believe that with large-scale layout as the path, technological innovation as the engine, and ecological synergy as the support, we will surely fulfill our mission of “making fair, precise, and friendly healthcare and home care services accessible to every family”, so that warm and high-quality home medical and nursing services become reliable health protection for countless Chinese families.



Management Discussion and Analysis

III. FINANCIAL REVIEW

Revenue from Contracts with Customers

Our revenue decreased by 7.4% to RMB464.1 million for the year ended December 31, 2025 from RMB501.5 million for the year ended December 31, 2024, mainly attributable to the decrease in revenue from medical services.

Medical Services

Revenue generated from our medical services segment decreased by 32.8% to RMB145.6 million for the year ended December 31, 2025 from RMB216.7 million for the year ended December 31, 2024, mainly due to the fewer project opportunities resulting from our implementation of structural optimizations for certain low-profit business units to maximize the utilization of existing resources to enhance resource efficiency along with intensifying market competition.

Nursing Services

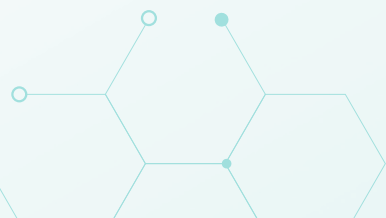
Revenue generated from our nursing services segment increased by 42.0% to RMB79.7 million for the year ended December 31, 2025 from RMB56.2 million for the year ended December 31, 2024, mainly attributable to our rapid replication achieved through marketing and professional operation which gradually demonstrated economies of scale of nursing services, as well as enhancement of operational efficiency through information technology, digitization and AI empowerment.

Health Management Services

Revenue generated from our health management services segment increased by 4.4% to RMB238.8 million for the year ended December 31, 2025 from RMB228.7 million for the year ended December 31, 2024, mainly attributable to the increase in health management products.

Cost of Sales and Services

Our cost of sales and services decreased by 4.7% to RMB337.4 million for the year ended December 31, 2025 from RMB354.0 million for the year ended December 31, 2024, mainly attributable to the decrease in revenue.



Management Discussion and Analysis

Gross Profit and Gross Margin

As a result of the foregoing, our gross profit decreased by 14.1% to RMB126.7 million for the year ended December 31, 2025 from RMB147.5 million for the year ended December 31, 2024.

During the Reporting Period, the gross margins of medical services, nursing services and health management services, amounted to 15.0%, 19.4% and 37.5% (2024: 23.4%, 25.3% and 36.2%) respectively. Our gross margin decreased to 27.3% for the year ended December 31, 2025 from 29.4% for the year ended December 31, 2024, mainly attributable to the decrease in the Company's overall gross profit margin led by the decline in the gross profit margin of the medical services segment as compared to the same period last year.

Selling and Distribution Expenses

Our selling and distribution expenses decreased by 11.2% to RMB58.8 million for the year ended December 31, 2025 from RMB66.2 million for the year ended December 31, 2024, mainly attributable to the continuous strengthening of production control and the constant improvement of resource allocation efficiency.

Research and Development Expenses

Our research and development expenses decreased by 22.2% to RMB32.7 million for the year ended December 31, 2025 from RMB42.0 million for the year ended December 31, 2024, mainly attributable to the continuous optimization of organizational effectiveness, resulting in a decrease in manpower and related expenses.

Administrative Expenses

Our administrative expenses increased by 12.7% to RMB93.8 million for the year ended December 31, 2025 from RMB83.2 million for the year ended December 31, 2024, mainly attributable to the increase in share-based compensation expenses.



Management Discussion and Analysis

Other Income

Our other income decreased by 62.2% to RMB6.1 million for the year ended December 31, 2025 from RMB16.1 million for the year ended December 31, 2024, mainly attributable to (i) decreased returns from investment in wealth management products; and (ii) decreased government grants.

Other Gains, Net

Our net other gains increased by 206.4% to RMB14.4 million for the year ended December 31, 2025 from RMB4.7 million for the year ended December 31, 2024, mainly attributable to (i) increase in revenue from disposal of subsidiaries and associates; and (ii) increase in foreign exchange gains.

Finance Income and Finance Costs

Our finance costs after deducting net finance income increased by 19.7% to RMB7.3 million for the year ended December 31, 2025 from RMB6.1 million for the year ended December 31, 2024, mainly attributable to a decrease in interest income.

Share of Losses of Associates

Our share of losses of associates decreased by 74.0% to RMB4.5 million for the year ended December 31, 2025 from RMB17.4 million for the year ended December 31, 2024, mainly attributable to a decrease in losses of associates.

Income Tax Credit/(Expense)

We recorded an income tax expense of RMB6.1 million for the year ended December 31, 2025, compared to an income tax credit of RMB0.1 million for the same period in 2024, mainly attributable to a decrease in deferred income tax credit.

Loss for the Year

As a result of the foregoing, our loss for the Reporting Period decreased by 53.9% to RMB38.6 million for the year ended December 31, 2025 from RMB83.8 million for the year ended December 31, 2024.



Management Discussion and Analysis

Adjusted Net Loss (Non-HKFRS Measure)

To supplement our consolidated statements of profit or loss which are presented in accordance with HKFRS, we use adjusted net loss for the Reporting Period (non-HKFRS measure) as a non-HKFRS measure, which is not required by, or presented in accordance with, HKFRS. We believe that the presentation of such non-HKFRS measure when shown in conjunction with the corresponding HKFRS measures provides useful information to potential investors and management in facilitating a comparison of our operating performance from period to period by eliminating potential impacts of share-based compensation expenses. The use of the non-HKFRS measure has limitations as an analytical tool, and investors should not consider it in isolation from, or as a substitute for or superior to, the analysis of our results of operations or financial condition as reported under HKFRS. In addition, the non-HKFRS measure may be defined differently from similar terms used by other companies.

The following table reconciles our adjusted net loss for the period (non-HKFRS measure) to the most directly comparable financial measure in accordance with HKFRS for the periods indicated:

	Year ended December 31,	
	2025	2024
	(RMB in thousands)	
Loss for the year	(38,552)	(83,845)
Add: Share-based compensation expenses	19,549	8,579
Adjusted net loss for the year (non-HKFRS measure)	(19,003)	(75,266)

The non-HKFRS measure, adjusted net loss for the year, used by us has been adjusted for share-based compensation expenses. In particular, the share-based compensation expenses are a non-cash expense arising from granting share-based awards to selected employees.

Management Discussion and Analysis

Our adjusted net loss (non-HKFRS measure) decreased by 74.8% from RMB75.3 million for the year ended December 31, 2024 to RMB19.0 million for the year ended December 31, 2025. For the year ended December 31, 2025, the decrease in our adjusted net loss (non-HKFRS measure) was mainly because (i) the Group insisted on strengthening receivable management and actively pursued amounts overdue, with reversal of impairment loss on trade receivables during the Reporting Period; and (ii) the Group effectively improved organizational effectiveness and resource allocation efficiency, and enhanced operational efficiency through information technology, digitization and AI empowerment, which resulted in a decrease in selling and distribution expenses and research and development expenses.

Contingent Liabilities

As of December 31, 2025, we were not involved in any material legal, arbitration or administrative proceedings that were expected to materially and adversely affect our financial condition or results of operations, although there can be no assurance that this will not be the case in the future.

As of December 31, 2025, we did not have any significant contingent liabilities (as of December 31, 2024: nil).

Capital Expenditures

During the Reporting Period, we incurred capital expenditures of RMB5.5 million mainly for purchases of property, plant and equipment (for the year ended December 31, 2024: RMB13.4 million).

Pledge of Assets

As of December 31, 2025, the Group did not pledge any assets (as of December 31, 2024: nil).

Future Plans for Material Investments or Capital Assets

Save as disclosed under the section headed "Proceeds from the Global Offering" herein, as of December 31, 2025, the Group did not have any other plans for material investments or capital assets.



Management Discussion and Analysis

Liquidity and Capital Resources

Historically, we have funded our working capital primarily from bank borrowings and equity financing. As of December 31, 2025, we had cash and cash equivalents of RMB545.5 million (as of December 31, 2024: RMB760.9 million). We expect to use a portion of the proceeds from the Global Offering (within the meaning of the Prospectus of the Company dated September 18, 2023) to fund our working capital requirements. We currently do not have any plans for material additional external financing.

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

	Year ended December 31,	
	2025	2024
	(RMB'000)	
Cash generated from operations	30,409	9,058
Interest received	14,551	19,941
Income taxes paid	(4,412)	(7,435)
Net cash generated from operating activities	40,548	21,564
Net cash (used in)/generated from investing activities	(155,668)	110,452
Net cash used in financing activities	(91,010)	(56,562)
Net (decrease)/increase in cash and cash equivalents	(206,130)	75,454
Cash and cash equivalents at the beginning of the period	760,857	676,794
Effects of exchange rate changes on cash and cash equivalents	(9,189)	8,609
Cash and cash equivalents at the end of the period	545,538	760,857

Management Discussion and Analysis

Net Cash Generated from Operating Activities

Our cash flows from operating activities reflect: (i) cash generated from operations; and (ii) other cash items (such as interest received and income tax paid).

For the year ended December 31, 2025, we had net cash generated from operating activities of RMB40.5 million, which represents our cash generated from operations of RMB30.4 million and other cash items of RMB10.1 million.

Net Cash Used in Investing Activities

For the year ended December 31, 2025, we had net cash used in investing activities of RMB155.7 million, which was mainly attributable to subscription amount for our wealth management products of RMB426.9 million, partially offset by the redemption amount for our wealth management products of RMB249.9 million.

Net Cash Used in Financing Activities

For the year ended December 31, 2025, we had net cash used in financing activities of RMB91.0 million, which was mainly attributable to (i) repayments of borrowings of RMB529.9 million, partially offset by the proceeds from bank borrowings of RMB482.9 million; (ii) payments of lease liabilities of RMB22.2 million and (iii) payments for interests of RMB19.8 million.

Borrowings

As of December 31, 2025, the aggregate principal balance of our borrowings was RMB462.9 million (as of December 31, 2024: RMB509.9 million). As of December 31, 2025, RMB0.9 million of our banking facilities remained unutilized (as of December 31, 2024: RMB0.1 million).

As of December 31, 2025, all of our borrowings were bank loans. The maturity dates of our outstanding borrowings fall on or before October, 2026.



Management Discussion and Analysis

Significant Investments Held

During the Reporting Period, the significant investments held by the Company are as follows:

Name of the investee company	Principal business	As at December 31, 2025			Year ended December 31, 2025			
		Investment cost (RMB'000)	Shareholding percentage	Corresponding registered capital (RMB'000)	Carrying amount (RMB'000)	Percentage		Investment loss in associates (RMB'000)
						of total assets of the Group	Dividend distributed	
Neusoft Management Consulting (Shanghai) Co., Ltd.	Business consulting service, including, among others, medical devices	96,436	49.00%	94,547	76,727	6.72%	-	(758)

Note:

The Group's investments in associates set out above were made before the listing and held during the Reporting Period. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost. All associates are unlisted companies, and there is no quoted price or fair value available.

Neusoft Management Consulting (Shanghai) Co., Ltd. mainly holds a property, which is used by the Group to provide health management services. Accordingly, the Directors believe that investments in Neusoft Management Consulting (Shanghai) Co., Ltd. could bring synergistic effects to our Group, which is conducive to our future development.

For the year ended December 31, 2025, the Group subscribed for wealth management products issued by Shenwan Hongyuan Financial Products Company Limited with its idle Proceeds from the Global Offering as part of the Group's cash management to improve the efficiency of capital utilization, increase capital income, and achieve the preservation and appreciation of the Proceeds while maintaining security and flexibility. As at December 31, 2025, the investment costs of wealth management products held by the Group amounted to US\$20.1 million, with a fair value of US\$20.5 million, and the fair value as a percentage of the Group's total assets as at December 31, 2025 was 12.6%, and the unrealised gain or loss was US\$0.4 million during the Reporting Period.

Save as disclosed above, during the Reporting Period, the Company did not hold any other significant investments (including any investment in an investee company with a value of 5% or more of the Group's total assets as at December 31, 2025), and no situations of subscribing for such wealth management products with a single financial institution that required disclosure in accordance with Chapter 14, Chapter 14A or paragraph 32(4A) of Appendix D2 of the Listing Rules.

Management Discussion and Analysis

Capital Commitments

As of December 31, 2025, we did not have any material capital commitments.

Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures

On May 20, 2025, (i) Xikang Health Technology Co., Ltd. ("**Xikang Health Technology**"), a wholly-owned subsidiary of the Company, Neutech Group Limited ("**Neutech**"), and Dalian Xikang Yunshe Kang Travel Investment Management Co., Ltd. ("**Dalian Yunshe**") entered into the equity transfer agreement, pursuant to which, Xikang Health Technology disposed of the registered capital of Dalian Yunshe of RMB32,757,364 held by Xikang Health Technology, representing approximately 4.23% of total share capital of Dalian Yunshe, for a consideration of RMB30 million; and (ii) Neutech and Dalian Yunshe entered into the capital increase agreement, pursuant to which, the registered capital of Dalian Yunshe will be increased by RMB49,136,047. Following the completion of the equity transfer and capital increase arrangement, through Xikang Health Technology, the Company holds the registered capital of Dalian Yunshe of RMB58,982,636, representing approximately 7.15% of the total share capital of Dalian Yunshe. For the details, please refer to the Company's announcement dated May 20, 2025.

Save as disclosed above, our Company did not have any material acquisition or disposal of subsidiaries, associates and joint ventures during the Reporting Period.



Directors' Report

The Board presents the directors' report of the Company, together with the audited financial statements of the Group for the year ended December 31, 2025.

PRINCIPAL BUSINESSES

The Company is a leader in city-specific cloud hospital platform, and nurtured a cloud hospital network that connects ecological partners including local governments, medical institutions, patients and pharmaceutical enterprises, medical device distributors and insurers to enable equitable access to medical resources and more effective and efficient delivery of medical and healthcare services.

BUSINESS REVIEW AND ANALYSIS OF KEY INDICATORS OF FINANCIAL PERFORMANCE

Please refer to the section headed "Management Discussion and Analysis" in this annual report, which forms an integral part of this directors' report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MATTERS OF THE COMPANY

The Company believes that its future growth is based on the integration of social values into its business. The Company is committed to working on the environmental, health and safety, employment and community issues that its operations affect, and to working with its stakeholders to promote the sustainable development of the industry in which the Company operates. The Company undertakes all reasonable efforts to ensure compliance with all applicable national and local safety, health, labor and environmental obligations. The Board will assess the overall risks and monitor our Group's existing ESG risk management methods and internal controls, and necessary improvement shall be implemented to mitigate the relevant risks. Our Board and its ESG working group shall maintain oversight of our Group's approach to risk management, including climate-related risks, and risks shall be reviewed as part of the standard operating processes to ensure the appropriate mitigation is in place as part of regular management reviews. Upon periodic review of ESG-related risks, and our Group's performance in addressing the risks, the Company will revise and adjust the ESG strategies as appropriate. Please refer to the section headed "Environmental, Social and Governance Report" set out in this annual report for details of the Company's environmental protection, social responsibilities and staff care and so on.

In the year of 2025, the Group has not received any significant fines or penalties related to violations of environmental laws or regulations.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

So far as is known to the Board and management, during the Reporting Period, the Group has, in all material aspects, complied with the relevant laws and regulations that have a material impact on the business and operations of the Group. For the year ended December 31, 2025, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group.



Directors' Report

MAJOR RISKS AND UNCERTAINTIES

Risks Relating to Our Business and Industry

- The Company is subject to extensive and evolving regulatory requirements, non-compliance with which, or changes in which, may materially and adversely affect the Company's business and prospects. The application and scalability of the Company's city-specific cloud hospital platform model in new regions may be affected by factors beyond the Company's control;
- The suspension of direct settlement by the social medical insurance system on the Company's cloud hospital platforms may adversely affect the Company's business, financial conditions and results of operations;
- The Company may be subject to medical liability claims or claims under consumer protection laws, including health and safety claims and product liability claims;
- Evolving and extensive regulatory requirements in the PRC regarding medical staff management may affect the Company's business operations and prospects; and
- The Company may not be able to recoup the investments it made in research and development, which, in turn, could adversely impact the Company's financial condition and results of operations.

For details of the risks relating to our business and industry faced by the Company, please refer to the section headed "Risk Factors" in the Company's Prospectus.

Financial Risks

Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the Group entities' functional currency. The functional currencies of our Company and the subsidiaries operating in the PRC are US dollar and Renminbi, respectively. Our Company manages its foreign exchange risk by performing regular reviews of our Company's net foreign exchange exposures and tries to minimize these exposures through natural hedges, wherever possible, and may enter into forward foreign exchange contracts, when necessary.

The Company operates mainly in the PRC with most of the transactions settled in US dollar and Renminbi respectively as the functional currency. The management of the Company considers that the Company's business is not exposed to any significant foreign exchange risk as the Company has no significant financial assets or liabilities denominated in currencies other than the respective functional currencies of the Company's entities. As of December 31, 2025, our Company did not hold any financial instruments for hedging purposes (as of December 31, 2024: nil).

Gearing ratio

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total liabilities which are considered as borrowings and total lease liabilities less cash and cash equivalents. As at December 31, 2025 and December 31, 2024, the gearing ratio was not applicable as the Group recorded net cash position.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's borrowings with a floating interest rate. The increase/(decrease) of the variable interest rate by 0.5% will lead to the increase/(decrease) in the Group's loss before tax by RMB1.2 million (2024: RMB1.6 million).

TAX RELIEF AND EXEMPTION

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

SHARE CAPITAL

For the year ended December 31, 2025, details of movements in the total share capital of the Company are set out in Note 32 to the financial statements.

DISTRIBUTABLE RESERVES

As of the end of the Reporting Period, the Company had no retained profit available for distribution to its shareholders.

Details of changes in reserves of the Company during the Reporting Period are set out in Note 33 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the Reporting Period are set out in Note 12 to the financial statements respectively.

As at the end of the Reporting Period, the Group did not own any other properties for investment purposes or held for development and/or sale where the percentage ratios (as defined under Rule 14.07 of the Listing Rules) exceed 5%.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended December 31, 2025, the Company's total sales to the five largest customers accounted for less than 30% of the Company's total sales.

For the year ended December 31, 2025, the Company's total purchases from five largest suppliers accounted for 49.2% of the Company's total purchases. The Company's total purchases from the largest supplier accounted for 41.4% of the Company's total purchases.

For the year ended December 31, 2025, Neusoft Medical Systems Co., Ltd. (a company in which Neusoft Corporation held 26.85% of equity interests and Neusoft Holdings, the single largest shareholder of Neusoft Corporation, held 8.34% of equity interests) was the fourth largest customer of the Group.

Save as disclosed above, to the knowledge of the Directors, for the year ended December 31, 2025, none of the Directors, their associates or any shareholders of the Company who to the knowledge of the Directors were interested in more than 5% of the issued shares (excluding treasury shares) of the Company had an interest in the five largest customers or the five largest suppliers of the Group during this year.



Directors' Report

KEY RELATIONSHIPS WITH STAKEHOLDERS

The Group recognizes the importance of maintaining good relationships with its stakeholders (including shareholders, employees, suppliers, customers and other business partners), which is critical to the Group's success. The Group will continue to ensure effective communication and maintain good relationships with its respective stakeholders. The Company's key relationships with its main stakeholders are set out in the section headed "Environmental, Social and Governance Report" in this annual report.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Connected Persons of the Company

As at the end of the Reporting Period, the Company and its subsidiaries have entered into certain transactions with the following connected persons, and such transactions will constitute non-fully exempt connected transactions or continuing connected transactions:

Connected Person	Connected Relationship
Neutech	As at the relevant transaction date, Dr. LIU Jiren, the chairman and non-executive Director of the Company, was deemed to be interested in 63.23% of the equity interests of Neutech. Accordingly, Neutech is a connected person of the Company pursuant to Chapter 14A of the Listing Rules.
Dalian Yunshe	As at the relevant transaction date, Dalian Yunshe was a subsidiary of Neusoft Holdings (Neusoft Holdings indirectly held approximately 20.41% interest in the share capital of the Company), and is a connected person of the Company pursuant to Chapter 14A of the Listing Rules.
Neusoft Corporation	As of December 31, 2025, Neusoft Corporation indirectly held approximately 24.49% interest in the share capital of the Company, and is a substantial shareholder and a connected person of the Company pursuant to Chapter 14A of the Listing Rules.

1. Equity Transfer Agreement and Capital Increase Arrangement

On May 20, 2025, (i) Xikang Healthcare Technology Co., Ltd.* (熙康健康科技有限公司) ("**Xikang Healthcare Technology**"), a wholly-owned subsidiary of the Company, Neutech and Dalian Yunshe entered into the equity transfer agreement (the "**Equity Transfer Agreement**"), pursuant to which, Xikang Healthcare Technology agreed to dispose of and Neutech agreed to acquire the registered capital of Dalian Yunshe of RMB32,757,364 held by Xikang Healthcare Technology; and (ii) Neutech and Dalian Yunshe entered into the capital increase agreement (the "**Capital Increase Agreement**"), pursuant to which, the registered capital of Dalian Yunshe will increase by RMB49,136,047, which includes (a) the conversion by Dalian Yunshe of its capital reserve of RMB4,136,047 into registered capital on a 1:1 basis which will all be allocated to Neutech, and (b) the subscription by Neutech for the additional registered capital of RMB45,000,000 of Dalian Yunshe pursuant to the Capital Increase Agreement.

The transactions contemplated under the Equity Transfer Agreement and the Capital Increase Agreement will assist the Company in focusing on principal businesses, optimizing the Company's capital structure, enhancing its capital strength, and providing funding support for its future growth. In addition, the introduction of a new investor, Neutech, through the transactions contemplated under the Equity Transfer Agreement and the Capital Increase Agreement, will bolster Dalian Yunshe's capital strength, thereby enhancing its core competitiveness and comprehensive strength.

Directors' Report

As the Company does not participate in the Capital Increase Arrangement of Dalian Yunshe, the Company's shareholding in Dalian Yunshe will be diluted. Accordingly, the transactions under the Equity Transfer Agreement and the Capital Increase Agreement constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, the transactions contemplated under the Equity Transfer Agreement and the Capital Increase Agreement shall be aggregated for calculation. As the highest applicable percentage ratio for the transactions when aggregated exceeds 0.1% but is lower than 5%, the transactions shall comply with the reporting and announcement requirements but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Further details of the Equity Transfer Agreement and the Capital Increase Agreement are set out in the announcement of the Company dated May 20, 2025.

2. Health Management Service Framework Agreement

The Company and Neusoft Corporation (together with its associates) have renewed a health management service framework agreement on December 24, 2024, pursuant to which the Company will provide health management services to the employees of Neusoft Corporation and its associates for the benefit of their employees for a period commencing from January 1, 2025 to December 31, 2025 (both days inclusive) (the "**2025 Health Management Service Framework Agreement**").

Our Directors consider that the provision of health management services to Neusoft Corporation and/or its associates would benefit our Company for the following reasons: 1. since the core business of the Company includes providing medical and healthcare services to individual customers, the provision of check-up and health management services is in line with our Company's ordinary and usual course of business; 2. we can further increase our Company's user base through the provision of services to the employees of Neusoft Corporation and/or its associates, who may further refer our Company's services to other potential customers; and 3. the provision of health management services to Neusoft Corporation and/or its associates will also contribute to the Company's revenue.

The service fees will be determined by the parties at an arm's length negotiations with reference to (i) number of employees of Neusoft Corporation and/or its associates who are entitled to enjoy such health management services; (ii) specific scope of service included in the relevant health management and check-up plans; and (iii) service fees offered by the Group to independent third party customers at the time of providing the relevant service. In particular, when determining the prices for providing underlying services, the Company will take account of the pricing and terms set for similar transactions with at least two independent third parties, so as to ensure the pricing terms set by the Group with the connected persons are no less favorable to those set with other independent third parties.



Directors' Report

Under the 2025 Health Management Service Framework Agreement, set out below are the annual cap for the transaction amount paid by Neusoft Corporation and/or its associates to the Company and the actual transaction amount in respect of the provision of health management services for the year ended December 31, 2025:

	For the year ended December 31, 2025	
	Transaction annual cap	Actual transaction amount
	(RMB in millions)	
Service fees paid by Neusoft Corporation to the Company	6.0	4.5

As the highest applicable percentage ratio (other than the profits ratio) in respect of the annual cap for the continuing connected transactions contemplated under the 2025 Health Management Service Framework Agreement for the year ended December 31, 2025 calculated for the purpose of Chapter 14A of the Listing Rules is more than 0.1% but less than 5%, the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements, but are exempt from independent Shareholders' approval requirement under Chapter 14A of the Listing Rules. Further details of the 2025 Health Management Service Framework Agreement are set out in the announcement of the Company dated December 24, 2024.

On December 23, 2025, the Company renewed the 2025 Health Management Service Framework Agreement and entered into 2026 Health Management Service Framework Agreement with Neusoft Corporation (together with its associates), with a term commencing from January 1, 2026 and ending on December 31, 2026 (both days inclusive). The transaction annual cap was RMB6.0 million during the agreement term. For details, please refer to the announcements of the Company dated December 23, 2025.

3. IT Cooperation Framework Agreement

The Company renewed the cooperation framework agreement with Neusoft Corporation (together with its associates) on December 24, 2024, pursuant to which each of our Group and Neusoft Corporation (together with its associates) has agreed to provide several types of IT products or services to each other. The IT Cooperation Framework Agreement will have a term from January 1, 2025, to December 31, 2025 (the "**2025 IT Cooperation Framework Agreement**").

Our Company has established a long-term cooperation with Neusoft Corporation and/or its associates, which enabled both our Company and Neusoft Corporation to acquire a comprehensive understanding of each other's business and operational requirements as well as to establish a great foundation for mutual trust. It is expected that, leveraging each other's competitive advantages, Neusoft Corporation could provide quality IT products and/or technology support to our Group's operation and satisfy the needs of our Company's client; while our Company, on the other hand, could also leverage our own expertise in online healthcare business and our technology capabilities and understanding in this regard to provide Neusoft Corporation or its clients with customized technology services.

Directors' Report

Details of the types of IT services or products provided under the 2025 IT Cooperation Framework Agreement primarily consist of the following:

IT services and products provided by our Group to Neusoft Corporation (together with its associates)

Leveraging the Company's expertise in online healthcare, the Company may, from time to time, be engaged by Neusoft Corporation (together with its associates) to provide, for the benefit of its clients, cloud hospital-related software development and technical services for development of customized online healthcare software or operating systems according to the business needs of such client. The relevant products and services generally include healthcare-related module design, implementation and testing, design of contingency plan, training and security testing, etc.

IT services and products provided by Neusoft Corporation (together with its associates) to our Group

Neusoft Corporation (together with its associates) may, from time to time, be engaged by the Company to provide, for the benefit of the Company's clients, hospital software products and/or services for their day-to-day operation. Further, Neusoft Corporation (together with its associates) may also, from time to time, provide general IT products and/or maintenance services, including operating system updates and regular preventive maintenance to our Group (as the case may be).

Subject to terms of the 2025 IT Cooperation Framework Agreement, each party will enter into specific agreements or place purchase orders with the other to set out specific terms and conditions in respect of the services abovementioned. The consideration payable by our Group or Neusoft Corporation and/or its associates (as the case may be) under the 2025 IT Cooperation Framework Agreement will be paid at the time and according to the method agreed in specific agreements and purchase orders.

For software products and/or services provided by the Company for Neusoft Corporation (as the case may be) for the benefit of the Neusoft Corporation's clients, the fees will be determined at arm's length negotiations with reference to the prevailing market price and consideration of various factors, including, the number of stages involved in software development and maintenance, the nature and technical features of the software, and the expected timeframe for delivery etc. The Company will also make reference to the pricing and terms between itself and at least two independent third parties for similar transactions in determining the price for providing the relevant services, to ensure that the pricing terms with the connected person will be no less favourable to the Group than those with other independent third parties.



Directors' Report

For software products and/or services provided by Neusoft Corporation for the Company for the benefit of the Company's clients, the fees will be determined at arm's length negotiations with consideration of various factors, including, the number of stages involved in software development and maintenance, the nature and technical features of the software, and the expected timeframe for delivery etc. The Company will seek quotation from at least two independent third parties for the provision of such services through bidding procedure (where applicable). The Company will compare the pricing and other terms provided by the bidder before entering into the software products and/or services agreements with any subcontractor, to ensure that the pricing terms with the connected person will be no less favorable to the Group than those with other independent third parties.

With respect to the general IT product and/or maintenance services provided by Neusoft Corporation (together with its associates) to the Group, the fee rates will be determined by the parties at arm's length negotiations with reference to the prevailing market price and consideration of various factors, including, the costs of labor, the costs of maintenance, the nature and technical features of the relevant services provided, etc., and will be no less favorable to the Group than the fees offered to or charged by other independent third parties.

In relation to the 2025 IT Cooperation Framework Agreement, the annual caps and actual transaction amounts for the year ended December 31, 2025 are set out below:

	For the year ended December 31, 2025	
	Proposed annual caps	Actual transaction amounts
	(RMB in millions)	
Fees paid by Neusoft Corporation and its associates to the Company	16.0	0.3
Fees paid by the Group to Neusoft Corporation and its associates	15.0	1.1

As the highest applicable percentage ratio (other than profits ratio) in respect of the annual cap for the transactions under the 2025 IT Cooperation Framework Agreement For the year ended December 31, 2025 calculated for the purpose of Chapter 14A of the Listing Rules exceeds 0.1%, but less than 5% on an annual basis, the transactions under the agreement constitute continuing connected transactions of the Company subject to the reporting, announcement and annual audit requirements under the Chapter 14A of the Listing Rules, but exempt from the independent Shareholders' approval requirement. Further details of the 2025 IT Cooperation Framework Agreement are set out in the announcements of the Company dated December 24, 2024.

On December 23, 2025, the Company renewed the 2025 IT Cooperation Framework Agreement and entered into 2026 IT Cooperation Framework Agreement with Neusoft Corporation (together with its associates), with a term commencing from January 1, 2026 and ending on December 31, 2026 (both days inclusive). During the agreement term, the transaction amount paid by Neusoft Corporation and its associates to the Company in respect of the IT products and services provided shall not exceed RMB10 million, and the annual cap of the transaction amount paid by the Group to Neusoft Corporation and its associates in respect of the IT products and services provided is RMB13 million. For details, please refer to the announcement of the Company dated December 23, 2025.

4. Contractual Arrangements

For details, please refer to the section headed "Directors' Report – Contractual Arrangements" in the annual report.

Confirmation by independent non-executive Directors

The independent non-executive Directors have reviewed the continuing connected transactions ("**Continuing Connected Transactions**") described in the section headed "Connected Transactions and Continuing Connected Transactions" above and have confirmed that the continuing connected transactions that occurred during the Reporting Period were entered into:

- (a) in the ordinary and usual course of business of the Group;
- (b) on normal commercial terms or better;
- (c) on terms that are fair and reasonable according to the agreements regulating such transactions; and
- (d) in the interests of the Shareholders as a whole.

Confirmation by the auditor

Ernst & Young, the Company's auditor, has confirmed in the letter to the Board that, none of below shall draw the attention of the auditor which causes it to believe that the continuing connected transactions have been disclosed, with respect to the aforesaid continuing connected transactions entered into for the year ended December 31, 2025:

- (a) the transactions have not been approved by the Board of the Company;
- (b) the transactions involving the provision of goods or services by the Group were not conducted, in all material respects, in compliance with the pricing policies of the Company;
- (c) the transactions were not conducted, in all material respects, in accordance with the relevant agreements governing such transactions;
- (d) with respect to the aggregate amount of each of the continuing connected transactions, the amounts of the continuing connected transactions have exceeded the annual caps set by the Company; and
- (e) for those transactions with Consolidated Affiliated Entities under the contractual arrangements, nothing has come to the auditor's attention that causes it to believe that the Consolidated Affiliated Entities have paid dividends or other distributions to the equity holders of the Consolidated Affiliated Entities and that such dividends or distributions have not been subsequently transferred or assigned to the Group.



Directors' Report

A summary of all material related party transactions entered into by the Group during the Reporting Period is set out in Note 40 to the financial statements. During the Reporting Period, other than the Group's continuing connected transactions above that were subject to disclosure under the Listing Rules, none of the related party transactions disclosed in Note 40 to the financial statements constituted a disclosable connected transaction or continuing connected transaction under the Listing Rules. The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules in respect of the connected transactions and continuing connected transactions entered into by the Group during the Reporting Period. Save as the transactions disclosed herein, no contract of significance or contract of significance for provision of services has been entered into among the Company or any of its subsidiaries and the Consolidated Affiliated Entities and the substantial shareholders.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Memorandum and Articles of Association or the Companies Act of the Cayman Islands which would oblige the Company to offer new shares to existing shareholders on a pro-rata basis.

PROCEEDS FROM THE GLOBAL OFFERING

On September 28, 2023, the Shares of our Company were listed on the Main Board of the Stock Exchange, with a total of 133,805,500 Shares issued at an offer price of HK\$4.76. The net proceeds from the Global Offering (the "**Proceeds**"), after deducting the underwriting commissions and other offering expenses payable by us in connection with the Global Offering, were approximately HK\$554.5 million (the over-allotment option was not exercised), which will be used in accordance with the use of Proceeds as disclosed in the Prospectus from the Listing Date as follows:

- approximately 30% of the net Proceeds, for expansion of city-specific cloud hospital platforms to enlarge our medical networks and user base;
- approximately 25% of the net Proceeds, for enriching our offerings across the industry value chain to provide more professional and diversified healthcare services;
- approximately 25% of the net Proceeds, for research and development on technology infrastructure and data capabilities;
- approximately 10% of the net Proceeds, for potential mergers and acquisitions opportunities;
- approximately 10% of the net Proceeds, for working capital and other general corporate purposes.

Directors' Report

As of December 31, 2025, the Group's use of the net Proceeds is set out in the table below:

Purpose of use	% of use of Proceeds	Net Proceeds (HK\$ million)	Unutilized Amount as at January 1, 2025 (HK\$ million)	Utilized amount during reporting period (HK\$ million)	Unutilized Amount as at December 31, 2025 (HK\$ million)	Expected timetable For utilization
Expansion of city-specific cloud hospital platforms to enlarge the medical networks and user base of the Company	30%	166.3	150.1	49.3	100.8	By December 31, 2028
Enriching the offerings of the Company across the industry value chain to provide more professional and diversified healthcare services	25%	138.6	128.5	33.1	95.4	By December 31, 2028
Research and development on technology infrastructure and data capabilities	25%	138.6	117.7	40.8	76.9	By December 31, 2028
Potential mergers and acquisitions opportunities	10%	55.5	55.5	–	55.5	By December 31, 2028
Working capital and other general corporate purposes	10%	55.5	44.7	14.9	29.8	By December 31, 2028

Directors' Report

In order to improve the fund utilization efficiency, reasonably utilize the temporarily idle Proceeds, realize value preservation and appreciation of the Proceeds, and protect the interest of shareholders of the Company, the Board resolved on June 13, 2024 and June 13, 2025 that, without prejudice to the normal operating activities of the Company, the Proceeds that are expected to remain idle for more than one year are intended to be used in proper purchases of wealth management products that feature high security, sound liquidity, and can be redeemed at any time, and the amount shall be no more than US\$40 million (the equivalent of approximately HK\$312.4 million and HK\$314.0 million, respectively, calculated based on the exchange rate published by the People's Bank of China as at the date of relevant Board meeting), for cash management purpose. Such amounts can be utilized on a rolling basis within 12 months from the respective dates of the Board's resolution. The return from cash management is accounted to the Company, which will not affect in substance the normal use of the Proceeds in accordance with the intended purposes as disclosed in the Prospectus and the normal operations of the Company. The Board believes that cash management is in the interest of the Company and its shareholders as a whole.

The purchases of wealth management products in accordance with the aforementioned limits may constitute notifiable transactions under Chapter 14 and/or connected transactions under Chapter 14A of the Listing Rules. The Company has complied with and will continue to comply with the relevant requirements under the Listing Rules.

The Company subscribed for wealth management product in an amount of US\$15 million from Shenwan Hongyuan Financial Products Company Limited on March 10, 2025. For details, please refer to the announcement of the Company dated March 10, 2025.

The Company subscribed for wealth management product in an amount of US\$15.4 million from Shenwan Hongyuan Financial Products Company Limited on March 13, 2026. For details, please refer to the announcement of the Company dated March 13, 2026.



PURCHASE, SALE OR REDEMPTION OF OUR COMPANY'S LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries and consolidated affiliated entities have purchased, sold or redeemed any of the Company's securities (including sale of treasury shares). As of the end of the Reporting Period, the Company did not hold any treasury shares.

CHANGES IN INFORMATION OF DIRECTORS AND CHIEF EXECUTIVES

On April 18, 2025, Dr. Chen Lianyong has tendered his resignation as a non-executive Director, a member of the Audit Committee, and a member of the Strategy Committee of the Company, with effect from April 18, 2025 due to other work arrangements. Independent non-executive Director Dr. Qi Guoxian has been appointed as a member of the Audit Committee on the same date. For details, please refer to the Company's announcement dated April 18, 2025.

On April 25, 2025, Dr. Liu Jiren, Chairman and non-executive Director of the Company, resigned as chairman of Neusoft Corporation and continued to perform his duties as a director of Neusoft Corporation. At the same time, the board of directors of Neusoft Corporation appointed Dr. Liu Jiren as the honorary chairman of Neusoft Corporation.

Save as disclosed above, as of the date of this report, there are no changes in the information of Directors and chief executives which are required to be disclosed under Rule 13.51B(1) of the Listing Rules.

DEBENTURES IN ISSUE

During the Reporting Period, the Group has not issued any debenture.

SHARE-LINKED AGREEMENTS

Save as the Pre-IPO SOS and Post-IPO SOS disclosed herein, no equity-linked agreements were entered into by the Group, or existed during the Reporting Period.

CHARITY AND PUBLIC BENEFIT ACTIVITIES

The Group recognizes the importance of giving back to the community in order to promote social development. Over the past year, continually leveraging our advantages in technology and operation, we fulfilled corporate social responsibility by supporting medical aid and patient assistance, joining hands with local governments and hospitals to offer voluntary medical consultation for nursing communities, enterprises and other institutions, and providing free-of-charge online medical consultation. We proceeded with the promotion of health-related charitable undertakings by providing our public welfare resources.



Directors' Report

DIRECTORS

During the Reporting Period and as of the date of this annual report, the Directors are set out as follows:

Chairman and Non-executive Director

Dr. LIU Jiren (劉積仁)

Executive Director

Ms. ZONG Wenhong (宗文紅) (*Chief Executive Officer*)

Non-executive Directors

Mr. XU Hongli (徐洪利)

Dr. WANG Nan (王楠)

Mr. PU Chengchuan (蒲成川)

Dr. CHEN Lianyong (陳連勇) (*Resigned on April 18, 2025*)

Independent Non-executive Directors

Dr. CHEN Yan (陳艷)

Dr. QI Guoxian (齊國先)

Dr. YIN Guisheng (印桂生)

INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual independence confirmation from each independent non-executive Director pursuant to Rule 3.13 of the Listing Rules. The Company considers that all the independent non-executive Directors are independent in accordance with the guidelines set out in Rule 3.13 of the Listing Rules.

DIRECTORS' SERVICE CONTRACTS

None of the Directors entered into any service contract with the Company, its subsidiaries or consolidated affiliated entities which could not be terminated within one year without payment of compensation other than statutory compensation.

DIRECTORS' INTERESTS IN MATERIAL TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

During the Reporting Period, unless otherwise disclosed herein, none of the Directors or their connected entities had any material interest, either directly or indirectly, in any transaction, arrangement or contract that was material to the Company, to which the Company, its subsidiaries or its Consolidated Affiliated Entities was a party.

PERMITTED INDEMNITY PROVISIONS

According to the relevant laws and regulations as well as the Memorandum and Articles of Association of the Company, each Director shall be indemnified by the Company against all costs, charges, expenses, losses and liabilities that he/she may sustain or incur in or about the execution of his/her office or which may attach thereto. The Company has purchased insurance against the liabilities and costs associated with proceedings which may be against the Directors.

DIRECTORS' RIGHT TO SUBSCRIBE FOR SHARES OR DEBENTURES

During the Reporting Period, except for the Pre-IPO SOS and Post-IPO SOS disclosed in this annual report, none of the Company, its subsidiaries or consolidated affiliated entities entered into any other arrangements which enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other legal entities.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the Reporting Period, none of the Directors were engaged in, or had interest in, any business which competed or was likely to compete, either directly or indirectly, with the business of the Group and was required to be disclosed under the Hong Kong Listing Rules.

ADMINISTRATIVE MANAGEMENT CONTRACT

During the Reporting Period, the Company did not enter into any administrative management contracts in respect of all or principal businesses of the Company.

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out in the section headed "Corporate Governance Report" in this annual report.

AUDITOR

In the year of 2024, based on the principle of prudence and considering the existing business situation and the demand for audit services in the future of the Company, after the Company communicated with PricewaterhouseCoopers about the proposed change of auditors, PricewaterhouseCoopers has agreed to resign as the auditor of the Company, with effect from October 21, 2024. Upon the recommendation of the Audit Committee, the Board has resolved to appoint Ernst & Young as the new auditor of the Company, with effect from October 21, 2024, which was re-appointed at the annual general meeting convened in the year of 2025.

Prepared in accordance with the Hong Kong Financial Reporting Standards, the Company's financial statements For the year ended December 31, 2025, have been audited by Ernst & Young.

Ernst & Young will retire at the Company's upcoming Annual General Meeting and is eligible for re-election. The Company will propose a resolution at the forthcoming Annual General Meeting to re-appoint Ernst & Young as its auditor for a term commencing on the date of the conclusion of the Annual General Meeting to be held in 2026 and ending on the date of the conclusion of the Annual General Meeting to be held in 2027.

Save as disclosed above, the Company has not changed its auditor for the past three years.

DIVIDENDS

The Board did not recommend the distribution of any final dividend for the year ended December 31, 2025 (2024: nil).

There was no arrangement under which a Shareholder has waived or agreed to waive any dividends during the Reporting Period.



Directors' Report

EMPLOYEES AND REMUNERATION POLICIES

As of December 31, 2025, the Company had 763 full-time employees, all of whom are based in China. The following table sets forth the breakdown of the Company's employees by function as of December 31, 2025:

Function	Number of Employees	Percentage of Total
Management and administration	137	18.0%
Sales and marketing and operational support	175	22.9%
Research and development	131	17.2%
Health management	320	41.9%
Total	763	100.0%

For the year ended December 31, 2025, the compensation and benefits expenses of the Company paid to its employees were RMB149.7 million (2024: RMB166.1 million). As of December 31, 2025, among all of the Company's 763 employees, 422 employees had bachelor's degrees or above, accounting for 55.3% of the Company's total employees.

The Company is committed to establishing competitive and fair remuneration. In order to effectively motivate the Company's employees, the Company continually refines its remuneration and incentive policies through market research. The Company conducts performance evaluations for employees regularly to provide corresponding feedback on their performance. Compensation for employees typically consists of basic salary and a changing incentive performance-based bonus. The Company also adopted two share option schemes to enhance the enthusiasm, sense of responsibility and sense of mission of our employees, thereby aligning the interests of our employees with the interests of the Company. For details of the share option schemes, please refer to the section headed "Share Option Schemes" in this report.

Directors' Report

The Company provides social insurance plans and housing provident funds in accordance with applicable PRC laws and regulations to our employees. The Company pay great attention to our employees' welfare and continually improve our welfare system. The Company offers employees additional benefits such as annual leave, stipends, supplementary medical insurance, health examinations and medical insurance for family members, among other things.

The Group provides employees with adequate job training to equip them with practical knowledge and skills. The Company also conducts introductory training for new staff.

As of the date of this report, the Company did not have any strikes, protests or other material labor conflicts that materially impair the Company's business and image.

RETIREMENT SCHEME

Pursuant to the relevant laws and regulations in the PRC, the Group has joined defined contribution retirement schemes for the employees arranged by local government labour and security authorities (the "**PRC Retirement Schemes**"). The Group makes contributions to the PRC Retirement Schemes at the applicable rates based on the amounts stipulated by the local government organisations. Upon retirement, the local government labour and security authorities are responsible for the payment of the retirement benefits to the retired employees.

As of December 31, 2025, as the employer, the Group had no forfeited contributions which may be used to reduce the existing level of contributions.



Directors' Report

INTERESTS AND/OR SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES OF OUR COMPANY OR ITS ASSOCIATED CORPORATIONS

As of December 31, 2025, the interests and short positions of the Directors and chief executives of our Company in the Shares, underlying Shares and debentures of our Company or its associated corporations within the meaning of Part XV of the SFO, which were required (a) to be notified to our 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 under such provisions of the SFO); or (b) to be recorded in the register required to be kept by our Company pursuant to Section 352 of the SFO; or (c) to be otherwise notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules are set out as follows:

Interest in Shares of the Company

Name of Director	Nature of interest	Number of Shares held	Approximate percentage of interest in our Company ⁽¹⁾
Dr. LIU ⁽²⁾	Interest in controlled corporations	193,252,305 (L)	22.95%
Ms. ZONG Wenhong ⁽³⁾⁽⁴⁾	Interest in controlled corporations	20,789,500 (L)	2.47%
	Beneficial interest	19,500,000 (L)	2.32%
Dr. WANG Nan ⁽³⁾	Interest in controlled corporations	20,789,500 (L)	2.47%

Notes:

- (1) The table above was based on a total of 841,876,805 Shares as at the end of the Reporting Period.
- (2) Smartwave, Dongkong International Fifth and Dongkong International Seventh directly held 81,364,000 Shares, 68,384,305 Shares and 22,100,000 Shares of our Company, respectively, in an aggregate of 171,848,305 Shares. Since each of Smartwave, Dongkong International Fifth and Dongkong International Seventh is wholly owned by Neusoft Holdings through various intermediary entities, Neusoft Holdings was deemed to have an interest in an aggregate of 171,848,305 Shares of our Company held by Smartwave, Dongkong International Fifth and Dongkong International Seventh by virtue of the SFO.

Neusoft Holdings is a Sino-foreign joint venture with limited liability incorporated in the PRC. As of the end of the Reporting Period, Dalian Kang Ruidao Management Consulting Centre (Limited Partnership)* (大連康睿道管理諮詢中心(有限合伙)) ("Dalian Kang Ruidao Management") was the single largest shareholder of Neusoft Holdings, holding 29.65% of its total shares. Neusoft Thinking Technology, the fourth largest shareholder of Neusoft Holdings, held approximately 10.82% of its total shares. Dalian Kang Ruidao Management held 99% of the total shares of Neusoft Thinking Technology. Therefore, Dalian Kang Ruidao Management effectively controlled approximately 40.47% of the total shares of Neusoft Holdings. By virtue of the SFO, Dalian Kang Ruidao Management was deemed to be interested in the Shares of the Company held by Smartwave, Dongkong International Fifth and Dongkong International Seventh, which are wholly-owned subsidiaries of Neusoft Holdings.

For identification purpose only

Directors' Report

Dalian Kang Ruidao Management is a limited partnership incorporated in the PRC. As of the end of the Reporting Period, Ningbo Zengdao Venture Capital Partnership (Limited Partnership)* (寧波增道創業投資合夥企業(有限合夥)) (“**Ningbo Zengdao**”) held 35.4433% of the capital contribution by Dalian Kang Ruidao Management. Shenyang Kang Ruidao Consulting Co., Ltd.* (瀋陽康睿道諮詢有限公司) (“**Shenyang Kang Ruidao**”) was the managing partner of both Dalian Kang Ruidao Management and Ningbo Zengdao. Dr. LIU was the representative of managing partner designated by Shenyang Kang Ruidao to Dalian Kang Ruidao Management, and he also held 68.6641% partnership interest of Ningbo Zengdao and 60% equity interest in Shenyang Kang Ruidao.

Kang Ruidao International Investment Inc. (“**Kang Ruidao International Investment**”) directly holds 21,404,000 Shares of the Company, and Dr. LIU holds 34.76% interest in Kang Ruidao International Investment through his wholly-owned company, Kang Ruidao Education First Investments Ltd. (康睿道教育第一投資有限公司).

By virtue of the SFO, Dr. LIU was deemed to be interested in the Shares of the Company held by Smartwave, Dongkong International Fifth, Dongkong International Seventh and Kang Ruidao International Investment, which are wholly-owned subsidiaries of Neusoft Holdings.

- (3) 20,789,500 Shares of our Company were held by KangRich, which is wholly owned by Beijing Kangji Management Consulting Partnership (Limited Partnership)* (北京康驥管理諮詢合夥企業(有限合夥)) (“**Beijing Kangji**”). The general partner of Beijing Kangji is Shenyang Ruiqian Business Consulting Co., Ltd.* (瀋陽睿前商務諮詢有限公司) (“**Shenyang Ruiqian**”), which is held as to 50% by Ms. ZONG Wenhong, the Company’s executive Director and chief executive officer, and 50% by Dr. WANG Nan, the Company’s non-executive Director, and the limited partners of Beijing Kangji are the five limited partners each holding 19.9975% interest in Beijing Kangji (the “**Five LPs of Kangji**”). Shenyang Ruiqian is interested in 0.02% in Beijing Kangji. As of the end of the Reporting Period, there were a total of 99 partners (including former employees of the Company) in the Five LPs of Kangji, including Ms. ZONG Wenhong, the Company’s executive Director and chief executive officer. None of the 99 employees of the Company is entitled to significant economic interests in the Five LPs of Kangji. Since each of Ms. ZONG Wenhong and Dr. WANG Nan is able to control 50% of the voting power in Shenyang Ruiqian, which is the general partner of Beijing Kangji, Ms. ZONG Wenhong and Dr. WANG Nan are deemed to be interested in the 20,789,500 Shares held by KangRich by virtue of the SFO.
- (4) As of the end of the Reporting Period, Ms. ZONG Wenhong has been granted 10,500,000 options under the Pre-IPO SOS and 9,000,000 options under the Post-IPO SOS.
- (5) (L) denotes a long position.

Save as disclosed herein, as at the end of the Reporting Period, none of the Directors or the chief executives of the Company held or was deemed to hold any interests or short positions in the Shares, underlying Shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO), which were required (a) to be notified to our 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 under such provisions of the SFO); or (b) to be recorded in the register required to be kept by our Company pursuant to Section 352 of the SFO; or (c) to be otherwise notified to our Company and the Stock Exchange pursuant to the Model Code.

* For identification purpose only



Directors' Report

INTERESTS AND/OR SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES OF OUR COMPANY

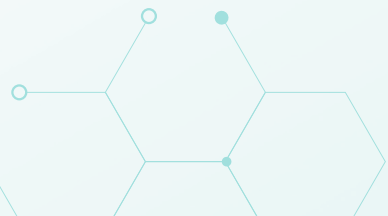
So far as the Directors or chief executives of our Company are aware, as of December 31, 2025, the following persons (other than the Directors or chief executives of our Company) had interests and/or short positions in the Shares or underlying Shares of our Company which shall be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or recorded in the register required to be kept pursuant to Section 336 of the SFO or had otherwise notified to the Company:

Interest in Shares of the Company

Name of Shareholder	Nature of interest	Number of Shares held	Approximate percentage of interest in our Company⁽¹⁾
Neusoft (HK) ⁽²⁾	Beneficial interest	206,206,710 (L)	24.49%
Smartwave ⁽³⁾	Beneficial interest	81,364,000 (L)	9.66%
Dongkong International Fifth ⁽³⁾	Beneficial interest	68,384,305 (L)	8.12%
PICC P&C	Beneficial interest	101,653,000 (L)	12.07%
Kingset Ventures	Beneficial interest	86,700,000 (L)	10.30%
First Care ⁽⁴⁾	Beneficial interest	64,728,790 (L)	7.69%
Syn Invest ⁽⁵⁾	Beneficial interest	42,500,000 (L)	5.05%

Notes:

- (1) The table above was based on a total of 841,876,805 Shares as at the end of the Reporting Period.
- (2) Neusoft (HK) directly held 206,206,710 Shares of our Company. Neusoft (HK) was a wholly-owned subsidiary of Neusoft Corporation. By virtue of the SFO, Neusoft Corporation was deemed to have an interest in the Shares held by Neusoft (HK).



Directors' Report

- (3) Smartwave, Dongkong International Fifth and Dongkong International Seventh directly held 81,364,000 Shares, 68,384,305 Shares and 22,100,000 Shares of our Company, respectively, in an aggregate of 171,848,305 Shares. Each of Smartwave, Dongkong International Fifth and Dongkong International Seventh is wholly owned by Neusoft Holdings through various intermediary entities. Neusoft Holdings was deemed to have an interest in an aggregate of 171,848,305 Shares of our Company held by Smartwave, Dongkong International Fifth and Dongkong International Seventh by virtue of the SFO.

Neusoft Holdings is a Sino-foreign joint venture with limited liability incorporated in the PRC. Dalian Kang Ruidao Management was the single largest shareholder of Neusoft Holdings, holding 29.65% of its total shares. Dalian Neusoft Thinking Technology Development Co., Ltd.* (大連東軟思維科技發展有限公司) (“**Neusoft Thinking Technology**”), the fourth largest shareholder of Neusoft Holdings, held approximately 10.82% of its total shares. Dalian Kang Ruidao Management held 99% of the total shares of Neusoft Thinking Technology. Therefore, Dalian Kang Ruidao Management effectively controlled approximately 40.47% of the total shares of Neusoft Holdings. By virtue of the SFO, Dalian Kang Ruidao Management was deemed to be interested in the Shares of the Company held by Smartwave, Dongkong International Fifth and Dongkong International Seventh, which are wholly-owned subsidiaries of Neusoft Holdings.

Dalian Kang Ruidao Management is a limited partnership incorporated in the PRC. As of the end of the Reporting Period, Ningbo Zengdao Venture Capital Partnership (Limited Partnership)* (寧波增道創業投資合夥企業(有限合夥)) (“**Ningbo Zengdao**”) held 35.4433% of the capital contribution by Dalian Kang Ruidao Management. Shenyang Kang Ruidao was the managing partner of both Dalian Kang Ruidao Management and Ningbo Zengdao. Dr. LIU (the Chairman and non-executive Director of the Company) was the representative of managing partner designated by Shenyang Kang Ruidao to Dalian Kang Ruidao Management, and he also held 68.6641% partnership interest of Ningbo Zengdao and 60% equity interest in Shenyang Kang Ruidao.

By virtue of the SFO, Shenyang Kang Ruidao, Ningbo Zengdao and Dr. LIU were deemed to be interested in the Shares of the Company held by Smartwave, Dongkong International Fifth and Dongkong International Seventh, which are wholly-owned subsidiaries of Neusoft Holdings.

- (4) First Care is owned as to 70% by Suzhou 6 Dimensions Investment Partnership* (蘇州通和毓承投資合夥企業(有限合夥)) (“**Suzhou 6 Dimensions**”) and 30% by Suzhou Frontline Phase II Venture Capital Partnership* (蘇州通和二期創業投資合夥企業(有限合夥)) (“**Suzhou Frontline II**”). Suzhou 6 Dimensions is controlled by its general partner, Suzhou Tongyu Investment Management Partnership (Limited Partnership) (蘇州通毓投資管理合夥企業(有限合夥)) (“**Suzhou Tongyu**”). Suzhou Frontline II is controlled by its general partner, Suzhou Fuyan Venture Capital Management Partnership (Limited Partnership)* (蘇州富沿創業投資管理合夥企業(有限合夥)) (“**Suzhou Fuyan**”). Both of Suzhou Tongyu and Suzhou Fuyan are in turn controlled by Suzhou Yunchang Investment Consulting Limited* (蘇州蘊長投資諮詢有限公司) (“**Suzhou Yunchang**”), a company fully owned by Ms. ZHANG Qiping. By virtue of the SFO, Suzhou 6 Dimensions, Suzhou Frontline II, Suzhou Tongyu, Suzhou Fuyan, Suzhou Yunchang and Ms. ZHANG Qiping were deemed to be interested in the Shares of the Company held by First Care.
- (5) Syn Invest is wholly owned by Shenzhen Synergetic Hechuang Investment Management Partnership (Limited Partnership)* (深圳市協同禾創投資管理合夥企業(有限合夥)) (“**Synergetic Hechuang**”). Synergetic Hechuang is managed by Shenzhen Synergetic Innovation Fund Management Co., Ltd.* (協同創新基金管理有限公司) (“**SIFMC**”) and owned as to 80% by Shanghai Gopher Xinmian Investment Center (Limited Partnership)* (上海歌斐信勉投資中心(有限合夥)) (“**Shanghai Gopher Xinmian**”). SIFMC and Synergetic Hechuang are controlled by Dr. LI Wanshou, and Shanghai Gopher Xinmian is ultimately beneficially owned by Ms. WANG Jingbo. By virtue of the SFO, Synergetic Hechuang, SIFMC, Dr. LI Wanshou, Shanghai Gopher Xinmian and Ms. WANG Jingbo were deemed to be interested in the Shares of the Company held by Syn Invest.
- (6) The disclosure above is based on the information displayed on the website of the Stock Exchange as at the end of the Reporting Period and available to the Company. Pursuant to section 336 of the SFO, shareholders of the Company are required to submit disclosure of interest forms if certain conditions have been fulfilled. In the event of a change in a shareholder's shareholding in the Company, it is not necessary for the shareholder to notify the Company and the Stock Exchange unless certain conditions have been fulfilled, so the shareholder's latest shareholding in the Company may differ from the shareholding submitted to the Stock Exchange. According to the filing records on the Stock Exchange: Neusoft (HK) holds 202,193,710 shares in the Company; Smartwave holds 76,500,000 shares in the Company; and PICC P&C holds 102,000,000 shares in the Company.
- (7) (L) denotes a long position.

Save as disclosed herein, as at December 31, 2025, there is no other person known to the Directors or chief executives of our Company who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part V of the SFO or who is, 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 our Company.

* For identification purpose only



Directors' Report

SHARE OPTION SCHEMES

1. Pre-IPO SOS

(1) Overview

The following is a summary of the principal terms of the Pre-IPO SOS, as amended from time to time, as adopted by the Board on March 29, 2019. All the options under the Pre-IPO SOS ("**Pre-IPO SOS Options**") have been granted in full.

(2) Purpose

For the purpose of achieving strategic goals and fueling the development of our Company, by providing participants with the opportunity to acquire proprietary interests in the Company, the Pre-IPO SOS is expected to encourage the participants to enhance their enthusiasm, sense of responsibility and sense of mission while working, and thereby coordinate interests of our employees with the interests of our Company.

(3) Administration

The Pre-IPO SOS will be administered by the Board and its designated human resource department, and the decision of the Board will be final and binding on all parties.

(4) Participants in the Pre-IPO SOS

The eligible participants in the Pre-IPO SOS ("**Pre-IPO SOS Participants**") include, among others, directors, senior management, core members of our Group that have joined or proposed to join our Group and any other persons as the Board may deem appropriate, subject to the following conditions:

- (a) having been working in our Group for no less than one year;
- (b) having achieved the performance standards as required by the Board; or
- (c) having met the assessment criteria for the grant of Pre-IPO SOS Options as stipulated by the Board.

Subject to approval by our chief executive officer and annual report to our Board, our vice presidents may propose to grant Pre-IPO SOS Options to special participants who fail to satisfy aforesaid requirement (a) or (b), but have made outstanding contribution to our Company or are introduced into our Company as talents. The total Shares granted to these special participants shall not exceed 10% of the total number of Shares that may be issued under this Pre-IPO SOS.

(5) Maximum number of Shares

The total number of the Pre-IPO SOS Shares shall be no more than 81,600,000 Shares, representing approximately 9.69% of the total issued share capital of the Company (excluding treasury shares) as at the date of this annual report.

There is no maximum entitlement for each of the Pre-IPO SOS Participants.

(6) Duration of Pre-IPO SOS

The Pre-IPO SOS commenced on January 1, 2020 as the first grant date determined by the Board and shall continue in effect for a term of ten years, unless being terminated by the Board in advance of its expiry. As at the date of this annual report, the remaining life of the Pre-IPO SOS is approximately 4 years.

(7) Grant of Pre-IPO SOS Options

The Board will, subject to the performance of our Company, review and determine in each year whether Pre-IPO SOS Options shall be granted.

The grant, vesting and exercise of Pre-IPO SOS Options shall comply with the provisions of the Pre-IPO SOS, the relevant resolutions as passed by the Board and the requirements of applicable laws.

No consideration was required to be paid at the acceptance of the Pre-IPO SOS Options.

(8) Rights attached to Pre-IPO SOS Options and Pre-IPO SOS Shares

A Pre-IPO SOS Participant is not entitled to any right of dividend, voting right or other shareholder's interest or right in respect of any Pre-IPO SOS Options or Pre-IPO SOS Shares before exercise of the Pre-IPO SOS Options and the completion of the registration of the Pre-IPO SOS Participant as a Shareholder of our Company.

(9) Rights are personal to the grantee

A Pre-IPO SOS Option is personal to the grantee and no grantee shall in any way sell, pledge, transfer, mortgage, assign or dispose of any Pre-IPO SOS Option unless approved by our Board and stipulated in the grant letter. If any Pre-IPO SOS Options are disposed of in breach of the scheme rules of the Pre-IPO SOS, all Pre-IPO SOS Options (whether vested or not) held by the Pre-IPO SOS Participants will be invalidated. Without prejudice to the foregoing provisions, the provisions of Pre-IPO SOS shall be equally binding on the successor or transferee to the Pre-IPO SOS Participants.

(10) Vesting Schedule

Unless otherwise determined by the Board, the Pre-IPO SOS Options granted will be vested in three years upon (A) fulfilment of the terms of the Pre-IPO SOS and the conditions set out in the relevant grant letter as well as (B) the achievement of performance targets as determined by the Board. The first vesting date will be on the first anniversary of the date of grant of Pre-IPO SOS Options ("**Grant Date**").



Directors' Report

(11) Exercise of Pre-IPO SOS Options

Exercise Price

The initial exercise price for Pre-IPO SOS Options shall be US\$2.94 per Share (upon Share split on the Listing Date: US\$0.588 per share), subject to further adjustment as specified by the Board in the grant letter to the participants and by reference of the market practice and the current value of the Shares. The exercise price was determined with reference to the share price in the latest round of financing prior to the grant date multiplied by a discount.

Exercise Period

Unless otherwise provided in the terms of the Pre-IPO SOS, the validity period of the Pre-IPO SOS Options granted under the Scheme shall be 10 years commencing from the Grant Date. All unexercised Pre-IPO SOS Options shall be terminated and invalidated after the validity period has lapsed.

Exercise of Options

Grantees may exercise the Pre-IPO SOS Options in whole or in part by submitting (i) the Application for the Exercise of Option Incentive 《(期權激勵行權申請書)》 to our Company pursuant to the terms of this Pre-IPO SOS and the grant letter and (ii) any other documents as required by the Board. Each application shall be accompanied by a remittance for the aggregate amount of the exercise price multiplied by the number of Shares in respect of which the application is submitted for.

(12) Adjustment

If our Company conducts capitalization from capital public reserve, scrip issue, share subdivision, allotment, share split or similar transactions affecting the Shares, leading to an increase or decrease in the number of issued Shares, the Board shall have the sole discretion to adjust the number, price and other aspects of the Pre-IPO SOS Options. The Board shall notify Pre-IPO SOS Participants in due course after such adjustment has been made.

(13) Details of the Pre-IPO SOS Options granted under the Pre-IPO SOS

As of December 31, 2025, the options under the Pre-IPO SOS in respect of an aggregate of 53,871,000 Shares, representing approximately 6.40% of the Shares as at the date of this annual report (excluding treasury shares), have been granted to the Pre-IPO SOS Participants pursuant to the Pre-IPO SOS, and all these options are still outstanding.

As at December 31, 2025, 287 grantees (excluding those who have resigned and become unqualified) have been granted options under the Pre-IPO SOS in respect of the Pre-IPO SOS Shares. As of January 1, 2025 and December 31, 2025, the number of options available for grant under the scheme mandate of the Pre-IPO SOS were 10,164,700 shares and 27,729,000 shares, respectively (including options which have lapsed and will not be granted again).



Directors' Report

During the year ended December 31, 2025, details of the granted Pre-IPO SOS Options are set out as follows:

Name of the grantees	Position held in our Group	Grant Date	Outstanding as at January 1, 2025	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at December 31, 2025	Vesting period	Exercise price (USD/Share)
<i>Director</i>										
Ms. ZONG Wenhong ⁽¹⁾	Executive	January 1, 2020	2,500,000	-	-	-	-	2,500,000		
	Director and chief executive officer	January 1, 2021	5,000,000	-	-	-	-	5,000,000		
		April 1, 2023	3,000,000	-	-	-	-	3,000,000		
Employees other than Directors and senior management	/	January 1, 2020	12,192,500	-	-	-	3,255,000	8,937,500	3 years from Grant Date	0.588
		January 1, 2021	36,509,500	-	-	-	11,354,500	25,155,000		
		July 1, 2021	4,108,300	-	-	-	908,300	3,200,000		
		April 1, 2023	8,125,000	-	-	-	2,046,500	6,078,500		
Total	/		71,435,300	-	-	-	17,564,300	53,871,000		

Notes:

- As at the end of the Reporting Period, Ms. ZONG Wenhong held a total of 10,500,000 options under the Pre-IPO SOS Options, representing 1.25% of the total issued shares of the Company (excluding treasury shares).
- Save as disclosed above, as at the end of the Reporting Period, (i) there are no other grantees who are directors, chief executives, substantial shareholders or their respective associates of the Company; (ii) there was no other grantee that had been granted Pre-IPO SOS Options exceeding 1% of the total number of issued shares (excluding treasury shares); and (iii) there are no other related entity participants or service providers who have been or will be granted options and awards exceeding 0.1% of the total number of issued shares of the Company (excluding treasury shares) in any 12-month period.
- The exercise period of the options granted under the Pre-IPO SOS takes effect until December 31, 2029.
- The vesting of the pre-IPO share options granted is subject to the performance targets set out in the relevant grant notices.

Directors' Report

2. Post-IPO SOS

(1) Overview

The following is a summary of the principal terms of the Post-IPO SOS ("**Post-IPO SOS Rules**"), as conditionally adopted by the Board on May 27, 2021. The terms of the Post-IPO SOS are subject to Chapter 17 of the Listing Rules.

Application has been made to the permission of Listing Committee of the Stock Exchange for listing of and permission to deal in the Shares which may be issued pursuant to the exercise of any Post-IPO SOS Options which may be granted under the Post-IPO SOS.

(2) Purpose

The purpose of the Post-IPO SOS is to provide incentives and rewards to participants for their contributions to, and continuing efforts to, promote the interest of, the Company.

(3) Eligibility

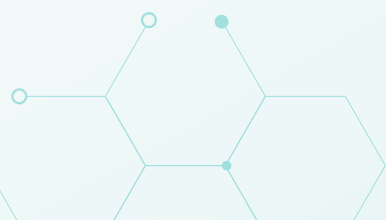
Those eligible to participate in the Post-IPO SOS (the "**Post-IPO Eligible Participant**") include, among others, (i) any employee (whether full time or part time), executives or officers, and directors of any member of the Group, any entity in which any member of our Group holds an equity interest, and shall, for the purpose of the Post-IPO SOS Rules, exclude any members of the Group (the "**Invested Entity**") or any business partner; and (ii) any consultant, advisor or agent of any member of the Group, any Invested Entity or any business partner who, in the sole opinion of the Board, have contributed or will contribute to the growth and development of the Group or any Invested Entity.

During the Reporting Period, the Company has not granted and does not intend to grant any options under the Post-IPO SOS to any consultant, adviser, service provider or agent of any of its business partners.

(4) Exercise price

The exercise price for the Post-IPO SOS Options ("**Exercise Price**") shall be a price determined by the Board or the Chairman (as the case may be) and notified to any grantee of Post-IPO SOS Options (the "**Grantee**") and will be the highest of:

- (a) the closing price of the Shares as stated in the daily quotations sheet issued by the Stock Exchange on the Post-IPO Grant Date, which must be a business day;
- (b) an amount equivalent to the average closing price of a Share as stated in the Stock Exchange's daily quotations sheets for the five (5) business days immediately preceding the Post-IPO Grant Date; and
- (c) the nominal value of a Share on the Post-IPO Grant Date.



(5) Offer of the Grant of an Option

The Board or the Chairman (in accordance with their respective discretion so authorized under the Post-IPO SOS) shall be entitled at any time during the operation of the Post-IPO SOS, at its/his sole and absolute discretion, to make an offer of Post-IPO SOS Options to a Post-IPO Eligible Participant by letter in such form as the Board or the Chairman (as the case may be) may from time to time determine (the "**Grant Letter**").

(6) Acceptance of Offer

An offer of Post-IPO SOS Options shall be open for acceptance in writing given by either prepaid post, facsimile transmission, personal delivery or by electronic communication received by the Board or the Chairman (as the case may be), or any person designated by the Board or the Chairman, for such period as the Board or the Chairman (as the case may be) may determine and be notified to the Grantee concerned, provided that no such offer shall be open for acceptance after the expiry of the duration of the Post-IPO SOS or after the Post-IPO SOS has been terminated in accordance with the Post-IPO SOS Rules. An offer of Post-IPO SOS Options not accepted within this period shall lapse. An offer may not be accepted unless the Grantee remains a Post-IPO Eligible Participant on acceptance. An amount of HK\$1.00 is payable by the Grantee to the Company within the period specified in the offer, upon acceptance of the offer of Post-IPO SOS Options (unless the Board resolves to waive payment at the time of grant), and such remittance shall not be refundable and shall not be deemed to be a part payment of the Exercise Price.

(7) Exercise of Post-IPO SOS Options

The Grant Letter issued by the Company to the relevant Post-IPO Eligible Participant shall specify details of the Post-IPO SOS Options, including the number of Shares under the Post-IPO SOS Options, the Exercise Price, the exercise period and the vesting schedule, etc.

Subject to restrictions which may be imposed by the Board or the Chairman (as the case may be), any Post-IPO SOS Options may be exercised at any time during the exercise period by the Grantee (or in the case of his death, his legal personal representatives) giving notice in writing (in such form as the Company may from time to time specify) to the Company stating that the Post-IPO SOS Options are thereby exercised and the number of Shares in respect of which it is exercised.

(8) Maximum number of Shares

The overall limit on the number of Shares that may be issued upon exercise of all options granted under the Post-IPO SOS (the "**Post-IPO SOS Options**") shall be no more than approximately 10% of the Shares in issue on the date of the Shares starting to be traded on the Stock Exchange (being 84,187,680 Shares) ("**Post-IPO Mandate Limit**"), representing 10% of the issued shares (excluding treasury shares) on the date of this annual report. Post-IPO SOS Options lapsed or cancelled in accordance with the Post-IPO SOS Rules (or any other share option schemes of our Company) will not be counted for the purposes of calculating the Post-IPO Mandate Limit.

The maximum number of Shares which may be issued upon exercise of all outstanding Post-IPO SOS Options granted and yet to be exercised under the Post-IPO SOS and any other options granted and yet to be exercised under any other option scheme shall not exceed 30% of the issued share capital of our Company from time to time.



Directors' Report

We may refresh the Post-IPO Mandate Limit at any time subject to prior approval of our Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time. However, the Post-IPO Mandate Limit as refreshed shall not exceed 10% of the Shares in issue as at the date of the aforesaid approval to refresh the Post-IPO Mandate Limit by our Shareholders in general meeting. Post-IPO SOS Options previously granted under the Post-IPO SOS or any other share option schemes of our Company (and to which the provisions of Chapter 17 of the Listing Rules are applicable) (including those outstanding, cancelled or lapsed in accordance with its terms or exercised) will not be counted for the purpose of calculating the Post-IPO Mandate Limit as refreshed.

We may also seek separate approval of our Shareholders in general meeting for granting options beyond the Post-IPO Mandate Limit to participants specifically identified by our Company before the aforesaid Shareholders' meeting where such approval is sought.

(9) Maximum entitlement of Post-IPO SOS Participants

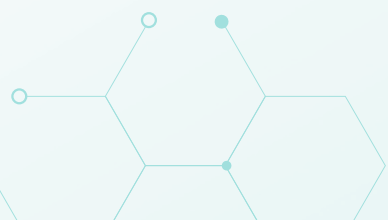
No Post-IPO SOS Options may be granted to any Post-IPO SOS Participant which, if exercised in full, would result in the total number of Shares issued and to be issued upon exercise of the Post-IPO SOS Options already granted or to be granted to such Eligible Participant under the Post-IPO SOS (including exercised, cancelled and outstanding Options) in the 12-month period up to and including the date of such new grant exceeding 1% in aggregate of the issued share capital of the Company as at the date of such new grant ("**Post-IPO Grant Date**"). Any grant of further Post-IPO SOS Options above this limit shall be subject to the requirements provided under the Listing Rules.

(10) Performance target

The Post-IPO SOS Rules do not set out any performance targets that must be achieved before the Post-IPO SOS Options may be exercised. However, the Board may, at their sole discretion, specify, as part of the terms and conditions of any option, such performance conditions that must be satisfied before the Post-IPO SOS Options can be exercised.

(11) Vesting Schedule and Exercise Period

The Board or the Chairman (as the case may be) may specify the exercise period and the vesting schedule of the Post-IPO SOS Options in the Grant Letter. Unless the Post-IPO SOS Options have been withdrawn and cancelled or been forfeited in whole or in part, the Grantee may exercise his rights under the Post-IPO SOS according to the vesting schedule set out in the relevant Grant Letter. The Post-IPO SOS Options must be exercised no more than ten years from the Grant Date. During the Reporting Period, the Company did not grant, nor does it intend to grant any option with a vesting period shorter than 12 months under the Post-IPO SOS.



(12) Duration

The Post-IPO SOS shall take effect upon all of the following having been satisfied:

- (i) the passing of the necessary resolution to adopt the Post-IPO SOS by the Board;
- (ii) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, any Shares to be issued pursuant to the exercise of Post-IPO SOS Options on the Stock Exchange; and
- (iii) the commencement of dealings in the Shares on the Stock Exchange.

The Post-IPO SOS shall be valid and effective for the period of ten years commencing on the date when the Post-IPO SOS takes effect (after which, no further Post-IPO SOS Options shall be offered or granted), but in all other respects the provisions of the Post-IPO SOS Rules shall remain in full force and effective to the extent necessary to give effect to the exercise of any Post-IPO Options granted prior thereto or otherwise as may be required in accordance with the provisions of the Post-IPO SOS Rules. As at the date of this report, the remaining life of the Post-IPO SOS is about eight years.

(13) Details of the Post-IPO SOS Options granted under the Post-IPO SOS

Pursuant to the Post-IPO SOS, the grantees have been granted options by the Company involving the total numbers of granted options of 29,465,000 shares and 28,990,000 shares, respectively, under the Post-IPO SOS as at July 15, 2024 and July 21, 2025, respectively, with the corresponding grantees of 216 and 236, respectively, for a total of 318 grantees, and 58,455,000 shares for granted options, accounting for approximately 6.94% of the shares as at the reporting date of the year (excluding treasury shares).

As at December 31, 2025, 284 (excluding whom have resigned) grantees have been granted options in respect of the shares under the Post-IPO SOS. The options granted to participants of the Post-IPO SOS involved a total of 53,581,300 shares, accounting for approximately 6.36% of the shares as at the end of the Reporting Period (excluding treasury shares). Among them, 7,604,400 shares have been vested but have not been exercised.

As of January 1, 2025 and December 31, 2025, the number of options available for grant under the scheme mandate of the Post-IPO SOS was in respect of 58,222,680 shares and 30,606,380 shares, respectively^{note}.

Note: Pursuant to the terms of the Post-IPO SOS, lapsed options are available for re-grant. Accordingly, 30,606,380 (i.e., the Scheme Grant Limit less shares granted) shares are available for grant.

Directors' Report

During the year ended December 31, 2025, details of the granted Post-IPO SOS Options are set out as follows:

Name of the grantees	Position held in our Group	Grant Date	Outstanding as at January 1, 2025	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at December 31, 2025	Vesting period	Exercise price (HKD/Share)
<i>Director</i>										
Ms. ZONG Wenhong	Executive Director and chief executive officer	July 15, 2024	4,000,000	-	-	-	-	4,000,000		1.14
		July 21, 2025	-	5,000,000	-	-	-	5,000,000		0.9
<i>Senior management</i>										
Mr. LI Ming	Vice president	July 15, 2024	2,000,000	-	-	-	-	2,000,000		1.14
		July 21, 2025	-	2,000,000	-	-	-	2,000,000		0.9
Ms. ZHANG Shun	Vice president and chief financial officer	July 21, 2025	-	2,000,000	-	-	-	2,000,000	3 years from Grant Date	0.9
Ms. ZHAO Shu	Joint company secretary	July 15, 2024	1,000,000	-	-	-	-	1,000,000		1.14
		July 21, 2025	-	800,000	-	-	-	800,000		0.9
Employees other than Directors, senior management or connected persons	/	July 15, 2024	18,965,000	-	-	-	1,142,700	17,822,300		1.14
		July 21, 2025	-	19,190,000	-	-	231,000	18,959,000		0.9
Total			25,965,000	28,990,000	-	-	1,373,700	53,581,300		

Notes:

- With respect to the aggregate of 28,990,000 options granted on July 21, 2025, the closing price of the relevant shares immediately prior to the date of grant (i.e., July 18, 2025) was HK\$0.9 per share. The fair value of the relevant options on the grant date was HK\$0.42 per share. For the accounting standards and policies adopted, please refer to Note 2.4 to the financial statements.
- Save as disclosed above, as at the end of the Reporting Period, (i) there was no other grantees who are directors, chief executives, substantial shareholders or their respective associates of the Company; (ii) there was no other grantee that had been granted Post-IPO SOS Options exceeding 1% of the total number of issued shares (excluding treasury shares) in any 12-month period and (iii) there was no related entity participant or service provider with options and awards granted and to be granted in any 12-month period exceeding 0.1% of the total number of issued shares (excluding treasury shares) of the Company.
- The exercise period of the options granted under the Post-IPO SOS is 10 years commencing from the Grant Date.
- The vesting of the Post-IPO share options granted is subject to the performance targets set out in the relevant grant notices. The performance targets have been determined after considering, including but not limited to, relevant financial indicators and business-related indicators of the Company. The Company has established an appraisal mechanism whereby appraisal indicators are set according to the duties and responsibilities of the relevant Directors and employees respectively. The appraisal indicators include, but are not limited to, the measurement of work quality, efficiency, level of cooperation, management level and strategic realization. Options that are scheduled to vest in the current period will only vest when the Company has assessed that the set vesting conditions have been met.

During the Reporting Period, the number of Shares that may be issued in respect of options granted under all share schemes of the Company amounted to 28,990,000 shares, representing approximately 3.44% of the weighted average number of the issue Shares (excluding treasury shares) for the Reporting Period.

CONTRACTUAL ARRANGEMENTS

(1) Change in Contractual Arrangements

Xikang WFOE, Xikang Information, Xikang Medical and the Existing Registered Shareholders entered into the exclusive management consultancy and business cooperation agreement, exclusive option agreement, equity pledge agreement, loan agreement, power of attorney and spouse undertakings letter (collectively, the “**2021 Contractual Arrangements**”) dated May 18, 2021, details of which are set out in the section headed “Contractual Arrangements” in the Prospectus.

On December 24, 2024, as Ms. WANG Shuli resigned as the Vice President and Chief Financial Officer of the Company in October 2024 and Ms. ZHANG Ying was appointed as the Vice President and Chief Financial Officer of the Company, the relevant parties as detailed below entered into the following agreements for the purpose of changing the Registered Shareholders of Xikang Medical and Xikang Information from Ms. ZONG Wenhong and Ms. WANG Shuli to Ms. ZONG Wenhong and Ms. ZHANG Ying:

1. **Equity Transfer Agreement:** Ms. WANG Shuli agreed to transfer her 20% equity interest in each of Xikang Medical and Xikang Information (i.e. entire equity interest of Ms. WANG Shuli in Xikang Medical and Xikang Information) to Ms. ZHANG Ying at a consideration of RMB2.02 million, which was determined with reference to Ms. WANG Shuli's actual capital contribution to each of Xikang Medical and Xikang Information in the amount of RMB0.02 million and RMB2.0 million respectively. The Equity Transfer Agreement has become effective from the date it was signed;
2. **Termination Agreement:** pursuant to which, the 2021 Contractual Arrangements have been terminated on February 20, 2025; and
3. **New Contractual Arrangements:** the terms and conditions of which are the same as the 2021 Contractual Arrangements in all material respects. The New Contractual Arrangements have come into effect on February 20, 2025.

For details of the changes to the Contractual Arrangements, please refer to the announcement of the Company dated December 24, 2024.

(2) Overview of New Contractual Arrangements

Under the PRC laws, operation of “medical institution” established on or after April 10, 2015 in the PRC falls within the “restricted category”, foreign investors are not allowed to hold more than 70% equity interests in a “medical institution”. In addition, the provision of telecommunication information services and online data processing and transaction processing services through mobile application and Internet, fall within the value-added telecommunications services under relevant PRC laws, and foreign investors are not allowed to hold more than 50% equity interests in any enterprise conducting value-added telecommunication services. The Special Management Measures (Negative List) for the Access of Foreign Investment (2024 Version) 《(外商投資准入特別管理措施(負面清單) (2024 年版)》 (the “**2024 Negative List**”) took effect on November 1, 2024, replacing the Special Management Measures (Negative List) for the Access of Foreign Investment (2021 Version) 《(外商投資准入特別管理措施(負面清單) (2021 年版)》 (the “**2021 Negative List**”). Compared with the 2021 Negative List, the shareholding restrictions of foreign investors in relation to value-added telecommunication services and medical services in the 2024 Negative List remain unchanged.

Directors' Report

According to the Provisions for the Administration of Foreign-Invested Telecommunications Enterprises 《外商投資電信企業管理規定》, the proportion of capital contributed by the foreign investors in a foreign-invested telecommunications enterprise that operates the business of value-added telecommunications services must not ultimately exceed 50%, unless otherwise stipulated by the state. On April 8, 2024, the Ministry of Industry and Information Technology promulgated the Announcement on Conducting the Pilot Program for Expanding the Opening-up of Value-added Telecom Services (the “**Announcement**”) 《關於開展增值電信業務擴大對外開放試點工作的通告》. According to the Announcement, the pilot program will be initially conducted in the Beijing Comprehensive Demonstration Zone for Expanding the Opening-up of the Service Industry, Lingang New Area and Leading Area for Socialist Modernization Construction of the Shanghai Free Trade Zone, Hainan Free Trade Port, and Shenzhen Demonstration Zone of Socialism with Chinese Characteristics. The Announcement further specifies that in the approved pilot areas, restrictions on foreign ownership ratio will be removed for internet data centers (IDC), content delivery networks (CDN), internet service providers (ISP), online data processing and transaction processing, as well as information distribution platforms and delivery services in information services (excluding internet news information, online publishing, online audiovisual, and internet cultural operations), and information protection and processing services. The Ministry of Industry and Information Technology will be responsible for organizing the valuation and validation of the pilot implementation plans and conditions in these four areas, and making decisions regarding their approval. In October 2024, the Ministry of Industry and Information Technology officially launched the Pilot Program for Expanding the Opening-up of Value-added Telecom Services (the “**Pilot Program**”). Given the recent enactment of the Announcement, there remains uncertainty with respect to the interpretation and practical application; given the recent launch of the Pilot Program, there remains uncertainty with respect to the process, timeframe and result of the approval. Thus, the Company is of the view that the New Contractual Arrangements are necessary to the business operation of the Company. The Company is closely following the developments of the Pilot Program, and evaluating from time to time the feasibility of acquiring the equity interests of Xikang Information.

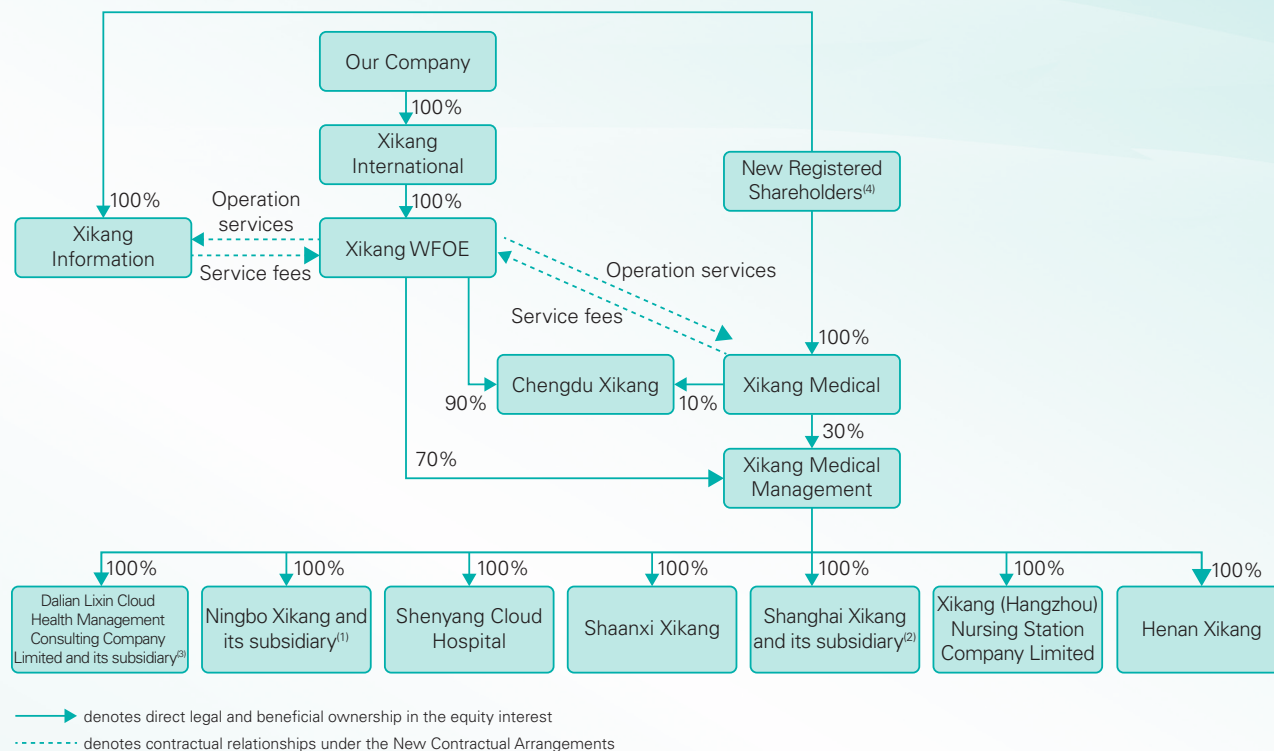
Save as disclosed above, there is no other update on the PRC regulatory background disclosed in the section headed “Contractual Arrangements” of the Prospectus.

As foreign investment in medical services and value-added telecommunication services which our Company currently operates is subject to restrictions under PRC laws and regulations, our Company does not directly own or wholly own equity interests in its Consolidated Affiliated Entities, as the case may be. Each of Xikang Medical and Xikang Information is held as to 80% by Ms. ZONG Wenhong, executive Director and chief executive officer of our Company and 20% by Ms. ZHANG Ying, vice president and chief financial officer of our Company. Our Company obtained control over Xikang Medical and Xikang Information via a series of contractual arrangements signed among Xikang WFOE, Xikang Medical, Xikang Information, Ms. ZONG Wenhong and Ms. ZHANG Ying, where applicable.

Our Directors believe that the New Contractual Arrangements are fair and reasonable because: (i) the Contractual Arrangements were freely negotiated and entered into among the parties; (ii) by entering into the Exclusive Management Consultancy and Business Cooperation Agreements with Xikang WFOE, which is a subsidiary of our Company incorporated in the PRC, the Consolidated Affiliated Entities of our Company will enjoy better economic and technical support from our Company, as well as a better market reputation after the Listing, and (iii) a number of other companies use similar arrangements to accomplish the same purpose.

Directors' Report

The following simplified diagram illustrates the Contractual Arrangements of our Company:



Notes:

- (1) The subsidiary of Ningbo Xikang refers to Ningbo Cloud Hospital and Ningbo Haishu Xikang Comprehensive Clinic Co., Ltd. (寧波海曙熙康綜合門診部有限公司).
- (2) The subsidiary of Shanghai Xikang refers to Shanghai Xikang Clinic Co., Ltd. and Shanghai Lingang Xikang Cloud Hospital Co., Ltd.
- (3) The subsidiary of Dalian Lixin refers to Dalian Neusoft Xikang Comprehensive Clinic Co., Ltd. (大連東軟熙康綜合門診部有限公司).
- (4) After the Equity Transfer Agreement comes into effect, each of Xikang Medical and Xikang Information will be held as to 80% by Ms. ZONG Wenhong, our executive Director and chief executive officer and 20% by Ms. ZHANG Ying, our vice president and chief financial officer. Notwithstanding that each of the New Registered Shareholders may hold limited beneficial interest in the Company's issued share capital, the Group has adopted the following safeguards to manage the potential risks arising from the New Contractual Arrangements:
 - (A) The New Contractual Arrangements enable Xikang WFOE to exercise effective control over Xikang Medical and Xikang Information. No event of default has ever occurred since 2021 Contractual Arrangements were put in place and we have not experienced any practical difficulties in enforcing 2021 Contractual Arrangements. New Contractual Arrangements are binding upon both of the New Registered Shareholders, which are in compliance with the requirements of the Listing Rules and Guidelines of the Stock Exchange;
 - (B) According to the New Contractual Arrangements, the New Registered Shareholders entered into the New Exclusive Option Agreements, pursuant to which the New Registered Shareholders unconditionally and irrevocably agree to grant Xikang WFOE an exclusive option to purchase all or part of the equity interests in our Onshore Holdcos, as the case may be, for the minimum amount of consideration permitted by applicable PRC laws. Further, the New Registered Shareholders and Xikang WFOE also entered into the New Equity Pledge Agreements, according to which the New Registered Shareholders unconditionally and irrevocably pledged all of the equity interests in the Onshore Holdcos to Xikang WFOE in order to guarantee Onshore Holdcos' and their respective New Registered Shareholders' performance of obligations under the New Contractual Arrangements; and
 - (C) The Group is managed centrally by the Board and the senior management members of the Company, who are primarily responsible for the day-to-day and overall management of the business and operations of the Group. As members of the senior management, Ms. ZONG Wenhong and Ms. ZHANG Ying, being the New Registered Shareholders, are dedicated to carrying out decisions made centrally by the Board and senior management of the Group.

Directors' Report

The table below sets forth the principal business activities of our Consolidated Affiliated Entities:

Consolidated Affiliated Entity	Principal business activities
Xikang Information	Provision of telecommunication information services and online data processing and transaction processing services through mobile application and internet
Xikang Medical	Investment holding company of Xikang Medical Management
Xikang Medical Management	Investment holding company of Ningbo Xikang, Shenyang Cloud Hospital, Shaanxi Xikang, Shanghai Xikang, Dalian Lixin, Hangzhou Xikang and Henan Xikang
Ningbo Xikang	Investment holding company of Ningbo Cloud Hospital and Ningbo Haishu Xikang Comprehensive Clinic Co., Ltd.
Ningbo Cloud Hospital	Provision of Internet medical services and health management services
Ningbo Haishu Xikang Comprehensive Clinic Co., Ltd.	Provision of online and offline medical services
Shenyang Cloud Hospital	Provision of Internet medical services and health management services
Shaanxi Xikang	Provision of Internet medical services and health management services
Shanghai Xikang	Investment holding company of Shanghai Clinic
Shanghai Xikang Clinic Co., Ltd.	Provision of Internet medical services and health management services
Shanghai Lingang Xikang Cloud Hospital Co. Ltd.	Provision of medical services and health management services
Chengdu Xikang	Provision of Internet medical services and health management services
Dalian Lixin	Investment holding company of Dalian Neusoft Xikang Comprehensive Clinic Co., Ltd.
Dalian Neusoft Xikang Comprehensive Clinic Co., Ltd.	Provision of Internet medical services and health management services
Hangzhou Xikang	Provision of nursing services
Henan Xikang	Provision of nursing services

Xikang Information currently holds an ICP License and an EDI License. The provision of telecommunication information services and online data processing and transaction processing services through mobile application and internet engaged by Xikang Information falls within the scope of value-added telecommunication service under the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises 《外商投資電信企業管理規定》. In addition, Xikang Medical, Xikang Medical Management and/or its subsidiaries and Chengdu Xikang operate "medical institutions" established on or after April 10, 2015, which falls within the "restricted category" for foreign investment under the PRC laws.

As a result of the Contractual Arrangements among Xikang WFOE, the Onshore Holdcos and the Registered Shareholders, Xikang WFOE is able to effectively control, recognize and receive substantially all the economic benefit of the business and operations of the Consolidated Affiliated Entities. Accordingly, the Consolidated Affiliated Entities are treated as controlled structured entities of our Company and consolidated by our Company. For the year ended December 31, 2025, the Consolidated Affiliated Entities in aggregate accounted for 71.1% of the Group's revenue and accounted for 54.4% of the Group's loss for the year in total.

(2) Summary of the agreements under the New Contractual Arrangements and other key terms thereunder

A description of each of the specific agreements that comprise the New Contractual Arrangements is set out below.

Exclusive Management Consultancy and Business Cooperation Agreements

As part of the New Contractual Arrangements, (i) Xikang Information, Xikang WFOE and the New Registered Shareholders entered into the exclusive management consultancy and business cooperation agreement on December 24, 2024; and (ii) Xikang Medical, Xikang WFOE and the New Registered Shareholders entered into the exclusive management consultancy and business cooperation agreement on December 24, 2024 (collectively, the “**New Exclusive Management Consultancy and Business Cooperation Agreements**”). Pursuant to the Exclusive Management Consultancy and Business Cooperation Agreements, which contain similar terms and conditions, Xikang WFOE has the exclusive right to provide, or designate any third party to provide each of the Onshore Holdcos with corporate management consulting services, intellectual property licensing services as well as technical and business support services. Such services include:

- (i) the provision of advisory services and recommendations on asset and business operation, debt disposal, material contracts (including negotiations, execution and performance of the same), mergers and acquisitions, the development, maintenance and research services on computer system, software and products, employee management training, technology development, transfer and consulting services, public relation services, market survey, research and consulting services, market development and planning services, human resources and internal informatization management, network development, upgrade and ordinary maintenance services, sales of propriety products, software, trademark, domain name and licensing of know-how and/or the use of related intellectual property rights, and
- (ii) other additional services as the parties may mutually agree from time to time.

Without Xikang WFOE's prior written consent, none of the Onshore Holdcos may accept services covered by the Exclusive Management Consultancy and Business Cooperation Agreements from any third party. Xikang WFOE owns all intellectual property rights arising out of the performance of the agreements.

In exchange, the Onshore Holdcos agree to pay the entirety of their total income (net of costs, expenses, taxes and payments required by the relevant laws and regulations to be reserved or withheld except the enterprise income tax) to Xikang WFOE as the service fee.

Under the New Exclusive Management Consultancy and Business Cooperation Agreements, without prior written approval from Xikang WFOE, the Onshore Holdcos shall not enter into any transaction (save as those transactions entered into in the ordinary course of business) that may affect its assets, obligations, rights or operation, including but not limited to (i) the provision of any security or guarantee in favour of any third party or the creation of any encumbrances in relation to its assets; (ii) the entry into of any loan or debt obligations in favour of any third party; and (iii) in relation to any third party the disposal, acquisition or otherwise dealing of any assets (including but not limited to intellectual properties) with a value higher than RMB500,000.



Directors' Report

In addition, under the New Exclusive Management Consultancy and Business Cooperation Agreements, without prior written consent of Xikang WFOE, none of the Onshore Holdcos shall change or remove the members of its board of directors who are appointed by Xikang WFOE in accordance with the articles of association of each of the Onshore Holdcos. Xikang WFOE also has the right to appoint the directors, general managers, financial controllers and other senior managers of the Onshore Holdcos. Xikang WFOE has absolute control over the distribution of dividends or any other amounts to the shareholders of the Onshore Holdcos as the Onshore Holdcos and their shareholders have undertaken not to make any distribution without Xikang WFOE's prior written consent.

New Exclusive Option Agreements

As part of the New Contractual Arrangements, (i) Xikang Information, Xikang WFOE and the Registered Shareholders entered into the exclusive option agreement on December 24, 2024; and (ii) Xikang Medical, Xikang WFOE and the New Registered Shareholders entered into the exclusive option agreement on December 24, 2024 (collectively, the "**New Exclusive Option Agreements**"). Pursuant to the New Exclusive Option Agreements, which contain similar terms and conditions, the New Registered Shareholders unconditionally and irrevocably agree to grant Xikang WFOE an exclusive option to purchase all or part of the equity interests in our Onshore Holdcos, as the case may be, for the minimum amount of consideration permitted by applicable PRC laws, under circumstances in which Xikang WFOE or its designated third party is permitted under PRC laws to acquire all or part of the equity interests of our Company's Onshore Holdcos.

Where the purchase price is required by relevant PRC laws and regulations to be an amount other than nil consideration, the New Registered Shareholders undertake to return the amount of purchase price they have received to Xikang WFOE or any of its designated third party.

To prevent the flow of the assets and value of the Onshore Holdcos to their respective shareholders, pursuant to the New Exclusive Option Agreements, none of the assets of the Onshore Holdcos are to be transferred or otherwise disposed of without the prior written consent of Xikang WFOE. In addition, under the New Exclusive Option Agreements, none of the New Registered Shareholders may transfer or permit the encumbrance of or allow any guarantee or security to be created on any of the equity interests in our Onshore Holdcos without Xikang WFOE's prior written consent.

In the event that the New Registered Shareholders receive any profit distribution or dividend from our Onshore Holdcos, the New Registered Shareholders shall immediately pay such amount (subject to the relevant tax payment being made under the relevant laws and regulations) to Xikang WFOE. If Xikang WFOE exercises this option, all or any part of the equity interests in our Onshore Holdcos acquired would be transferred to Xikang WFOE and the benefits of equity ownership would flow to Xikang WFOE and its shareholders.

New Equity Pledge Agreements

As part of the New Contractual Arrangements, (i) Xikang Information, Xikang WFOE and the New Registered Shareholders entered into the equity pledge agreement dated December 24, 2024; (ii) Xikang Medical, Xikang WFOE and the New Registered Shareholders entered into the equity pledge agreement dated December 24, 2024 (collectively, the "**New Equity Pledge Agreements**"). Pursuant to the New Equity Pledge Agreements, which contain similar terms and conditions, the New Registered Shareholders unconditionally and irrevocably pledged all of the equity interests in the Onshore Holdcos to Xikang WFOE in order to guarantee Onshore Holdcos' and their respective New Registered Shareholders' performance of obligations under the New Exclusive Management Consultancy and Business Cooperation Agreements, New Exclusive Option Agreements, the New Loan Agreements and relevant New Powers of Attorney.

Directors' Report

Under the New Equity Pledge Agreements, the New Registered Shareholders have agreed to unconditionally and irrevocably pledge all of their respective equity interests in the Onshore Holdcos to Xikang WFOE.

The pledges in respect of the Company's Onshore Holdcos take effect upon completion of registration with the relevant Administration for Market Regulation and shall remain valid until (i) the satisfaction of all contractual obligations of the Onshore Holdcos and the New Registered Shareholders in full under the New Exclusive Management Consultancy and Business Cooperation Agreements, New Exclusive Option Agreements, the New Loan Agreements and the New Powers of Attorney, or (ii) the nullification or termination of the New Exclusive Management Consultancy and Business Cooperation Agreements, the New Exclusive Option Agreements, the New Loan Agreements and the New Powers of Attorney, whichever is later.

The Company will complete the registration of the New Equity Pledge Agreements with the relevant PRC legal authority pursuant to the PRC Laws when appropriate.

To further enhance its control over the Onshore Holdcos, our Company has taken measures to ensure that the Onshore Holdcos' register of shareholders and share certificates of the New Registered Shareholders are properly secured, within full control of Xikang WFOE, and cannot be used by the Onshore Holdcos except for the registration and change of registration procedure necessary for Onshore Holdcos' operation.

New Loan Agreements

As part of the New Contractual Arrangements, on December 24, 2024, (i) Xikang WFOE and the Registered Shareholders entered into a loan agreement; and (ii) Xikang WFOE and the New Registered Shareholders entered into a loan agreement (collectively, the "**New Loan Agreements**"). Pursuant to the New Loan Agreements, which contain similar terms and conditions, Xikang WFOE provided interest-free loans in an aggregate amount of RMB10 million and RMB100,000 to the New Registered Shareholders for their investments in Xikang Information and Xikang Medical, respectively.

Pursuant to the New Loan Agreements, upon repayment of the loans, the New Registered Shareholders shall transfer their equity interests in the Onshore Holdcos to Xikang WFOE or its designated third party at a consideration equivalent to the amount of loans being repaid. The maturity date of the loans is on the twentieth anniversary of the date when the New Registered Shareholders received the loans. The term of the loans may be extended with the consent of the parties. The loan must be repaid by the New Registered Shareholders immediately under certain circumstances, including, among others, 30 days after receiving a written notice from Xikang WFOE requesting repayment of the loan.

New Powers of Attorney

As part of the New Contractual Arrangements, each of the New Registered Shareholders has executed a power of attorney on December 24, 2024 (collectively, the "**New Powers of Attorney**"). Each of the New Registered Shareholders irrevocably appointed Xikang WFOE (or any person designated by Xikang WFOE, provided that this person does not have a conflict of interest with Xikang WFOE or its parent company) as their exclusive agent and attorney to act on their behalf on all matters concerning the Onshore Holdcos and to exercise all of their rights as a new registered shareholder of the Onshore Holdcos. These rights include: (i) the right to propose to convene and attend shareholders' meetings and to execute shareholders' resolutions and meeting minutes; (ii) the right to exercise all the shareholder's rights and the shareholder's voting rights in accordance with law and the constitutional documents of the Onshore Holdcos, including but not limited to the sale and transfer of any or all of the equity interests in the Onshore Holdcos; (iii) the right to file documents with the relevant registrar of companies; and (iv) the right to nominate and appoint the senior management of the Onshore Holdcos.

Directors' Report

Further, pursuant to the New Powers of Attorney and to ensure that it does not give rise to a conflict of interest, each of the New Registered Shareholders of the Onshore Holdcos irrevocably undertakes that:

- (i) the authorisations under the New Powers of Attorney will not lead to any potential conflict of interests between Xikang WFOE and the New Registered Shareholders; and
- (ii) if any conflict of interest occurs during the performance of the New Contractual Arrangements, Xikang WFOE's interest shall take priority.

The New Powers of Attorney remain effective as long as the New Registered Shareholders remain shareholders of the Onshore Holdcos, unless Xikang WFOE requests to replace the appointed designee under the New Powers of Attorney.

The articles of association of the Onshore Holdcos state that the shareholders, in a shareholders' meeting, have the power to approve its operating strategy and investment plan, appoint the executive director, and review and approve the annual budget and earning distribution plan. Therefore, through the irrevocable New Power of Attorney arrangement, the Company and Xikang WFOE can exercise effective control over Onshore Holdcos through shareholder votes and, through such votes, can also control the composition of the board of directors for Onshore Holdcos.

New Spouse Undertakings

The spouse of each of the New Registered Shareholders has signed two sets of letter of undertaking on December 24, 2024 (collectively, the "**New Spouse Undertakings**") in respect of the New Contractual Arrangements, respectively, to the effect, among others, that:

- (i) each spouse of the New Registered Shareholders confirmed and agreed that the respective New Registered Shareholder is entitled to deal with his/her own equity interests in the Onshore Holdcos in accordance with the New Contractual Arrangements;
- (ii) each spouse of the New Registered Shareholders confirmed that the respective New Registered Shareholder may further amend or terminate the New Contractual Arrangements without the authorization or consent by the spouse;
- (iii) each spouse of the New Registered Shareholders will enter into all necessary documents and take all necessary actions to ensure the due performance of New Contractual Arrangements as amended from time to time; and
- (iv) each spouse of the New Registered Shareholders unconditionally and irrevocably waives any right or benefits on such equity interests and assets in accordance with applicable laws and confirms that he/she will not have any claim on such equity interests and assets; and he/she has not and does not intend to participate in the operation and management or other voting matters of the Onshore Holdcos.

The terms and conditions of the New Contractual Arrangements are identical to those of 2021 Contractual Arrangements, except for changes in the parties.

Directors' Report

Upon the completion of transfer of equity interests in each of Xikang Medical and Xikang Information by Ms. WANG Shuli pursuant to the Equity Transfer Agreement, each of Xikang Medical and Xikang Information will be held as to 80% by Ms. ZONG Wenhong and 20% by Ms. ZHANG Ying. The Company will still maintain control over Xikang Medical and Xikang Information via the New Contractual Arrangements. The Company will adjust or unwind (as the case may be) the New Contractual Arrangements as soon as practicable in respect of the operation of the medical services and value-added telecommunication services (as illustrated in the Prospectus) to the extent permissible and the Company will directly hold the maximum percentage of ownership interests permissible under relevant PRC laws and regulations if the relevant government authority accepts applications for the relevant licenses made by sino-foreign equity joint ventures or wholly-owned foreign investment entities under relevant PRC laws and regulations.

The Company does not maintain any insurance policy to cover the risks relating to the New Contractual Arrangements.

(3) The extent to which the contractual arrangements relate to requirements other than the foreign ownership restriction

Except as otherwise disclosed in this report, there were no material changes in the Contractual Arrangements and/or the circumstances in which the Contractual Arrangements were adopted during the Reporting Period. During the Reporting Period, Contractual Arrangements were not unwound as the regulatory restrictions that led to the adoption of the Contractual Arrangements were not revoked. During the Reporting Period, the Company has not encountered any interference or encumbrance from any governing bodies in operating its business through the relevant Onshore Holdcos under the Contractual Arrangements.

(4) Risks relating to the Contractual Arrangements

- If the PRC government finds that the agreements that establish the structure for operating the businesses of our Company in China do not comply with applicable PRC laws and regulations, or if these regulations or their interpretations change in the future, our Company could be subject to severe consequences, including the nullification of the Contractual Arrangements and the relinquishment of our Company's interest in the Consolidated Affiliated Entities of our Company;
- The Contractual Arrangements of our Company may not be as effective in providing operational control as direct ownership, and the Consolidated Affiliated Entities may fail to perform their obligations under the Contractual Arrangements of our Company;
- Our Company may lose the ability to use and enjoy assets held by the Consolidated Affiliated Entities that are material to the business operations of our Company if the Consolidated Affiliated Entities declare bankruptcy or become subject to a dissolution or liquidation proceeding;
- The interests of the Registered Shareholders of the Consolidated Affiliated Entities may not align with the interests of the Shareholders of our Company, which may materially and adversely affect the business of our Company;
- The Company conducts its business operations in the PRC through the Consolidated Affiliated Entities by way of the Contractual Arrangements, but certain of the terms of the Contractual Arrangements may not be enforceable under PRC laws;



Directors' Report

- If the Company exercises the option to acquire equity ownership and assets of the Consolidated Affiliated Entities, the ownership or asset transfer may subject the Company to certain limitations and substantial costs;
- The current corporate structure and business operations of the Company may be affected by the Foreign Investment Law of the PRC;
- The Contractual Arrangements of the Company may be subject to scrutiny by the PRC tax authorities, and a finding that the Company owes additional taxes could substantially reduce its consolidated net income and the value of your investment.

For details of the risks relating to the Contractual Arrangements, please refer to the section headed Risk Factors in the Prospectus and the announcement of the Company dated December 24, 2024. To mitigate the risks relating to the Contractual Arrangements, the Board will conduct an annual review in relation to the implementation of and compliance with the Contractual Arrangements, and the Group will work closely with the Registered Shareholders, external legal advisors and counsels, so as to monitor the regulatory environment and developments of the PRC laws and regulations, which, in turn, reduce the risks relating to the Contractual Arrangements.

(5) Listing Rules implications

The transactions contemplated under the New Contractual Arrangements constitute continuing connected transactions of our Company under the Listing Rules upon Listing as the party to the Contractual Arrangements, namely Ms. ZONG Wenhong, is a connected person of the Group. Both Xikang Medical and Xikang Information are owned as to 80% by Ms. ZONG Wenhong, and are therefore associates of Ms. ZONG Wenhong.

Our Directors (including the independent non-executive Directors) are of the view that the Contractual Arrangements and the transactions contemplated therein are fundamental to our Group's legal structure and business, that such transactions have been and will be entered into in the ordinary and usual course of business of our Group, are on normal commercial terms and are fair and reasonable and in the interests of our Company and the Shareholders as a whole. Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements and any new transactions, contracts and agreements or renewal of existing transactions, contracts and agreements to be entered into, among others, by any of the Company's Consolidated Affiliated Entities and any member of our Group technically constitute continuing connected transactions under Chapter 14A of the Listing Rules, our Directors consider that, given that our 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 our Company if such transactions are subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules, including, among others, the annual reporting requirement under Rules 14A.49 and 14A.71 of the Listing Rules, the announcement requirement under Rule 14A.35 of the Listing Rules, the independent Shareholders' approval requirement under Rule 14A.36 of the Listing Rules and the requirement of limiting the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules.

(6) Waiver granted by the Stock Exchange

In respect of the 2021 Contracts 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 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 of the Company are listed on the Stock Exchange, subject, however, to the following conditions:

- (a) No change without independent non-executive Directors' approval;
- (b) No change without independent Shareholders' approval;
- (c) The previous Contractual Arrangements shall continue to enable our Group to receive the economic benefits generated by the Consolidated Affiliated Entities;
- (d) The previous Contractual Arrangements may be renewed and/or reproduced upon expiry or by business expediency, without obtaining the approval of the Shareholders, on substantially the same terms and conditions as the previous Contractual Arrangements; and
- (e) the Group will disclose details relating to previous Contractual Arrangements on an ongoing basis.

As the terms and conditions of the New Contractual Arrangements are identical to and a replica of the 2021 Contractual Arrangements, the Company has sought confirmation from the Stock Exchange and the Stock Exchange has confirmed that the transactions contemplated under the New Contractual Arrangements fall within the scope of the aforesaid waiver.

(7) Confirmation by Directors

Directors (including the independent non-executive Directors) of our Company are of the view that the Contractual Arrangements and the transactions therein have been entered into and will be entered into during the Company's ordinary and usual course of business on normal commercial terms or better, and are fair and reasonable and in the interests of our Company and the Shareholders as a whole. The Directors are of the view that with respect to the terms of the relevant agreements under the Contractual Arrangements, which are of a duration of longer than three years, it is a justifiable and normal business practice for the Contractual Arrangements of this type to be of such duration to ensure that (i) the financial and operational policies of the Consolidated Affiliated Entities can be effectively controlled by Xikang WFOE; (ii) Xikang WFOE can obtain the economic benefits derived from the Consolidated Affiliated Entities, and (iii) any possible losses of assets and values of the Consolidated Affiliated Entities can be prevented on an ongoing basis.



Directors' Report

(8) Confirmation by the Independent Auditor

Ernst & Young, the auditor of our Company has confirmed in a letter issued to the Board that, with respect to the Contractual Arrangements for the year ended December 31, 2025. For details, please refer to the section headed "Directors' Report – Connected Transactions and Continuing Connected Transactions" in the annual report.

MATERIAL LITIGATION

Our Company was not involved in any material litigation or arbitration during the Reporting Period.

SUBSEQUENT EVENTS

Save as otherwise disclosed in this report, there was no any other significant events that had a material adverse impact on the business operations and finance of the Group after the Reporting Period and as of the date of this report.

REVIEW OF ANNUAL RESULTS AND APPROVAL OF ANNUAL REPORT

The audit committee of our Company (the "Audit Committee") comprises three independent non-executive Directors, namely Dr. CHEN Yan, Dr. QI Guoxian and Dr. YIN Guisheng. Dr. CHEN Yan is the chairman of the Audit Committee. The Audit Committee has reviewed the audited annual results and annual report of our Company for the year ended December 31, 2025. The annual report and the consolidated financial statements of the Group for the year ended December 31, 2025 have been approved and authorized to be published by the Board of Directors on March 20, 2026.

SUFFICIENT PUBLIC FLOAT

Based on the information publicly available to our Company and to the knowledge of the Directors of our Company, as at the date of this annual report, our Company has maintained sufficient public float as required under the Listing Rules.

APPRECIATION

Our Company would like to express its appreciation to all the staff for their outstanding contribution towards the Group's development. The Board wishes to sincerely thank the management for their dedication and diligence, which are the key factors for our Company to continue its success in the future. Also, our Company wishes to express its gratitude for the continued support from its shareholders, customers and business partners. Our Company will continue to dedicate to sustainable business, so as to create more values for the shareholders.

By order of the Board
XIKANG CLOUD HOSPITAL HOLDINGS INC.

Dr. LIU Jiren
Chairman and Non-executive Director



Directors and Senior Management

BIOGRAPHICAL DETAILS OF DIRECTORS

Dr. LIU Jiren (劉積仁), aged 70, has been the chairman of the Board and a non-executive Director of our Company since July 15, 2011. He is a core founding member of our Group. Dr. Liu is one of the founders of Neusoft Corporation. He served as a director and the general manager of Shenyang Neusoft Software Co., Ltd.* (瀋陽東軟軟件股份有限公司) (“**Neusoft Software**”) (formerly known as Shenyang Neu-Alpine Software Co., Ltd* (瀋陽東大阿爾派軟件股份有限公司), the predecessor of Neusoft Corporation), from June 1991 to August 1999, the chairman of the board of Neusoft Software from August 1999 to June 2008, and the chairman of the board and president of the former Neusoft Corporation from May 2003 to June 2008. He has acted as the chief executive officer of Neusoft Corporation from June 2008 to April 2021, the chairman of the board of Neusoft Corporation from June 2008 to April 2025 and the honorary chairman since April 2025. Dr. Liu has concurrently served as the chairman of the board of Neusoft Holdings since November 2011. Since August 2018, he has served as a non-executive director and the chairman of the board of Neutech Group Limited (formerly known as “Neusoft Education Technology Co. Limited”), a company listed on the Hong Kong Stock Exchange (stock code: 9616.HK) mainly engaged in providing private IT higher education services. In addition, Dr. Liu served as a lecturer at Northeastern University (東北大學) (formerly known as Northeastern University of Technology (東北工學院)) from May 1987 to June 1988, the vice president of Northeastern University from March 1995 to August 2014 and a professor of Northeastern University since June 1988. Dr. Liu received his bachelor’s, master’s and doctoral degrees in computer application from Northeastern University in the PRC in April 1980, December 1982 and November 1987, respectively.

Ms. ZONG Wenhong (宗文紅), aged 58, has been the chief executive officer of our Company since December 15, 2015 and the executive Director since December 27, 2019 (previously the vice president and chief medical officer) of our Company. Ms. Zong also holds directorship and senior management position in a number of our Group members, including: (i) the director and the general manager of Xikang Healthcare Technology Co., Ltd. (熙康健康科技有限公司), (ii) the director and the general manager of Beijing Neusoft Xikang Medical Technology Co., Ltd. (北京東軟熙康醫療科技有限公司), (iii) the director and the general manager of Beijing Neusoft Xikang Information Technology Co., Ltd. (北京東軟熙康信息技術有限公司), (iv) the director and the general manager of Shanghai Xikang Healthcare Management Co., Ltd. (上海熙康健康管理有限公司), and (v) the director and the general manager of Xikang (Ningbo) Smart Wearable Equipment Co., Ltd. (熙康(寧波)智能可穿戴設備有限公司). Ms. Zong currently does not hold any executive position in Neusoft Corporation or Neusoft Holdings. Prior to joining our Group, Ms. Zong worked consecutively as (i) the deputy director of Shanghai Jing’an Community Health Service Management Center (上海市靜安區社區衛生服務管理中心) (formerly known as Shanghai Zhabei Community Health Service Management Center (上海市閘北區社區衛生服務管理中心)) from August 2007 to January 2010 and (ii) the standing deputy director of Shanghai Jing’an Health Technology and Information Center (上海市靜安區衛生技術信息中心) (formerly known as Shanghai Zhabei Health Technology and Information Center (上海市閘北區衛生科技與信息中心)) from February 2010 to July 2015. She has served as the vice chairman of the Health Records and Regional Health Informatization Professional Committee (健康檔案與區域衛生信息化專業委員會) of the Chinese Medical Information and Big Data Association (中國衛生信息與健康醫療大數據學會) since May 2019. Ms. Zong obtained her bachelor’s degree in clinical medicine in July 2002 from Shanghai Jiao Tong University School of Medicine (上海交通大學醫學院) (formerly known as Shanghai No.2 Medicine University (上海第二醫科大學)) in the PRC, and her master’s degree in software engineering from Dalian University of Technology (大連理工大學) in the PRC in January 2009. Ms. Zong received her intermediate qualifications (中級資格) in obstetrics and gynecology, internal medicine and general medicine from the National Health Commission of the People’s Republic of China (中華人民共和國國家衛生健康委員會) in October 2002, June 2004 and June 2005, respectively. She was granted the title of Chief Physician (主任醫師) in general medicine from Shanghai Municipal Human Resources and Social Security Bureau (上海市人力資源和社會保障局) in November 2013.

Directors and Senior Management

Mr. XU Hongli (徐洪利), aged 61, has been a non-executive Director of our Company since March 20, 2024. Mr. XU is currently the Rotating CEO of Neusoft Corporation. Since joining Neusoft Corporation in July 1996, Mr. XU has served successively as the director of Social Security Development Department, director of Software Engineering Department, general manager of Social Security Department of Neusoft Corporation. Mr. XU also served as the general manager of Government Affairs Department of Neusoft Corporation from October 2008 to November 2012, vice president of Neusoft Corporation from February 2002 to March 2014, and senior vice president of Neusoft Corporation from March 2014 to April 2021. He has served as the co-president of Neusoft Corporation from April 2021 to April 2025 and the Rotating CEO of the Company since April 2025. Mr. Xu was awarded the First Class Award for Technological Advancement in Shenyang (瀋陽市科技進步一等獎), the Award of Science and Technology for Revitalization in Shenyang (瀋陽市科技振興獎), two of the Second Class Award for Technological Advancement in Liaoning Province (遼寧省科技進步二等獎), the honorary title of the Top 10 Outstanding Young Factory Directors (Managers) in Shenyang City (瀋陽市十大傑出青年廠長(經理)榮譽稱號), the Outstanding Builder of the Socialist Cause with Chinese Characteristics in Shenyang (瀋陽市優秀中國特色社會主義事業建設者), the Leading Figure of China's Smart City Construction in 2018 (2018 中國智慧城市建設領軍人物), the May 1st Labour Medal of Shenyang (瀋陽市五一勞動獎章), the May 1st Labour Medal of Liaoning Province (遼寧省五一勞動獎章) and other awards. Mr. XU obtained his bachelor's degree of science in mathematics from Northeastern University in the PRC in July 1988, and his master's degree in computer application from Northeastern University in the PRC in March 1996.

Dr. WANG Nan (王楠), aged 50, has been a non-executive Director of our Company since November 18, 2015. Dr. Wang has been working for Neusoft Corporation since August 1995. From August 1995 to May 2011, she served in Neusoft Corporation, in a consecutive order, as (i) the head of Java application department of the software center (軟件中心 Java 應用部), (ii) the deputy manager and the head of mobile Internet affair department (移動互聯網事業部) of Neusoft Middleware Technology Branch* (東軟中間件技術分公司), (iii) the deputy director of Neusoft Automotive Advanced Technology Research Center (東軟汽車電子先行技術研究中心), (iv) the vice president and the director of strategic alliance and overseas business promotion department (戰略聯盟與海外業務推進事業部). She is (i) the senior vice president since May 2011, (ii) the secretary to the board since December 2011, and (iii) the chief investment officer from April 2021 to April 2025. Aside from being a key member of Neusoft Corporation, Dr. Wang has also served as a non-executive director of Hospital Corporation of China Limited (弘和仁愛醫療集團有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 3869.HK) since May 2017. Dr. Wang obtained her bachelor's, master's and doctoral degrees in computer application from Northeastern University in the PRC in June 1994, in March 1997 and in July 2009, respectively. Dr. Wang was a member of the Fifth session of the Review Committee of Shanghai Stock Exchange and an expert member of the Science and Technology Innovation Advisory Committee of the Shanghai Stock Exchange.

Mr. PU Chengchuan (蒲成川), aged 39, has been a non-executive Director of our Company since December 2022. Mr. PU has worked for Hony Capital since May 2018 with his current position being an investment director of private equity investment department, focusing on the investment in medical and healthcare-related fields. Mr. PU also serves as an executive director of Hospital Corporation of China Limited, a company listed on the Hong Kong Stock Exchange (stock code: 3869.HK) since June 2021. Mr. PU obtained his bachelor's degree in science (physics) in July 2008 from Tsinghua University in the PRC, and his master's degree in finance in June 2012 from Peking University in the PRC.

Directors and Senior Management

Dr. CHEN Yan (陳艷), aged 64, has been an independent non-executive Director of our Company since September 11, 2023. With expertise in accounting and financial management, Dr. CHEN has been a lecturer from May 1990 to July 1997, an associate professor from July 1997 to July 2005, a professor since July 2005, and a doctoral supervisor since July 2010 at Dongbei University of Finance and Economics (東北財經大學). She has concurrently served as an independent non-executive director of Wanda Hotel Development Co., Ltd. (萬達酒店發展有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 169.HK) since March 2019, an independent director of Dalian Hellon Piston Co., Ltd (大連滙隆活塞股份有限公司), a company listed on National Equities Exchange and Quotations in Beijing Stock Exchange (stock code: 833455) since July 2022 and an independent director of Yingkou Jinchen Machinery Co., Ltd. (營口金辰機械股份有限公司) (a company whose shares are listed on the Shanghai Stock Exchange (stock code: 603396)) since January 2024. Dr. CHEN obtained her bachelor's and master's degrees in economics in July 1984 and July 1998, respectively, and her doctoral degree in financial management major in June 2006, from Dongbei University of Finance and Economics (formerly known as Liaoning Institute of Finance and Economics (遼寧財經學院)) in the PRC. Dr. CHEN is a former member of the American Accounting Association, a former member of the Association of Certified Fraud Examiners, and a senior member of The Chinese Institute of Certified Public Accountants (中國註冊會計師協會).

Dr. QI Guoxian (齊國先), aged 70, has been an independent non-executive Director of the Company since December 18, 2023. Dr. QI served as the cardiologist, professor and department director in the First Hospital of China Medical University from December 1982 to September 2010. From September 2010 to September 2017, he served as the professor and department director of the Department of Geriatrics of the First Hospital of China Medical University. He has served as the professor and chief physician of the Department of Geriatrics of the First Hospital of China Medical University since September 2017. Dr. QI has also held a number of academic positions in the medical field. Since 2019, he has served as the chairman of the Geriatric Disease Prevention and Treatment Professional Committee of the Preventive Medicine Association of Liaoning Province. And since 2023, he has served as the president of the Liaoning Provincial Geriatrics Society. Dr. QI has won several awards in the medical field. He was awarded the May 1st Labor Medal of Liaoning Province from Liaoning Federation of Trade Union in 2014 and the first Liaoning famous doctor from Health Commission of Liaoning Province in 2015. Dr. QI obtained a bachelor's degree in medicine from China Medical University in June 1982 and a master's degree in internal medicine from the First Hospital of China Medical University in June 1987. He obtained his doctorate degree from the Department of Cardiology of the First Hospital of China Medical University in June 2000. In December 2000, Dr. QI was awarded the titles of professor and chief physician by the Liaoning Provincial Department of Human Resources and Social Security and was awarded the title of doctoral supervisor by China Medical University in the same year.

Dr. YIN Guisheng (印桂生), aged 61, has been an independent non-executive Director of our Company since September 11, 2023. Dr. YIN is currently teaching at College of Computer Science and Technology of Harbin Engineering University (哈爾濱工程大學計算機科學與技術學院) as, in a consecutive order, (i) a lecturer from April 1989 to September 1998, (ii) an associate professor from October 1998 to July 2000, and (iii) a professor since September 2003. Dr. YIN obtained his bachelor's degree in computer application and technology in July 1986, his master's degree in computer application in April 1989, and his doctoral degree in control theory and control engineering in April 2000 from Harbin Engineering University (哈爾濱工程大學).



Directors and Senior Management

BIOGRAPHICAL DETAILS OF SENIOR MANAGEMENT

Please refer to the section headed “Biographical Details of Directors” above for the biography of Ms. ZONG Wenhong.

Ms. ZHANG Ying (張穎), aged 49, has been the vice president and chief financial officer of our Company since October 8, 2024. Ms. ZHANG Ying served as the audit manager at Shenyang Hualun Accounting Firm (瀋陽華倫會計師事務所) from 1999 to 2002. Since joining Neusoft Group in 2002 for over twenty years, she has held positions as the deputy head of the finance department of Neusoft Medical, the head of the planning finance department of Neusoft Group (prior to the listing), the deputy head of the finance operations department and accounting department of Neusoft Group (after the listing), the head of the investment audit department, and the head of the audit supervision department. Ms. ZHANG Ying obtained her bachelor’s degree in Economics majoring in Certified Public Accountant from Dongbei University of Finance and Economics in July 1999 and a Master’s degree in Business Administration from Northeast University in January 2024. Ms. ZHANG Ying holds qualifications as a non-practicing member of the China Certified Tax Agents Association and the Chinese Institute of Certified Public Accountants, a senior accountant, a practitioner of the Asset Management Association of China, and a financial officer in a property insurance company.

Mr. LI Ming (李鳴), aged 44, has been a vice president of the Company since August 29, 2024. Mr. LI Ming served as the department manager of New Telecom Information Technology (Shanghai) Co., Ltd. (Singapore Telecom China R&D Centre) from July 2001 to December 2006, the R&D director of the user department at eBay China R&D Centre from December 2006 to May 2015, a senior technical expert at Alibaba (China) Network Technology Co., Ltd. from May 2015 to June 2018, the chief technology officer of Zhejiang Bianque Health Technology Co., Ltd. from June 2018 to October 2020, concurrently serving as the director of smart healthcare at Alibaba Health Technology (China) Co., Ltd., the chief executive officer of Zhejiang Bianque Health Technology Co., Ltd. (浙江扁鵲健康科技有限公司) from October 2020 to November 2023, and concurrently serving as the director of internet medical products at Alibaba Health Technology (China) Co., Ltd. from October 2020 to May 2022; he joined our Company in November 2023 as the chief technology officer, overseeing the R&D department, customer service department, and marketing department. Mr. LI Ming obtained his bachelor’s degree in Information Systems and Information Management from Shanghai University in June 2001.

Directors and Senior Management

BIOGRAPHICAL DETAILS OF JOINT COMPANY SECRETARY

Ms. ZHAO Shu (趙姝) was appointed as Joint Company Secretary of the Company on August 29, 2024. Ms. ZHAO joined the Company in January 2024 as the secretary to the Board. She is responsible for handling daily affairs of the office of the Board and handling litigation affairs. Prior to joining the Company, from May 2012 to February 2023, Ms. ZHAO had served successively as the securities affairs representative, the secretary to the board of directors and the general manager of the securities department of Sansteed Hi-tech Group (山子高科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 000981). From May 2008 to April 2012, Ms. ZHAO worked as the securities affairs representative at Veken Technology Co., Ltd. (維科技術股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600152). Ms. ZHAO obtained a bachelor's degree in information management and information systems from Changchun University of Science and Technology in June 2005, and a master's degree in finance from Nanjing University of Aeronautics and Astronautics in May 2008.

Mr. WONG Wai Chiu (黃偉超) was appointed as a Joint Company Secretary of the Company on May 27, 2021. Mr. WONG is the associate director of SWCS Corporate Services Group (Hong Kong) Limited. He has extensive experience in compliance and listed company secretarial work. Mr. WONG obtained his bachelor's degree in social science (Honours) from the University of Hong Kong, his Post-Graduate diploma in Hong Kong and the United Kingdom law from the Manchester Metropolitan University in the United Kingdom, his master's degree in corporate governance from the Hong Kong Polytechnic University, his master's degree in arbitration and dispute resolution from City University of Hong Kong and his master's degree in applied science from the University of Technology Sydney in Australia. Mr. WONG is a fellow of The Hong Kong Chartered Governance Institute, a fellow of the Chartered Governance Institute, a member of CPA Australia, a member of the Hong Kong Trustees' Association and a Certified Trust Practitioner.



Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high-standard corporate governance with a view to safeguarding the interests of our Shareholders. The principles of the Company's corporate governance are to promote effective internal control measures and to enhance the transparency and accountability of the Board to all the Shareholders. Our Directors recognize the importance of incorporating elements of good corporate governance into the management structure and internal control procedures of our Group to achieve effective accountability. The Company's corporate governance practices are based on the principles and code provisions under the Corporate Governance Code set out in Appendix C1 to the Listing Rules.

Since the Company was listed on the Main Board of the Hong Kong Stock Exchange on September 28, 2023, the Company has been complying with the corporate governance requirements under the Corporate Governance Code set out in Appendix C1 to the Listing Rules. The Board considers that, during the Reporting Period, the Company has complied with all applicable code provisions set out in the Corporate Governance Code.

The Board will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review such practices from time to time to ensure that they comply with statutory and professional standards and align with the latest development.

CORPORATE CULTURE

As the pioneer of the city-specific cloud hospital model and the leader in serious medical digital transformation in China, our Company has been adhering to building the unique business model of "city-specific cloud hospital platform" that takes the city as the gateway and closely correlates with the regional medical and health system. Our Company helped governments build and operate city-specific cloud hospital platform that integrates urban medical service resources and connects local governments, medical institutions, patients and insurers, in addition to tirelessly promoting innovation in the service scenario and content of "medical care, nursing service and health care", continuing to lead the development of China's home medical and nursing market. Our Company was dedicated to "delivering home-based medical and nursing services" as mission to build a vision of "ensuring that every family can enjoy fair, precise, and friendly healthcare services and home care services", and has always adhered to the values of "Respect, Innovation, Excellence". The Board believes that the corporate culture of the Group is lined with its objectives, values and strategies.



BOARD OF DIRECTORS

Composition of the Board of Directors

As at the date of this annual report, members of the Board of Directors are set out below:

Chairman and non-executive Director

Dr. LIU Jiren (劉積仁)

Executive Director

Ms. ZONG Wenhong (宗文紅) (*Chief Executive Officer*)

Non-executive Directors

Mr. XU Hongli (徐洪利)

Dr. WANG Nan (王楠)

Mr. PU Chengchuan (蒲成川)

Independent non-executive Directors

Dr. CHEN Yan (陳艷)

Dr. QI Guoxian (齊國先)

Dr. YIN Guisheng (印桂生)

The latest list of the Directors and information on their roles and functions are maintained on the websites of the Company and the Hong Kong Stock Exchange. Biographical details of the Directors are described in the section headed “Directors and Senior Management.”

Save as disclosed in the section headed “Directors and Senior Management”, to the best knowledge of the Company, there is no relationship (including financial, business, family or other material/relevant relationship(s)) among the Directors and senior management.

Independent Non-executive Directors

During the Reporting Period, the Board has complied with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules relating to the appointment of at least three independent non-executive Directors (representing at least one-third of the Board) and at least one independent non-executive Director of which has the appropriate professional qualifications or accounting or related finance management expertise.

The Board has received written annual confirmation from each of the independent non-executive Directors in respect of the independence of such Director pursuant to Rule 3.13 of the Listing Rules and the Company considers that they are independent.



Corporate Governance Report

The Board and the Management

The Board is responsible for, and has the general authority on, the management and operation of the Company and is responsible for making all major decisions of the Company, including approving and monitoring all major policies and overall strategies, internal control and risk management systems, notifiable transactions and connected transactions, nomination of the Director(s) and joint company secretary(ies), and other significant financial and operational matters of the Group. The Board has also delegated to the senior management to be responsible for the day-to-day management of the Company's business.

Chairman and Chief Executive Officer

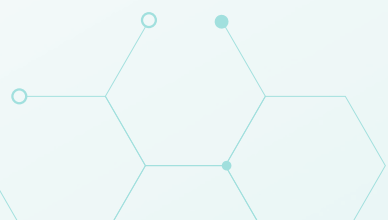
The positions of Chairman and chief executive officer are held by Dr. LIU Jiren and Ms. ZONG Wenhong, respectively. The Chairman provides leadership and is responsible for the effective functioning and leadership of the Board. The chief executive officer is primarily responsible for the Company's business development, day-to-day management and general operations. Their respective responsibilities are clearly defined and set out in writing.

Board Meetings/General Meetings and Attendance of Directors

The Company adopts the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of not less than 14 days are given for all regular Board meetings to provide all Directors with an opportunity to attend and discuss matters included in the agenda for a regular Board meeting.

For other Board and Board Committee meetings, reasonable notices are generally given. The agenda and accompanying board papers are dispatched to the Directors or Board Committee members at least three days before the date of the meetings to ensure that they have sufficient time to review the papers and are adequately prepared for the meetings. Where Directors or Board Committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the Chairman prior to the meeting.

Matters considered and the decisions reached by the Board and Board committees during the meetings are recorded in sufficient details in the minutes of the meetings. Such details include, but are not limited to, any concerns raised by the Directors. The draft minutes of each Board meetings and Board committee meetings are sent to the relevant Directors for their comments within a reasonable time after the date on which the meeting is held. All minutes are properly maintained by the Joint Company Secretaries and are available for the Directors' and Board committee members' inspection.



Corporate Governance Report

During the Reporting Period, the Company held 5 Board meetings, 3 Audit Committee meetings, 1 Remuneration Committee meetings, 1 Nomination Committee meeting, 1 Strategy Committee meeting and 1 general meeting. During the Reporting Period, the Directors' attendance at the Board meetings and meetings of the specialized committees of the Board was as follows:

Name of Director	Number of attendance/meetings					
	Board of Directors	Audit Committee	Remuneration Committee	Nomination Committee	Strategy Committee	General meeting
Dr. LIU Jiren	5/5	/	1/1	1/1	1/1	1/1
Ms. ZONG Wenhong	5/5	/	/	/	1/1	1/1
Mr. XU Hongli	3/5	/	/	/	/	1/1
Dr. WANG Nan	4/5	/	/	/	/	1/1
Mr. PU Chengchuan	5/5	/	/	/	/	0/1
Dr. CHEN Lianyong ⁽¹⁾	1/5	1/3	/	/	1/1	/
Dr. CHEN Yan	5/5	3/3	1/1	/	/	1/1
Dr. QI Guoxian	5/5	2/3	1/1	1/1	1/1	0/1
Dr. YIN Guisheng	5/5	3/3	/	1/1	1/1	0/1

Note:

(1) Dr. CHEN Lianyong resigned as a Director of our Company on April 18, 2025.

In addition to the above meetings, during the Reporting Period, the Chairman of the Board has also held one meeting with the independent non-executive Directors without the presence of other Directors.

Directors' Service Agreements

Each of the executive and non-executive Directors has entered into a service contract with the Company for a term effective from the date of appointment of Directors and up to the third annual general meeting of the Company after the date of his/her appointment. The service contracts may be renewed in accordance with the Articles of Association and the applicable Listing Rules.

Corporate Governance Report

Each of independent non-executive Directors has entered into an appointment letter with the Company. The initial term for their appointment letter shall be three years with immediate effect from the date of appointment of Directors, and until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than one month's prior notice in writing, subject always to re-election as and when required under the Memorandum and Articles of Association).

During the Reporting Period, save as disclosed above, none of the Directors has entered into, or has proposed to enter into, a service contract with the Company (other than contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

Appointment and Re-election of Directors

Pursuant to Article 16.2 of the Memorandum and Articles of Association, the Board shall have power from time to time and at any time to appoint any person as a Director, either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election at that meeting.

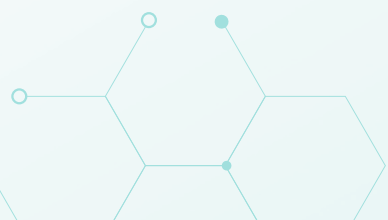
Pursuant to Article 16.19 of the Memorandum and Articles of Association, at every annual general meeting of the Company one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office 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. Any Director required to stand for re-election pursuant to Article 16.2 of the Memorandum and Articles of Association shall not be taken into account in determining the number of Directors and which Directors are to retire by rotation. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

Dr. LIU Jiren, Ms. ZONG Wenhong and Dr. WANG Nan will retire from office by rotation and are eligible and willing to be re-elected at the annual general meeting in accordance with the Articles of Association. Details in relation to the re-election are set out in the circular of general meeting to be issued in due course by the Company.

Training and Professional Development

Pursuant to the code provision of the Corporate Governance Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills, so as to ensure that their contribution to the Board remains informed and relevant.

To help the Directors develop and refresh their knowledge and skills, internally-facilitated briefings for Directors would be arranged and written materials on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.



Corporate Governance Report

The Directors are required to provide details of the training they received in each financial year to the Company for the maintenance of proper training records. During the Reporting Period, the training received by the Directors was as follows:

Name of Director	Type of Continuous Professional Training
Dr. LIU Jiren	A and B
Ms. ZONG Wenhong	B
Mr. XU Hongli	B
Dr. WANG Nan	B
Mr. PU Chengchuan	B
Dr. CHEN Lianyong ⁽¹⁾	–
Dr. CHEN Yan	A and B
Dr. QI Guoxian	B
Dr. YIN Guisheng	B

Notes:

(1) Dr. CHEN Lianyong resigned as a Director of our Company on April 18, 2025.

(2) Types of trainings:

A: participating in seminars, meetings, forums and/or training courses arranged by the Company or external institutions.

B: reading materials provided by the Company or external parties in details, such as materials related to business updates of the Company, duties and responsibilities of Directors, corporate governance and regulation updates, as well as other applicable regulatory requirements.

A MECHANISM FOR DIRECTORS TO OBTAIN INDEPENDENT VIEWS AND INPUT

At the Board meetings, Directors can express their opinions freely, and major decisions are made only after thorough discussions. Directors may also engage independent professional institutions at the Company's expense after going through due procedures, if they deem it necessary to get independent professional opinions. If any Director has interests in a proposal to be considered by the Board, he or she should abstain from discussion and voting on the relevant proposal, and will not be counted in the quorum of the relevant proposal. In addition, independent non-executive Directors shall also give objective and impartial independent opinions on matters discussed by the Company. Independent non-executive Directors of the Company do not have any business or financial interests in the Company or its subsidiaries, nor do they hold any other positions in the Company or have the relationships with the Company or its substantial shareholders that may influence their independent and objective judgment. Therefore, the participation of independent non-executive Directors during the Reporting Period can effectively ensure a strong and sufficient independent element in the Board. The Board will review the implementation and effectiveness of the aforementioned mechanism on an annual basis.

Corporate Governance Report

Board Committees

The Company has established four board committees, including the Audit Committee, the Remuneration Committee, the Nomination Committee and the Strategy Committee in accordance with relevant laws and regulations and the corporate governance practices under the Listing Rules.

Audit Committee

The Company has established the Audit Committee in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code, which comprises Dr. CHEN Yan, Dr. QI Guoxian and Dr. YIN Guisheng, all of whom are Independent non-executive Directors of the Company, as of the end of the Reporting Period. Dr. CHEN Yan serves as the chairman of the Audit Committee, and has appropriate accounting and related financial management expertise as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The Audit Committee is responsible for reviewing and supervising the financial reporting, risk management and internal control systems of the Company, and assisting the Board to fulfill its duty of audit. The Audit Committee's duties and powers should include:

- (a) to be responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and to deal with any matters related to the resignation or dismissal of the external auditor;
- (b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; and to discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences;
- (c) to monitor the integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review the significant financial reporting judgments contained therein;
- (d) to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the issuer, and to review and monitor its effectiveness; and
- (e) to discuss the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems.

The Audit Committee also performs the Company's corporate governance functions, including (but not limited to):

- (a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- (b) to review and monitor the training and continuous professional development of Directors and senior management of the Company;



Corporate Governance Report

- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors of the Company; and
- (e) to review the Company's compliance with codes and disclosure in the Corporate Governance Report of the Company.

During the Reporting Period, the Audit Committee held 3 meetings to review the Group's consolidated financial statements and annual report for the year ended December 31, 2024 and the Group's consolidated financial statements and interim report for the six months ended June 30, 2025; to review and discuss the key internal audit matters, the financial reporting system and the systems of risk management and internal control; to review and discuss the effectiveness of the internal audit function; to discuss the reappointment of Ernst & Young as the auditor of the Company and make a recommendation to the Board; to review the annual audit plan in 2025.

Responsibilities of the Directors for Financial Statements

The Directors acknowledge their responsibility for preparing financial statements, which should give a true and fair view of the state of the Company and of the results and cash flows for such Reporting Period.

In preparing financial statements, the Board has adopted HKFRS and suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable, and prepared financial statements on a going concern basis. The Board is responsible for ensuring that the Company keeps proper accounting records to disclose the financial position of the Company reasonably and accurately at any time.

The Board is not aware of any material uncertainties relating to events or conditions that may cast significant doubt over the Company's ability to continue as a going concern. Accordingly, the Board has continued to adopt the going concern basis in preparing the financial statements.

The auditor is responsible for auditing the financial statements of the Company and expressing opinions thereon. The independent auditor's report for the Reporting Period is set out in the section headed "Independent Auditor's Report" of this annual report.



Corporate Governance Report

Auditor's Remuneration

The Company has appointed Ernst & Young, Certified Public Accountants and Registered Public Interest Entity Auditors, as the auditor for the year ended December 31, 2025. The statement of Ernst & Young about its reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 147 to 152.

For the year ended December 31, 2025, the audit fees payable by the Group to the external auditor amounted to approximately RMB1.8 million, and the fees for non-audit services (being the agree-upon procedure for annual results and review on connected transactions) amounted to approximately RMB0.1 million.

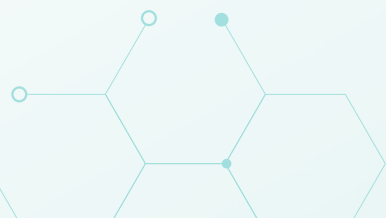
Nomination Committee

The Company has established the Nomination Committee in compliance with Rule 3.27A of the Listing Rules and the Corporate Governance Code, which comprises Dr. LIU Jiren, the Chairman and a non-executive Director, Dr. CHEN Yan and Dr. YIN Guisheng, the independent non-executive Directors, as of the end of the Reporting Period. Dr. LIU Jiren serves as the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee include (but not limited to):

- (a) to review the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- (b) to identify individuals suitably qualified to become Directors, and select or make recommendations to the Board on the selection of, individuals nominated for directorships;
- (c) to assess the independence of independent non-executive Directors;
- (d) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors (in particular the Chairperson and chief executives); and
- (e) to review the board diversity policy and measurable objectives for implementing such board diversity policy as may be adopted by the Board from time to time and to review the progress on achieving the objectives; and to make disclosures of its progress and review results in the annual report of the Company annually and disclose the diversity policy in the Corporate Governance Report of the Company.

During the Reporting Period, the Nomination Committee held 1 meeting to discuss the structure, size and composition of the Board, assessing the independence of independent non-executive Directors, reviewing the effectiveness of the Board diversity policy and making recommendations to the Board on the re-election of directors at annual general meetings.



Corporate Governance Report

Board Diversity Policy

Our Company has adopted a board diversity policy which sets out the approach to achieve diversity of the Board. Our Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining the Company's competitive advantage and enhancing its ability to attract, retain and motivate employees from the widest possible pool of available talent. Our Company currently has five male and three female Directors, demonstrating that we have achieved gender diversity in respect of the Board. If suitable candidates become available in the future, the Board will maintain the number of female Directors to ensure that gender diversity of the Board will continue to be met in the next few years. Pursuant to the board diversity policy, in reviewing and assessing suitable candidates to serve as a Director of the Company, the Nomination Committee will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry and regional experience. Pursuant to the board diversity policy, the Nomination Committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on the Board and recommend them to the Board for adoption.

The Nomination Committee of the Company is responsible for the implementation of the board diversity policy. During the Reporting Period, the Nomination Committee of the Company reviewed the board diversity policy from time to time to ensure its continuous effectiveness.

The Company is committed to promoting gender diversity, not only within the Board, but also throughout the workforce. As of the end of the Reporting Period, the gender ratio of the Company's employees (including senior management) is as follows:

Male	29.2%
Female	70.8%
Total	100%

Based on the above, the composition of the Company's employees is consistent with and expected to maintain a reasonable level of gender diversity.

Director Nomination Policy

The Board has adopted the director nomination policy (the "**Director Nomination Policy**"), which sets out the criteria and procedures for the nomination and appointment of Directors and ensures that the Board will maintain balance skills, experience and diversity of perspectives, which are appropriate to the Company. The Board believes that defining selection process will contribute to corporate governance, ensure Board continuity and appropriate leadership at the Board level, and enhance Board efficiency and diversity.

Article 16.4 of the Company's ninth amended and restated Memorandum and Articles of Association stipulates that, no person shall, unless recommended by the Board, be eligible for election to the office of Director at any general meeting unless, during the period, which shall be at least seven days, commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the Secretary of the Company notice in writing by a member of the Company (not being the person nominated) eligible to attend and vote at the meeting for which such notice is given of his intention to nominate such person for election and also notice in writing signed by the person to be nominated of his willingness to be elected.

Corporate Governance Report

Pursuant to Articles 16.2 and 16.3 of the Memorandum and Articles of Association, the Board shall have power from time to time and at any time to appoint any person as a Director, either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the first annual general meeting of the Company after his or her appointment and shall then be eligible for re-election at that meeting.

The Nomination Committee shall have the responsibilities and authority for selection and appointment of Directors. The Nomination Committee will identify, consider and recommend suitable candidates to the Board for consideration and make recommendations to the Shareholders for election of Director(s) at a general meeting. The selection criteria used in assessing the suitability of a candidate include, among others, integrity, professional qualifications and skills, commitment in respect of available time and diversity in all aspects. The Nomination Committee will make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

Remuneration Committee

The Company has established the Remuneration Committee in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code, which comprises Dr. CHEN Yan, an independent non-executive Director, Dr. LIU Jiren, the Chairman and a non-executive Director, and Dr. QI Guoxian, an independent non-executive Director, as of the end of the Reporting Period. Dr. CHEN Yan serves as the chairman of the Remuneration Committee.

The principal terms of reference of the Remuneration Committee include (but not limited to):

- (a) to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (b) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (c) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- (d) to make recommendations to the Board on the remuneration of non-executive Directors;
- (e) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;
- (f) to review and approve the compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair, reasonable and not excessive;
- (g) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- (h) to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration; and
- (i) to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

Corporate Governance Report

During the Reporting Period, the Remuneration Committee held 1 meeting to review the remuneration policy and structure of the Company's Directors and senior management, and review matters related to the first grant of the options under the Post-IPO SOS.

Remuneration Policy

The Company has established Remuneration Committee in accordance with Corporate Governance Code to formulate remuneration policy. The Remuneration Committee determines the proposed remuneration based on the qualification, position and seniority of each of executive Directors and senior management. In terms of independent non-executive Directors, their remuneration is determined by the Board based on the Remuneration Committee's proposals. The Directors and senior management are qualified to participate in the Pre-IPO SOS and Post-IPO SOS. Details of remuneration of the Directors, senior management and the five highest paid individuals are set forth in note 8, note 40 and note 9 in financial statements, respectively.

None of the Directors waived or agreed to waive any remuneration and there were no emoluments paid by the Group to any of the Directors as an inducement to join, or upon joining the Group, or as compensation for loss of office.

Pursuant to code provision E.1.5 of the Corporate Governance Code, the annual remuneration (including share-based compensation) of the members of senior management, including those who are also executive Directors during the Reporting Period is set out below by band:

Annual Remuneration	Number of Individuals
RMB1,000,000 to RMB1,500,000	1
RMB1,500,000 to RMB2,000,000	2
Over RMB2,000,000	1



Corporate Governance Report

Strategy Committee

The Company has established the Strategy Committee with written terms of reference, which comprises Dr. LIU Jiren, the Chairman and a non-executive Director, Ms. ZONG Wenhong, an executive Director, Dr. QI Guoxian and Dr. YIN Guisheng, the independent non-executive Directors, as at the end of the Reporting Period. Dr. LIU Jiren serves as the chairman of the Strategy Committee.

Terms of reference of Strategy Committee are as follows:

- (a) to review and make suggestions for the medium – to long-term development strategies (including overall strategies, human resources strategies, business strategies and investment strategies) and development plans and proposals of the Company, evaluate and monitor the implementation of such plans;
- (b) to review and make suggestions for the annual operation plans and investment proposals of the Company;
- (c) to review and make suggestions for major investments, financing and capital injection which are subject to the approval of the Board;
- (d) to review and make suggestions for major business reorganization, acquisition, merger and asset transfer which are subject to the approval of the Board;
- (e) to review and make suggestions for the expansion to new markets, launch of new business(es) and research and development of new products of the Company;
- (f) to review and make suggestions for any major institution reorganization and restructuring proposals of the Company; and
- (g) other duties as conferred by the Board.

During the Reporting Period, the Strategy Committee convened 1 meeting to discuss the development strategies in the middle and long term of the Company and review the topics of the annual operation plan of the Company.



Corporate Governance Report

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for the risk management and internal control systems, and has the responsibility to review the effectiveness of such systems. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board has overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives and establishing and maintaining appropriate and effective risk management and internal control systems. The Audit Committee is responsible for assisting the Board in leading the management and monitoring its design, implementation and management and control of the risk management and internal control systems. The Company has established an internal audit function to conduct internal control on certain significant areas of the Group.

The Company has devoted itself to establishing and maintaining risk management and internal control systems consisting of policies and procedures appropriate to our Company's business operations, and our Company is dedicated to continually improving these systems. The Company evaluates the operation of risk management and internal control systems during the year at least once a year, identifies risk factors that will affect the Group's achievement of its objectives from the standpoint of key areas such as strategic management, operations, finance, legal compliance, information technology and data security, and categorizes the potential defects identified in the evaluation into high, medium and low levels based on the impact of the defects, selects appropriate response strategies, formulates measures to address specific risks and determines the rectification time accordingly. The Company has been committed to promoting compliance culture and will adopt policies and procedures on various compliance matters, including the Stock Exchange's requirements on corporate governance and environmental, social and governance matters. Our Board will be collectively responsible for our management and operations, including the establishment of such mechanisms. Our Directors will be involved in the formulation of the mechanisms and related policies. The Company has adopted and implemented comprehensive risk management policies in various aspects of our business operations such as healthcare quality and safety, operational and regulatory risk management.

Healthcare Quality and Safety

The Company focuses on providing professional healthcare services, and therefore the quality and safety of the care delivered is the lifeline of the Company's business. The Company has established comprehensive risk management systems and internal control procedures to minimize medical risks arising from our operations. During the Reporting Period and up to the date of this report, the Company did not receive any written notice or penalty for material non-compliance or violation of healthcare quality and safety laws or regulations.

The Company has adopted stringent procedures to manage quality and safety of care delivery on its platforms, and designated special medical quality control personnel to oversee matters relating to quality of Internet home care services, medical security management, infection controls, medical oversight, medical incident and medical disputes. The Company performs stringent screening of the qualifications of medical professionals that provide healthcare services over its platforms, strictly monitors the medical processes, activities and results of the relevant services rendered, and closely manages the medical supplies and waste involved in the provision of its Internet home care services. The Company also carries professional liability insurance covering the medical professionals serving on its platforms.



Corporate Governance Report

The Company offers pre-job training for new employees to raise their awareness of healthcare quality and safety, and provides continuous training on a periodic or ad hoc basis for medical personnel with respect to quality control, healthcare safety, professional ethics and legal awareness. In addition, the Company has established a healthcare service quality assessment mechanism that supervises all processes of the healthcare activities over its platforms.

Operational Risk Management

Operational risk refers to the risk of direct or indirect financial loss resulting from incomplete or problematic internal processes, personnel mistakes, IT system failures, or external events. The Company has established a series of internal procedures to manage such risk.

The Company takes a comprehensive approach with regard to operational risk management, and implements a mechanism with detailed and decentralized responsibilities and clear rewards and punishment systems. Through effective operational risk management, the Company expects to control operational risks within a reasonable range by identifying, measuring, monitoring and containing operational risks to reduce potential losses.

Compliance Risk Management

Compliance risk refers to the risk of being subject to legal and regulatory sanctions, and the risk of major financial and reputational losses as a result of the Company's failure to comply with relevant laws, regulations, rules and guidelines.

Compliance management refers to the Company's dynamic management process of effective identification and management of compliance risks and proactively preventing the occurrence of risk events. Compliance risk management is the core of the Company's risk management activities, the foundation for effective internal controls, and an important aspect in corporate cultures. The Company has established a sound compliance risk management framework as part of its comprehensive risk management system, to achieve effective identification and management of compliance risk and ensure that the operation of the Company is in compliance with applicable laws and regulations.

The Company has designed anti-bribery compliance risk control measures as part of the Company's regulatory compliance management system. Specifically, the Company's anti-bribery compliance risk control measures set forth the details of anti-bribery risks, including, for example, the detailed introduction of the identification, evaluation, monitoring and reporting of the anti-bribery compliance risks. The Company also provides anti-bribery compliance training to its employees from time to time. The business code of conduct management policy of the Company also stipulates that all commercial bribes are prohibited, including (1) bribes in cash, in kind, or by providing services, giving price concessions or discounts, and incurring various expenses in business activities; and (2) acceptance from or provision to customers of gifts or catering, entertainment, travelling, shopping and other types of consumer entertainment that exceed general business courtesies in business activities. In addition, the Company has set up an anti-bribery reporting hotline and all reports received are required to be transferred to an independent department for further investigation.

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group and approved by the executive directors. For an overview of these risks, please refer to the section headed "Directors' Report – Financial Risks".

Corporate Governance Report

Ongoing Review

The Board conducted a review on the effectiveness of the Company's risk management and internal control during the Reporting Period, which covered all material controls including financial control, operational control and compliance control. In light of the confirmation from the management, the Audit Committee and the internal audit function, the Board considers that the Company's risk management and internal control systems for the relevant period are effective and sufficient.

SECURITIES DEALING AND HANDLING OF INSIDE INFORMATION

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules as the code of conduct regulating Directors' dealings in securities of the Company. In response to specific enquiries made by the Board, all Directors confirmed that they have complied with the provisions of the Model Code during the Reporting Period and up to the date of this annual report.

The Company has also developed and implemented policies and procedures relating to the disclosure of information (including but not limited to the disclosure of inside information), including monitoring potential inside information, ensuring rapid identification of and assessment to relevant facts and circumstances that may have material impacts on the share price of the Company, and submitting relevant matters to the attention of the Board, if necessary, to determine whether a disclosure is needed. Directors, senior management and relevant employees in possession of inside information or potential inside information are required to take reasonable steps to preserve confidentiality and to ensure that its recipients recognize their obligations to maintain confidentiality.

JOINT COMPANY SECRETARIES

The Joint Company Secretaries are responsible for advising the Board on corporate governance matters and ensuring that the Board policies and procedures, as well as the applicable laws, rules and regulations are followed. The current Joint Company Secretaries are Ms. ZHAO Shu and Mr. WONG Wai Chiu. For the biographical details of Ms. ZHAO Shu and Mr. WONG Wai Chiu, please refer to the section headed "Directors and Senior Management – Biographical Details of Senior Management" in this annual report. The main contact person of Mr. WONG Wai Chiu in our Company is Ms. ZHAO Shu.

During the Reporting Period, according to the requirements of Rule 3.29 under the Listing Rules, each of the Joint Company Secretaries has attended a total of no less than 15 hours of training courses on the Listing Rules, corporate governance, information disclosure, investor relations as well as the functions and duties of the company secretary of a Hong Kong listed issuer.



Corporate Governance Report

RELATIONSHIP WITH SHAREHOLDERS

Shareholders' General Meeting

The Shareholders' general meetings of the Company serve as an opportunity for the Directors and senior management to communicate with the Shareholders. Shareholders are encouraged to participate in Shareholders' general meetings or to appoint proxy(ies) to attend and vote at meetings for and on their behalf if they are unable to attend the meetings. An annual general meeting of the Company shall be called by not less than 21 days' notice in writing and any extraordinary general meeting shall be called by not less than 14 days' notice in writing.

Members of the Board, in particular, the chairmen of Board committees or their proxies, appropriate managements and external auditors will attend annual general meetings to answer Shareholders' questions.

The process of the Company's Shareholders' general meeting will be monitored and reviewed on a regular basis, and, if necessary, amended to ensure that Shareholders' needs are best served.

Corporate Communication

Corporate communication will be provided to Shareholders in plain language and in both English and Chinese to facilitate Shareholders' understanding about the content of the communication. Shareholders have the right to choose the language (either English or Chinese) or means of receipt (in hard copy or through electronic means) of corporate communication. Shareholders are encouraged to provide, in particular, their email addresses to the Company in order to facilitate timely and effective communications.

Company's Website

The Company maintains a website at www.xikang.com as a communication platform with the Shareholders and investors. Information on the Company's website will be updated on a regular basis. Information released by the Company on the website of the Stock Exchange will also be posted on the Company's website for corporate communications immediately thereafter. Such information includes financial statements, results announcements, circulars and notices of Shareholders' general meetings and associated explanatory documents, etc.

Shareholders' Enquiries

Shareholders and investors may send written enquiries or requests to the Company for the attention of the Board. The contact details are as follows:

Address: 1-1, 1-2, 1-3, 1-4, 1-5, 2-1, No. 12 Huizheng Lane, Haishu District, Ningbo City, Zhejiang Province, PRC
Email: XKBO@xikang.com

Shareholders may direct their questions about their shareholdings to the Company's Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited. The Company ensures that the Hong Kong Share Registrar maintains the most up-to-date information relating to the Shares at all times so that it can respond to enquiries from shareholders effectively.



Corporate Governance Report

Shareholders' Communication Policy

The Company has established the Shareholders' communication policy with the objective of ensuring that the Shareholders and the investment community at large are provided with ready, equal and timely access to balanced and understandable information about the Company, in order to enable Shareholders to exercise their rights in an informed manner, and to enhance the communication among Shareholders, the investment community and the Company. The Company uses a number of formal communication channels to report and account for the Company's results to its shareholders and investors. Such channels include (i) publishing interim and annual reports; (ii) annual general meetings or extraordinary general meetings that provide platforms for shareholders to present their views and exchange insights with the Board; (iii) providing the latest key information of the Group to its shareholders and investors through the Stock Exchange and the Company's website; (iv) specific contact details from the Company's website to facilitate direct communication between the Company and its shareholders and investors; and (v) the registration services in relation to all shares from the Company's Share Registrar in Hong Kong.

The Board reviews the Shareholders' communication policy on a regular basis to ensure its effectiveness, particularly with regard to the requirements of Part 2 of the Corporate Governance Code (Appendix C1 to the Listing Rules). The Board committees have reviewed the implementation and effectiveness of the Shareholders' communication policy during the meetings within the Reporting Period, and are of the view that the Shareholders' communication policy has been effectively implemented and that the information disseminated to the Shareholders was effective.

Dividend Policy

Under the Cayman Islands law, our Company may pay a dividend out of either profit or share premium account, provided that in no circumstances may a dividend be paid if this would result in our Company being unable to pay its debts as they fall due in the ordinary course of business. Our Board has completed discretion as to whether to distribute dividends. In addition, the Company's Shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by the Company's Board. A decision to declare or to pay any dividends in the future, and the amount of any such dividends, will depend on a number of factors, including the Company's results of operations, cash flows, financial condition, payments by our subsidiaries or consolidated affiliated entities of cash dividends to the Company, business prospects, statutory, regulatory and contractual restrictions on the Company's declaration and payment of dividends and other factors that our Board may consider important. No dividend will be declared or payable except out of our profits and reserves lawfully available for distribution. There can be no assurance that the Company will declare or distribute any amount of dividend in any year.

Shareholders' Rights

To safeguard the Shareholders' interests and rights, separate resolutions are proposed at the Shareholders' general meetings on each substantial issue, including the election of individual Directors, for Shareholders' consideration and voting. All resolutions proposed at the Shareholders' general meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company at www.xikang.com and the Hong Kong Stock Exchange at www.hkexnews.hk after each Shareholders' general meeting.



Corporate Governance Report

In accordance with the Memorandum and Articles of Association, the Board may, whenever it thinks fit, convene an extraordinary general meeting. Shareholders' general meetings shall also be convened on the written requisition of any one or more members holding together, as at the date of deposit of the requisition, shares representing not less than one-tenth of the voting rights, on a one vote per share basis, of the Company which carry the right of voting at Shareholders' general meetings of the Company. The written requisition shall be deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, specifying the objects of the meeting and the resolutions to be added to the meeting agenda, and signed by the requisitionist(s). If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the Shareholders' general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

EFFECTIVE COMMUNICATIONS WITH INVESTORS

The Group has made effective improvements in investor relations under the leadership and support of the Board and management. During the Reporting Period, the Group has successively participated in a number of investor/analyst communication meetings and investor events, etc., to promote the Company's communications with Shareholders and investors. In the future, the Company will maintain on-going and effective communications with investors through road shows after the issuance of interim results, annual results as well as through Shareholders' general meetings.

CONSTITUTIONAL DOCUMENTS

On March 20, 2025, the Board proposed to amend and restate the existing Eighth Amended and Restated Memorandum and Articles of Association of the Company to (i) update and bring the existing Eighth Amended and Restated Memorandum and Articles of Association in line with the relevant amendments to the Listing Rules in relation to the expanded paperless listing regime; and (ii) make slight adjustments and other consequential and housekeeping amendments to comply with the applicable laws of the Cayman Islands. A special resolution to approve the adoption of the Ninth Amended and Restated Memorandum and Articles of Association, in lieu of and in substitution for the Eighth Amended and Restated Memorandum and Articles of Association, has been passed at the general meeting of the Company held on May 22, 2025. Both of the ninth Amended and Restated Memorandum and Articles of Association have taken effect as at May 22, 2025.

Environmental, Social and Governance Report

1. ABOUT THE REPORT

Xikang Cloud Hospital Holdings Inc. (hereinafter referred to as the “**Company**” or “**we**” or “**Xikang Cloud Hospital**”), and its subsidiaries (hereinafter referred to as the “**Group**”) are pleased to release the third Environmental, Social, and Governance Report (hereinafter referred to as “**ESG Report**” or the “**Report**”). The Report aims to present our core values and commitments to action in the field of sustainable development, outlining the Group’s specific initiatives and achievements across the three key dimensions of environmental protection, social responsibility, and corporate governance, and demonstrating our unwavering commitment to actively fulfilling our corporate social responsibilities.

Reporting Standards

The Report is prepared in accordance with the Environmental, Social and Governance Reporting Code (hereinafter referred to as the “**Code**”) as set out in Appendix C2 to the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), covering content that complies with the mandatory disclosure requirements, “Comply or Explain” provisions, and the four reporting principles (materiality, quantitative, balance, and consistency) set out in the Code. The final chapter of the Report contains a reference index to the Code used in compiling the Report, facilitating quick referencing for readers.

Materiality	The Report has identified material ESG issues, and disclosed the process of identifying these issues and the criteria for selecting them, as well as described the process of stakeholder engagement.
Quantitative	The statistical standards, methods, assumptions, and calculation tools used for ESG key performance indicators (KPIs) and related data disclosed in the Report are explained herein.
Balance	The Report presents the Group’s performance in a fair and unbiased manner to avoid any inappropriate influence on readers’ decisions or judgments that may arise from selection, omission, or reporting format.
Consistency	We employ consistent statistical disclosure methods throughout the Report. In the event of any changes to the statistical methods or key performance indicators, or any other factors that may impact meaningful comparisons, we will provide clear explanations in the ESG Report.

Scope of Reporting

The Report delineates the sustainable development policies, measures, and key performance indicators (hereinafter referred to as “**KPIs**”) related to the core business of the Group from January 1, 2025, to December 31, 2025 (hereinafter referred to as the “**Year**” or the “**Reporting Period**”). Unless otherwise stated, the social scope of the Report covers the actual business scope of the Group, while the environmental key performance indicators are collected from the Group’s medical institutions and offices mainly located in Shenyang, Ningbo, Chengdu, Xi’an, Dandong, Fuzhou, Shanghai and Dalian in China.



Environmental, Social and Governance Report

Report Language

The Report is published in both Traditional Chinese and English. In case of any discrepancies, the Traditional Chinese version shall prevail.

Report Approval

As confirmed by the management, the Report was approved by the Board of Directors on March 20, 2026.

Feedback to Report

We highly value your opinion on the Report. If you have any queries or suggestions, please feel free to contact us via email: XKBO@xikang.com.

2. SUSTAINABLE DEVELOPMENT STRATEGY

The Group's core business is the provision of digital medical services in China, using the urban cloud hospital platform as a carrier. Its businesses include medical services, nursing services and health management services. We have always placed a high priority on fulfilling our corporate social responsibilities, closely monitoring the environmental and social impacts of our operations, continuously improving our overall ESG performance, and striving to create long-term and sustainable value for all stakeholders. In the future, the Group will continue to deepen the integration of ESG principles with business development, steadily expand the medical services market, and strive to achieve the mutual growth of commercial benefits and social value.



Environmental, Social and Governance Report

Awards and Recognitions Received for the Year

Name of Recognition	Issued to	Issued by
“Excellence Award” at the 2nd Xiongan Future City Scenarios Expo and Medical and Healthcare Technology Application Competition	Xikang Healthcare Technology Co., Ltd.	Organizing Committee of the Xiong’an Future City Scenario Expo, the Health Commission of Hebei Province, and the Hebei Xiong’an New Area Management Committee
2025 Rising Stars of the Future Healthcare Industry • Listed Companies	Xikang Cloud Hospital	Organizing Committee of China Listed Companies Industrial Development Forum, Caizhong.com • Caizhong Ranking* (財中網•財中榜)
Future Healthcare Annual Leading Enterprise	Xikang Cloud Hospital	VCBeat

2.1 Statement of the Board of Directors

The Group recognizes that a robust sustainability governance framework plays a critical role in the long-term development of the enterprise. To enhance the Board’s oversight and decision-making effectiveness regarding ESG matters, we have established a three-tier management framework. Within this framework, the Board of Directors serves as the highest governance body, responsible for setting the strategic direction for ESG and bearing ultimate responsibility for its outcomes. By identifying, prioritizing, and managing ESG issues of importance, the Board responds to the expectations of stakeholders in a timely manner while regularly reviewing the progress of policy implementation and performance to ensure the effective execution of all measures.

During the Year, we conducted a comprehensive review of the environmental objectives set by the Group and continued to drive the implementation of various initiatives. While fulfilling our social responsibilities, we have continuously deepened and expanded our ESG efforts to align with business development needs and meet external expectations, thereby building a solid and reliable foundation for our long-term growth.



Environmental, Social and Governance Report

2.2 ESG Governance

We understand that outstanding ESG performance depends on a robust ESG management system. Therefore, we have established a three-tier governance structure comprising the Board of Directors, the ESG Working Group, and various functional departments. Through a top-down decision-making mechanism, we ensure seamless integration of strategic planning, coordination, and implementation, thereby guaranteeing that ESG principles are fully embedded throughout our business operations. The Board of Directors assumes the highest decision-making responsibility. Under its authority, the ESG Working Group – directly led by senior management – is tasked with driving cross-departmental collaboration and policy implementation, and reports progress to the Board on a regular basis. As the operational layer, each functional department is specifically responsible for collecting ESG data and implementing measures, effectively integrating sustainability requirements into daily operations.



Decision-Making Level The Board

- Taking responsibility for ESG and climate-related issues' strategy and reporting;
- Formulating the regulatory systems of ESG and climate-related issues, and disclosing the supervision process of the Board such as the discussion process and frequency;
- Resolving and approving the Company's management policies, strategies, plan, goals and annual work on ESG and climate-related issues, including assessment, prioritization and management of major ESG issues, risks and opportunities;
- Reviewing and monitoring the performance and target achievement of ESG and climate-related issues on a regular basis;
- Establishing and monitoring ESG risk management and internal control systems, including the management of climate-related risks.



Coordination Level ESG Working Group

- Reporting periodically to the Board on ESG and climate-related issues and progress;
- Responsible for reviewing and supervising the Group's ESG and climate-related policies and practices to ensure the Group's compliance with relevant legal and regulatory requirements;
- Constantly tracking and reviewing the progress of ESG and climate-related performance and goal to ensure the proper management and implementation of various ESG issues;
- Coordinating and promoting various departments to implement various ESG and climate-related policies, and to supervise the ESG-related work of various function departments.



Execution Level All Business Departments

- Organizing, promoting and executing various ESG and climate-related work in accordance with the arrangement, requirement and division of the Company's ESG and climate-related management policies, strategies, plan, annual work and goals;
- Collecting and reporting ESG and climate-related internal policies, systems and ESG-related performance indicators.

Environmental, Social and Governance Report

2.3 Stakeholder Engagement

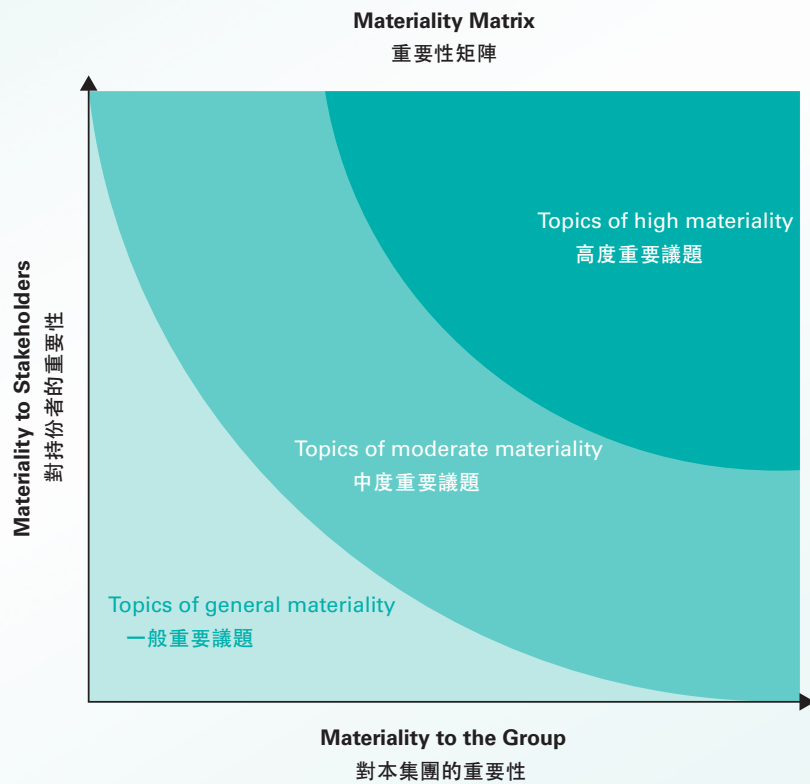
The Group has always placed great importance on the expectations that our various stakeholders have for our development. To effectively gather and address the expectations of different stakeholder groups, we have established a diversified communication mechanism to continuously listen to their views and use this valuable feedback as a key basis for refining our sustainability strategy and enhancing our ESG performance. During the Year, we actively engaged with stakeholders from a wide range of sectors, including customers, employees, shareholders and investors, business partners, suppliers, regulatory authorities, and the media.

Stakeholders	Major communication and response channels	Main concerning issues
Customers	<ul style="list-style-type: none"> Customer Satisfaction Survey and Feedback Form Customer Service Center and hotline Service complaints and responses Customer Relationship Manager visits Day-to-day operations/communication Online Service Platform Telephone and e-mail 	<ul style="list-style-type: none"> Product and service quality Customer satisfaction Intellectual property protection
Employees	<ul style="list-style-type: none"> Channels for employees to express their views (e.g. forms, suggestion boxes, employee communication conferences, etc.) Work performance appraisals and conversations Meetings and interviews Publications (such as employee communications) Business briefings Employee activities Employee communication conferences Employee intranet 	<ul style="list-style-type: none"> Employee benefits Compensation and benefits Employment relationship and employee communication
Suppliers	<ul style="list-style-type: none"> Supplier management procedures Supplier/subcontractor evaluation system Meeting Site inspection 	<ul style="list-style-type: none"> Product and service quality Customer satisfaction Intellectual property protection Business ethics
Government/regulatory authorities	<ul style="list-style-type: none"> Regular information reporting Site visits Inspection Compliance reports 	<ul style="list-style-type: none"> Health and safety of products and services Intellectual property protection
Community/non-governmental organizations	<ul style="list-style-type: none"> Company website/company announcement/social media platforms Donation Participation in community activities Volunteer activities 	<ul style="list-style-type: none"> Taking part in charitable and voluntary activities

Environmental, Social and Governance Report

2.4 Materiality Assessment

In order to plan the Group's key initiatives and information disclosure in the ESG aspects, we have referenced the disclosure requirements under the Code issued by the Stock Exchange, the material topics database of relevant industry issued by the Sustainability Accounting Standards Board (SASB), and the key focus areas of our peers in the ESG field. During the Year, we reviewed the 27 material topics identified in the previous year, comprising 9 topics of high materiality, 11 topics of moderate materiality, and 7 topics of general materiality. As there have been no significant changes in the Group's core business or stakeholders for the Year, we believe these findings remain applicable for the Year. This report will focus on disclosing management strategies and the effectiveness of practices regarding these issues to comprehensively demonstrate our commitment and progress in the ESG field. The results of the materiality assessment have been formally submitted to the Board for approval and confirmation.



Topics of high materiality

Employee training and development	Information security and data privacy	Optimizing customer service	Technology development and innovation
Quality and safety assurance of product and service	Intellectual property protection	Responsible marketing and publicity	Compliance risk management
Empowering the healthcare stakeholders			

Environmental, Social and Governance Report

Topics of moderate materiality

Occupational health and safety	Compliant employment	Employee interests and benefits	Equality and diversity in employment
Employee care	Inclusive healthcare	Business integrity and compliance	ESG management
Anti-corruption and establishment of integrity	Business ethics and code of conduct	Sustainable consumption advocacy	

Topics of general materiality

Use of energy and resource	Waste management	Climate change and carbon emissions	Green office
Responsible procurement	Customer interests	Public welfare and voluntary service	

Response to Materiality Assessment

As an innovation leader in the PRC digital healthcare services sector, Xikang Cloud Hospital leverages its urban cloud hospital platform system to drive the digital transformation of the healthcare industry through technology. We focus on three core business segments, namely medical services, nursing services, and health management services, and are committed to creating sustainable value for participants across the entire healthcare value chain. Our responses to the topics of high materiality are set out in the following chapters of the Report:

Topics of high materiality**Corresponding Chapter**

Employee training and development	5. Excellent Talent Team
Information security and data privacy	3. Innovative Business Strategy
Optimizing customer service	3. Innovative Business Strategy
Technology development and innovation	3. Innovative Business Strategy
Quality and safety assurance of product and service	3. Innovative Business Strategy
Intellectual property protection	4. Business Operation Compliance
Responsible marketing and publicity	3. Innovative Business Strategy
Compliance risk management	4. Business Operation Compliance
Empowering the healthcare stakeholders	3. Innovative Business Strategy

Environmental, Social and Governance Report

3. Innovative Business Strategy

3.1 Improving Product Quality

3.1.1 Safeguarding Medical Data

As a company specializing in healthcare services, the Group handles the storage and use of a large volume of medical data in its daily operations. We have always prioritized information security, strictly adhering to the requirements of laws and regulations such as the Law of the People's Republic of China on the Guarding State Secrets 《中華人民共和國保守國家秘密法》 and its implementing regulations, as well as the Management Measures of Standards, Safety, and Service of National Health and Medical Big Data (Trial) 《國家健康醫療大數據標準、安全和服務管理辦法(試行)》. We have established a comprehensive internal control system, including the "Information System Authority Management Procedures 《信息系統權限管理流程》" and "Network Backup and Disaster Recovery Specifications 《網絡備份和災難恢復規範》", to fully prevent information leakage risks through institutional design. We have also proactively granted system access permissions to provincial internet healthcare regulatory authorities, enabling them to interface in real time with the Group's cloud hospital platform. This allows them to provide guidance and oversight in areas such as policy enforcement, quality control, and audit supervision, thereby effectively ensuring information security through a collaborative regulatory mechanism involving both internal and external parties.

The Group has established a comprehensive emergency response mechanism for information security incidents and has developed specialized disaster recovery specifications for networks, application systems, and databases, respectively. Information security incidents are classified into four levels based on severity, controllability, and scope of impact. Personnel who discover faults are required to report them immediately to the Operation and Maintenance Security Department and initiate the tiered reporting procedure in accordance with the contingency plan until the risk is completely eliminated. After the incident is resolved, the Group's Information System Emergency Response Team will conduct a thorough investigation into the cause of the incident, determine accountability, and issue warning notifications to relevant departments or the entire company depending on the extent of the impact. To enhance incident tracing and analysis capabilities, we have formulated and implemented the "Server Log Management Specification 《服務器日誌管理規範》" and the "Server Logging Standards 《服務器日誌記錄標準》", requiring the operation and maintenance team to regularly review and optimize the log management system. In addition, the Group organizes at least one security emergency drill annually covering scenarios such as virus propagation, internal and external network intrusions, and power outages, using realistic training to continuously strengthen the security awareness and emergency response capabilities of relevant personnel.

The Group has established a rigorous data access control hierarchy management system, formulating distinct security policies and protective mechanisms based on data confidentiality, integrity, and availability. We employ technical solutions such as decryption technology, additional identity authentication mechanisms, and database firewalls to effectively defend against various new types of cyberattacks, ensuring that the storage and use of all data remain secure and under control. To continuously improve data protection standards, we conduct systematic security assessments annually to comprehensively review compliance, protective effectiveness, and potential risks at every stage of data processing. We focus particularly on security risks such as data leakage and destruction, and through timely identification and remediation, ensure the security of the Group's data.



Environmental, Social and Governance Report

Customer Privacy Protection

The Group places high importance on the protection of customer information and privacy, ensuring the security of sensitive data through a comprehensive management system. We have formulated policies such as the “Data Access Authority Control Specifications 《數據訪問權限控制規範》”, “Encryption Management Specifications 《加密管理規範》” and “Data Desensitization Management Specifications 《數據脫敏管理規範》”, strictly adhering to the principles of least privilege, least leakage and multi-level security strategies, desensitizing and de-labelling sensitive customer information by means of data replacement, randomization, offsetting and rounding to effectively reduce the sensitivity of such information. In terms of internal management, we have implemented dynamic access controls based on employee responsibilities and business needs, precisely defining data access scopes to minimize opportunities for unnecessary exposure to sensitive information. Furthermore, we have developed targeted technical solutions for critical information security issues, employed encryption during data storage and transmission, and established strict decryption authorization procedures to comprehensively strengthen our ability to manage and control customer information.

During the Reporting Period, the Group has not been made aware of any breach of law or regulation relating to any privacy matter that has a material impact on the Group.

3.1.2 Enhancing Medical Standards

The Group has established strategic partnerships with numerous renowned domestic medical institutions and leading medical associations to jointly standardize medical service processes and management systems. We focus on key clinical fields such as cardiology, obstetrics, paediatrics, oncology, and specialist care. By integrating diverse professional expertise and practical experience, we are dedicated to building standardized service processes that combine specialized characteristics with clinical effectiveness, providing a solid foundation for improving medical quality and safety standards.

As an internet-based healthcare service platform, the Group places great emphasis on the professional competence of healthcare professionals. We require all nurses practicing at Cloud Hospital to meet the following criteria: at least five years of clinical experience, completion of nursing training programs organized by professional medical institutions, and passing of relevant certification examinations. This ensures that nursing staff possess both solid professional competence and the specialized skills required for telemedicine services. For maternal and child care programs, such as postpartum rehabilitation and infant care, we further require participating nurses to possess extensive direct clinical experience and hold professional qualifications certified by authoritative institutions. These stringent standards are designed to provide scientific, safe, and effective professional nursing services to postpartum women, newborns, and other maternal and child patients who are in a special physiological and psychological phase.



Environmental, Social and Governance Report

Case Study: Entering into Strategic Partnership with Daan Diagnostics

During the Reporting Period, the Group signed a strategic cooperation agreement with the To C Division of Daan Diagnostics. Both parties will integrate their respective unique strengths in the healthcare industry to jointly advance the intelligent and precision-oriented development of medical and healthcare services. This collaboration will focus on the comprehensive exploration of online-to-offline (O2O) healthcare management models, particularly in the integration of home testing and phlebotomy services, as well as in the fields of internet hospitals and digital-intelligent health management.

Case Study: Launch of the “Internet + Care Service” platform, the “Care in Changzhou (常享護理)” in Changzhou City

During the Reporting Period, the Group launched the unified “Internet + Care Service” platform, the “Care in Changzhou (常享護理)”, which is led by the Changzhou Municipal Health Commission and built and operated by the Group in Changzhou City. The “Care in Changzhou (常享護理)” primarily serves patients who require medical care after discharge, elderly individuals who are old age or have limited mobility, pregnant women and newborns, those requiring specialized nursing care, those seeking traditional Chinese medicine nursing services, and end-of-life patients, while providing online nursing appointment services to these groups.



Environmental, Social and Governance Report

Case Study: Launch of the “Internet + Care Service” platform, the “Pengcheng Home Care (彭城家護)”, in Xuzhou City

During the Year, the city-wide unified “Internet + Care Service” platform, the “Pengcheng Home Care (彭城家護)” led by the Xuzhou Municipal Health Commission and built and operated by Xikang Cloud Hospital, was officially launched. The first batch of 23 medical institutions, including Xuzhou First People’s Hospital and the Affiliated Hospital of Xuzhou Medical University, have joined the platform. It offers 67 home nursing services across seven major categories, covering clinical nursing, specialized nursing, rehabilitation nursing, chronic disease management, traditional Chinese medicine nursing, maternal and infant care, and palliative care, enabling citizens to access high-quality, standardized nursing services without leaving their homes.



Environmental, Social and Governance Report

3.1.3 Improving Medical Devices

The Group strictly adheres to the Regulations on the Supervision and Administration of Medical Devices 《醫療器械監督管理條例》 and relevant industry standards. We have obtained the national medical device registration certificate and have established and implemented the “Quality Management System for Medical Device Operation 《醫療器械經營質量管理制度》”, which clearly delineates the responsibilities of various positions, including the bodies corporate of the Company, the responsible person of the enterprise, the Quality Department, the person in charge of quality, the Business Department, and procurement staff, to achieve full-cycle control over medical devices – from procurement review and warehouse management to after-sales service and quality tracking – ensuring that we provide customers with safe, reliable, and standard-compliant medical devices and supporting services.

To ensure the continuous provision of medical devices that meet quality standards, we have established a quality management self-inspection mechanism in accordance with the “Execution and Assessment Management System for Quality Management System 《質量管理制度執行與考核管理辦法》”, conducting systematic quality inspections and evaluations of key business processes on a semi-annual basis. Each department first conducts a self-inspection of system compliance and holds individuals accountable for violations based on the severity of the offense, the extent of its impact, and the attitude toward rectification. Subsequently, a dedicated quality team conducts group-wide assessments covering key areas such as regulatory training, product approval reviews, the completeness of sales records, personnel health record management, and equipment maintenance status. Furthermore, we have developed a comprehensive “Equipment Operation and Maintenance Guide 《設備操作與保養指南》” to provide customers with solutions to common issues and scientific maintenance guidance, helping to prolong the service life of the equipment. We have also established a comprehensive medical device quality tracking system. After equipment is put into use, we proactively collect customers’ suggestions for product optimization and promptly relay them to the production team, driving continuous improvements in equipment performance and ensuring its long-term safe and stable operation.



Environmental, Social and Governance Report

The Group strictly follows the relevant provisions of the Regulations on the Supervision and Administration of Medical Devices 《醫療器械監督管理條例》 and has established a quality supervision system covering the entire process from procurement, acceptance, storage, sales, to after-sales service. Upon identifying any potential quality or safety risks, the Supervision Department immediately initiates a quality veto procedure to suspend subsequent operations, effectively preventing defective products from entering the market. For medical devices requiring return, we conduct rigorous re-inspections in strict accordance with procurement acceptance standards, reaching clear acceptance conclusions and maintaining complete records. Products that pass re-inspection are transferred to the qualified goods area for further processing; those that fail are immediately moved to a clearly marked non-conforming goods area and properly disposed of in accordance with established procedures, completely eliminating the possibility of their re-entry into the distribution channel. At the same time, we have established a comprehensive emergency response mechanism for medical device adverse events. Upon the occurrence of an incident, we immediately launch an investigation, document the details of the event, complete standardized adverse event report forms, and promptly notify the manufacturer, distributors, and regulatory authorities. We then collaborate to develop improvement plans to prevent similar incidents from recurring at the source.

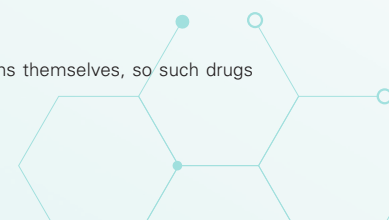
During the Year, the Group has not recalled any products due to safety or health concerns¹.

3.2 Enhancing Customer Service

3.2.1 Healthcare Compliance

We have always prioritized compliance in our operations and fully adhere to regulatory requirements for internet-based medical services, such as the “Measures for the Administration of Internet Diagnosis and Treatment (Trial) 《互聯網診療管理辦法(試行)》”. All of the Group’s institutions nationwide have obtained the “Practicing License for Medical Institution 《醫療機構執業許可證》” in accordance with the law, ensuring that we provide patients with professional and accurate medical advice. As we are well aware of the special nature of internet medical services, we will provide clear risk disclosures to each patient before they receive treatment. We only initiate the corresponding medical services after the patient has fully understood the information and confirmed their consent. Recognizing the individual differences among patients with the same condition, we have established a specialized diagnostic assessment mechanism requiring physicians to prioritize the evaluation of patients who have not previously sought treatment at physical medical institutions. Should we detect any changes in a patient’s condition or determine that online consultation is unsuitable, we immediately guide the patient to a physical medical institution for further diagnosis and treatment, making every effort to safeguard medical quality and patient safety.

¹ In the Group’s Digital Pharmacy business, the drugs are provided by the third-party cooperative medical institutions themselves, so such drugs are not applicable to the recall procedures.



Environmental, Social and Governance Report

3.2.2 Standardizing Product Marketing

During the Year, the Group updated internal regulations such as the “Xikang Brand Advertisement Review and Release Management System 《熙康品牌廣告審查、發布管理制度》” and the “Xikang Self – media Operation Management System 《熙康自媒體運營管理制度》”. Adhering to the principle of responsible marketing, we have implemented strict management of promotional content. We have clearly defined the responsibilities and management processes of the Marketing Department and all departments requesting advertising placements. We strictly prohibit the use of prohibited terms, sensitive vocabulary, exaggerated claims, or statements that may mislead the audience in marketing communications. We fully implement the “Brand Promotion and Publicity Policies 《品牌宣傳推廣政策》”, balancing content innovation and sustained investment while ensuring legal compliance and the accuracy of information. We are committed to building a trustworthy and transparent brand image.

In respect of the sale of medical devices, we strictly adhere to the “Medical Device Sales Management System 《醫療器械銷售管理制度》” to implement standardized management of our product supply and service systems. During the acceptance process, we conduct item-by-item verification of the labelling compliance, packaging integrity, and model/quantity consistency of every batch of medical devices entering our inventory, ensuring product quality from the source. Given the special nature of medical devices, we have established a customer qualification review mechanism, requiring distributors to provide a valid Medical Device Business License 《醫療器械經營許可證》 and maintaining complete records for each transaction. This ensures that purchasers possess legal usage qualifications and provides a basis for subsequent services and quality traceability. In respect of marketing and promotion, we commit to ensuring that all marketing activities comply with national regulatory standards, refrain from exaggerating product efficacy, and proactively provide customers with reviewed medical device instructions for use, ensuring that product and service information is presented objectively, truthfully, and completely.

In respect of the management of pharmaceutical products, we strictly followed the requirements of the “Measures for the Supervision and Administration of Online Pharmaceutical Transactions 《藥品網絡銷售監督管理辦法》” and other laws and regulations to verify that all of our prescription drug information and advertising captions had been examined. All published pharmaceutical advertisements have obtained the prior review and approval of the National Medical Products Administration (NMPA) or its competent branch offices, and the approval number is clearly indicated in the advertisements.

During the Year, the Group did not receive any complaint cases relating to advertisements and labelling of products and services, and there was no incident of violation of laws and regulations relating to health and safety of products and services, advertisements and labelling which had a significant impact on the Group.

Environmental, Social and Governance Report

3.2.3 Quality Customer Services

The Group is committed to providing industry-leading products and services. Upholding the core philosophy of “customer focus”, we continuously strengthen customer relationships and enhance our brand reputation. We have implemented internal customer service policies, including the “Quality Complaint Management Regulations 《質量投訴管理規定》”, the “Telephone Service Quality Inspection Specifications 《電話服務質檢規範》”, the “Customer Service Officer Performance Plan 《客服專員績效方案》” and the “User Access and Complaint Management System 《用戶訪問與投訴管理制度》”. These clearly define standard procedures for handling customer complaints and delineate the responsibilities and authority of each department and position, thereby systematically advancing the standardization and quality improvement of customer service.

To ensure unobstructed channels for customer feedback, the Group accepts complaints through various methods, including written submissions, email, online platforms, telephone, and verbal communication, to accommodate the diverse needs of our customers. Upon receiving a complaint, the Customer Service Department first addresses the customer’s concerns, then promptly registers and categorizes the complaint details before assigning it to the relevant department for investigation and evidence collection. If it is confirmed that the issue falls under the Group’s responsibility, we will promptly explain the resolution to the customer and negotiate an appropriate compensation plan to seek their understanding. Upon completion of the incident resolution, the Group will hold relevant personnel or departments accountable in accordance with internal regulations. Depending on the nature and severity of the incident, we will issue notifications within the department or across the entire Group and implement follow-up improvement measures.

In addition to actively listening to customer feedback, the Group has established a customer outreach mechanism to proactively understand customers’ actual experiences with our products and services. Through various channels such as unscheduled on-site follow-ups, written surveys, and promotional events, we continuously collect customer opinions and suggestions regarding our products and services. We then compile valuable feedback and submit it to relevant department heads, serving as a key basis for subsequent improvement measures. Moreover, in order to continuously improve service quality, we implement a quality inspection mechanism in accordance with the “Telephone Customer Service Officer Performance Plan 《電話客服專員績效方案》”. We conduct comprehensive evaluations of customer service officers across three key dimensions, namely professional competence, problem-solving effectiveness, and attitude and tone, to incentivize them to enhance service quality and provide superior service to the customers of the Group.

During the Year, the Group has not received any complaints in relation to products or services that have caused adverse effects on the Company or damaged its reputation.



Environmental, Social and Governance Report

3.3 Sustainable Supply Chain

To ensure the quality of product supply, the Group regards supply chain management as the cornerstone of business development and has established relevant internal systems such as the “Procurement Management System 《採購管理制度》”, the “Regulations on Supplier Management 《供應商管理規定》” and the “Inventory Management System 《庫存管理制度》” to regulate the conduct of our suppliers and facilitate the long-term, stable, and high-quality operation of the supply chain. The Group classifies its suppliers into three major categories: medical, non-medical, and engineering. All suppliers must meet or exceed the basic selection criteria we have established, including qualification, technical, and commercial standards, such as possessing a good banking credit history, holding medical device manufacturing and operating licenses, a work safety production license, and engineering project qualification documents, etc. Suppliers in each category must meet both the basic selection criteria and the corresponding category-specific standards to be included in the Group’s scope of selection. Priority will be given to suppliers that have obtained certifications for quality management (ISO 9000), environmental management (ISO 14000), or occupational health and safety management (ISO 18000) systems for inclusion in the supply chain.

To continuously improve our supplier management system and ensure that products and services remain of high quality and consistent over the long term, the Group conducts systematic annual evaluations of its partner suppliers. This evaluation is based on four key indicators: quality, cost, delivery time/project duration, and service, with results categorized into four grades: A, B, C, and D. Grade C suppliers will face restrictions on cooperation, while Grade D suppliers will have their supplier status immediately terminated. Moreover, we have established a daily supplier quality tracking mechanism. Should any issues arise, such as a decline in product or service quality, quality instability, or an entire batch of non-conforming products, the relevant units will immediately require corrective action. Through the establishment of constructive communication channels, we guide suppliers to make timely improvements, effectively controlling the quality of their products or services and minimizing the impact on the operations of the Group.

During the Year, the Group had a total of 344 suppliers, all based in mainland China, providing products and services such as system integration, terminal hardware and software equipment, and testing reagents. We have conducted audits of all 344 suppliers.

During the supplier selection process, the Group places great emphasis on the environmental impact of suppliers’ operations and actively guides partners to reduce carbon emissions from their operations. By explicitly stipulating environmental protection clauses in procurement contracts, we ensure that the products supplied fully comply with national environmental standards. To further promote the achievement of sustainable development goals, the Group continues to deepen communication and cooperation with suppliers, actively promotes green and low-carbon concepts, and encourages suppliers to reduce carbon emissions through concrete actions, jointly building an environmentally friendly supply chain system.



Environmental, Social and Governance Report

4. Business Operation Compliance

The Group regards compliant operations and operating with integrity as the cornerstone of sustainable development. By establishing a number of anti-corruption and intellectual property protection systems, we actively foster an environment of integrity and compliance in healthcare services, thereby fulfilling our firm commitment to business ethics and ethical operations.

4.1 Ensuring Integrity and Compliance

The Group strictly complies with the "Audit Law 《審計法》", the "Regulations on Implementation of the Audit Law 《審計法實施修例》", the "Regulations of the National Audit Office on Internal Auditing《審計署關於內部審計工作的規定》", the Basic Standards for Enterprise Internal Control 《企業內部控制基本規範》, the Basic Rules for Internal Auditing 《內部審計基本準則》 and other laws and regulations. Based on the characteristics of the Group's business, we have formulated internal policies such as the "Administrative System of Reporting and Monitoring 《舉報監察管理制度》", the "Internal Audit System 《內部審計制度》", the "Supervision and Compliance Management System 《監管合規管理制度》" and the "Code of Business Conduct 《業務行為準則》". We maintain a "zero-tolerance" attitude toward corruption and have established a rigorous anti-corruption management mechanism through a series of internal systems.

The Group fully implements a compliance management and internal audit system, resolutely eliminating fraud, corruption, monopolistic practices, unfair competition, and commercial bribery. We have set up the Risk Management Committee, Compliance Officer, and a legal affairs team, each fulfilling distinct responsibilities in compliance management. We have clearly defined the roles of each function in risk identification, assessment, monitoring, and reporting. By regularly evaluating the compliance management capabilities and effectiveness of each department and incorporating these results into performance evaluations, we effectively guide employees to proactively adhere to regulations and uphold compliance standards. Regarding internal auditing, the Company's Audit Team regularly conducts internal audits. Through review and evaluation, it assesses the Group's business and fundraising activities from the perspectives of legality, appropriateness, and effectiveness. Audit findings are categorized by severity, and targeted recommendations for improving internal controls are provided. We oversee the implementation of corrective measures to ensure the Group's business develops in a compliant and stable manner.

The Group places great emphasis on fostering a culture of compliance, viewing it as a critical component of effective management. Therefore, we actively promote the implementation of the "Code of Business Conduct 《業務行為準則》" which clearly defines the integrity standards employees must follow in various business scenarios. These include prohibitions against bribery or soliciting bribes in cooperation with third parties, strict adherence to conflict-of-interest principles, and the requirement to promptly report any conduct that may harm the Group's interests and proceed only after obtaining approval. In our daily operations, we strengthen compliance awareness through a combination of incentives and accountability, and organize regular anti-fraud and anti-corruption training sessions for Board members and all employees, striving to foster a corporate culture characterized by integrity and adherence to rules and regulations.



Environmental, Social and Governance Report

The Group has established dedicated anti-fraud reporting channels, including a hotline and a dedicated email address. Upon receiving a report, we will strictly keep the whistleblower's information and the details of the report confidential, and resolutely prevent any form of discrimination, retaliation, or hostile behavior. For violations that are verified to be true, the Group will promptly take corrective measures and, if the circumstances are serious, the matter will be referred to judicial authorities for handling in accordance with the law.

During the Reporting Period, we did not receive any new lawsuits filed against the Group or its employees, nor did we discover any cases of embezzlement, bribery, extortion, fraud, or money laundering.

4.2 Respecting Intellectual Property Rights

The Group places great importance on protecting innovative achievements and managing intellectual property. We strictly adhere to relevant national laws and regulations, including the Copyright Law 《著作權法》, the Patent Law 《專利法》, the Trademark Law 《商標法》, the Regulations on the Protection of Right of Communication to the Public on Information Networks 《信息網絡傳播權保護條例》, the Regulations on the Protection of Computer Software 《計算機軟件保護條例》, the Measures for the Administration of Internet Domain Names 《互聯網域名管理辦法》 and Notice of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Internet Information Services 《工業和信息化部關於規範互聯網信息服務使用域名的通知》, to resolutely prevent and address various infringement risks, thereby providing strong safeguards for the enterprise's continuous innovation.

The Group has established a comprehensive intellectual property protection system. While safeguarding its own legitimate rights and interests, it strictly complies with relevant intellectual property laws and regulations and fully respects the intellectual property rights of third parties. All employees must sign a confidentiality agreement upon joining the Company, explicitly committing to strictly keep confidential any intellectual property information of the Company to which they have access during their employment, and firmly establishing the awareness that intellectual property rights belong to the Company's asset. The Group strictly prohibits the sale, transfer, or disclosure of the Company's intellectual property information in any form, and will rigorously pursue accountability in accordance with established policies for any violations. Regarding software usage management, the Group strictly enforces the "Management System on Genuine Business Software 《正版化商業軟件管理制度》", implementing centralized procurement across all departments. Departments are required to use genuine software systems, and all employees may only use legally licensed software. The installation of unauthorized programs is prohibited, as is the unauthorized copying, sale, or gifting of genuine software.

During the Year, in terms of the intellectual property, the Group had registered a total of 165 software copyrights, 12 art copyrights, and 4 trademarks.



Environmental, Social and Governance Report

5. Excellent Talent Team

The Group has always regarded talent as the core driving force behind the Company's sustainable development. We strictly adhere to compliant employment principles, are committed to building a competitive compensation and benefits system, fostering a healthy, safe, and harmonious work environment, and providing employees with systematic career development pathways. Through continuous empowerment and growth support, we help every employee realize their professional value and jointly drive the Group toward sustainable, high-quality development.

As of December 31, 2025, the Group had a total of 763 employees. The following table shows the distribution of the Group's employees by gender, employee category, age and regional group for this year:

Employee Distribution	Unit	Number of Employees
By Gender		
Female employees	Number of people	540
Male employees	Number of people	223
By Employee Category²		
Full-time junior employees	Number of people	727
Full-time middle management	Number of people	32
Full-time senior management	Number of people	4
By Age Group		
Employees aged below 30	Number of people	107
Employees aged 30 to 50	Number of people	529
Employees aged above 50	Number of people	127
By Region		
Northern China region	Number of people	2
Northeast China region	Number of people	273
Eastern China region	Number of people	343
Central China region	Number of people	78
Northwestern China region	Number of people	56
Southern China region	Number of people	11

2 No part-time employees were employed by the Group for this Year



Environmental, Social and Governance Report

5.1 Improving Compliant Employment

The Group strictly complies with national laws and regulations related to employment, including but not limited to the Labor Law 《勞動法》, the Labor Contract Law 《勞動合同法》, the Law on the Protection of Minors 《未成年人保護法》, and the Provisions on the Prohibition of Using Child Labor 《禁止使用童工規定》, thereby earnestly fulfilling our corporate social responsibilities. We have formulated and implemented the Employee Handbook 《員工手冊》 to standardize regulations regarding recruitment, termination, compensation and benefits, codes of conduct, and performance management, providing employees with clear and comprehensive guidance while fully safeguarding their legitimate labor rights and interests.

Employment Management Standard

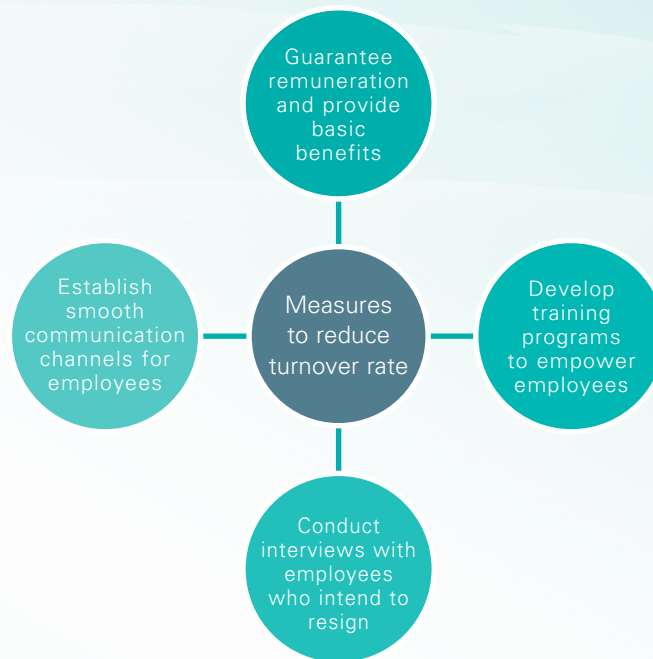
In our recruitment and hiring processes, the Group consistently adheres to the fundamental principles of “clear standards, fairness and openness, operational procedures and selection of the candidates on merit”. We recruit talents through both internal and external channels, including employee referrals, internal competitions, recruitment websites, online communities, official websites and official WeChat public account, to ensure the establishment of an effective talent acquisition mechanism. Each year, the Human Resources Department formulates the staffing plans and budgets based on the Company’s strategic planning. During the candidate selection process, we focus on applicants’ professional competence, overall qualities, and suitability for the position, without considering factors such as gender, age, nationality, or race. We also exclude the related persons of the Group’s existing staff members to ensure a professional and fair recruitment process.

The Group strictly adheres to labor regulations and strictly prohibits any form of child labor or forced labor. During the onboarding process, we verify identity information to ensure age compliance and sign formal employment contracts with eligible employees, clearly defining the rights and obligations of both parties. For violations of labor regulations, we will promptly take appropriate measures, including termination of the employment contract. In terms of working hours, standard working hours are clearly stipulated in employment contracts. If overtime is required for business needs, employees must submit a request in advance and obtain approval before working overtime. The Group will compensate employees by paying overtime wages or arranging compensatory time off in accordance with the law. During the Year, we have not encountered any incidents involving the employment of child labor or forced labor.

Through open communication channels and continuous employee empowerment, the Group has implemented multiple measures to enhance talent retention and effectively mitigate the risk of staff turnover. When employees submit resignation requests, we respect their career plans, handle resignation and handover procedures in compliance with regulations, and engage in candid discussions to gain a deeper understanding of their reasons for leaving. If employee feedback raises issues related to human resources management, we actively incorporate these insights to drive improvements, continuously refine our talent management system, and foster mutual growth between the Group and our employees.



Environmental, Social and Governance Report



During the Reporting Period, the Group did not violate any laws and regulations relating to remuneration and dismissal, recruitment and promotion, working hours, equal opportunities, diversity, anti-discrimination, etc., and there was no case of non-compliance relating to the hiring or employment of child labor or forced labor.

Remuneration and Benefit System

The Group is committed to building an attractive talent incentive system. During the Year, we updated the “Remuneration Management System 《薪酬管理制度》” to further enhance the fairness and transparency of our distribution mechanisms. In addition to providing employees with basic salary guarantees, the system also offers competitive incentive bonuses to reward team members who demonstrate exceptional performance. Regarding our compensation structure, on top of base salary, we offer performance-based pay, year-end bonuses, and various welfare benefits, such as wedding gratuity, funeral gratuity, and maternity grants. We also fully implement the “Six Insurances and One Pension (六險一金)” social security system and distribute holiday gifts during traditional festivals. Regarding leave policies, save for statutory holidays, our employees are entitled to annual leave, marriage leave, maternity leave, nursing leave, and special welfare leave, fully demonstrating our respect for and commitment to employee rights and interests. Furthermore, the Group strictly implement the “Performance Management System 《績效管理制度》” and the “Attendance Management System 《考勤管理制度》”. Through daily attendance records and periodic performance evaluations, we assess employee performance based on comprehensive evaluation results, competency levels, and contributions to business performance. Based on these assessments, we adjust the salary, promotion, and bonuses, thereby achieving mutual growth between employees and the Company while continuously stimulating the team’s potential and work enthusiasm.

During the Reporting Period, the Group did not discover any violations of laws and regulations regarding holidays and other benefits that would have a significant impact on the Group.

Environmental, Social and Governance Report

5.2 Employee Training and Development

The Group attaches great importance on talent development and cultivation, and is committed to helping employees realize their career aspirations. We tailor training programs for employees in different positions and at various stages of their career development. Through the Group's standardized training platform, we continuously enhance employees' professional capabilities and occupational competence, fully unlocking their individual potential to support their sustained career growth and value enhancement.

The trainings we organized included:



Training type	Training content
New employee induction training	<ul style="list-style-type: none"> Help new employees understand the Company's general situation of development and rules and regulations, and understand and identify with our corporate culture
In-house mentor coaching	<ul style="list-style-type: none"> Assign a mentor to each new employee to guide him/her in acquiring necessary knowledge and skills
Specialized training plan	<ul style="list-style-type: none"> Carry out specialized trainings for different groups of people, such as specialized training programs for general practitioners and health managers, management trainees, product managers, top sales, etc.
Key employee development plan	<ul style="list-style-type: none"> Provide more development opportunities and exchanges by formulating personalized development plans (such as high-level attention, mentor coaching, peer exchanges, specialized training, etc.)
Leadership development plan	<ul style="list-style-type: none"> Leadership development maps support critical junctures along the career ladder Help employees reorganize their values in all areas of life and comprehensively improve productivity and leadership

Environmental, Social and Governance Report

During the Reporting Period, all employees of the Group received various types of trainings. The chart below shows the training of employees:

Training of employees		Average training hours (hours)	Percentage of employees trained (%) ³
By gender	Female employees	13.52	93.15%
	Male employees	9.74	96.86%
By employee category	Full-time junior employees	11.69	93.95%
	Full-time middle management	27.42	100.00%
	Full-time senior management	24.64	100.00%

5.3 Healthy and Harmonious Workplace

The Group is committed to establishing a healthy, safe, and harmonious work environment, viewing a positive work environment as a crucial foundation for employees' well-being and sense of belonging. We strictly abide by the laws and regulations such as the Law of the People's Republic of China on Prevention and Control of Occupational Diseases 《中華人民共和國職業病防治法》, the Law of the People's Republic of China on Work Safety 《中華人民共和國安全生產法》, the Fire Control Law of the People's Republic of China 《中華人民共和國消防法》, the Provisions on the Supervision and Administration of Occupational Health at Workplaces 《工作場所職業衛生監督管理規定》 and the Regulations on Work-related Injury Insurance 《工傷保險條例》. We continuously strengthen employees' safety awareness and capabilities, providing all employees with solid and reliable workplace safeguards.

The Group places great emphasis on employee safety education, utilizing systematic training to help employees fully master the Company's safety regulations and emergency response procedures. For employees engaged in radiation-related work, we strictly enforce a certification-based employment system. They must complete specialized technical training and undergo regular occupational health examinations at designated medical institutions to effectively prevent and control occupational disease risks. To establish a safe and healthy work environment, the Group has implemented a comprehensive smoking ban and installed smoke detection systems and automatic sprinkler systems in multiple work areas to effectively safeguard employees' physical health and property safety. At the same time, we encourage employees to cultivate a routine safety mindset and maintain the Group's safety equipment like their own. If any employee identifies a safety hazard in the workplace or with equipment, they must immediately report it to their direct supervisor, follow professional instructions, and remain vigilant. If necessary, they should suspend work and evacuate to a safe area, resuming work only after the hazard has been completely resolved.

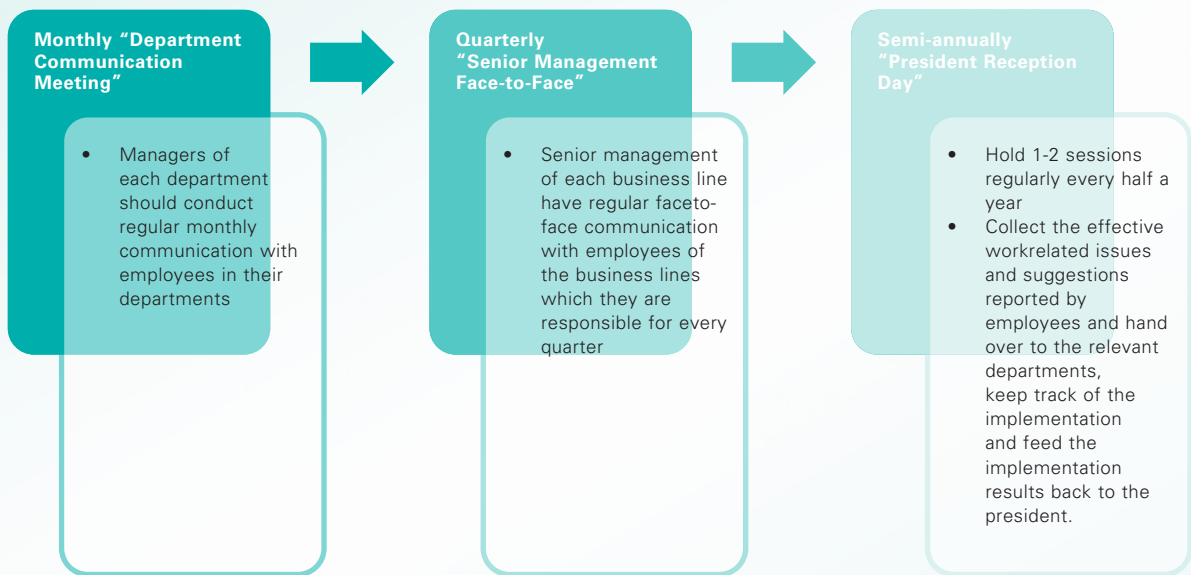
During the Reporting Period, the Group did not experience any incidents involving violations of laws or regulations regarding safe working environments or the protection of employees from occupational hazards. There were no lost workdays due to work-related injuries, and no work-related fatalities occurred over the past three years.

3 Calculation method: the number of employees trained in this category divided by the total number of employees trained, rounding to the nearest integer

Environmental, Social and Governance Report

Employee Care

The Group has always valued the opinions and concerns of the employees. To this end, we have specially formulated an "Internal Communication System 《内部沟通制度》". Through various channels, including face-to-face exchanges, meeting discussions, written feedback, and online communication, we effectively break down barriers to interdepartmental collaboration and information dissemination. We are committed to promptly listening to employees' voices and understanding their needs, thereby reducing misunderstandings and conflicts while significantly improving overall work efficiency.



The Group regularly organizes diverse team-building and recreational activities aimed at fostering interaction among employees across departments and enhancing mutual understanding. These initiatives also help employees relieve work-related stress, achieve a healthy work-life balance, and return to their roles in optimal condition. During the Year, we organized a series of employee activities centered around themes such as the Spring Festival Gala, our anniversary celebration, Summer Care, and the Dragon Boat Festival, supporting employees in achieving a healthy balance between work and personal life.

Environmental, Social and Governance Report



Dumplings Fun: A Series of Activities Celebrating the Dragon Boat Festival



Anniversary Celebration Highlights



Environmental, Social and Governance Report

6. Practicing Green Concepts

Adhering to the principle of sustainable development, the Group places environmental protection at the core of its corporate strategy and actively responds to the national “Dual Carbon” strategic initiatives. We strictly comply with the Environmental Protection Law of the People’s Republic of China 《中華人民共和國環境保護法》, the Water Pollution Prevention and Control Law of the People’s Republic of China 《中華人民共和國水污染防治法》, the Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution 《中華人民共和國大氣污染防治法》, the Regulations on the Administration of Medical Wastes 《醫療廢物管理條例》, the Measures for Medical Wastes Management of Medical and Health Institutions 《醫療衛生機構醫療廢物管理辦法》 and the Law of the People’s Republic of China on Prevention and Control of Environmental Pollution by Solid Wastes 《中華人民共和國固體廢物污染環境防治法》 and other laws and regulations, implementing various measures to reduce environmental pollution in our business operations.

The Group’s core business is concentrated in office premises and self-operated health management centers. We do not directly own or operate any data center facilities. All data is securely hosted on cloud service platforms provided by third parties. Recognizing the close link between energy consumption and greenhouse gas emissions, as well as the potential climate risks in our business operations, we have formulated and implemented comprehensive energy conservation and emission reduction plan. We have also designated professional energy conservation administrators to ensure the effective implementation of the Group’s environmental policies. In the meantime, we continue to promote the concept of green operations, disseminating awareness of sustainable development through diverse channels and formats to foster collaborative efforts both within and outside the Group in fulfilling environmental responsibilities and jointly building a green operational system.

During the Reporting Period, the Group was not aware of any cases of violation of environmental protection laws and regulations.

We have set directional objectives:

Objectives

Greenhouse gas emissions and energy use efficiency	Reduce electricity consumption and greenhouse gas emissions by 5% of our self-owned medical institutions based on consumption in 2022
Water efficiency	Reduce water consumption by 5% of our self-owned medical institutions based on consumption in 2022
Reduce waste	Taking 2022 as the baseline year, reduce the density of medical waste by 2% to 5% by 2028

During the Year, our greenhouse gas emissions and electricity consumption decreased but our water consumption increased compared to 2022. We will continue to implement the Group’s measures to save energy and water and reduce waste. The Group is committed to the implementation of environmental management system. The environmental management system has been implemented in a number of subsidiaries and affiliates, and has obtained certification of relevant management systems.

Environmental, Social and Governance Report



Environmental Management System Certification (GB/T24001-2016/ISO 14001:2015)

6.1 Improving Resource Management

The Group integrates sustainability principles into daily operations. As our office premises and self-operated health management centers are primary sources of energy consumption, we prioritize the promotion of green and digital office practices. We implement equipment emission reduction and energy-saving measures, including having property security guard shut down lighting and air conditioning systems according to a set schedule, while backend systems monitor energy consumption data in real time. By focusing on operational details, we comprehensively improve energy efficiency and effectively reduce resource waste. During the Reporting Period, our electricity consumption was 1,926,791.26 kWh.

Environmental, Social and Governance Report

The Group strictly adheres to the Greenhouse Gas Protocol developed by the World Resources Institute and the World Business Council for Sustainable Development, as well as ISO 14064-1 established by the International Organization for Standardization, and has completed its greenhouse gas inventory. The Group's greenhouse gas emissions primarily stem from office electricity consumption. During the Reporting Period, the summary of greenhouse gas emissions was as follows:

Greenhouse Gas (GHG) Emissions	Unit	2024	2025
Direct GHG emission (Scope 1)	tonnes CO ₂ e	34.75	8.63
Indirect GHG emission (Scope 2)	tonnes CO ₂ e	1,100.02	1,022.36
Total GHG emission (Scope 1&2)	tonnes CO ₂ e	1,134.77	1,030.98
Intensity of GHG emission (per RMB million of revenue) (Scope 1&2)	tonnes CO ₂ e/ RMB million of revenue	2.26	2.22
GHG emission per employee (Scope 1&2)	tonnes CO ₂ e/employee	1.66	1.35
Energy consumption			
Consumption of purchased electricity	kWh	2,049,987.43	1,926,791.26
Consumption intensity of purchased electricity (per RMB million of revenue)	kWh/RMB million of revenue	4,087.71	4,151.67
Consumption of purchased electricity per employee	kWh/employee	3,001.45	2,525.28

Scope 1: Greenhouse gas emissions generated from all sources owned and controlled by the Group.

Scope 2: Greenhouse gas emissions incurred by electricity generation, heating and cooling, or vapours purchased by the Group from external sources, including electricity consumption in the operation of the Group.

The Group has integrated water resource management into its sustainability framework through measures such as optimizing water system performance, posting signage in prominent locations, and promoting a culture of water conservation. During the Reporting Period, the Group's total water consumption was 17,020.35 cubic meters, with per capita water consumption at 22.31 m³/employee and water intensity at 36.67 m³/RMB million of revenue.

Environmental, Social and Governance Report

6.2 Waste Management

The Group is well aware of the differences between medical waste and ordinary waste. In daily operations, we strictly comply with relevant national laws and regulations and require the Group's health management centers to strictly follow these provisions. Each health management center has placed medical waste sorting bins as required, carefully classify wastes that are infectious, damaged, chemical, pathological, and pharmaceutical, which need to be sealed in dedicated garbage bags with clear labels affixed, and subsequently handed over to qualified professional agencies for disposal. Regarding sharps waste generated during operations, staff must place such items exclusively in sharps containers, and their transportation must be handled by designated personnel. Each health management center is required to properly manage the handover of medical waste, maintain detailed records, and establish traceable management files to ensure full compliance and control throughout the entire process.

The Group actively promotes green office initiatives. Through measures such as encouraging double-sided printing, implementing paper recycling, and fully utilizing the OA system, we effectively reduce paper consumption and continuously advance the transition to paperless operations. At the same time, we focus on fostering environmental awareness among employees, advocating for resource conservation in daily work, and reducing waste generation during operations through enhanced recycling efforts. Based on the concept of the full life cycle, we continuously improve our waste management system, addressing aspects from source reduction and process optimization to recycling. We actively explore more environmentally friendly treatment methods, strive to increase material recycling rates, and build a closed-loop green operational model.

As the Group's business does not involve packaging materials used in finished products, during the Reporting Period, we generated a total of 109,639.70 kg of non-hazardous waste, with 236.24 kg per RMB million of revenue. The total volume of medical waste generated was 25,527.40 kg, representing a decrease compared to 2023 and 2024.



Environmental, Social and Governance Report

6.3 Responding to Climate Change

Facing the severe challenges of global climate change, the Group fully recognizes the systemic risks it poses to our operations and has taken a series of measures to actively address them. We identify climate-related physical risks and transition risks and formulate targeted management strategies. The Group discloses information in accordance with the “comply or explain” approach, as required by the climate-related disclosure standards set out in Part D of Appendix C2. For information that remains difficult to obtain or cannot be measured reliably during the Reporting Period, the Group applies the “Reasonable Information Relief Adopted” to ensure that disclosures can be enhanced year by year. While continuously fulfilling our environmental responsibilities, we are committed to creating sustainable long-term value for our employees, shareholders, and society. Therefore, the Group will closely monitor policy developments, evaluate the effectiveness of various climate measures, and support global climate governance through concrete actions to advance the low-carbon transition.

Governance

The Board is responsible for the overall leadership and oversight of ESG initiatives, including approving the formulation and implementation progress of the Group’s overall ESG and climate strategies, receiving regular reports from the ESG Working Group to understand the identification and response to climate risks and opportunities, assisting in overall planning and cross-departmental coordination, and ensuring that climate actions are implemented at the operational level across all business units. During the Reporting Period, we provided climate-related training to Directors.

Strategy

Against the backdrop of the global collective response to climate change challenges, the Group identifies, assesses, and manages climate-related physical risks and transition risks based on its business characteristics. We fully integrate environmental factors into our strategic decision-making framework, regularly review the effectiveness of climate policy implementation, and identify and assess climate-related risks in the short term (within 5 years), medium term (5 to 15 years), and long term (over 15 years), while implementing corresponding mitigation and adaptation measures. By continuously improving our climate risk management mechanisms, we are committed to maintaining development resilience in a changing environment and creating sustainable long-term value for employees, shareholders, and society.



Environmental, Social and Governance Report

Risk types	Timeframe	Potential consequences	Mitigating actions
Acute risks – frequent occurrence of extreme weather such as storms and typhoons	Short term	<ul style="list-style-type: none"> • Causing damage to equipment and affecting operations; • Impacting the safety of employees; • Interruption or instability of network services caused by unstable power supply 	<ul style="list-style-type: none"> • Conducting regular drills; • Enhancing the protection of equipment; • Purchasing insurance for equipment and transferring risks; • We have formulated the policy of the “Network Backup and Disaster Recovery Specifications《網絡備份及災難恢復規範》” and devised emergency response plans of information systems under extreme weather; • Making a backup of the data.
Chronic risks – continuous high temperature	Long term	<ul style="list-style-type: none"> • The increased demand for refrigeration of equipment has led to an increase in operating costs 	<ul style="list-style-type: none"> • Developing energy-saving measures to reduce energy use.
Transition risks – policy and regulation risks	Medium to Long Term	<ul style="list-style-type: none"> • The implementation of stricter environmental regulations will increase compliance costs. 	<ul style="list-style-type: none"> • Strict compliance with related environmental regulations; • Keeping up to date with the latest environmental regulations.

The risks described above are all anticipated impacts. Preliminary assessments during the Reporting Period did not identify any significant risks that would require material adjustments to the carrying amounts of assets or liabilities in the next reporting year. As key assumptions and parameters still require validation, the disclosures for the Year are primarily qualitative. In the future, we will gradually expand the scope and improve the quality of quantitative disclosures based on our accumulated expertise and resource allocation.



Environmental, Social and Governance Report

Risk Management

We have established processes for identification, assessment, and monitoring. Each year, through a combination of internal workshops and expert consultations, we review the applicability of key climate issues, continuously improve our management system, and effectively mitigate the potential impacts of climate change on our business.

Metrics and Targets

For more information on the initiatives we have undertaken to achieve our environmental goals, please refer to the section headed “Practicing Green Concepts” in the Report. As a consistent and verifiable measurement framework for our value chain data has not yet been fully established, we were unable to provide complete quantification results for Scope 3 greenhouse gas emissions for the Year and have therefore adopted reasonable information relief.

The Group discloses information in accordance with the climate-related disclosure requirements set out in Part D of Appendix C2, and applies the “reasonable information relief” under the “Comply or Explain” principle where applicable. For certain disclosure items that are still in the process of developing methodologies and data systems (such as scenario analysis, quantification of expected financial impacts, and the integration of climate factors into decision-making and incentive mechanisms), the Group has provided explanations and formulated plans, including refining emission boundaries, introducing scenario analysis methods, and establishing a framework for quantifying financial impacts, to continuously improve the completeness and comparability of disclosures.



Environmental, Social and Governance Report

7. Fulfilling Social Responsibility

The Group has always regarded fulfilling social responsibility as a core mission of corporate development, fully leveraging the unique advantages of “Internet + Nursing Services” to actively assume corporate social responsibility. Through an innovative model that integrates online and offline services, we extend professional nursing services to community and home settings, striving to create a health service experience that is within easy reach and providing the public with more efficient and convenient health services. The Group actively participates in social services and provided online free medical consultations to 4,537 people through the “Care in Zhejiang (浙里護理)” during the Year.



Chengdu Xikang provides medical and health services to the community



Fuzhou Xikang collaborates with provincial hospital experts to conduct charity clinics



Shenyang Xikang Cloud Hospital and Ningbo Cloud Hospital conduct free medical consultations and health education activities at enterprises



Nanning Cloud Hospital participates in community-themed Party Day activities and health volunteer services



Environmental, Social and Governance Report

APPENDIX I: SUMMARY OF SUSTAINABLE DEVELOPMENT DATA

Environmental Aspect	Unit	2024	2025 ⁴
Greenhouse Gas (GHG) Emissions⁵			
Direct GHG emission (Scope 1)	tonnes CO ₂ e	34.75	8.63
Indirect GHG emission (Scope 2)	tonnes CO ₂ e	1,100.02	1,022.36
Total GHG emission (Scope 1&2)	tonnes CO ₂ e	1,134.77	1,030.98
Intensity of GHG emission per RMB million of revenue (Scope 1&2)	tonnes CO ₂ e/ RMB million of revenue ⁶	2.26	2.22
Intensity of GHG emission per employee (Scope 1&2)	tonnes CO ₂ e/employee	1.66	1.35
Energy Consumption			
Direct energy consumption ⁷	kWh	129,333.33	0
Indirect energy consumption	kWh	2,049,987.43	1,926,791.26
Total energy consumption	kWh	2,179,320.76	1,926,791.26
Energy consumption intensity	kWh/RMB million of revenue ⁶	4,345.60	4,151.67
Electricity Consumption			
Consumption of purchased electricity	kWh	2,049,987.43	1,926,791.26
Consumption of purchased electricity per RMB million of revenue	kWh/RMB million of revenue ⁶	4,087.71	4,151.67
Consumption of purchased electricity per employee	kWh/per employee	3,001.45	2,525.28
Water Consumption			
Total water consumption	m ³	12,236.15	17,020.35
Water consumption per RMB million of revenue	m ³ /RMB million of revenue ⁶	24.40	36.67
Water consumption per employee	m ³ /employee	17.92	22.31
Paper Consumption			
Total paper consumption	kg	10,165.08	12,486.49
Paper consumption per employee	kg/employee	14.88	16.37
Waste Generated			
Total non-hazardous waste generated	kg	156,359.30	109,639.70
Non-hazardous waste generated per employee	kg/employee	228.93	143.70
Total hazardous waste generated ⁸	kg	26,338.23	25,527.40
Intensity of hazardous waste	kg/employee	38.56	33.46

⁴ During the Year, the environmental key performance indicators were collected from the Group's medical institutions and offices mainly located in Shenyang, Ningbo, Chengdu, Xi'an, Dandong, Fuzhou, Shanghai, and Dalian in China.

⁵ The Group's air pollutant emission and GHG emissions were calculated with reference to "How to Prepare an ESG Report – Appendix II: Reporting Guidance on Environmental KPIs" from the Stock Exchange.

⁶ Revenue data are from the 2025 Annual Report.

⁷ During the Year, no direct energy was consumed due to business restructuring; all energy consumption came from purchased electricity.

⁸ Hazardous wastes include medical wastes.

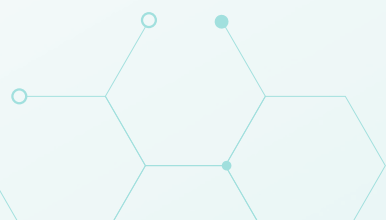
Environmental, Social and Governance Report

Social Aspect	Unit	2024	2025
Number of Employees			
Total number of employees	Number of people	855	763
Number of Employees (By Gender)			
Female	Number of people	599	540
Male	Number of people	256	223
Number of Employees (By Employee Category)			
Full-time junior employees	Number of people	820	727
Full-time middle management	Number of people	31	32
Full-time senior management	Number of people	4	4
Number of Employees (By Age Group)			
Below 30	Number of people	139	107
31-50	Number of people	585	529
Above 50	Number of people	131	127
Number of Employees (By Region)			
Northern China region	Number of people	3	2
Northeast China region	Number of people	379	273
Eastern China region	Number of people	295	343
Central China region	Number of people	110	78
Northwestern China region	Number of people	54	56
Southern China region	Number of people	14	11
Turnover Rate⁹			
Total turnover rate of employees	%	30.37	21.58
Turnover Rate of Employees (By Gender)			
Female	%	29.69	21.28
Male	%	31.91	22.30
Turnover Rate of Employees (By Age Group)			
Below 30	%	40.60	28.19
31-50	%	26.60	20.45
Above 50	%	33.50	20.13

⁹ The calculation method of turnover rate for different categories of employees: number of departed employees in such category ÷ (number of departed employees + number of employees in such category at the end of the year) × 100%

Environmental, Social and Governance Report

Social Aspect	Unit	2024	2025
Turnover Rate of Employees (By Region)			
Northern China region	%	50.00	33.33
Northeast China region	%	24.05	20.41
Eastern China region	%	39.05	15.52
Central China region	%	27.15	43.88
Northwestern China region	%	20.59	15.15
Southern China region	%	30.00	31.25
Occupational Health and Safety			
Number of work-related fatalities occurred in each of the past three years including the Reporting Period	Number of people	0	0
Rate of work-related fatalities occurred in each of the past three years including the Reporting Period	%	0.00	0.00
Number of lost days due to work injury	Day(s)	0	0
Development and Training			
Percentage of Employees Trained, By Gender³			
Female	%	91.32	93.15
Male	%	91.80	96.86
Percentage of Employees Trained, By Employee Category			
Full-time junior employees	%	91.10	93.95
Full-time middle management	%	100.00	100.00
Full-time senior management	%	100.00	100.00
Average Hours of Training for Employees, By Gender			
Female	Hour(s)	12.22	13.52
Male	Hour(s)	10.10	9.74
Average Hours of Training for Employees, By Employee Category			
Full-time junior employees	Hour(s)	11.29	11.69
Full-time middle management	Hour(s)	18.82	27.42
Full-time senior management	Hour(s)	10.13	24.64



Environmental, Social and Governance Report

Appendix II: Content Index of the Environmental, Social and Governance Report Guide

Indicator Contents			Relevant Chapter
A. Environmental Scope			
A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	6. Practicing Green Concepts
	A1.1	The types of emissions and respective emissions data.	Appendix I: Summary of Sustainable Development Data
	A1.2	Repealed on 1 January 2025	
	A1.3	Total hazardous waste produced and intensity.	Appendix I: Summary of Sustainable Development Data
	A1.4	Total non-hazardous waste produced and intensity.	Appendix I: Summary of Sustainable Development Data
	A1.5	Description of emissions target(s) set and steps taken to achieve them.	6. Practicing Green Concepts
	A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	6. Practicing Green Concepts
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	6. Practicing Green Concepts
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total and intensity.	Appendix I: Summary of Sustainable Development Data
	A2.2	Water consumption in total and intensity.	Appendix I: Summary of Sustainable Development Data
	A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	6. Practicing Green Concepts
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	6. Practicing Green Concepts
	A2.5	Total packaging material used for finished products and with reference to per unit produced.	Not applicable to the Group
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	6. Practicing Green Concepts
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	6. Practicing Green Concepts

Environmental, Social and Governance Report

Indicator Contents		Relevant Chapter	
B. Social Scope			
B1: Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	5. Excellent Talent Team
	B1.1	By gender, employment type, age group and geographical region.	Appendix I: Summary of Sustainable Development Data
	B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix I: Summary of Sustainable Development Data
B2: Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	5.3 Healthy and Harmonious Workplace
	B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	5.3 Healthy and Harmonious Workplace; Appendix I: Summary of Sustainable Development Data
	B2.2	Lost days due to work injury.	5.3 Healthy and Harmonious Workplace; Appendix I: Summary of Sustainable Development Data
	B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	5.3 Healthy and Harmonious Workplace



Environmental, Social and Governance Report

Indicator Contents			Relevant Chapter
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	5.2 Employee Training and Development; Appendix I: Summary of Sustainable Development Data
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Appendix I: Summary of Sustainable Development Data
	B3.2	The average training hours completed per employee by gender and employee category.	Appendix I: Summary of Sustainable Development Data
B4: Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	5. Excellent Talent Team
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	5. Excellent Talent Team
	B4.2	Description of steps taken to eliminate such practices when discovered.	5. Excellent Talent Team
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	3.3 Sustainable Supply Chain
	B5.1	Number of suppliers by geographical region.	3.3 Sustainable Supply Chain
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	3.3 Sustainable Supply Chain
	B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	3.3 Sustainable Supply Chain
	B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	3.3 Sustainable Supply Chain



Environmental, Social and Governance Report

Indicator Contents			Relevant Chapter
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	3.1 Safeguarding Medical Data; 3.2 Enhancing Customer Service; 4.2 Respecting Intellectual Property Rights
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	3.1.3 Improving Medical Devices
	B6.2	Number of products and service related complaints received and how they are dealt with.	3.2.3 Quality Customer Services
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	4.2 Respecting Intellectual Property Rights
	B6.4	Description of quality assurance process and recall procedures.	3.1.1 Safeguarding Medical Data; 3.1.2 Enhancing Medical Standards; 3.1.3 Improving Medical Devices Device Quality
	B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	3.1.1 Safeguarding Medical Data
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	4.1 Ensuring Integrity and Compliance
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	4.1 Ensuring Integrity and Compliance
	B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	4.1 Ensuring Integrity and Compliance
	B7.3	Description of anti-corruption training provided to directors and staff.	4.1 Ensuring Integrity and Compliance
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	7. Fulfilling Social Responsibility
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	7. Fulfilling Social Responsibility
	B8.2	Resources contributed to the focus area.	7. Fulfilling Social Responsibility

Environmental, Social and Governance Report

Indicator Contents		Relevant Chapter	
Part D: Climate-related Disclosures			
(I) Governance	19.	An issuer shall disclose information about: <ul style="list-style-type: none"> (a) the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. (b) management's role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities. 	2.2 ESG Governance 6.3 Responding to Climate Change
(II) Strategy	20.	Climate-related risks and opportunities An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term.	6.3 Responding to Climate Change Reasonable Information Relief Adopted
	21.	Business model and value chain An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain.	6.3 Responding to Climate Change Reasonable Information Relief Adopted
	22.	Strategy and decision-making An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose: <ul style="list-style-type: none"> (a) information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. (b) information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a). 	6.3 Responding to Climate Change Reasonable Information Relief Adopted

Environmental, Social and Governance Report

Indicator Contents		Relevant Chapter
23.	An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).	6.3 Responding to Climate Change Reasonable Information Relief Adopted
24.	<p>Financial position, financial performance and cash flows</p> <p>Current financial effect</p> <p>An issuer shall disclose qualitative and quantitative information about:</p> <p>(a) how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and</p> <p>(b) the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.</p>	6.3 Responding to Climate Change Financial Effects Relief Adopted In light of the above, the Group will not, for the time being, provide a further quantitative breakdown of the current financial impact of Article 24, and will, in the future, taking into account improvements in data and modeling capabilities, consider providing more detailed quantitative disclosures at an appropriate time.
25.	<p>Anticipated financial effect</p> <p>The issuer shall provide qualitative and quantitative disclosures about:</p> <p>(a) how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.</p> <p>(b) how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate related risks and opportunities.</p>	6.3 Responding to Climate Change Capabilities Relief Adopted



Environmental, Social and Governance Report

Indicator Contents		Relevant Chapter	
	26.	<p>Climate resilience</p> <p>An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range.</p>	6.3 Responding to Climate Change Reasonable Information Relief Adopted
(III) Risk Management	27.	<p>An issuer shall disclose information about:</p> <ul style="list-style-type: none"> (a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks. (b) the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and (c) the extent to which, and how, the processes for identifying, assessing, prioritizing and monitoring climate-related risks and opportunities are integrated into and inform the issuer's overall risk management Process. 	6.3 Responding to Climate Change



Environmental, Social and Governance Report

Indicator Contents		Relevant Chapter	
(IV) Metrics and Targets	28.	<p>Greenhouse gas emissions</p> <p>An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO₂ equivalent, classified as:</p> <ul style="list-style-type: none"> (a) Scope 1 greenhouse gas emissions; (b) Scope 2 greenhouse gas emissions; and (c) Scope 3 greenhouse gas emissions. 	6.3 Responding to Climate Change Appendix I: Summary of Sustainable Development Data Reasonable Information Relief Adopted
	29.	<p>An issuer shall:</p> <ul style="list-style-type: none"> (a) measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions; (b) disclose the approach it uses to measure its greenhouse gas emissions. (c) for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer's Scope 2 greenhouse gas emissions; and (d) for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer's measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011). 	6.3 Responding to Climate Change Appendix I: Summary of Sustainable Development Data Reasonable Information Relief Adopted

Environmental, Social and Governance Report

Indicator Contents		Relevant Chapter
30.	<p>Climate-related transition risks</p> <p>An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.</p>	6.3 Responding to Climate Change Reasonable Information Relief Adopted
31.	<p>Climate-related physical risks</p> <p>An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.</p>	6.3 Responding to Climate Change Reasonable Information Relief Adopted
32.	<p>Climate-related opportunities</p> <p>An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.</p>	6.3 Responding to Climate Change Reasonable Information Relief Adopted
33.	<p>Capital deployment</p> <p>An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.</p>	6.3 Responding to Climate Change Reasonable Information Relief Adopted
34.	<p>Internal carbon prices</p> <p>An issuer shall disclose:</p> <ul style="list-style-type: none"> (a) an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and (b) the price of each metric ton of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions; <p>or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.</p>	The Group does not incorporate carbon pricing into its decision-making process.
35.	<p>Remuneration</p> <p>An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a)(iv).</p>	The Group has not incorporated climate-related considerations into its remuneration policy.



Environmental, Social and Governance Report

Indicator Contents		Relevant Chapter
36.	<p>Industry-based metrics</p> <p>An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks.</p>	<p>6.3 Responding to Climate Change</p> <p>We do not presently disclose any industry metrics, but we will explore the feasibility of doing so in the future.</p>
37.	<p>Climate-related targets</p> <p>An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets.</p>	6. Practicing Green Concepts
38.	An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target	6. Practicing Green Concepts
39.	An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer's performance.	6. Practicing Green Concepts
40.	For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39.	6. Practicing Green Concepts
41.	<p>Applicability of cross-industry metrics and industry-based metrics</p> <p>In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider the applicability of cross-industry metrics (see paragraphs 28 to 35) and (ii) industry-based metrics (see paragraph 36).</p>	<p>6.3 Responding to Climate Change</p> <p>We do not presently disclose any cross-industry or industry-specific metrics, but we will explore the feasibility of doing so in the future.</p>

Independent Auditor's Report



Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道 979 號
太古坊一座 27 樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

To the shareholders of Xikang Cloud Hospital Holdings Inc.

(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Xikang Cloud Hospital Holdings Inc. (the "Company") and its subsidiaries (the "Group") set out on pages 153 to 277, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other 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 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") 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 ("HKSA") as issued by the 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"), as applicable to audits of financial statements of public interest entities. We have also 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.



Independent Auditor's Report

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Revenue recognition</p> <p>The Group primarily generates its revenue from the provision of medical services, nursing services and health management services. Revenue of RMB464,138,000 was recognised for the year ended 31 December 2025.</p> <p>Revenue is recognised when the control of the goods or services are transferred to the customer, at a point in time or over time, depending on the terms of the contracts. The Group's majority of revenue was recognised at a point in time, when the goods and services were received and accepted by the customers.</p> <p>We considered revenue recognition a key audit matter as there is an inherent risk based on the fact that the Group generated a variety of revenue from a massive volume of transactions and a large number of customers.</p> <p>Disclosure of the Group's revenue is included in note 5 to the consolidated financial statements.</p>	<p>Our audit procedures included, but not limited to, the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the revenue cycle and performed walkthroughs for all significant streams and tested controls in revenue recognition; • Reviewed and evaluated the revenue recognition policy by inquiring the management and reviewing sales contracts on a sample basis; • Performed analytical procedures on the Group's revenue and gross profit margin by month and by revenue type; • Tested, on a sample basis, the revenue recognised for the year by tracing the sales supporting documents, including but not limited to executed customer orders, contractual agreements, customers' acceptance reports and payment records; • Tested revenue transactions close to the year end, on a sample basis, to check whether they were recorded in the correct periods; • Performed data analysis on the consistency between the operational and financial data on revenue recognition; • Evaluated the adequacy of the disclosures in the consolidated financial statements.



Independent Auditor's Report

Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
<p>Expected credit losses on trade receivables</p> <p>As at 31 December 2025, the Group had gross trade receivables of RMB189,761,000 and expected credit loss ("ECL") allowance for trade receivables of RMB108,446,000.</p> <p>ECL allowance for trade receivables reflected the best estimates made by management. Management assessed ECL of trade receivables individually, or in groups with similar nature and risk characteristics. The expected credit loss rates of each group were determined based on the historical credit loss rates and were adjusted to reflect current and forward-looking information on economic indicators and scenarios.</p> <p>We identified the assessment of expected credit losses on trade receivables as a key audit matter due to the significance of the trade receivables balance to the consolidated financial statements and the significant judgement exercised by management in estimating the expected credit losses on trade receivables.</p> <p>Disclosures about the related accounting estimation and ECL allowance for trade receivables are included in notes 3 and 22 to the consolidated financial statements, respectively.</p>	<p>Our audit procedures included, but not limited to, the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of how management assessed the recoverability and expected credit losses for trade receivables and performed walkthroughs and tested controls on the estimation of the ECL on trade receivables; • Assessed the reasonableness of the ECL model adopted by management based on our understanding on the Group's business and the credit risk characteristics of the trade receivables; • Tested, on a sample basis, the accuracy of the ageing schedule of trade receivables by tracing to sales invoices and historical payment records; • Tested the mathematical accuracy of the calculation of ECL allowance for trade receivables; • Evaluated the adequacy of the disclosures in the consolidated financial statements.



Independent Auditor's Report

Other information included in the Annual Report

Other information consists of the information included in the Company's 2025 Annual Report other than the financial statements and our auditor's report thereon. We obtained chief executive officer's statement and management discussion and analysis prior to the date of our auditor's report, and we expect to obtain other remaining sections of the Annual Report after the date of our auditor's report. Management is responsible for the other information.

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 on the other information obtained prior to the date of the auditor's report, 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 HKFRS Accounting Standards as issued by the HKICPA 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 HKSA's 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.



Independent Auditor's Report

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

As part of an audit in accordance with HKSA's, 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.
- 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.



Independent Auditor's Report

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

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 Ng Siu Ki Ricky (practising certificate number: P05575).

Ernst & Young

Certified Public Accountants

Hong Kong

20 March 2026



Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
REVENUE	5	464,138	501,496
Cost of sales		(337,389)	(353,998)
Gross profit		126,749	147,498
Selling and distribution expenses		(58,814)	(66,209)
Research and development expenses		(32,692)	(42,010)
Administrative expenses		(93,763)	(83,233)
Reversal of impairment losses/(impairment losses) on financial and contract assets, net		17,091	(37,170)
Gain on recovery of accounts receivable written-off		1,101	–
Other income	5	6,090	16,100
Other expense		(860)	–
Other gains, net		14,391	4,652
Finance income	7	15,300	20,897
Finance costs	7	(22,567)	(27,018)
Share of losses of associates	14	(4,527)	(17,434)
LOSS BEFORE TAX	6	(32,501)	(83,927)
Income tax (expense)/credit	10	(6,051)	82
LOSS FOR THE YEAR		(38,552)	(83,845)
OTHER COMPREHENSIVE INCOME/(LOSS)			
<i>Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods</i>			
Exchange differences:			
Exchange differences on translation of a foreign operation		267	(286)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods		267	(286)
<i>Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:</i>			
Equity investments designated at fair value through other comprehensive income:			
Changes in fair value		(9,925)	–
Income tax effect		1,489	–
		(8,436)	–

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Exchange differences:			
Exchange differences on translation of the Company's financial statements into presentation currency		(14,791)	9,941
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods		(23,227)	9,941
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX		(22,960)	9,655
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(61,512)	(74,190)
Loss attributable to:			
Owners of the parent		(38,926)	(83,053)
Non-controlling interests		374	(792)
		(38,552)	(83,845)
Total comprehensive loss attributable to:			
Owners of the parent		(61,886)	(73,398)
Non-controlling interests		374	(792)
		(61,512)	(74,190)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	11	(0.05)	(0.10)

Consolidated Statement of Financial Position

31 December 2025

	Notes	31 December 2025 RMB'000	31 December 2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	29,758	31,684
Right-of-use assets	13(a)	48,330	60,689
Intangible assets		2,911	2,532
Investments in associates	14	85,443	169,559
Equity investments designated at fair value through other comprehensive income	15	44,093	–
Long-term trade receivables	16	3,669	5,860
Prepayments	17	770	–
Other receivables	18	3,844	3,251
Deferred tax assets	19	6,159	6,950
Total non-current assets		224,977	280,525
CURRENT ASSETS			
Inventories	20	17,242	17,268
Assets recognised from costs to fulfil contracts	21	7,753	6,000
Trade receivables	22	81,315	101,974
Contract assets	23	2,779	6,217
Prepayments	17	6,683	7,557
Other receivables	18	34,724	35,309
Other current assets	24	5,707	7,873
Financial assets at fair value through profit or loss	25	214,226	36,842
Restricted deposits	26	5	12
Cash and cash equivalents	26	545,538	760,857
Total current assets		915,972	979,909
CURRENT LIABILITIES			
Trade payables	27	186,034	201,137
Contract liabilities	28	29,060	29,013
Other payables and accruals	29	66,368	63,923
Interest-bearing bank borrowings	30	463,447	510,305
Lease liabilities	13(b)	29,711	24,326
Tax payables		2,343	2,660
Other current liabilities		45	66
Total current liabilities		777,008	831,430
NET CURRENT ASSETS		138,964	148,479
TOTAL ASSETS LESS CURRENT LIABILITIES		363,941	429,004

Consolidated Statement of Financial Position

31 December 2025

	Notes	31 December 2025 RMB'000	31 December 2024 RMB'000
NON-CURRENT LIABILITIES			
Contract liabilities	28	17,183	14,145
Lease liabilities	13(b)	25,400	39,839
Deferred income	31	4,420	4,420
Deferred tax liabilities	19	3,534	2,478
Total non-current liabilities		50,537	60,882
Net assets		313,404	368,122
EQUITY			
Equity attributable to owners of the parent			
Share capital	32	1,125	1,125
Share premium	32	2,543,431	2,543,431
Reserves	33	348,104	359,083
Accumulated losses		(2,579,256)	(2,540,330)
		313,404	363,309
Non-controlling interests		–	4,813
Total equity		313,404	368,122

Liu Jiren
Director

Zong Wenhong
Director



Consolidated Statement of Changes in Equity

Year ended 31 December 2025

	Attributable to owners of the parent								
	Notes	Share	Share	Accumulated		Total	Non-	Total	
		capital	premium	Reserves	losses		controlling		equity
		RMB'000	RMB'000	RMB'000	RMB'000		RMB'000		RMB'000
	(note 32)	(note 32)	(note 33)						
At 1 January 2024		1,125	2,543,431	340,865	(2,457,277)	428,144	5,589	433,733	
Loss for the year		-	-	-	(83,053)	(83,053)	(792)	(83,845)	
Other comprehensive income for the year:									
Exchange differences		-	-	9,655	-	9,655	-	9,655	
Total comprehensive loss for the year		-	-	9,655	(83,053)	(73,398)	(792)	(74,190)	
Share-based compensation	34	-	-	8,563	-	8,563	16	8,579	
At 31 December 2024		1,125	2,543,431	359,083	(2,540,330)	363,309	4,813	368,122	
At 1 January 2025		1,125	2,543,431	359,083	(2,540,330)	363,309	4,813	368,122	
Loss for the year		-	-	-	(38,926)	(38,926)	374	(38,552)	
Other comprehensive loss for the year:									
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax		-	-	(8,436)	-	(8,436)	-	(8,436)	
Exchange differences		-	-	(14,524)	-	(14,524)	-	(14,524)	
Total comprehensive loss for the year		-	-	(22,960)	(38,926)	(61,886)	374	(61,512)	
Share of equity movement of an associate		-	-	(9,035)	-	(9,035)	-	(9,035)	
Acquisition of non-controlling interests		-	-	(1,038)	-	(1,038)	(1,212)	(2,250)	
Disposal of a subsidiary	36	-	-	2,511	-	2,511	(3,981)	(1,470)	
Share-based compensation	34	-	-	19,543	-	19,543	6	19,549	
At 31 December 2025		1,125	2,543,431	348,104	(2,579,256)	313,404	-	313,404	

Consolidated Statement of Cash Flows

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	37	30,409	9,058
Interest received		14,551	19,941
Income taxes paid		(4,412)	(7,435)
Net cash flows generated from operating activities		40,548	21,564
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(5,473)	(13,438)
Proceeds from disposal of property, plant and equipment		123	264
Purchase of wealth management products		(426,891)	(224,745)
Proceeds from disposal of wealth management products		249,928	343,772
Acquisition of subsidiaries	35	7,157	(2,841)
Disposal of a subsidiary	36	(10,512)	–
Receipts from disposal of subsidiaries in previous periods		–	7,440
Proceeds from disposal of an associate		30,000	–
Net cash flows (used in)/generated from investing activities		(155,668)	110,452
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank borrowings	37	482,900	240,000
Repayments of bank borrowings	37	(529,850)	(239,570)
Acquisition of non-controlling interests		(2,250)	–
Payments for interest	37	(19,752)	(23,472)
Payments for lease liabilities	37	(22,235)	(26,602)
Receipts of/(payments for) lease deposits		214	(285)
Payments for listing expenses		(37)	(6,633)
Net cash flows used in financing activities		(91,010)	(56,562)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(206,130)	75,454
Cash and cash equivalents at the beginning of the year		760,857	676,794
Effects of exchange rate changes on cash and cash equivalents		(9,189)	8,609
CASH AND CASH EQUIVALENTS AT END OF YEAR	26	545,538	760,857
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	26	545,543	760,869
Less: Restricted deposits	26	(5)	(12)
Cash and cash equivalents as stated in the consolidated statements of financial position and cash flows		545,538	760,857

Notes to Financial Statements

1. CORPORATE AND GROUP INFORMATION

Xikang Cloud Hospital Holdings Inc. (the “**Company**”) was incorporated in the Cayman Islands on 12 May 2011 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands.

The Company, an investment holding company, and its subsidiaries (together, the “**Group**”) are principally engaged in provision of the following services: (i) medical services; (ii) nursing services; and (iii) health management services in the People’s Republic of China (the “**PRC**”).

Information about subsidiaries

Particulars of the Company’s subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Type of legal entity	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Xikang Cloud Hospital International Limited	Hong Kong	Limited liability company	HKD2,187,794,622	100%	–	Investment holding
Xikang Healthcare Technology Co., Ltd.	PRC/ Chinese mainland	Limited liability company	USD275,000,000	–	100%	Research and development of computer technology
Liaoning Xikang Healthcare Management Co., Ltd.	PRC/ Chinese mainland	Limited liability company	RMB50,000,000	–	100%	Healthcare
Shenyang Xikang Medical System Co., Ltd.	PRC/ Chinese mainland	Limited liability company	RMB200,000,000	–	100%	Sales of medical devices
Shenyang Xikang Medical Enterprise Management Co., Ltd.	PRC/ Chinese mainland	Limited liability company	RMB30,000,000	–	100%	Technology service
Ningbo Xikang Smart Healthcare Management Co., Ltd.	PRC/ Chinese mainland	Limited liability company	RMB1,000,000	–	100%	Technology service
Ningbo Cloud Hospital Co., Ltd.	PRC/ Chinese mainland	Limited liability company	RMB50,000,000	–	100%	Healthcare

Notes to Financial Statements

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Particulars of the Company's subsidiaries are as follows: (continued)

Name	Place of incorporation/ registration and business	Type of legal entity	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Shanghai Xikang Healthcare Management Co., Ltd.	PRC/ Chinese mainland	Limited liability company	RMB35,000,000	–	100%	Healthcare
Shanghai Xikang Clinic Co., Ltd.	PRC/ Chinese mainland	Limited liability company	RMB10,000,000	–	100%	Healthcare
Shanxi Xikang Healthcare Management Co., Ltd.	PRC/ Chinese mainland	Limited liability company	RMB5,000,000	–	100%	Healthcare
Chengdu Xikang Health Management Service Co., Ltd.	PRC/ Chinese mainland	Limited liability company	RMB5,000,000	–	100%	Healthcare
Shenyang Xikang Cloud Hospital Co., Ltd.	PRC/ Chinese mainland	Limited liability company	RMB5,000,000	–	100%	Healthcare
Xikang (Ningbo) Smart Wearable Equipment Co., Ltd.	PRC/ Chinese mainland	Limited liability company	RMB60,000,000	–	100%	Sales of medical devices
Hunan Xikang Health Management Co., Ltd.	PRC/ Chinese mainland	Limited liability company	RMB10,100,000	–	100%	Healthcare

Notes to Financial Statements

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Particulars of the Company's subsidiaries are as follows: (continued)

Name	Place of incorporation/ registration and business	Type of legal entity	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Fujian Xikang Health Management Service Co., Ltd.	PRC/ Chinese mainland	Limited liability company	RMB5,000,000	–	100%	Healthcare
Fuzhou Cangshan Xikang Comprehensive Clinic Co., Ltd.	PRC/ Chinese mainland	Limited liability company	RMB35,000,000	–	100%	Healthcare
Xikang (Hangzhou) Nursing Station Co., Ltd.	PRC/ Chinese mainland	Limited liability company	RMB1,000,000	–	100%	Healthcare
Ningbo Haishu Xikang Comprehensive Clinic Co., Ltd.	PRC/ Chinese mainland	Limited liability company	RMB3,000,000	–	100%	Healthcare
Dalian Lixin Cloud Health Management Consulting Co., Ltd.	PRC/ Chinese mainland	Limited liability company	RMB50,000,000	–	100%	Healthcare
Dalian Neusoft Xikang Comprehensive Clinic Co., Ltd.	PRC/ Chinese mainland	Limited liability company	RMB10,000,000	–	100%	Healthcare
Beijing Neusoft Xikang Information Technology Co., Ltd.*	PRC/ Chinese mainland	Limited liability company	RMB10,000,000	–	100%	Technology service
Beijing Neusoft Xikang Medical Technology Co., Ltd.*	PRC/ Chinese mainland	Limited liability company	RMB100,000	–	100%	Investment holding
Chongqing Xikang Health Technology Co., Ltd.**	PRC/ Chinese mainland	Limited liability company	RMB100,000	–	100%	Healthcare
Shanghai Lingang Xikang Hospital Co., Ltd.**	PRC/ Chinese mainland	Limited liability company	RMB3,000,000	–	100%	Healthcare
Henan Yujian Xikang Health Management Co., Ltd.***	PRC/ Chinese mainland	Limited liability company	RMB1,000,000	–	100%	Healthcare

* The Company does not have legal ownership in the equity of Beijing Neusoft Xikang Information Technology Co., Ltd. and Beijing Neusoft Xikang Medical Technology Co., Ltd. However, under certain contractual agreements (including a power of attorney agreement, loan agreement, equity option agreement, equity interest pledge agreement and an exclusive technical consulting and service agreement) entered into with the registered owners of the entities, the Company, through its indirectly wholly-owned subsidiary, controls the entities by way of controlling the voting rights, governing the financial and operating policies, appointing or removing the majority of the members of those controlling authorities, and casting the majority of votes at meetings of such authorities. In addition, such contractual agreements also transfer the risks and rewards of the entities to the Group's indirectly wholly-owned subsidiary. As a result, the entities are treated as subsidiaries of the Company and their financial statements have been consolidated by the Company.

** During the year, the Group acquired Chongqing Xikang Health Technology Co., Ltd. and Shanghai Lingang Xikang Hospital Co., Ltd. from Neusoft Management Consulting (Shanghai) Co., Ltd. Further details of the acquisition are included in note 35 to the financial statements.

*** Henan Yujian Xikang Health Management Co., Ltd. was established on 30 October 2025.

Notes to Financial Statements

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) 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 and equity investments designated at fair value through other comprehensive income 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 2025. 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.

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.

Notes to Financial Statements

2. ACCOUNTING POLICIES (continued)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted amendments to HKAS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to HKAS 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. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries and associates for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

In addition, the HKICPA has issued amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37 *Disclosures about Uncertainties in the Financial Statements*, which added illustrative examples in the corresponding HKFRS Accounting Standards. These examples reflect existing requirements in the corresponding HKFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions. The Group has considered the guidance in these illustrative examples and considered it not to have any significant impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

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

HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ²
HKFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures</i> ²
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ¹
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> ¹
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
Amendments to HKAS 21	<i>Translation to a Hyperinflationary Presentation Currency</i> ²
<i>Annual Improvements to HKFRS Accounting Standards – Volume 11</i>	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 ¹

¹ Effective for annual periods beginning on or after 1 January 2026

² Effective for annual/reporting periods beginning on or after 1 January 2027

³ No mandatory effective date yet determined but available for adoption

Notes to Financial Statements

2. ACCOUNTING POLICIES (continued)

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (continued)

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

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss and other comprehensive income 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 HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards 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 HKFRS 18 on the presentation and disclosure of the Group's financial statements.

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 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 HKFRS Accounting Standards or IFRS Accounting Standards. HKFRS 19 was amended in April 2025 to include IFRS Accounting Standards in the eligibility criteria for applying the standard. The standard was further amended in October 2025 to (i) remove disclosure objectives from HKFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to HKFRS 18 for entities that use these measures. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19 and its amendments. Some of the Company's subsidiaries are considering the application of HKFRS 19 and its amendments in their specified financial statements.

2. ACCOUNTING POLICIES (continued)

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (continued)

Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* 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 HKFRS 9 and HKFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of the initial application. Earlier application is permitted. The amendments to HKFRS 9 and HKFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 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 HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.



Notes to Financial Statements

2. ACCOUNTING POLICIES (continued)**2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (continued)**

Amendments to HKAS 21 *Translation to a Hyperinflationary Presentation Currency* require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of HKAS 29 *Financial Reporting in Hyperinflationary Economies*, to the foreign operation's comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

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

- **HKFRS 7 *Financial Instruments: Disclosures*:** The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS 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 HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 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.
- **HKFRS 9 *Financial Instruments*:** The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in HKFRS 16 and an extinguishment of a lease liability in accordance with HKFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 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.
- **HKFRS 10 *Consolidated Financial Statements*:** The amendments clarify that the relationship described in paragraph B74 of HKFRS 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 HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **HKAS 7 *Statement of Cash Flows*:** The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 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. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES

Investments in associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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.

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.



Notes to Financial Statements

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

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.

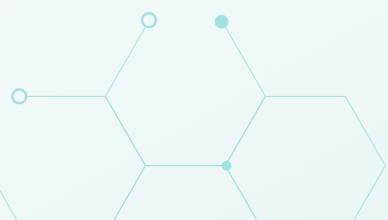
Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified 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. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Fair value measurement

The Group measures its financial assets at fair value through profit or loss 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.



Notes to Financial Statements

2. ACCOUNTING POLICIES (continued)

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, assets recognised from costs to fulfil contracts, contract assets, deferred tax assets and financial assets), 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.

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 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 credited to profit or loss in the period in which it arises.



2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

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

- (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;
 - (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.



Notes to Financial Statements

2. ACCOUNTING POLICIES (continued)**2.4 MATERIAL ACCOUNTING POLICIES (continued)***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 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.

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:

Electronic equipment	19% to 33%
Office furniture and others	19% to 33%
Leasehold improvement	Over the shorter of the lease terms and 20% to 33%

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 each financial year end.

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 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.



2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

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 each financial year end.

Software

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 10 years, which is determined by considering estimated period in which the intangible asset's future economic benefits are expected to be consumed.

Patents

Purchased patents are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful life of 10 years, which is determined by considering estimated period that the Group expects these assets will generate economic benefits to medical services and health management services.

Research and development costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.



Notes to Financial Statements

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

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 10 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. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Leases (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

The Group applies the short-term lease recognition exemption to its short-term leases of electronic equipment and buildings (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).

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



Notes to Financial Statements

2. ACCOUNTING POLICIES (continued)

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, fair value through other comprehensive income, 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 HKFRS 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.



2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

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 profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

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 profit or loss.

This category includes wealth management products. Return on the wealth management products are recognised as other income in profit or loss when the right of payment has been established.



Notes to Financial Statements

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

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.



2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

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.

General approach

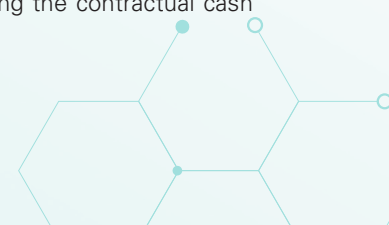
ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures 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.

For comprehensive health management services (included in health management services), the Group considers a financial asset in default when unsettled contractual payments are aged more than two years. The Group has rebutted the 90 days past due presumption of default based on reasonable and supportable information, including the Group’s credit risk control practices and the historical recovery rate of financial assets over 90 days past due. However, the Group may also 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.

For medical services, nursing services and health management services (excluding comprehensive health management services), the Group considers a financial asset in default when unsettled contractual payments are aged more than four years. The Group has rebutted the 90 days past due presumption of default based on reasonable and supportable information, including the Group’s credit risk control practices and the historical recovery rate of financial assets over 90 days past due. However, the Group may also 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.



Notes to Financial Statements

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

General approach (continued)

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 and contract assets 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

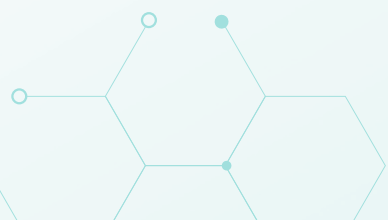
Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

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 and contract assets 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.

For trade receivables and contract assets that contain a significant financing component, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.



2. ACCOUNTING POLICIES (continued)

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, 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 and other payables and accruals, interest-bearing bank borrowings and lease liabilities.

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 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 profit or loss.



Notes to Financial Statements

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

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 profit or loss.

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.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis. 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.



2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

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 profit or loss.

The Group provides for warranties in relation to the sale of certain smart healthcare products and the provision of certain cloud hospital platform services for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate. The warranty-related cost is revised annually.

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.

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.



Notes to Financial Statements

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Income tax (continued)

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 and associates, 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 and associates, 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. ACCOUNTING POLICIES (continued)

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 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 profit or loss by way of a reduced depreciation charge.

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 HKFRS 15.



Notes to Financial Statements

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

(a) Medical services

Medical services consist primarily of internet medical services and cloud hospital platform services.

(i) Internet medical services

The Group provides internet medical services mainly consisting of online hospital services and remote medical services through the Group's cloud-based information infrastructure to the customers including medical institutions, individual customers and enterprises. Revenue from internet medical services is recognised at the point in time when the services have been fulfilled.

(ii) Cloud hospital platform services

Cloud hospital platform services consist primarily of project-based platform services (including platform construction services and platform connection services) for the customers including local governments, medical institutions, insurers and enterprises.

The project-based platform construction services are provided through integrating the hardware, software and other services, all of which are highly interdependent and interrelated with each other and represent multiple inputs to a combined output, the combined output under such circumstances is accounted for as a performance obligation in a contract with the customer. Since none of the following criteria under HKFRS 15 paragraph 35 was satisfied, the revenue of project-based platform construction services recognised at a point in time when the combined output is inspected and accepted by the customer:

- the customer does not simultaneously receive and consume benefits because another entity would need to substantially re-perform the Group's performance completed to date;
- the Group's performance does not under the customer's control as it is created; and
- although the Group's performance creates an asset without alternative use, the Group does not have an enforceable right to payment for performance completed to date in accordance with the contracts signed.

For certain platform connection services that provide the customers with the platform operation services over a specific period, the revenue is recognised over time on straight line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

In addition, the Group also provides operation and maintenance services to the customer and revenue is recognised over time on straight line basis since the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

The Group recognised an asset in relation to costs to fulfil a cloud hospital platform service contract. The asset is recognised into cost of sales with the related revenue of service and recognised at the point of completion.

The Group recorded the non-refundable prepayments from customers as contract liabilities.

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

(b) Nursing services

The Group provides professional nursing care services at the patient's premises. Revenue from nursing services is recognised at the point in time when the services have been fulfilled.

In addition, the Group provides nursing platform services including nursing platform construction services and nursing platform connection services. Revenue from nursing platform construction services and nursing platform connection services is recognised at the point in time when the services have been fulfilled.

(c) Health management services

(i) Comprehensive health management services

The Group provides health management services primarily consisting of the comprehensive health management services (mainly covering health check-ups) either to individual customers or enterprises customers. Health management service revenue is recognised at the point in time when related service has been fulfilled. The Group recorded the prepayment from customers as contract liabilities, while recorded the outstanding considerations as trade receivables.

(ii) Sale of smart healthcare products

The Group also provides a variety of smart healthcare products to medical institutions, enterprises and individual customers. The Group is primarily responsible for providing the smart healthcare products to the customers being a principal, and the revenue is recognised at a point when the smart healthcare products are installed and accepted by the customers. The Group records the prepayment from customers as contract liabilities, while records the outstanding considerations as trade receivables or contract assets. For certain contracts of which the Group transfers control of smart healthcare products to the customers in advance of receiving consideration, the Group records contract assets when the outstanding consideration is subject to certain conditions other than the passage of time. Contract assets become trade receivables when the Group's right to consideration is unconditional if only the passage of time is required before payment of the consideration is due.

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.

Investment return on wealth management products recognised in profit or loss is the difference between the proceeds from disposal and the carrying amount of the relevant wealth management product upon derecognition.



Notes to Financial Statements

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

Contract liabilities

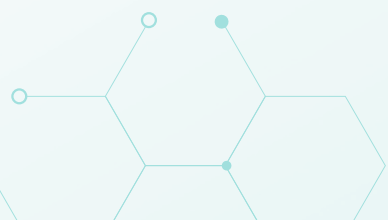
A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the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

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- (c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.



2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Share-based payments

The Company operates certain share option schemes. 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 binomial model, further details of which are given in note 34 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 profit or loss 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.



Notes to Financial Statements

2. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Other employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in the Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain percentages of its 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.

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. ACCOUNTING POLICIES (continued)

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Foreign currencies

The functional currency of the Company is the United States dollar (“**USD**”) while the presentation currency of the Company for these financial statements is RMB as the Group mainly operates in Chinese mainland. 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 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).

The functional currency of the Company and a subsidiary operating in Hong Kong is currency other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rate prevailing at the end of the reporting period and their statements of profit or loss are 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 profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas entities are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas entities which arise throughout the year are translated into RMB at the weighted average exchange rates of the year.



Notes to Financial Statements

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:

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.

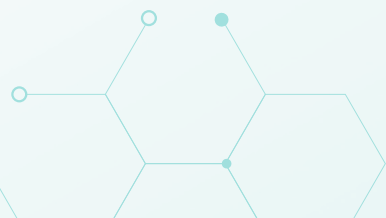
The Group has tax losses of RMB724,127,000 (2024: RMB681,890,000) carried forward. These losses related to subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither any taxable temporary difference 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 RMB250,605,000. Further details on deferred taxes are disclosed in note 19 to the financial statements.

Contractual arrangements

The Group exercises control over certain of its subsidiaries and enjoys substantially all economic benefits of those subsidiaries through the contractual arrangements.

The Group considers that it controls those subsidiaries notwithstanding the fact that it does not hold direct equity interests in those subsidiaries, as it has power over the financial and operating policies of those subsidiaries and receives substantially all of the economic benefits from the business activities of those subsidiaries through the contractual arrangements. Accordingly, those subsidiaries have been accounted for as subsidiaries during the year.



3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

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.

Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated cost to be incurred to completion and sale. These estimates are based on the current market condition and the historical experience of selling products of a similar nature. It could change significantly as a result of changes in customers' needs or competitors' actions in response to the product industry cycle. Management reassesses these estimates at the end of the reporting period. Further details on carrying amount of inventories are disclosed in note 20 to the financial statements.

Impairment of non-financial assets

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. 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. The carrying amounts of non-financial assets as at 31 December 2025 in aggregate amounted to RMB167,212,000 (2024: RMB264,464,000).



Notes to Financial Statements

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Provision for expected credit losses on trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type).

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 product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the medical, nursing and health management businesses, 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 and contract assets is disclosed in note 22 and note 23 to the financial statements, respectively.

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 (for example, when leases are not in the subsidiary's functional currency).

Fair value of financial assets at fair value through profit or loss

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Further details are included in note 25 to the financial statements.

Fair value of unlisted equity investments

The unlisted equity investments have been valued based on a discounted cash flow valuation model as detailed in note 42 to financial statements. The valuation requires the Group to determine the expected future cash flows, discount rate and discount for lack of control. The Group classifies the fair value of these investments as Level 3. The fair value of the unlisted equity investments at 31 December 2025 was RMB44,093,000 (2024: Nil). Further details are included in note 15 to the financial statements.

Recognition of share-based compensation expenses

As mentioned in note 34 to the financial statements, share options were granted to the employees during the year. The directors have used the binomial model to determine the total fair value of the share options, which are to be expensed over the vesting period. Significant estimate on assumptions, such as the risk-free interest rate, expected volatility, estimation of vesting period and dividend yield, is required to be made by the directors in applying the methods.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

- (a) medical services;
- (b) nursing services; and
- (c) health management services.

The directors of the Company, who are the chief operating decision makers ("**CODM**"), monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment revenue and gross profit of each operating segment. The selling and distribution expenses, administrative expenses, research and development expenses, impairment losses on financial and contract assets, net, other income, other expense, other gains, net, finance income, finance costs, share of losses of associates and income tax credit/(expense) are not allocated to individual operating segments.

Revenue from external customers reported to CODM is measured as segment revenue, which is derived from the customers in each segment. Cost of sales primarily comprises cost for purchasing of hardware and software, cost of development services, salary and compensation expenses.

The segment information provided to CODM is measured in a manner consistent with that applied in these financial statements. There was no information on separate segment assets and segment liabilities provided to CODM, as CODM does not use such information to allocate resources to or evaluate the performance of the operating segments.



Notes to Financial Statements

4. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2025	Medical services RMB'000	Nursing services RMB'000	Health management services RMB'000	Total RMB'000
Segment information				
Sales to external customers	145,594	79,719	238,825	464,138
Cost of sales	(123,790)	(64,225)	(149,374)	(337,389)
Segment gross profit	21,804	15,494	89,451	126,749
<i>Reconciliation:</i>				
Selling and distribution expenses				(58,814)
Research and development expenses				(32,692)
Administrative expenses				(93,763)
Reversal of impairment losses on financial and contract assets, net				17,091
Gain on recovery of accounts receivable written-off				1,101
Other income				6,090
Other expenses				(860)
Other gains, net				14,391
Finance income				15,300
Finance costs				(22,567)
Share of losses of associates				(4,527)
Loss before tax				(32,501)

Notes to Financial Statements

4. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2024	Medical services RMB'000	Nursing services RMB'000	Health management services RMB'000	Total RMB'000
Segment information				
Sales to external customers	216,670	56,151	228,675	501,496
Cost of sales	(166,060)	(41,936)	(146,002)	(353,998)
Segment gross profit	50,610	14,215	82,673	147,498
<i>Reconciliation:</i>				
Selling and distribution expenses				(66,209)
Research and development expenses				(42,010)
Administrative expenses				(83,233)
Impairment losses on financial and contract assets, net				(37,170)
Other income				16,100
Other gains, net				4,652
Finance income				20,897
Finance costs				(27,018)
Share of losses of associates				(17,434)
Loss before tax				(83,927)



Notes to Financial Statements

4. OPERATING SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

	2025	2024
	RMB'000	RMB'000
Chinese mainland	464,138	501,088
Other regions	–	408
Total revenue	464,138	501,496

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

(b) Non-current assets

As at 31 December 2025 and 2024, all of the non-current assets of the Group were located in the Chinese mainland.

Information about a major customer

No revenue from the Group's sales to a single customer accounted for 10% or more of the Group's revenue during the years ended 31 December 2025 and 2024.



Notes to Financial Statements

5. REVENUE AND OTHER INCOME

An analysis of revenue is as follows:

	2025	2024
	RMB'000	RMB'000
Revenue from contracts with customers	464,138	501,496

Revenue from contracts with customers

(a) *Disaggregated revenue information*

For the year ended 31 December 2025

Segments	Medical	Nursing	Health	Total
	services	services	management	
	RMB'000	RMB'000	services	RMB'000
			RMB'000	
Geographical markets				
Chinese mainland	145,594	79,719	238,825	464,138
Timing of revenue recognition				
Recognised at a point in time	140,399	79,223	238,554	458,176
Recognised over time	5,195	496	271	5,962
Total	145,594	79,719	238,825	464,138



Notes to Financial Statements

5. REVENUE AND OTHER INCOME (continued)

Revenue from contracts with customers (continued)

(a) Disaggregated revenue information (continued)

For the year ended 31 December 2024

Segments	Medical services RMB'000	Nursing services RMB'000	Health management services RMB'000	Total RMB'000
Geographical markets				
Chinese mainland	216,262	56,151	228,675	501,088
Other regions	408	–	–	408
Total	216,670	56,151	228,675	501,496
Timing of revenue recognition				
Recognised at a point in time	201,503	55,096	228,371	484,970
Recognised over time	15,167	1,055	304	16,526
Total	216,670	56,151	228,675	501,496

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2025 RMB'000	2024 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Medical services	3,124	5,214
Nursing services	129	442
Health management services	19,724	20,082
Total	22,977	25,738

Notes to Financial Statements

5. REVENUE AND OTHER INCOME (continued)

Revenue from contracts with customers (continued)

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Medical services

The performance obligation is satisfied over time or at the point in time as services are rendered and payment in advance is normally required, except for customers of cloud hospital platform services, where a certain percentage of payment in advance is typically required and the remaining payment is generally due within one year from the date of billing.

Nursing services

The performance obligation is satisfied over time or at the point in time as services are rendered and payment in advance is normally required.

Health management services

The performance obligation is satisfied over time or at the point in time as services are rendered. For individual customers of comprehensive health management services, payment in advance is normally required and for enterprises customers of comprehensive health management services, payment is generally due within 90 days from the date of billing. For customers of smart healthcare products, a certain percentage of payment in advance is typically required and the remaining payment is generally due within one year from the date of billing, except for some selected customers where payments are due in one to ten years.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2025	2024
	RMB'000	RMB'000
Amounts expected to be recognised as revenue:		
Medical services	65,165	63,357
Nursing services	4,530	1,222
Health management services	81,747	80,239
Total	151,442	144,818

Management expects that RMB57,832,000 (2024: RMB44,245,000) of the transaction price allocated to the unsatisfied contracts as at 31 December 2025 will be recognised as revenue within one year. The remaining RMB93,610,000 (2024: RMB100,573,000) will be recognised over one year.

Notes to Financial Statements

5. REVENUE AND OTHER INCOME (continued)

An analysis of other income is as follows:

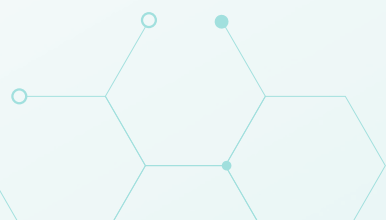
	2025	2024
	RMB'000	RMB'000
Government grants*	4,423	8,872
Investment return on wealth management products	1,558	7,000
Value added tax ("VAT") refund and VAT reduction	4	126
Refund of service fee for withholding individual income tax	105	102
Total	6,090	16,100

* Government grants mainly include one-time incentives for listed companies and project-based subsidies to support regional development, encourage innovation, and promote digital transformation.

6. LOSS BEFORE TAX

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

	Notes	2025	2024
		RMB'000	RMB'000
Cost of sales of hardware, software, raw materials and others		258,812	272,330
Depreciation of property, plant and equipment	12	8,867	8,313
Depreciation of right-of-use assets	13(a)	21,477	19,460
Amortisation of software		492	522
Amortisation of patents		118	118
Lease payments not included in the measurement of lease liabilities	13(c)	446	751
Auditor's remuneration		1,879	1,784
Employee benefit expense (including directors' and chief executive's remuneration (note 8)):			
Wages, salaries and bonuses		115,097	128,825
Share-based compensation expenses (note 34)		19,549	8,579
Social security costs and housing benefits*		27,013	29,521
Other employee benefits**		7,545	7,715
Total		169,204	174,640



Notes to Financial Statements

6. LOSS BEFORE TAX (continued)

	Notes	2025 RMB'000	2024 RMB'000
Foreign exchange differences, net***		(1,762)	(42)
(Reversal of impairment of)/impairment of financial and contract assets, net:			
Impairment of long-term trade receivables, net	16	3,351	769
(Reversal of impairment of)/impairment of trade receivables, net	22	(19,964)	35,819
(Reversal of impairment of)/impairment of other receivables, net	18	(62)	312
(Reversal of impairment of)/impairment of contract assets, net	23	(416)	270
Total		(17,091)	37,170
Impairment/(reversal of impairment loss) loss on inventories****		214	(370)
Gain on bargain purchase***	35	(1,622)	(1,202)
Gain on partial disposal of equity interest in an associate***		(4,459)	–
Gain on disposal of a subsidiary***	36	(3,827)	–
Gain on recovery of accounts receivable written-off		(1,101)	–
Fair value gains on financial assets at fair value through profit or loss, net***		(3,233)	(3,604)
Loss on disposal of property, plant and equipment, net***		560	934
Gain on partial or full termination of the lease, net***	13(c)	(103)	(376)
Service fee for purchase of wealth management products*****		860	–

* The social security costs and housing benefits include RMB13,132,000 (2024: RMB15,419,000) relating to pension scheme contributions. There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

** The other employee benefits include RMB6,479,000 (2024: RMB6,098,000) relating to termination benefits.

*** These items are included in "Other gains, net" in the consolidated statement of profit or loss and other comprehensive income.

**** This item is included in "Administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.

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

Notes to Financial Statements

7. FINANCE INCOME AND COSTS

An analysis of finance income and costs is as follows:

	2025	2024
	RMB'000	RMB'000
Finance income		
Interest income	15,300	20,897
Finance costs		
Interest on bank borrowings	(19,844)	(23,362)
Interest on lease liabilities (note 13(c))	(2,723)	(3,656)
	(22,567)	(27,018)

8. 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:

	Group	
	2025	2024
	RMB'000	RMB'000
Fees	411	411
Other emoluments:		
Salaries, allowances and benefits in kind	2,561	3,080
Pension scheme contributions	–	13
Share-based compensation expenses	5,152	5,178
Subtotal	7,713	8,271
Total	8,124	8,682

During the year, a director was granted share options, in respect of her services to the Group, under the share option scheme of the Company, further details of which are set out in note 34 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss and other comprehensive income 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.

Notes to Financial Statements

8. 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:

	2025	2024
	RMB'000	RMB'000
Dr. Chen Yan	137	137
Dr. Yin Guisheng	137	137
Dr. Qi Guoxian	137	137
Total	411	411

There were no other emoluments payable to the independent non-executive directors during the year (2024: Nil).

(b) An executive director and non-executive directors

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Social security costs	Housing benefits	Share- based compensation expenses	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2025							
Executive director							
Ms. Zong Wenhong ⁽ⁱ⁾	-	2,561	-	-	-	5,152	7,713
Non-executive directors							
Dr. Liu Jiren ⁽ⁱⁱ⁾	-	-	-	-	-	-	-
Dr. Wang Nan	-	-	-	-	-	-	-
Mr. Pu Chengchuan	-	-	-	-	-	-	-
Dr. Chen Lianyong ⁽ⁱⁱⁱ⁾	-	-	-	-	-	-	-
Mr. Xu Hongli	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-
Total	-	2,561	-	-	-	5,152	7,713

Notes to Financial Statements

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

(b) An executive director and non-executive directors (continued)

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Social security costs RMB'000	Housing benefits RMB'000	Share-based compensation expenses RMB'000	Total remuneration RMB'000
2024							
Executive director							
Ms. Zong Wenhong ⁽ⁱ⁾	-	3,080	13	-	-	5,178	8,271
Non-executive directors							
Dr. Liu Jiren ⁽ⁱⁱ⁾	-	-	-	-	-	-	-
Ms. Lu Zhaoxia ^(iv)	-	-	-	-	-	-	-
Dr. Wang Nan	-	-	-	-	-	-	-
Mr. Pu Chengchuan	-	-	-	-	-	-	-
Dr. Chen Lianyong ⁽ⁱⁱⁱ⁾	-	-	-	-	-	-	-
Mr. Xu Hongli	-	-	-	-	-	-	-
Subtotal	-	-	-	-	-	-	-
Total	-	3,080	13	-	-	5,178	8,271

(i) Ms. Zong Wenhong is also the chief executive of the Group.

(ii) Dr. Liu Jiren is also the chairman of the Group.

(iii) Dr. Chen Lianyong resigned on 18 April 2025.

(iv) Ms. Lu Zhaoxia resigned on 20 March 2024.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

Notes to Financial Statements

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one director (2024: one director), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining four (2024: four) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2025	2024
	RMB'000	RMB'000
Salaries, allowances and benefits in kind	6,084	5,749
Share-based compensation expenses	1,950	1,019
Social security costs, housing benefits and other employee benefits	398	412
Total	8,432	7,180

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2025	2024
HKD1,500,001 to HKD2,000,000	–	3
HKD2,000,001 to HKD2,500,000	4	1
Total	4	4

During the years ended 31 December 2025 and 2024, share options were granted to certain 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 34 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss and other comprehensive income 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.

Notes to Financial Statements

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Cayman Islands

The Company is incorporated as an exempted company with limited liability under the Companies Act of the Cayman Islands and is not subject to Cayman Islands income tax.

Hong Kong

The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax. The first HKD2,000,000 (2024: HKD2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2024: 8.25%) and the remaining assessable profits are taxed at 16.5% (2024: 16.5%).

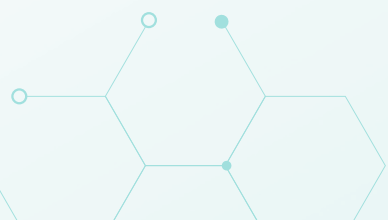
No Hong Kong profit tax was provided for as there was no estimated assessable profit that was subject to Hong Kong profits tax during the years ended 31 December 2025 and 2024.

Chinese mainland

The income tax provision of the Group in respect of its operations in the Chinese mainland was subject to statutory tax rate of 25% on the assessable profits during the years ended 31 December 2025 and 2024, based on the existing legislation, interpretations and practices in respect thereof.

Xikang Healthcare Technology Co., Ltd. was qualified as a “High and New Technology Enterprise” (“**HNTE**”) under the relevant PRC laws and regulations on 26 December 2025 and 15 November 2022, respectively. Accordingly, the entity was entitled to a preferential income tax rate of 15% during the years ended 31 December 2025 and 2024. This status is subject to a reapplication of HNTE status of Xikang Healthcare Technology Co., Ltd every three years.

According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that has been effective from 2023 onwards, enterprises engaging in research and development activities are entitled to claim 200% of their research and development expenditures incurred as tax deductible expenses when determining their assessable profits for that year.



Notes to Financial Statements

10. INCOME TAX (continued)**Chinese mainland (continued)**

The income tax expense/(credit) of the Group is analysed as follows:

	2025	2024
	RMB'000	RMB'000
Current –Chinese mainland		
Charge for the year	3,834	4,380
Underprovision in prior years	261	16
Deferred (note 19)	1,956	(4,478)
Total tax charge/(credit)	6,051	(82)

A reconciliation of the tax (credit)/expense applicable to loss before tax at the statutory tax rate for the jurisdiction in which the operations of the Group are substantially based to the tax (credit)/expense at the effective tax rate is as follows:

	2025	2024
	RMB'000	RMB'000
Loss before tax	(32,501)	(83,927)
Tax at the statutory tax rate	(10,309)	(25,378)
Income not subject to tax	(2,072)	(300)
Expenses not deductible for tax	1,219	4,708
Super deduction of research and development expenses	(2,591)	(3,568)
Tax losses and temporary differences recognised from previous periods	(686)	(4,846)
Tax losses and temporary differences not recognised	21,347	34,460
Tax losses utilised from previous periods	(1,118)	(5,174)
Adjustments in respect of current tax of previous periods	261	16
Tax charge/(credit) at the Group's effective rate	6,051	(82)

Notes to Financial Statements

11. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 841,876,805 (2024: 841,876,805) outstanding during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2025 and 2024 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

The calculation of basic and diluted loss per share is based on:

	2025 RMB'000	2024 RMB'000
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic and diluted loss per share calculation	(38,926)	(83,053)
Number of shares		
	2025	2024
Weighted average number of ordinary shares outstanding during the year used in the basic and diluted loss per share calculation	841,876,805	841,876,805

Notes to Financial Statements

12. PROPERTY, PLANT AND EQUIPMENT

	Electronic equipment RMB'000	Office furniture and others RMB'000	Construction in progress RMB'000	Leasehold improvement RMB'000	Total RMB'000
31 December 2025					
At 1 January 2025:					
Cost	114,824	2,662	64	44,802	162,352
Accumulated depreciation	(90,302)	(1,198)	–	(39,168)	(130,668)
Net carrying amount	24,522	1,464	64	5,634	31,684
At 1 January 2025, net of accumulated depreciation					
	24,522	1,464	64	5,634	31,684
Additions	2,312	828	923	–	4,063
Acquisition of subsidiaries (note 35)	1,369	–	–	2,894	4,263
Disposal of a subsidiary (note 36)	(487)	(5)	(64)	(194)	(750)
Disposals	(630)	(5)	–	–	(635)
Depreciation provided during the year	(5,946)	(394)	–	(2,527)	(8,867)
Transfers	–	–	(923)	923	–
At 31 December 2025, net of accumulated depreciation	21,140	1,888	–	6,730	29,758
At 31 December 2025:					
Cost	104,923	3,330	–	19,184	127,437
Accumulated depreciation	(83,783)	(1,442)	–	(12,454)	(97,679)
Net carrying amount	21,140	1,888	–	6,730	29,758

Notes to Financial Statements

12. PROPERTY, PLANT AND EQUIPMENT (continued)

	Electronic equipment RMB'000	Office furniture and others RMB'000	Construction in progress RMB'000	Leasehold improvement RMB'000	Total RMB'000
31 December 2024					
At 1 January 2024:					
Cost	125,459	1,125	749	128,733	256,066
Accumulated depreciation	(98,564)	(1,051)	–	(127,549)	(227,164)
Net carrying amount	26,895	74	749	1,184	28,902
At 1 January 2024, net of accumulated depreciation					
	26,895	74	749	1,184	28,902
Additions	4,956	1,592	5,302	–	11,850
Acquisition of subsidiaries (note 35)	469	6	–	–	475
Disposals	(1,214)	(16)	–	–	(1,230)
Depreciation provided during the year	(6,584)	(192)	–	(1,537)	(8,313)
Transfers	–	–	(5,987)	5,987	–
At 31 December 2024, net of accumulated depreciation	24,522	1,464	64	5,634	31,684
At 31 December 2024:					
Cost	114,824	2,662	64	44,802	162,352
Accumulated depreciation	(90,302)	(1,198)	–	(39,168)	(130,668)
Net carrying amount	24,522	1,464	64	5,634	31,684

Notes to Financial Statements

13. LEASES**The Group as a lessee**

The Group has lease contracts for various items of buildings and electronic equipment used in its operations. Leases of buildings generally have lease terms between 1 and 10 years. The electronic equipment generally have lease terms of 12 months or less.

(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:

	Buildings RMB'000
As at 1 January 2024	81,939
Additions	3,241
Additions as a result of acquisition of subsidiaries	6,534
Revision of a lease term arising from a change in the non-cancellable period of a lease	(2,577)
Lease modifications that decrease the scope of the lease	(634)
Termination of lease contracts	(8,354)
Depreciation charge	(19,460)
As at 31 December 2024 and 1 January 2025	60,689
Additions	5,426
Additions as a result of acquisition of subsidiaries (note 35)	9,418
Revision of a lease term arising from a change in the non-cancellable period of a lease	(3,203)
Lease modifications that arising from changes in rental	2,697
Reduction as a result of disposal of a subsidiary (note 36)	(3,483)
Termination of lease contracts	(1,737)
Depreciation charge	(21,477)
As at 31 December 2025	48,330

Notes to Financial Statements

13. LEASES (continued)

The Group as a lessee (continued)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2025	2024
	RMB'000	RMB'000
Carrying amount at 1 January	64,165	89,780
New leases	5,400	2,955
Additions as a result of acquisition of subsidiaries (note 35)	9,917	6,317
Accretion of interest recognised during the year	2,723	3,656
Payments	(22,235)	(26,602)
Revision of a lease term arising from a change in the non-cancellable period of a lease	(3,070)	(2,577)
Lease modifications that decrease the scope of the lease	–	(743)
Lease modifications that arising from changes in rental	2,697	–
Reduction as a result of disposal of a subsidiary (note 36)	(2,513)	–
Termination of lease contracts	(1,973)	(8,621)
Carrying amount at 31 December	55,111	64,165
	2025	2024
	RMB'000	RMB'000
Analysed into:		
Current portion		
Within one year	29,711	24,326
Non-current portion		
In the second year	16,464	18,670
In the third to fifth years, inclusive	8,936	21,169
	25,400	39,839
	55,111	64,165

The maturity analysis of lease liabilities is disclosed in note 43 to the financial statements.

Notes to Financial Statements

13. LEASES (continued)**The Group as a lessee (continued)**

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2025	2024
	RMB'000	RMB'000
Interest on lease liabilities	2,723	3,656
Depreciation charge of right-of-use assets	21,477	19,460
Lease payments not included in the measurement of lease liabilities	446	751
Gain on partial or full termination of the lease, net	(103)	(376)
Total amount recognised in profit or loss	24,543	23,491

(d) The total cash outflow for leases is disclosed in note 37(d) to the financial statements.



Notes to Financial Statements

14. INVESTMENTS IN ASSOCIATES

	2025	2024
	RMB'000	RMB'000
Share of net assets	85,443	169,559

Particulars of the Group's associates are as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group	Principal activities
Shanghai Lanxi Health Service Co., Ltd. ("Shanghai Lanxi") ⁽ⁱ⁾	Ordinary shares	PRC/Chinese mainland	16.92%	Health consulting service
Neusoft Management Consulting (Shanghai) Co., Ltd. ("Neusoft Consulting")	Ordinary shares	PRC/Chinese mainland	49.00%	Business consulting service
Dandong Xikang Fenghuang Clinic Co., Ltd. ("Dandong Xikang") ⁽ⁱⁱ⁾	Ordinary shares	PRC/Chinese mainland	40.00%	Healthcare service

- (i) In accordance with the shareholders agreement of Shanghai Lanxi, the Group is entitled to nominate one director to the board of directors of Shanghai Lanxi which consisted of a total of five directors. The other four directors are the representatives as nominated by the other investors of Shanghai Lanxi. Shanghai Lanxi is not considered a material associate.
- (ii) On 23 November 2025, Liaoning Xikang Healthcare Management Co., Ltd. ("Liaoning Xikang") and Dandong Jinxuan Hospital Co., Ltd. ("Dandong Jinxuan") entered into an equity transfer agreement. Liaoning Xikang agreed to transfer its 30% equity interest in Dandong Xikang to Dandong Jinxuan at a consideration of RMB6,750,000. On 25 November 2025, the above transaction was completed. Accordingly, the Group's shareholding in Dandong Xikang was reduced from 70% to 40%. As a result, the Group lost control over Dandong Xikang and Dandong Xikang became an associate of the Group. Dandong Xikang is not considered a material associate.
- (iii) On 20 May 2025, Xikang Healthcare Technology Co., Ltd. ("Xikang Technology"), which is a wholly-owned subsidiary of the Group, Neutech Group Limited and Dalian Xikang Yunshe Kang Travel Investment Management Co., Ltd. ("Dalian Yunshe") entered into an equity transfer agreement. Pursuant to the agreement, Xikang Technology agreed to transfer its 4.23% equity interest in Dalian Yunshe to Neutech Group Limited at a consideration of RMB30,000,000. In addition, Dalian Yunshe and Neutech Group Limited entered into a share subscription agreement, pursuant to which they agreed to subscribe for the increased share capital of Dalian Yunshe. On 18 June 2025, the above-mentioned equity transfer and share subscription were completed. Accordingly, the Group's shareholding in Dalian Yunshe was reduced from approximately 11.83% to 7.15%. According to the latest articles of association of Dalian Yunshe, the Group no longer has the right to nominate directors to Dalian Yunshe, and hence the Group has since been unable to exercise significant influence over Dalian Yunshe, which has been reclassified as an equity investment designated at fair value through other comprehensive income since then. The consideration for the equity transfer was RMB30,000,000, which was collected in a lump sum on 30 September 2025 in the form of cash. The fair value of the remaining equity interest is determined using the recent transaction method and the gain on partial disposal of equity interest in an associate is RMB4,459,000.

Notes to Financial Statements

14. INVESTMENTS IN ASSOCIATES (continued)

The Group's shareholdings in the associates all comprise equity shares held through a wholly-owned subsidiary of the Company.

The Group has discontinued the recognition of its share of losses of Shanghai Lanxi because the share of losses of the associate exceeded the Group's interest in the associate and the Group has no obligation to take up further losses. The amounts of the Group's unrecognised share of losses of this associate for the current year and cumulatively were RMB566,000 (2024: RMB226,000) and RMB1,442,000 (2024: RMB876,000), respectively.

Neusoft Consulting, which is considered a material associate of the Group, is a strategic partner of the Group engaged in the business consulting service and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Neusoft Consulting adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	2025	2024
	RMB'000	RMB'000
Current assets	101,950	119,766
Non-current assets	54,974	57,030
Current liabilities	(337)	(225)
Net assets	156,587	176,571
Reconciliation to the Group's interest in the associate		
Proportion of the Group's ownership	49.00%	49.00%
Group's share of net assets of the associate	76,727	86,520
Carrying amount of the investment	76,727	86,520
Revenue	22,775	1,773
Loss for the year	(1,545)	(24,378)
Total comprehensive loss for the year	(1,545)	(24,378)

Notes to Financial Statements

14. INVESTMENTS IN ASSOCIATES (continued)

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2025	2024
	RMB'000	RMB'000
Share of the associates' profit for the period	(288)	–
Share of the associates' total comprehensive income	(288)	–
Aggregate carrying amount of the Group's investments in the associates	8,716	–

15. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025	2024
	RMB'000	RMB'000
Unlisted equity investments, at fair value		
Dalian Yunshe	44,093	–

On 18 June 2025, the Group lost significant influence over Dalian Yunshe and the remaining equity investments in Dalian Yunshe were elected to be classified as equity investments designated at fair value through other comprehensive income.

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

Notes to Financial Statements

16. LONG-TERM TRADE RECEIVABLES

	2025	2024
	RMB'000	RMB'000
Long-term trade receivables	15,031	18,169
Less: Impairment	(8,006)	(4,655)
	7,025	13,514
Less: long-term trade receivables due within one year (note 24)	(3,356)	(7,654)
Net carrying amount	3,669	5,860

The Group signed contracts with medical institutions, governments and enterprises in relation to the sales of smart healthcare products. According to the payment terms in the contracts, the total consideration of the sales of smart healthcare products will be collected within 13 months to 10 years.

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

	2025	2024
	RMB'000	RMB'000
Within 3 months	–	6,202
4 months to 1 year	3,000	–
1 to 2 years (excluding 1 year)	4,210	370
2 to 3 years (excluding 2 years)	333	5,082
3 to 4 years (excluding 3 years)	1,905	6,515
4 to 5 years (excluding 4 years)	5,583	–
	15,031	18,169
Less: Impairment	(8,006)	(4,655)
	7,025	13,514
Less: long-term trade receivables due within one year	(3,356)	(7,654)
Net carrying amount	3,669	5,860

Notes to Financial Statements

16. LONG-TERM TRADE RECEIVABLES (continued)

The movements in the loss allowance for impairment of long-term trade receivables are as follows:

	2025	2024
	RMB'000	RMB'000
At beginning of year	4,655	3,886
Impairment losses, net (note 6)	3,351	769
At end of year	8,006	4,655

The Group applies the HKFRS 9 simplified approach to the measure of expected credit losses which uses a lifetime expected loss allowance based on historical experience of the Group for the long-term trade receivables.

Set out below is the information about the credit risk exposure on the Group's long-term trade receivables:

	2025	2024
	RMB'000	RMB'000
Customers without overdue payment		
Expected credit loss rate	–	3.8%
Gross carrying amount (RMB'000)	–	6,202
Expected credit losses (RMB'000)	–	(234)
Customers with overdue payment		
Expected credit loss rate	53.3%	36.9%
Gross carrying amount (RMB'000)	15,031	11,967
Expected credit losses (RMB'000)	(8,006)	(4,421)

Notes to Financial Statements

17. PREPAYMENTS

	2025	2024
	RMB'000	RMB'000
Non-current		
Prepayments for long-term assets	770	–
Current		
Advance payment to suppliers for inventories and services	6,023	6,902
Prepayments for short-term leases, heating and property services	297	349
Others	363	306
Total	6,683	7,557

18. OTHER RECEIVABLES

	2025	2024
	RMB'000	RMB'000
Non-current		
Deposits*	3,868	3,277
Impairment allowance	(24)	(26)
Total	3,844	3,251
Current		
Deposits*	30,933	31,133
Equity transfer receivables	15,310	15,310
Advance to staff	1,187	758
Others	4,718	5,595
	52,148	52,796
Impairment allowance	(17,424)	(17,487)
Total	34,724	35,309

* Deposits primarily consist of deposits for business development projects and deposits for rental.

Notes to Financial Statements

18. OTHER RECEIVABLES (continued)

The movements in the loss allowance for impairment of other receivables are as follows:

As at 31 December 2025

	12-month ECLs		Lifetime ECLs		Total RMB'000
	Stage 1	Stage 2	Stage 3		
	RMB'000	RMB'000	RMB'000		
At beginning of year	303	–	17,210		17,513
Impairment loss reversed, net	(62)	–	–		(62)
Amount written off as uncollectible	(1)	–	–		(1)
Reduction as a result of disposal of a subsidiary	(2)	–	–		(2)
At end of year	238	–	17,210		17,448

As at 31 December 2024

	12-month ECLs		Lifetime ECLs		Total RMB'000
	Stage 1	Stage 2	Stage 3		
	RMB'000	RMB'000	RMB'000		
At beginning of year	8,469	11,892	4,400		24,761
Reclassify from stage 2 to stage 3	–	(11,892)	11,892		–
Impairment loss (reversed)/recognised, net	(7,986)	–	8,298		312
Amount written off as uncollectible	(180)	–	(7,380)		(7,560)
At end of year	303	–	17,210		17,513

Notes to Financial Statements

19. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

	2025			Total RMB'000
	Accelerated depreciation RMB'000	Right-of-use assets RMB'000	Fair value adjustments arising from acquisition of subsidiaries RMB'000	
At 31 December 2024	2,849	14,851	–	17,700
Acquisition of subsidiaries	–	–	768	768
Reduction as a result of disposal of a subsidiary	–	(970)	–	(970)
Deferred tax charged/(credited) to profit or loss during the year (note 10)	267	(459)	(14)	(206)
Gross deferred tax liabilities at 31 December 2025	3,116	13,422	754	17,292

Notes to Financial Statements

19. DEFERRED TAX (continued)

Deferred tax assets

	2025				Total RMB'000
	Provision for impairment loss RMB'000	Lease liabilities RMB'000	Tax losses RMB'000	Fair value adjustments of equity investments at fair value through other comprehensive income RMB'000	
At 31 December 2024	2,758	15,853	3,561	–	22,172
Reduction as a result of disposal of a subsidiary	(150)	(775)	(657)	–	(1,582)
Deferred tax credited to other comprehensive income during the year	–	–	–	1,489	1,489
Deferred tax (charged)/credited to profit or loss during the year (note 10)	(533)	(2,180)	551	–	(2,162)
Gross deferred tax assets at 31 December 2025	2,075	12,898	3,455	1,489	19,917

Notes to Financial Statements

19. DEFERRED TAX (continued)

Deferred tax liabilities

	2024		
	Accelerated depreciation	Right-of-use assets	Total
	RMB'000	RMB'000	RMB'000
At 31 December 2023	869	20,485	21,354
Deferred tax charged/(credited) to profit or loss during the year (note 10)	1,980	(5,634)	(3,654)
Gross deferred tax liabilities at 31 December 2024	2,849	14,851	17,700

Deferred tax assets

	2024		
	Provision for impairment loss	Lease liabilities	Tax losses
	RMB'000	RMB'000	RMB'000
At 31 December 2023	868	20,480	–
Deferred tax credited/(charged) to profit or loss during the year (note 10)	1,890	(4,627)	3,561
Gross deferred tax assets at 31 December 2024	2,758	15,853	3,561



Notes to Financial Statements

19. 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:

	2025	2024
	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	6,159	6,950
Net deferred tax liabilities recognised in the consolidated statement of financial position	(3,534)	(2,478)
	2,625	4,472

The Group has tax losses arising in Hong Kong of RMB60,516,000 (2024: RMB60,504,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

The Group also has tax losses arising in Chinese mainland of RMB663,611,000 (2024: RMB621,386,000) that will expire in one to ten years for offsetting against future taxable profits.

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.

Deferred tax assets have not been recognised in respect of the following items:

	2025	2024
	RMB'000	RMB'000
Tax losses – Hong Kong	60,516	60,504
Tax losses – Chinese mainland	663,611	621,386
Deductible temporary differences	298,867	292,740
	1,022,994	974,630

Notes to Financial Statements

20. INVENTORIES

	2025	2024
	RMB'000	RMB'000
Raw materials	9,829	13,043
Finished goods	8,218	5,531
	18,047	18,574
Less: Provision for impairment of inventories	(805)	(1,306)
Total	17,242	17,268

21. ASSETS RECOGNISED FROM COSTS TO FULFIL CONTRACTS

	2025	2024
	RMB'000	RMB'000
Assets recognised from costs to fulfil contracts:		
Medical services	7,753	6,000

The costs relate directly to the contract, generate resources that will be used in satisfying the contract and are expected to be recovered. They were therefore recognised as assets from costs to fulfil contracts. For the years ended 31 December 2025 and 2024, assets recognised from costs to fulfil contracts recognised as costs amounted to RMB16.2 million and RMB34.9 million, respectively.

22. TRADE RECEIVABLES

	2025	2024
	RMB'000	RMB'000
Trade receivables	189,761	230,982
Less: Impairment	(108,446)	(129,008)
Net carrying amount	81,315	101,974

Notes to Financial Statements

22. TRADE RECEIVABLES (continued)

The credit terms given to trade customers are determined on an individual basis. The normal credit period of trade receivables related to comprehensive health management services (included in health management services) is mainly within 90 days, while the normal credit period of trade receivables related to medical services, nursing services and health management services (excluding comprehensive health management services) are mainly within one year. 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. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

Included in the Group's trade receivables are amounts due from the Group's related parties of RMB5,284,000 (2024: RMB5,970,000), which are repayable on credit terms similar to those offered to the major customers of the Group.

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

	2025	2024
	RMB'000	RMB'000
Within 3 months	39,295	58,592
4 months to 1 year	25,520	29,035
1 to 2 years (excluding 1 year)	23,679	40,945
2 to 3 years (excluding 2 years)	28,732	45,768
3 to 4 years (excluding 3 years)	22,090	15,666
4 to 5 years (excluding 4 years)	12,889	5,162
Over 5 years	37,556	35,814
	189,761	230,982
Less: Impairment	(108,446)	(129,008)
Total	81,315	101,974

Notes to Financial Statements

22. TRADE RECEIVABLES (continued)

The movements in the loss allowance for impairment of trade receivables are as follows:

	2025	2024
	RMB'000	RMB'000
At beginning of year	129,008	94,429
Impairment loss (reversed)/recognised, net (note 6)	(19,964)	35,819
Reduction as a result of disposal of a subsidiary	(598)	–
Amount written off as uncollectible	–	(1,240)
At end of year	108,446	129,008

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 (i.e., by customer type). 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 if past due for more than one year and are not subject to enforcement activity.

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

- (i) The loss allowance of individually impaired trade receivables is determined as follows:

As at 31 December 2025

	Trade receivables	Expected credit loss rate	Loss allowance	Reason
Trade receivables	29,913	100%	(29,913)	The likelihood of recovery

As at 31 December 2024

	Trade receivables	Expected credit loss rate	Loss allowance	Reason
Trade receivables	35,201	100%	(35,201)	The likelihood of recovery

Notes to Financial Statements

22. TRADE RECEIVABLES (continued)

- (ii) The loss allowance of trade receivables related to comprehensive health management services (included in health management services) is determined as follows:

As at 31 December 2025

	Current	Past due			Total
		Less than 9 months	10 to 21 months	Over 22 months	
Expected credit loss rate	0.8%	1.1%	14.0%	100.0%	4.8%
Gross carrying amount (RMB'000)	21,986	8,701	1,562	1,109	33,358
Expected credit losses (RMB'000)	(172)	(97)	(218)	(1,109)	(1,596)

As at 31 December 2024

	Current	Past due			Total
		Less than 9 months	10 to 21 months	Over 22 months	
Expected credit loss rate	2.2%	2.9%	32.0%	100.0%	6.4%
Gross carrying amount (RMB'000)	18,042	12,820	2,055	736	33,653
Expected credit losses (RMB'000)	(398)	(370)	(657)	(736)	(2,161)

- (iii) The loss allowance of trade receivables related to medical services, nursing services and health management services (excluding comprehensive health management services) is determined as follows:

As at 31 December 2025

	Current	Past due				Total
		Less than 1 year	1 to 2 years	2 to 3 years	Over 3 years	
Expected credit loss rate	17.3%	35.2%	60.0%	91.3%	100.0%	60.8%
Gross carrying amount (RMB'000)	31,097	20,339	22,846	17,629	34,579	126,490
Expected credit losses (RMB'000)	(5,394)	(7,165)	(13,708)	(16,091)	(34,579)	(76,937)

Notes to Financial Statements

22. TRADE RECEIVABLES (continued)

(iii) The loss allowance of trade receivables related to medical services, nursing services and health management services (excluding comprehensive health management services) is determined as follows: (continued)

As at 31 December 2024

	Current	Past due			Total	
		Less than 1 year	1 to 2 years	2 to 3 years		Over 3 years
Expected credit loss rate	19.0%	53.2%	67.9%	97.1%	100.0%	56.5%
Gross carrying amount (RMB'000)	53,227	33,036	35,872	13,954	26,039	162,128
Expected credit losses (RMB'000)	(10,124)	(17,559)	(24,369)	(13,555)	(26,039)	(91,646)

23. CONTRACT ASSETS

	31 December 2025	31 December 2024	1 January 2024
	RMB'000	RMB'000	RMB'000
Contract assets arising from:			
Medical services	2,500	6,709	6,261
Health management services	1,895	1,540	1,581
Total	4,395	8,249	7,842
Less: Impairment	(1,616)	(2,032)	(1,762)
Net carrying amount	2,779	6,217	6,080

Contract assets are initially recognised for revenue earned from the provision of medical services and health management services as the receipt of consideration is conditional on the assurance that the good or service complies with agreed-upon specifications until the end of the warranty. Included in the contract assets are retention receivables related to quality assurance. Upon completion of the assurance-type warranty services, the amounts recognised as contract assets are reclassified to trade receivables. The decrease and increase in contract assets in 2025 and 2024 was the result of the decrease and increase in ongoing provision of services at the end of the reporting period, respectively.

The Group's trading terms and credit policy with customers are disclosed in note 22 to the financial statements.

Notes to Financial Statements

23. CONTRACT ASSETS (continued)

The expected timing of recovery or settlement for contract assets as at 31 December is as follows:

	2025	2024
	RMB'000	RMB'000
Within one year	1,604	5,030
After one year	2,791	3,219
Total contract assets	4,395	8,249

The movements in the loss allowance for impairment of contract assets are as follows:

	2025	2024
	RMB'000	RMB'000
At beginning of year	2,032	1,762
Impairment loss (reversed)/recognised, net (note 6)	(416)	270
At end of year	1,616	2,032

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are based on days past due of trade receivables for groupings of various customer segments with similar loss patterns (i.e., by customer type). 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.

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

	2025	2024
Expected credit loss rate	37.0%	25.0%
Gross carrying amount (RMB'000)	4,395	8,249
Expected credit losses (RMB'000)	(1,616)	(2,032)

Notes to Financial Statements

24. OTHER CURRENT ASSETS

	2025	2024
	RMB'000	RMB'000
Deductible input VAT	2,351	219
Long-term trade receivables within one year (note 16)	3,356	7,654
At end of year	5,707	7,873

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025	2024
	RMB'000	RMB'000
Investment in wealth management products	214,226	36,842

The wealth management products 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. During the year, the investment return and the net fair value gain arising from wealth management products recognised in profit or loss amounted to RMB1,558,000 (2024: RMB7,000,000) and RMB3,233,000 (2024: RMB3,604,000), respectively.

26. CASH AND CASH EQUIVALENTS AND RESTRICTED DEPOSITS

	2025	2024
	RMB'000	RMB'000
Cash and bank balances	545,543	760,869
Less: Restricted deposits*	(5)	(12)
Cash and cash equivalents	545,538	760,857
Cash and cash equivalents and restricted deposits denominated in:		
– USD	351,655	546,528
– HKD	141	118
– RMB	193,747	214,223
Total	545,543	760,869

* The restricted deposits disclosed above are mainly held for bidding and are subject to regulatory restrictions. Therefore, the deposits are not available for general use by the Group.

Notes to Financial Statements

26. CASH AND CASH EQUIVALENTS AND RESTRICTED DEPOSITS (continued)

The RMB is not freely convertible into other currencies, however, under the Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

27. 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:

	2025	2024
	RMB'000	RMB'000
Within 3 months	68,165	99,535
4 to 6 months	23,638	11,185
7 months to 1 year	29,934	16,987
1 to 2 years (excluding 1 year)	18,818	34,656
2 to 3 years (excluding 2 years)	17,469	26,528
3 to 4 years (excluding 3 years)	18,294	10,823
4 to 5 years (excluding 4 years)	8,498	916
over 5 years	1,218	507
Total	186,034	201,137

The trade payables are non-interest-bearing and are normally settled on 180-day terms.

Notes to Financial Statements

28. CONTRACT LIABILITIES

	31 December 2025 RMB'000	31 December 2024 RMB'000	1 January 2024 RMB'000
<i>Advances received from customers</i>			
Health management services	31,322	35,421	38,391
Medical services	12,713	7,404	7,367
Nursing services	2,208	333	530
Total	46,243	43,158	46,288
Analysed into:			
Current portion	29,060	29,013	31,802
Non-current portion	17,183	14,145	14,486

Contract liabilities mainly arise from the advanced payments from customers of the medical services, nursing services and health management services upon which the performance obligations have been established while the underlying services are yet to be provided. The increase and decrease in contract liabilities in 2025 and 2024 was mainly due to the increase and decrease in advances received from customers in relation to the provision of services at the end of the reporting period, respectively.



Notes to Financial Statements

29. OTHER PAYABLES AND ACCRUALS

	2025	2024
	RMB'000	RMB'000
Payroll and welfare payables	35,198	34,404
Payables for purchase of property, plant, and equipment	4,730	6,742
Tax payables	659	911
Short-term leases and property management service fee payables	1,181	778
Accrual expenses	9,086	11,368
Listing expenses	-	37
Amounts collected on behalf of others	7,398	4,950
Others	8,116	4,733
Total	66,368	63,923

Other payables are non-interest-bearing and have an average term of one year.

30. INTEREST-BEARING BANK BORROWINGS

	2025			2024		
	Effective Interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans – secured	3.90	2026	221,310	3.80-4.20	2025	180,187
Bank loans – secured	Loan Prime Rate ("LPR")+0.18&0.7&0.9	2026	242,137	LPR+0.75&0.85	2025	60,070
Current portion of long term bank loans – secured			-	LPR+0.78&0.93	2025	150,108
Current portion of long term bank loans – unsecured			-	LPR+0.3	2025	119,940
Total			463,447			510,305

Notes to Financial Statements

30. INTEREST-BEARING BANK BORROWINGS (continued)

	2025	2024
	RMB'000	RMB'000
Analysed into:		
Bank loans:		
Within one year	463,447	510,305

Notes:

- (a) All of the Group's borrowings are denominated in RMB.
- (b) As at 31 December 2025, the secured bank loans in the principal portion of approximately RMB390,000,000 and RMB72,900,000 were guaranteed by the Company's shareholder, Dalian Neusoft Holdings Co., Ltd. ("Neusoft Holdings") and Xikang Technology, respectively.

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

	2025	2024
	RMB'000	RMB'000
Fixed interest rate	221,310	180,187
Variable interest rate	242,137	330,118
Total	463,447	510,305

31. DEFERRED INCOME

	2025	2024
	RMB'000	RMB'000
Government grants		
Income-related grants*	4,420	4,420

- * The income-related grants are mainly subsidies received from the government for compensating the Group's research and development activities with regards to certain projects.

Notes to Financial Statements

32. SHARE CAPITAL AND SHARE PREMIUM

Shares

	2025	2024
	RMB'000	RMB'000
Issued and fully paid:		
841,876,805 (2024: 841,876,805) ordinary shares	1,125	1,125

Share capital and share premium

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

	Number of shares in issue	Share capital RMB'000	Share premium RMB'000
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	841,876,805	1,125	2,543,431

Notes to Financial Statements

33. RESERVES

	Exchange fluctuation reserve RMB'000	Share-based compensation reserve RMB'000	Equity transaction with eligible employees reserve RMB'000	Others RMB'000	Total RMB'000
Balance at 1 January 2024	10,942	289,884	40,039	–	340,865
Exchange differences	9,655	–	–	–	9,655
Share-based compensation	–	8,563	–	–	8,563
At 31 December 2024 and 1 January 2025	20,597	298,447	40,039	–	359,083
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	–	(8,436)	(8,436)
Exchange differences	(14,524)	–	–	–	(14,524)
Share of equity movement of an associate	–	–	–	(9,035)	(9,035)
Share-based compensation	–	19,543	–	–	19,543
Acquisition of non-controlling interests	–	–	–	(1,038)	(1,038)
Disposal of a subsidiary (note 36)	–	2,511	–	–	2,511
At 31 December 2025	6,073	320,501	40,039	(18,509)	348,104

(i) Exchange fluctuation reserve

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of companies whose functional currencies are not RMB. The reserve is dealt with in accordance with the accounting policy set out in note 2.4 to these financial statements.

(ii) Share-based compensation reserve

The share-based compensation reserve comprises the fair value of share options and restricted share units (“RSUs”) granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 2.4 to the financial statements. The amount will either be transferred to the share premium account when the related options and RSUs are exercised or transferred to accumulated losses should the related options and RSUs expire or be forfeited.

(iii) Equity transaction with eligible employees reserve

The Company had a repurchase obligation under 2016 RSUs scheme before initial public offerings. On 28 September 2023, as a result of the Company’s successful listing on the Main Board of the Hong Kong Stock Exchange (“HKSE”), the interest expenses payables of repurchase obligation to eligible employees were reversed against reserves.

(iv) Others

On 10 April 2025, Liaoning Xikang entered into a share purchase agreement to acquire a 10% equity interest in Dandong Xikang from Dandong Jinxuan, which is the non-controlling shareholder of Dandong Xikang, at a consideration of RMB2,250,000. On 30 April 2025, the above transaction was completed. Accordingly, the Group’s shareholding in Dandong Xikang increased from 60% to 70%. The difference of RMB1,038,000 between the consideration and the 10% equity interest in the carrying amount of Dandong Xikang’s net assets at the disposal date has caused a reduction in reserves.

Notes to Financial Statements

34. SHARE OPTION SCHEME**(a) Share options (2023 plan)**

On 1 April 2023, 3,442,000 share options were granted to eligible participants of the Group at a consideration of USD2.94 per share (the “**2023 plan**”). Under the 2023 plan, the eligible participants are granted options which only vest if certain service and performance conditions are met. The 2023 plan shall be subject to vesting schedule of three years from the vesting commencement date, subject to the eligible participants continuing to be employees of the Group.

The options granted under the 2023 plan are valid for 10 years since the First Grant Date, and if the eligible participants resign or are dismissed after the listing, the vested and effective part of the unexercised options can be exercised within 12 months after the resignation or dismissal.

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 2023 plan 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 2023 plan during the year:

	2025		2024	
	Weighted average exercise price USD per share	Number of options	Weighted average exercise price USD per share	Number of options
At 1 January	2.94	2,225,000	2.94	3,241,000
Forfeited during the year	2.94	(409,300)	2.94	(1,016,000)
At 31 December	2.94	1,815,700	2.94	2,225,000

Under the 2023 plan, 1,120,500 (2024: 915,300) share options were exercisable at 31 December 2025.

34. SHARE OPTION SCHEME (continued)

(a) Share options (2023 plan) (continued)

The exercise price and exercise period of the share options outstanding as at the end of the reporting period are as follows:

At 31 December 2025

Number of options	Exercise price* USD per share	Exercise period
1,815,700	2.94	1 April 2023 to 31 December 2029

At 31 December 2024

Number of options	Exercise price* USD per share	Exercise period
2,225,000	2.94	1 April 2023 to 31 December 2029

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.



Notes to Financial Statements

34. SHARE OPTION SCHEME (continued)**(b) Share options (2024 plan)**

On 15 July 2024, 29,465,000 share options were granted to eligible participants of the Group at a consideration of HKD1.14 per share (the “**2024 plan**”). Under the 2024 plan, the eligible participants are granted options which only vest if certain service and performance conditions are met. The 2024 plan shall be subject to vesting schedule of three years from the vesting commencement date, subject to the eligible participants continuing to be an employee of the Group.

The options granted under the 2024 plan are valid for 10 years since 15 July 2024, and if the eligible participants resign or are dismissed, the vested and effective part of the unexercised options can be exercised within 12 months after the resignation or dismissal.

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 2024 plan 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 2024 plan during the year:

	2025		2024	
	Weighted average exercise price HKD per share	Number of options	Weighted average exercise price HKD per share	Number of options
At 1 January	1.14	25,965,000	–	–
Granted during the year	–	–	1.14	29,465,000
Forfeited during the year	1.14	(1,142,700)	1.14	(3,500,000)
At 31 December	1.14	24,822,300	1.14	25,965,000

Under the 2024 plan, 7,604,400 (2024: Nil) share options were exercisable at 31 December 2025.

34. SHARE OPTION SCHEME (continued)

(b) Share options (2024 plan) (continued)

The exercise price and exercise period of the share options outstanding as at the end of the reporting period are as follows:

At 31 December 2025

Number of options	Exercise price* HKD per share	Exercise period
24,822,300	1.14	15 July 2024 to 15 July 2034

At 31 December 2024

Number of options	Exercise price* HKD per share	Exercise period
25,965,000	1.14	15 July 2024 to 15 July 2034

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

(c) Share options (2025 plan)

On 21 July 2025, 28,990,000 share options were granted to eligible participants of the Group at a consideration of HKD0.90 per share (the "2025 plan"). Under the 2025 plan, the eligible participants are granted options which only vest if certain service and performance conditions are met. The 2025 plan shall be subject to vesting schedule of three years from the vesting commencement date, subject to the eligible participants continuing to be an employee of the Group.

The options granted under the 2025 plan are valid for 10 years since 21 July 2025, and if the eligible participants resign or are dismissed, the vested and effective part of the unexercised options can be exercised within 12 months after the resignation or dismissal.

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 2025 plan as an equity-settled plan.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

Notes to Financial Statements

34. SHARE OPTION SCHEME (continued)**(c) Share options (2025 plan) (continued)**

The following share options were outstanding under the 2025 plan during the year:

	Weighted average exercise price HKD per share	Number of options
At 1 January	–	–
Granted during the year	0.90	28,990,000
Forfeited during the year	0.90	(231,000)
At 31 December	0.90	28,759,000

Under the 2025 plan, no share option was exercisable at 31 December 2025.

The exercise price and exercise period of the share options outstanding as at the end of the reporting period are as follows:

At 31 December 2025

Number of options	Exercise price* HKD per share	Exercise period
28,759,000	0.90	21 July 2025 to 21 July 2035

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

Notes to Financial Statements

34. SHARE OPTION SCHEME (continued)**(c) Share options (2025 plan) (continued)**

The fair value of equity-settled share options granted during the year was RMB14,442,000 which was estimated as at the date of grant using the 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:

	2025
Dividend yield (%)	–
Expected volatility (%)	48.0
Historical volatility (%)	48.0
Risk-free interest rate (%)	3.0
Expected life of options (year)	10
Weighted average share price (HKD per share)	0.90

During the year, the Group recognised a share option expense related to the share option schemes of RMB19,549,000 (2024: RMB8,579,000) in total.

At the date of approval of these financial statements, the Company had 114,987,300 share options outstanding under the 2020 plan, 2021 plan B, 2021 plan C, 2023 plan and 2024 plan, which represented approximately 13.66% of the Company's shares in issue as at that date.



Notes to Financial Statements

35. BUSINESS COMBINATION

In October 2025, the Group acquired 100% interests in Shanghai Lingang Xikang Hospital Co., Ltd. (“**Lingang Xikang**”) and Chongqing Xikang Health Technology Co., Ltd. (“**Chongqing Xikang**”) from Neusoft Consulting, an associate of the Group. Lingang Xikang and Chongqing Xikang are primarily engaged in the provision of healthcare services. The acquisition was made as part of the Group’s strategy to expand its market share of health management services in the Chinese Mainland. The purchase considerations for the acquisition of Lingang Xikang and Chongqing Xikang were RMB3,000,000 and RMB100,000 in the form of cash, respectively, which were fully paid on 31 October 2025.

The fair values of the identifiable assets and liabilities of Lingang Xikang as at the date of acquisition were as follows:

	Notes	Fair value recognised on acquisition RMB’000
Property, plant and equipment	12	4,169
Right-of-use assets	13(a)	9,418
Cash and bank balances		8,735
Inventories		309
Trade receivables		3,868
Intangible assets		569
Prepayments		770
Other receivables		362
Trade payables		(7,083)
Contract liabilities		(2,282)
Other payables and accruals		(3,693)
Lease liabilities	13(b)	(9,917)
Deferred tax liabilities		(759)
Total identifiable net assets at fair value		4,466
Gain on bargain purchase recognised in other gains, net in the consolidated statement of profit or loss and other comprehensive income	6	1,466
Satisfied by cash		3,000

Notes to Financial Statements

35. BUSINESS COMBINATION (continued)

An analysis of the cash flows in respect of the acquisition of Lingang Xikang is as follows:

	RMB'000
Cash consideration	(3,000)
Cash and bank balances acquired	8,735
Net inflow of cash and cash equivalents	
included in cash flows from investing activities	5,735
Total net cash inflow	5,735

Since the acquisition, Lingang Xikang contributed RMB25,369,000 to the Group's revenue and profit of RMB4,683,000 to the consolidated results for the year ended 31 December 2025.

The fair values of the identifiable assets and liabilities of Chongqing Xikang as at the date of acquisition were as follows:

	Notes	Fair value recognised on acquisition RMB'000
Property, plant and equipment	12	94
Cash and bank balances		1,522
Other receivables		40
Other current assets		65
Trade payables		(1,000)
Other payables and accruals		(456)
Deferred tax liabilities		(9)
Total identifiable net assets at fair value		256
Gain on bargain purchase recognised in other gains, net in the consolidated statement of profit or loss and other comprehensive income	6	156
Satisfied by cash		100

Notes to Financial Statements

35. BUSINESS COMBINATION (continued)

An analysis of the cash flows in respect of the acquisition of Chongqing Xikang is as follows:

	RMB'000
Cash consideration	(100)
Cash and bank balances acquired	1,522
Net inflow of cash and cash equivalents	
included in cash flows from investing activities	1,422
Total net cash inflow	1,422

Since the acquisition, Chongqing Xikang contributed nil to the Group's revenue and caused a loss of RMB108,000 to the consolidated results for the year ended 31 December 2025.

Had the combination taken place at the beginning of the year, the revenue of the Group and the loss of the Group for the year would have been RMB484,823,000 and RMB41,025,000, respectively.

Notes to Financial Statements

36. DISPOSAL OF A SUBSIDIARY

On 23 November 2025, Liaoning Xikang entered into an equity transfer agreement (the “**Dandong Equity Transfer Agreement**”) with Dandong Jinxuan. Pursuant to the Dandong Equity Transfer Agreement, Liaoning Xikang agreed to sell and Dandong Jinxuan agreed to purchase a 30% equity interest in Dandong Xikang at a total cash consideration of RMB6,750,000 subject to the terms and conditions of the Dandong Equity Transfer Agreement (the “**Dandong Xikang Disposal**”). The Dandong Xikang Disposal was completed on 25 November 2025. Upon completion, the Group’s equity interest in Dandong Xikang was reduced from 70% to 40%. Accordingly, the Group lost control over Dandong Xikang and Dandong Xikang became an associate of the Group.

	Notes	RMB'000
Net assets disposed of:		
Cash and bank balances		17,262
Right-of-use assets	13(a)	3,483
Trade receivables		2,957
Property, plant and equipment	12	750
Deferred tax assets		612
Inventories		142
Prepayments and other receivables		242
Contract liabilities		(1,958)
Accruals and other payables		(7,024)
Lease liabilities	13(b)	(2,513)
Trade payables		(502)
Non-controlling interests		(4,035)
Subtotal		9,416
Release of share-based compensation reserve*		2,511
Gain on disposal of a subsidiary	5	3,827
Total consideration		15,754
Satisfied by:		
Cash		6,750
Fair value of retained interest		9,004
		15,754

* The amount of share-based compensation previously recognised in non-controlling interests has been transferred to the share-based compensation reserve.

Notes to Financial Statements

36. DISPOSAL OF A SUBSIDIARY (continued)

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	RMB'000
Cash consideration	6,750
Cash and bank balances disposed of	17,262
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	(10,512)

37. 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 RMB5,400,000 (2024: RMB2,955,000) and RMB5,400,000 (2024: RMB2,955,000), respectively, in respect of lease arrangements for buildings.

Notes to Financial Statements

37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**(b) Cash flows from operating activities**

	Notes	2025 RMB'000	2024 RMB'000
Loss before tax:		(32,501)	(83,927)
Adjustments for:			
Depreciation and amortisation		30,954	28,413
Share-based compensation	34	19,549	8,579
Fair value gains on financial assets at fair value through profit or loss, net	6	(3,233)	(3,604)
Investment income on wealth management products	5	(1,558)	(7,000)
Service fee for purchase of wealth management products	6	860	–
Loss on disposal of property, plant and equipment, net	6	560	934
Gain on partial or full termination of the lease, net	6	(103)	(376)
Gain on bargain purchase	35	(1,622)	(1,202)
Gain on partial disposal of equity interest in an associate	6	(4,459)	–
Gain on disposal of a subsidiary	36	(3,827)	–
Gain on recovery of accounts receivable written-off	6	(1,101)	–
Share of losses of associates		4,527	17,434
Finance income	7	(15,300)	(20,897)
Finance costs	7	22,567	27,018
Foreign exchange gain	6	(1,762)	(42)
(Reversal of impairment losses)/impairment losses on financial and contract assets, net	6	(17,091)	37,170
		(3,540)	2,500
(Increase)/decrease in inventories		(3,314)	20,962
Decrease in other operating assets		50,973	28,425
Decrease in other operating liabilities		(13,710)	(42,829)
Cash generated from operations		30,409	9,058

Notes to Financial Statements

37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(c) Changes in liabilities arising from financing activities

2025

	Interest- bearing bank borrowings RMB'000	Lease liabilities RMB'000
At 1 January 2025	510,305	64,165
Repayments of bank borrowings	(529,850)	–
Interest paid	(19,752)	–
Payments of lease liabilities	–	(22,235)
New bank borrowings	482,900	–
New leases	–	5,400
Interest expense	19,844	2,723
Revision of a lease term arising from a change in the non-cancellable period of a lease	–	(3,070)
Lease modifications that arising from changes in rental	–	2,697
Termination of lease contracts	–	(1,973)
Reduction as a result of disposal of a subsidiary	–	(2,513)
Increase arising from acquisition of subsidiaries	–	9,917
At 31 December 2025	463,447	55,111

Notes to Financial Statements

37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)**(c) Changes in liabilities arising from financing activities (continued)****2024**

	Interest- bearing bank borrowings RMB'000	Lease liabilities RMB'000
At 1 January 2024	509,985	89,780
Repayments of bank borrowings	(239,570)	–
Interest paid	(23,472)	–
Payments of lease liabilities	–	(26,602)
New bank borrowings	240,000	–
New leases	–	2,955
Interest expense	23,362	3,656
Revision of a lease term arising from a change in the non-cancellable period of a lease	–	(2,577)
Lease modifications that decrease the scope of the lease	–	(743)
Termination of lease contracts	–	(8,621)
Increase arising from acquisition of subsidiaries	–	6,317
At 31 December 2024	510,305	64,165

(d) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	2025 RMB'000	2024 RMB'000
Within operating activities	302	751
Within financing activities	22,021	26,887
Total	22,323	27,638

Notes to Financial Statements

38. CONTINGENT LIABILITIES

At the end of the reporting period, the Group did not have any significant contingent liabilities.

39. COMMITMENTS

The Group has various short-term lease contracts at 31 December 2025. The future lease payments for these non-cancellable lease contracts are RMB98,000 (2024: RMB70,000) due within one year.

40. RELATED PARTY TRANSACTIONS

Details of the Group's principal related parties are as follows:

Name	Relationship with the Company
Neusoft Group Co., Ltd. (" Neusoft Corporation ")	The largest shareholder
Neusoft Holdings	Shareholder
PICC Property and Casualty Company Limited (" PICC P&C ")	Shareholder
Neusoft Medical Systems Co., Ltd. (" Neusoft Medical ")*	A company significantly influenced by Neusoft Corporation
Shenyang Neusoft System Integration Engineering Co., Ltd.	A company controlled by the Company's director
Shenyang Ruiqian Business Consulting Co., Ltd.	A company controlled by the Company's directors
Chengdu Neusoft System Integration Co., Ltd.	Subsidiary of Neusoft Corporation
Dalian Neusoft Zhixing Technology Co., Ltd.	Subsidiary of Neusoft Corporation
Dandong Smart City Operation Co., Ltd.	Subsidiary of Neusoft Corporation
Dalian Qixian Zhiyuan Technology Research Institute Co., Ltd.	Subsidiary of Neusoft Corporation
Liaoning Boying Technology Co., Ltd.	Subsidiary of Neusoft Corporation
Neusoft Cloud Technology Co., Ltd.	Subsidiary of Neusoft Corporation
Neusoft Group (Beijing) Co., Ltd.	Subsidiary of Neusoft Corporation
Neusoft Group (Dalian) Co., Ltd.	Subsidiary of Neusoft Corporation
Neusoft Group (Guangzhou) Co., Ltd.	Subsidiary of Neusoft Corporation
Neusoft Group (Shanghai) Co., Ltd.	Subsidiary of Neusoft Corporation
Neusoft Group (Wuhan) Co., Ltd.	Subsidiary of Neusoft Corporation
Neusoft Group Nanjing Co., Ltd.	Subsidiary of Neusoft Corporation
Neusoft Cloud Technology (Shenyang) Co., Ltd.	Subsidiary of Neusoft Corporation
Shenyang Neusoft System Integration Technology Co., Ltd.	Subsidiary of Neusoft Corporation
Shenyang Daily Digital Advertising Communication Co., Ltd.	Subsidiary of Neusoft Corporation
Tianjin Neusoft Software Co., Ltd.	Subsidiary of Neusoft Corporation
Wuhan Neusoft Jietai Technology Service Co., Ltd.	Subsidiary of Neusoft Corporation

Notes to Financial Statements

40. RELATED PARTY TRANSACTIONS (continued)

Name	Relationship with the Company
Hubei Neusoft Ruiyun Technology Co., Ltd	Subsidiary of Neusoft Corporation
Living Space (Shenyang) Data Technology Service Co., Ltd.	Subsidiary of Neusoft Corporation
Chengdu Neusoft University	Subsidiary of Neusoft Holdings
Dalian Neusoft University of Information	Subsidiary of Neusoft Holdings
Dalian Ruiyi Investment Consulting Co., Ltd.	Subsidiary of Neusoft Holdings
Dalian Xikang Yunshe Hotel Management Co., Ltd.	Subsidiary of Neusoft Holdings
Hainan Yunshe Hotel Management Co., Ltd.	Subsidiary of Neusoft Holdings
Neusoft Education Technology Group Co., Ltd.	Subsidiary of Neusoft Holdings
Pu'er Ximeng Yunshe Hotel Co., Ltd.	Subsidiary of Neusoft Holdings
Tianjin Neusoft Ruidao Educational Information Technologies Co., Ltd.	Subsidiary of Neusoft Holdings
PICC Health Insurance Co., Ltd.	Subsidiary of PICC P&C
PICC Life Insurance Co., Ltd.	Subsidiary of PICC P&C
Hua Xia Bank Co., Limited	Subsidiary of PICC P&C
Neusoft Management Consulting (Shanghai) Co., Ltd.	Associate
Hangzhou Lanxi Health Management Co., Ltd.	Subsidiary of an associate
Hangzhou Lanxi Chengyuan Medical Outpatient Department Co., Ltd.	Subsidiary of an associate
Rongsheng Property & Casualty Insurance Co., Ltd.	Associate of Neusoft Corporation
Shenyang Health Medical Data Co., Ltd.	Associate of Neusoft Corporation
Wanghai Kangxin (Beijing) Technology Co., Ltd.	Associate of Neusoft Corporation
Hanfeng Health Medical Big Data Research Institute (Liaoning) Co., Ltd.	Associate of Neusoft Corporation
Neusoft Hanfeng Medical Technology Co., Ltd.	Associate of Neusoft Corporation
Dalian Ruikang Cardiovascular Hospital	Associate of Neusoft Holdings
Shenyang Advanced Medical Equipment Technology Incubation Center Co., Ltd. *	Subsidiary of Neusoft Medical
Neusoft Wittmann Biological Technology (Nanjing) Co., Ltd.*	Subsidiary of Neusoft Medical
Neusoft Wittmann Biological Technology (Shenyang) Co., Ltd.*	Subsidiary of Neusoft Medical
Shenyang Neusoft Medical Imaging Diagnosis Center Co., Ltd.*	Subsidiary of Neusoft Medical
Shenyang Neusoft Zhirui Radiotherapy Technology Co., Ltd.*	Associate of Neusoft Medical

* In September 2024, a third-party injected capital to Neusoft Medical and became the largest shareholder of Neusoft Medical. Neusoft Medical and its subsidiaries and associates are no longer the Group's related parties since then.



Notes to Financial Statements

40. RELATED PARTY TRANSACTIONS (continued)

(a) The Group had the following transactions with related parties during the year:

	Notes	2025 RMB'000	2024 RMB'000
<i>Purchases of medical consumable and smart healthcare products</i>			
Neusoft Medical and its subsidiaries	(i)	–	1,125
<i>Purchases of technical services, maintenance services and other services</i>			
Neusoft Corporation, its subsidiaries and associates	(i)	1,092	3,962
PICC P&C and its subsidiaries	(i)	266	–
Neusoft Holdings, its associates, and subsidiaries	(i)	82	–
Neusoft Medical and its subsidiaries	(i)	–	1,111
		1,440	5,073
<i>Purchases of property, plant and equipment</i>			
Neusoft Medical and its subsidiaries	(i)	–	440
<i>Provision of technical services, maintenance services and other services</i>			
Neusoft Corporation, its subsidiaries and associates	(i)	319	223
Neusoft Medical and its subsidiaries	(i)	–	5,365
	(i)	319	5,588

Notes to Financial Statements

40. RELATED PARTY TRANSACTIONS (continued)

(a) The Group had the following transactions with related parties during the year: (continued)

	Notes	2025 RMB'000	2024 RMB'000
<i>Provision of health management services</i>			
Neusoft Corporation, its subsidiaries and associates	(i)	4,519	5,088
Neusoft Holdings and its subsidiaries		2,284	994
PICC P&C and its subsidiaries		267	205
A company controlled by the Company's directors	(i)	3	3
Neusoft Medical, its subsidiaries and an associate	(i)	–	372
Associates and its subsidiaries	(i)	–	25
		7,073	6,687
<i>Right-of-use assets relating to the rental contracts with related parties</i>			
Neusoft Corporation and its subsidiaries	(ii)	36	3,241
<i>Lease expenses and property services</i>			
Neusoft Corporation and its subsidiaries	(ii)	1,007	891

Notes:

- (i) The purchases from the related parties and the sales and provision of services to the related parties were determined based on mutual negotiations between the relevant parties.
- (ii) The transactions with related parties for leases were determined on the basis of negotiations between the parties.

Notes to Financial Statements

40. RELATED PARTY TRANSACTIONS (continued)**(b) Other transactions with related parties:**

(i) The Group's shareholder has guaranteed for the principal of certain bank loans made to the Group of up to RMB390,100,000 (2024: RMB390,000,000) as at the end of the reporting period, as disclosed in note 30(b) to the financial statements.

(ii) On 10 April 2025, Liaoning Xikang entered into a share purchase agreement to acquire a 10% equity interest in Dandong Xikang from Dandong Jinxuan, which is the non-controlling shareholder of Dandong Xikang, at a consideration of RMB2,250,000. On 30 April 2025, the above transaction was completed. Accordingly, the Group's shareholding in Dandong Xikang increased from 60% to 70%.

On 23 November 2025, Liaoning Xikang entered into an equity transfer agreement to transfer its 30% equity interest in Dandong Xikang to Dandong Jinxuan at a consideration of RMB6,750,000. On 25 November 2025, the above transaction was completed. Accordingly, the Group's shareholding in Dandong Xikang was reduced from 70% to 40%. Further details of the transaction are included in note 36 to the financial statements.

(iii) On 20 May 2025, the Group entered into an equity transfer agreement to dispose of its partial interest in Dalian Yunshe, an associate as at 31 December 2024, to a related party. Further details of the transaction are included in note 14 to the financial statements.

(iv) On 31 October 2025, the Group completed the acquisition of a 100% equity interest in each of Lingang Xikang and Chongqing Xikang from Neusoft Consulting, an associate of the Group, at considerations of RMB100,000 and RMB3,000,000, respectively. Further details of the transactions are included in note 35 to the financial statements.

Notes to Financial Statements

40. RELATED PARTY TRANSACTIONS (continued)

(c) Outstanding balances with related parties:

	2025	2024
	RMB'000	RMB'000
<i>Trade receivables</i>		
Neusoft Corporation, its subsidiaries and associates	768	5,113
Neusoft Holdings and its subsidiaries	522	743
PICC P&C and its subsidiaries	58	108
A company controlled by the Company's director	–	6
	1,348	5,970
<i>Contract assets</i>		
Neusoft Corporation and its subsidiaries	31	892
<i>Other receivables</i>		
Neusoft Corporation and its subsidiaries	1,013	836
Associates, its parent and its subsidiaries	229	–
PICC P&C and its subsidiaries	–	188
	1,242	1,024



Notes to Financial Statements

40. RELATED PARTY TRANSACTIONS (continued)

(c) Outstanding balances with related parties: (continued)

	2025 RMB'000	2024 RMB'000
<i>Prepayments</i>		
Neusoft Corporation and its subsidiaries	84	89
<i>Trade payables</i>		
Neusoft Corporation, its subsidiaries and associates	18,573	19,647
Neusoft Holdings, its subsidiaries and associates	117	3
	18,690	19,650
<i>Other payables</i>		
Neusoft Holdings and its subsidiaries	7	–
Neusoft Corporation and its subsidiaries	–	144
	7	144
<i>Contract liabilities</i>		
Neusoft Corporation, its subsidiaries and associates	1,526	131
Neusoft Holdings, its subsidiaries and associates	244	232
PICC P&C and its subsidiaries	85	144
Associates, its parent and its subsidiaries	–	25
	1,855	532
<i>Right-of-use assets</i>		
Associates, its parent and its subsidiaries	3,416	6,687
Neusoft Corporation and its subsidiaries	4,421	7,987
	7,837	14,674
<i>Lease liabilities</i>		
Associates, its parent and its subsidiaries	4,486	6,695
Neusoft Corporation and its subsidiaries	4,544	8,025
	9,030	14,720

These balances are unsecured and interest-free.

Notes to Financial Statements

40. RELATED PARTY TRANSACTIONS (continued)**(d) Compensation of key management personnel of the Group:**

	2025	2024
	RMB'000	RMB'000
Wages, salaries and bonuses	5,534	5,753
Pension costs – defined contribution plans	162	210
Other social security costs	99	116
Housing benefits	101	124
Share-based compensation	7,227	4,861
Total compensation paid to key management personnel	13,123	11,064

Further details of directors' and the chief executive's emoluments are included in note 8 to the financial statements.

The related party transactions in respect of items (a)(i) and (a)(ii) above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.



Notes to Financial Statements

41. 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:

2025

Financial assets

	Financial assets at fair value through profit or loss Mandatorily designated as such RMB'000	Financial assets at fair value through other comprehensive income Equity investments RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Equity investments designated at fair value through other comprehensive income	-	44,093	-	44,093
Trade receivables	-	-	81,315	81,315
Long-term trade receivables (included current portion)	-	-	7,025	7,025
Other receivables	-	-	38,568	38,568
Financial assets at fair value through profit or loss	214,226	-	-	214,226
Cash and cash equivalents and restricted deposits	-	-	545,543	545,543
Total	214,226	44,093	672,451	930,770

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade payables	186,034
Financial liabilities included in other payables and accruals	30,511
Interest-bearing bank borrowings	463,447
Lease liabilities	55,111
Total	735,103

Notes to Financial Statements

41. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (continued)

2024**Financial assets**

	Financial assets at fair value through profit or loss	Mandatorily designated as such	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	–	–	101,974	101,974
Long-term trade receivables (included current portion)	–	–	13,514	13,514
Other receivables	–	–	38,560	38,560
Financial assets at fair value through profit or loss	36,842	–	–	36,842
Cash and cash equivalents and restricted deposits	–	–	760,869	760,869
Total	36,842	–	914,917	951,759

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade payables	201,137
Financial liabilities included in other payables and accruals	28,608
Interest-bearing bank borrowings	510,305
Lease liabilities	64,165
Total	804,215

Notes to Financial Statements

42. 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	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Financial assets				
Long-term trade receivables	7,025	13,514	7,282	14,060
Equity investments designated at fair value through other comprehensive income	44,093	–	44,093	–
Other receivables, non-current portion	3,844	3,251	3,500	2,866
Financial assets at fair value through profit or loss	214,226	36,842	214,226	36,842
Total	269,188	53,607	269,101	53,768
Financial liabilities				
Interest-bearing bank borrowings	463,447	510,305	463,447	510,305

Management has assessed that the fair values of cash and cash equivalents, restricted deposits, trade receivables, trade payables, other receivables and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's 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 and the audit committee. 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 valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

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 values of the long-term trade receivables and interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings as at 31 December 2025 were assessed to be insignificant.

The fair values of wealth management products in financial assets at fair value through profit or loss have been estimated using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

Notes to Financial Statements

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

The fair value of unlisted equity investments in Dalian Yunshe designated at fair value through other comprehensive income has been estimated using a discounted cash flow valuation model. The discount rate adopted in the calculation was determined by using the weighted average cost of capital (“**WACC**”) and capital asset pricing model (“**CAPM**”).

Below is a summary of significant unobservable input to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2025 and 2024:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Wealth management products	Discounted cash flow valuation model	Expected rate of return	3-6% (2024: 12%)	5% (2024: 5%) increase/decrease in expected rate of return would result in increase/decrease in fair value by RMB11 million (2024: RMB6 million)
Unlisted equity investments	Discounted cash flow valuation model	Pre-tax discount rate	11% (2024: Nil)	1% (2024: Nil) increase/decrease in pre-tax discount rate would result in decrease/increase in fair value by RMB5 million/RMB6 million (2024: Nil)

Notes to Financial Statements

42. 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 2025

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	
Equity investments designated at fair value through other comprehensive income	–	–	44,093	44,093
Financial assets at fair value through profit or loss	–	–	214,226	214,226
Total	–	–	258,319	258,319

As at 31 December 2024

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	
Financial assets at fair value through profit or loss	–	–	36,842	36,842

Notes to Financial Statements

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

The movements in fair value measurements within Level 3 during the year are as follows:

	2025 RMB'000	2024 RMB'000
Equity investments designated at fair value through other comprehensive income		
At 1 January	–	–
Addition	54,018	–
Total losses recognised in other comprehensive income	(9,925)	–
At 31 December	44,093	–
Financial assets at fair value through profit or loss:		
At 1 January	36,842	144,205
Purchases	426,031	224,745
Disposal	(249,928)	(343,772)
Fair value changes recognised in profit or loss	3,233	3,604
Investment return recognised in profit or loss	1,558	7,000
Exchange realignment	(3,510)	1,060
At 31 December	214,226	36,842



Notes to Financial Statements

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

Liabilities measured at fair values:

The Group did not have any financial liabilities measured at fair value as at 31 December 2025 and 2024.

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 both financial assets and financial liabilities (2024: Nil).

Assets for which fair values are disclosed:

As at 31 December 2025

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Other receivables, non-current portion	–	3,500	–	3,500
Long-term trade receivables	–	7,282	–	7,282
Total	–	10,782	–	10,782

As at 31 December 2024

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Other receivables, non-current portion	–	2,866	–	2,866
Long-term trade receivables	–	14,060	–	14,060
Total	–	16,926	–	16,926

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

Liabilities for which fair values are disclosed:

As at 31 December 2025

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	
Interest-bearing bank borrowings	–	463,447	–	463,447

As at 31 December 2024

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	
Interest-bearing bank borrowings	–	510,305	–	510,305

Notes to Financial Statements

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank borrowings, financial assets at fair value through profit or loss and cash and bank balances. 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, long-term 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 board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's borrowings with a floating interest rate.

The following table demonstrates the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Group's loss before tax (through the impact on floating rate borrowings).

	Increase/ (decrease) in basis points %	Increase/ (decrease) in loss before tax RMB'000
2025		
RMB	50	1,219
RMB	(50)	(1,219)
2024		
RMB	50	1,649
RMB	(50)	(1,649)

Notes to Financial Statements

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**Foreign currency risk**

The Group's exposure to foreign exchange risks were primarily related to bank balances mainly denominated in USD deposited in Chinese mainland and Hong Kong. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and tries to minimise these exposures through natural hedges, wherever possible, and may enter into forward foreign exchange contracts, when necessary.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the USD and RMB exchange rates, with all other variables held constant, of the Group's loss before tax (arising from USD and RMB denominated financial instruments).

	Increase/ (decrease) in USD/RMB rate %	Increase/ (decrease) in loss before tax RMB'000
2025		
If the RMB weakens against the USD	5	(4,139)
If the RMB strengthens against the USD	(5)	4,139
2024		
If the RMB weakens against the USD	5	(4,831)
If the RMB strengthens against the USD	(5)	4,831

Notes to Financial Statements

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**Credit risk**

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

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 31 December. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2025

	12-month ECLs		Lifetime ECLs		Total RMB'000
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	
Contract assets*	–	–	–	4,395	4,395
Trade receivables*	–	–	–	189,761	189,761
Long-term trade receivables*	–	–	–	15,031	15,031
Other receivables					
– Normal**	38,806	–	–	–	38,806
– Doubtful**	–	–	17,210	–	17,210
Restricted deposits					
– Not yet past due	5	–	–	–	5
Cash and cash equivalents					
– Not yet past due	545,538	–	–	–	545,538
Total	584,349	–	17,210	209,187	810,746

Notes to Financial Statements

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**Credit risk (continued)***Maximum exposure and year-end staging (continued)***As at 31 December 2024**

	12-month ECLs		Lifetime ECLs		Simplified approach RMB'000	Total RMB'000
	Stage 1	Stage 2	Stage 3			
	RMB'000	RMB'000	RMB'000			
Contract assets*	–	–	–	8,249	8,249	
Trade receivables*	–	–	–	230,982	230,982	
Long-term trade receivables*	–	–	–	18,169	18,169	
Other receivables						
– Normal**	38,863	–	–	–	38,863	
– Doubtful**	–	–	17,210	–	17,210	
Restricted deposits						
– Not yet past due	12	–	–	–	12	
Cash and cash equivalents						
– Not yet past due	760,857	–	–	–	760,857	
Total	799,732	–	17,210	257,400	1,074,342	

* For long-term trade receivables, trade receivables and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in notes 16, 22 and 23 to the financial statements, respectively.

** The credit quality of the financial assets included in other receivables 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 long-term trade receivables and trade receivables are disclosed in notes 16 and 22 to the financial statements, respectively.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. There are no significant concentrations of credit risk within the Group as the customer bases of the Group’s trade receivables are widely dispersed in different sectors and industries.

Notes to Financial Statements

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**Liquidity risk**

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	2025			Total RMB'000
	Less than 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	
Interest-bearing bank borrowings	472,448	–	–	472,448
Trade payables	186,034	–	–	186,034
Other payables (excluding tax payables and salary and welfare payables)	30,511	–	–	30,511
Lease liabilities	31,341	17,001	9,660	58,002
Total	720,334	17,001	9,660	746,995

	2024			Total RMB'000
	Less than 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	
Interest-bearing bank borrowings	522,551	–	–	522,551
Trade payables	201,137	–	–	201,137
Other payables (excluding tax payables and salary and welfare payables)	28,608	–	–	28,608
Lease liabilities	27,182	20,377	22,115	69,674
Total	779,478	20,377	22,115	821,970

Notes to Financial Statements

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**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 regards equity attributable to owners of the parent as capital and 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 years ended 31 December 2025 and 31 December 2024.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity. Net debt includes interest-bearing bank borrowings and lease liabilities, less cash and cash equivalents.

The gearing ratios as at the end of the reporting periods were as follows:

	2025	2024
	RMB'000	RMB'000
Interest-bearing bank borrowings (note 30)	463,447	510,305
Lease liabilities (note 13(b))	55,111	64,165
Less: Cash and cash equivalents (note 26)	545,538	760,857
Net cash position	(26,980)	(186,387)
Total equity	313,404	368,122
Gearing ratio*	-	-

* As at 31 December 2025 and 2024, the Group had a net cash position and the gearing ratio is not applicable.

44. EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the end of the reporting period that require additional disclosure or adjustments.

Notes to Financial Statements

45. 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:

	2025	2024
	RMB'000	RMB'000
NON-CURRENT ASSETS		
Investment in a subsidiary	1,291,685	1,317,011
Due from a subsidiary	157,833	159,270
Total non-current assets	1,449,518	1,476,281
CURRENT ASSETS		
Prepayments	3,514	3,760
Other receivables	12,373	12,654
Financial assets at fair value through profit or loss	214,226	36,842
Cash and cash equivalents	268,973	450,009
Total current assets	499,086	503,265
CURRENT LIABILITIES		
Other payables and accruals	2,656	2,235
Total current liabilities	2,656	2,235
NET CURRENT ASSETS	496,430	501,030
TOTAL ASSETS LESS CURRENT LIABILITIES	1,945,948	1,977,311
Net assets	1,945,948	1,977,311
EQUITY		
Share capital	1,125	1,125
Share premium	2,546,847	2,546,847
Other reserves (note)	410,829	450,946
Accumulated losses	(1,012,853)	(1,021,607)
Total equity	1,945,948	1,977,311

Notes to Financial Statements

45. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

	Exchange fluctuation reserve RMB'000	Share-based compensation reserve RMB'000	Equity transaction with eligible employees reserve RMB'000	Total RMB'000
Balance at 1 January 2024	73,094	289,884	40,039	403,017
Exchange differences on translation of the Company's financial statements into presentation currency	39,366	–	–	39,366
Share-based compensation	–	8,563	–	8,563
At 31 December 2024 and 1 January 2025	112,460	298,447	40,039	450,946
Exchange differences on translation of the Company's financial statements into presentation currency	(59,660)	–	–	(59,660)
Share-based compensation	–	19,543	–	19,543
At 31 December 2025	52,800	317,990	40,039	410,829

The share-based compensation reserve comprises the fair value of share options and RSUs granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 2.4 to the financial statements. The amount will either be transferred to the share premium account when the related options and RSUs are exercised or transferred to accumulated losses should the related options and RSUs expire or be forfeited.

46. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 20 March 2026.



Five-year Financial Highlights

	2025	2024	2023	2022	2021
	<i>RMB in thousands</i>				
Revenue	464,138	501,496	537,715	687,415	614,302
Gross profit	126,749	147,498	164,609	168,450	170,229
Loss before income tax	(32,501)	(83,927)	(147,636)	(238,308)	(292,847)
Income tax credit/(expense)	(6,051)	82	(7,256)	(4,952)	(1,896)
Loss for the year	(38,552)	(83,845)	(154,892)	(243,260)	(294,743)
Attributable to:					
Owners of the parent	(38,926)	(83,053)	(154,652)	(241,967)	(296,537)
Non-controlling interests	374	(792)	(240)	(1,293)	1,794

	As of December 31,				
	2025	2024	2023	2022	2021
	<i>RMB in thousands</i>				
Assets					
Non-current assets	224,977	280,525	311,701	298,041	320,509
Current assets	915,972	979,909	1,086,310	636,404	626,338
Total assets	1,140,949	1,260,434	1,398,011	934,445	946,847
Equity					
Attributable to owner's equity of the parent	313,404	363,309	428,144	(451,976)	(274,545)
Non-controlling interests	–	4,813	5,589	5,808	6,909
Total equity	313,404	368,122	433,733	(446,168)	(267,636)
Liabilities					
Non-current liabilities	50,537	60,882	351,430	920,560	754,602
Current liabilities	777,008	831,430	612,848	460,053	459,881
Total liabilities	827,545	892,312	964,278	1,380,613	1,214,483
Total equity and liabilities	1,140,949	1,260,434	1,398,011	934,445	946,847

Definitions

In this annual report, the following expressions have the meanings set out below unless the context requires otherwise.

“2016 RSU Scheme”	a restricted share unit scheme of the Company adopted in August 2016 for the benefit of its employees
“Articles of Association”	the articles of association of our Company, conditionally adopted on September 27, 2023 with effect on the listing date, as amended from time to time
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board” or “Board of Directors”	the board of Directors of our Company
“business day”	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open to the public for normal banking business
“BVI”	the British Virgin Islands
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company”, “our Company”, or “the Company”	Xikang Cloud Hospital Holdings Inc. (formerly know as NEUSOFT XIKANG HOLDINGS INC. (東軟熙康控股有限公司)), an exempted company incorporated in the Cayman Islands with limited liability on May 12, 2011
“Director(s)”	director(s) of our Company
“Dongkong International Fifth”	Dongkong International Fifth Investment Inc., a company incorporated under the laws of the BVI on June 23, 2015, and a Shareholder of our Company wholly-owned by Neusoft Holdings
“Dongkong International Seventh”	Dongkong International Seventh Investment Inc., a company incorporated under the laws of the BVI on June 23, 2015, and a Shareholder of our Company wholly-owned by Neusoft Holdings
“Dr. LIU”	Dr. LIU Jiren (劉積仁), the chairperson of the Board and a non-executive Director of our Company



Definitions

“Global Offering”	the Hong Kong public offering and the international offering as described in the Prospectus
“Group”, “our Group” or “the Group”	our Company, its subsidiaries and the consolidated affiliated entities controlled through contractual arrangements (or our Company and any one or more of its subsidiaries, as the context may require)
“HK\$”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Financial Reporting Standards”, “HKFRSs”	all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“KangRich”	KangRich Investments Limited, a company incorporated under the laws of the BVI on July 8, 2015, and an employee shareholding platform and a Shareholder of our Company
“Kingset Ventures”	Kingset Ventures Limited, one of the Pre-IPO Investors of our Company, a company incorporated in the BVI
“Listing”	the listing of the Shares on the Main Board
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Date”	September 28, 2023, on which the Shares are listed on the Hong Kong Stock Exchange and from which dealings in the Shares are permitted to commence on the Hong Kong Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange

Definitions

“Neusoft (HK)”	Neusoft (HK) Limited, a company incorporated under the laws of Hong Kong on August 25, 2000 and a Shareholder of our Company wholly-owned by Neusoft Corporation
“Neusoft Corporation”	Neusoft Corporation (東軟集團股份有限公司), a company incorporated under the laws of the PRC on June 17, 1991, which is listed on the Shanghai Stock Exchange (stock code: 600718) on June 18, 1996
“Neusoft Holdings”	Dalian Neusoft Holdings Co., Ltd. (大連東軟控股有限公司), a company incorporated under the laws of the PRC on November 15, 2011
“Ningbo Xikang”	Ningbo (Xikang) Smart Healthcare Management Co., Ltd.*
“PICC P&C”	PICC Property and Casualty Company Limited (中國人民財產保險股份有限公司), established in the PRC in July 2003, was listed on the Main Board of the Stock Exchange on November 6, 2003 (stock code: 02328), one of the Pre-IPO Investors and a connected person of our Company
“Post-IPO SOS”	the share option scheme adopted by our Company on May 28, 2021, as amended or otherwise modified from time to time, and detailed in “DIRECTORS’ REPORT – SHARE OPTION SCHEMES – 2. Post-IPO SOS” in this annual report
“PRC” or “China”	the People’s Republic of China, which for the purposes of this document only and unless the context requires otherwise, excludes Hong Kong, Macau and Taiwan
“Pre-IPO SOS”	the share option scheme adopted by our Company on March 29, 2019, as amended or otherwise modified from time to time, and detailed in “DIRECTORS’ REPORT – SHARE OPTION SCHEMES – 1. Pre-IPO SOS” in this annual report
“Prospectus”	the prospectus of the Company dated September 18, 2023
“Province”	a province or, where the context requires, a provincial level autonomous region or municipality under the direct supervision of the central government of the PRC
“Reporting Period”	the year ended December 31, 2025
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC



Definitions

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Shanghai Xikang”	Shanghai Xikang Healthcare Management Co., Ltd.
“Shanxi Xikang”	Shanxi Xikang Healthcare Management Co., Ltd.
“Share(s)”	ordinary shares in the share capital of our Company with a par value of US\$0.0002 each
“Share Option Scheme(s)”	Pre-IPO SOS and/or Post-IPO SOS
“Shareholder(s)”	holder(s) of our Shares
“Shenyang Cloud Hospital”	Shenyang Xikang Cloud Hospital Co., Ltd.
“Smartwave”	Smartwave Holdings Inc. (斯邁威控股有限公司), a company incorporated under the laws of BVI on March 15, 2011, and a Shareholder of our Company wholly-owned by Neusoft Holdings
“subsidiary(ies)”	has the meaning ascribed thereto in section 15 of the Companies Ordinance
“Syn Invest”	Syn Invest Co. Ltd, one of the Pre-IPO Investors of our Company, a company established in the BVI
“United States”, “U.S.” or “US”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“USD” or “US\$”	United States dollars, the lawful currency of the United States
“Dalian Lixin”	Dalian Lixin Cloud Health Management Consulting Company Limited
“Hangzhou Xikang”	Xikang (Hangzhou) Nursing Station Company Limited
“Henan Xikang”	Henan Yujian Xikang Health Management Company Limited (河南豫健熙康健康管理有限公司)

