



海吉亚医疗控股有限公司

Hygeia Healthcare Holdings Co., Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 6078

ANNUAL REPORT
2025



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Zhu Yiwen (朱義文)
(Chairman and Chief Executive Officer)
Mr. Ren Ai (任愛)
Ms. Cheng Huanhuan (程歡歡)
Mr. Zhang Wenshan (張文山)
Ms. Jiang Hui (姜蕙)

Independent Non-executive Directors

Mr. Liu Yanqun (劉彥群)
(Retired on May 29, 2025)
Mr. Ye Changqing (葉長青)
Mr. Zhao Chun (趙淳)
Mr. Zhang Guozhong (張國忠)
(Appointed on May 29, 2025)

AUDIT COMMITTEE

Mr. Ye Changqing *(Chairman)*
Mr. Liu Yanqun
(Retired on May 29, 2025)
Mr. Zhao Chun
Mr. Zhang Guozhong
(Appointed on May 29, 2025)

REMUNERATION COMMITTEE

Mr. Zhao Chun *(Chairman)*
Mr. Ren Ai
Mr. Liu Yanqun
(Retired on May 29, 2025)
Mr. Zhang Guozhong
(Appointed on May 29, 2025)

NOMINATION COMMITTEE

Mr. Liu Yanqun *(Chairman)*
(Retired on May 29, 2025)
Mr. Zhang Guozhong *(Chairman)*
(Appointed on May 29, 2025)
Mr. Ren Ai
(Stepped down on March 27, 2025)
Ms. Cheng Huanhuan
(Appointed on March 27, 2025)
Mr. Zhao Chun

JOINT COMPANY SECRETARIES

Mr. Ren Ai
Mr. Lau Kwok Yin

AUTHORIZED REPRESENTATIVES

Mr. Ren Ai
Mr. Lau Kwok Yin

REGISTERED OFFICE

Harneys Fiduciary (Cayman) Limited
4th Floor, Harbour Place
103 South Church Street
P.O. Box 10240
Grand Cayman KY1-1002
Cayman Islands

HEADQUARTERS IN THE PRC

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the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Harneys Fiduciary (Cayman) Limited
4th floor, Harbour Place
103 South Church Street
P.O. Box 10204
Grand Cayman, KY1-1002
Cayman Islands

HONG KONG SHARE REGISTRAR

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

PRINCIPAL BANKERS

China Merchants Bank Co., Ltd
Shanghai Huaizhong Sub-branch
1/F, 18/F, Boyin International Building
No. 398 Middle Huaihai Road
Huangpu District, Shanghai
the PRC

Bank of Communications Co., Ltd.
Shanghai Jinshan Sub-branch
No. 68 West Weiqing Road
Jinshan District, Shanghai
the PRC

China CITIC Bank Co., Ltd.
Shanghai Branch
No. 138 Shibo Guan Road,
Pudong New Area, Shanghai
the PRC

Shanghai Pudong Development Bank Co., Ltd.
Shanghai Branch
2F, No.588 Pudong South Road,
Pudong New Area, Shanghai
China

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditor
35/F One Pacific Place
88 Queensway
Hong Kong

HONG KONG LEGAL ADVISER

Fangda Partners
26/F, One Exchange Square
8 Connaught Place, Central
Hong Kong

STOCK CODE

6078

COMPANY WEBSITE

www.hygeia-group.com.cn

Financial Highlights

	Year ended December 31,				
	2025	2024	2023	2022	2021
	<i>(RMB'000, except percentages)</i>				
Operating results					
Revenue	4,008,832	4,446,120	4,076,680	3,195,648	2,315,349
Gross profit	1,023,476	1,329,473	1,286,252	1,028,553	757,499
Operating profit	393,425	821,144	899,104	666,821	593,775
Profit before income tax	327,533	750,816	856,087	643,311	572,845
Net profit	161,526	598,332	684,948	481,876	453,203
Basic earnings per share (in RMB)	0.27	0.95	1.08	0.77	0.71
Non-IFRS adjusted net profit ⁽¹⁾	455,480	602,264	713,445	607,013	450,606
Profitability					
Gross profit margin	25.5%	29.9%	31.6%	32.2%	32.7%
Net profit margin	4.0%	13.5%	16.8%	15.1%	19.6%
Non-IFRS adjusted net profit margin ⁽²⁾	11.4%	13.5%	17.5%	19.0%	19.5%

Notes:

- (1) Adjustments to the net profit for the year ended December 31, 2025 include: (i) impairment and provisions recognized in respect of goodwill of Etern Group Ltd. of RMB283,321 thousand; (ii) share-based compensation expenses of RMB(9,043) thousand; (iii) depreciation and amortization of the appreciation in valuation of assets arising from acquisitions of hospitals of RMB13,579 thousand; and (iv) net foreign exchange losses of RMB6,097 thousand. Adjustments to the net profit for the year ended December 31, 2024 include: (i) share-based compensation expenses of RMB(10,736) thousand; (ii) depreciation and amortization of the appreciation in valuation of assets arising from acquisitions of hospitals of RMB13,267 thousand; and (iii) net foreign exchange losses of RMB1,401 thousand.
- (2) Non-IFRS adjusted net profit margin is calculated based on non-IFRS adjusted net profit divided by revenue.

	Audited As of December 31,				
	2025	2024	2023	2022	2021
	<i>(RMB'000)</i>				
Financial position					
Total current assets	1,703,064	1,825,749	1,975,590	1,749,474	1,720,772
Total non-current assets	8,961,873	9,103,506	8,758,973	5,492,471	4,966,166
Total current liabilities	1,684,464	1,795,838	1,944,147	1,026,031	854,607
Total non-current liabilities	2,195,917	2,459,013	2,535,542	1,275,851	1,354,619
Total equity	6,784,556	6,674,404	6,254,874	4,940,063	4,477,712

Corporate Profile

As an oncology-focused healthcare group, we endeavor to make healthcare services more accessible and affordable (讓醫療更溫暖), addressing unmet demand of oncology patients in China.

Since we started our business in 2009, we have built a nationwide footprint of oncology-focused hospitals through a combination of organic growth and strategic acquisitions. As of the date of this report, we managed or operated 17 oncology-focused hospitals covering 13 cities in eight provinces in China. We believe our nationwide footprint has enabled us to benefit from network effects and synergies and achieve economies of scale, which has laid a solid foundation for our sustainable and profitable growth and future expansion into new geographic markets. All of the Group's hospital properties are self-owned, with a total of approximately 1,200 mu of land for medical and healthcare use and approximately 940,000 square meters of medical facilities. These stable properties provide a solid foundation for the Group's compliant operations and sustainable development.

We are committed to providing one-stop comprehensive treatment services with a core focus on oncology for patients in non-first tier cities. We believe that by leveraging strict quality control, high-standard diagnosis and treatment technology and considerate diagnosis and treatment services, we are able to provide services to more patients. We expand our nationwide network through standardized management models and matrix management systems. The standardized management model also supports extended growth, and the Group's strong integration capabilities have led to rapid growth in performance.

We are committed to cultivating a high-level, multi-disciplinary team of medical professionals. We continue to enrich our team through internal training and external recruitment. The Group consistently adheres to the strategy of discipline leadership and talent empowerment, continuously enhancing the level of diagnosis and treatment technology for complex, critical, and emergency cases, striving to build the core competitiveness of its hospitals, and achieving 38 key clinical specialties. The Group currently has 108 high-level talents, including experts receiving special government subsidies awarded by the State Council, as well as chairmen and deputy chairmen of specialty societies at all levels, and 907 full-time medical professionals with advanced qualifications.

Guided by the culture of "making healthcare services more accessible and affordable and making life healthier (讓醫療更溫暖·讓生命更健康)", and relying on its self-owned outpatient traffic, expert team, property space, and efficient mechanisms, the Group focuses on developing businesses in oncology and other complex, critical, and emergency cases. It has gradually built a business moat, continuously building brand reputation and leveraging compounding effect of time, thereby providing a solid guarantee for long-term, stable business development. After years of effort, the comprehensive strength of the Group's hospitals has significantly increased, ranking among the top in the region and establishing a leading position in the local private healthcare industry.

Chairman's Statement

Dear Shareholders, colleagues and partners from all sectors:

On behalf of the Board of Hygeia Healthcare Holdings Co., Limited, I would like to present you with the 2025 annual report of the Group. First and foremost, we would like to extend our heartfelt gratitude to all Shareholders, patients, employees and partners from all sectors of society who have placed their trust in, supported and stood by Hygeia Healthcare over the years. Your trust and unwavering support have laid a solid foundation for us to navigate economic cycles and forge ahead steadily and sustainably.

The year 2025 marked a year in which the healthcare industry advanced amid deepening policy reforms and market restructuring. Hygeia Healthcare rose to the challenge, continued to consolidate its foundation, and achieved annual revenue of RMB4,009 million and an adjusted net profit of RMB455 million. The Group's net operating cash flow reached a record high of RMB950 million, demonstrating strong operational resilience and robust cash generation capability.

Looking back on 2025, we have always upheld our mission of "making healthcare services more accessible and affordable and making life healthier (讓醫療更溫暖·讓生命更健康)" and taken "high-quality development" as our core theme. We have been deeply committed to enhancing healthcare quality, discipline capability, operational efficiency and service innovation. Our core business remained solid, and our strategic deployment advanced in an orderly manner:

I. STRENGTHENING THE CORE BARRIERS OF SPECIALTIES

The Group has always focused on building the core competitiveness of its hospitals. Over the past three years, the Group has made significant progress in the discipline construction at its hospitals, with the number of key clinical specialties (projects) increasing from 8 to 38. The Group has continued to focus on geriatric-related diseases including oncology MDT, cardiovascular and cerebrovascular diseases, and acute and critical illnesses, and the proportion of level 3 or 4 surgeries has continuously increased. The Group's hospitals have become leading brands among local general hospitals, which enjoy growing reputation and sustained trust from patients.

II. FOSTERING NEW GROWTH DRIVERS

While consolidating its core business, the Group has actively explored high-quality incremental businesses. In 2025, we seized the opportunity of explosive growth in cross-border healthcare demand. Starting with Chongqing Hygeia Hospital, we officially launched international healthcare services to provide diagnostic and treatment services to patients in Southeast Asia, marking a significant step forward in our international development. At the same time, the Group accelerated the expansion of commercial insurance cooperation, refined its diversified payment system, and vigorously developed self-paid services such as specialized care, health management and consumer healthcare, which has optimized our revenue structure and met the multi-level needs of our patients.

III. FULFILLING THE RESPONSIBILITY AS A PRIVATE MEDICAL INSTITUTION

The Group has consistently upheld the core values of “telling the truth, being pragmatic and acting with integrity (說實話、辦實事、講誠信)”, actively fulfilled its social responsibilities, and gained widespread recognition from the government and all sectors of society, with its brand influence growing steadily. During the year, Chongqing Hygeia Hospital was awarded the title of an “Outstanding Private Enterprise in Chongqing (重慶市優秀民營企業)” by the Chongqing Municipal Committee of the Communist Party of China and the Municipal People’s Government. Hygeia Hezhou Guangji Hospital was recognized as an advanced collective for the 2025 “Hezhou High-Quality Development Contribution Award (賀州市高質量發展貢獻獎)” by the Hezhou Municipal Committee of the Communist Party of China and the Municipal People’s Government. Shanxian Hygeia Hospital was awarded the “Shanxian Economic Development Contribution Award for 2024 (2024年度單縣經濟發展貢獻獎)”. The Group will continue to uphold its original aspiration as medical practitioners, refine its diagnostic and treatment technologies, and improve service quality, thereby giving back to society with higher-quality healthcare services.

Looking ahead to 2026, the healthcare industry will remain in a critical phase of structural adjustment and high-quality development. As the Group gradually adapts to the impact of DRG/DIP reforms and its newly established hospital areas enter a mature phase of profitability, the Group’s development is expected to return to a path of steady growth. With a long journey ahead and favourable winds at our backs, we set forth again shouldering our weighty responsibilities. In 2026, Hygeia Healthcare will continue to place patients at the center, regard quality as the cornerstone, take innovation as the driving power, and uphold integrity as the foundation. With the trust and support of all Shareholders and the dedication and hard work of all employees, we will steadfastly pursue the path of high-quality development, and provide warmer, higher-quality and more accessible healthcare services to patients, to create long-term value for Shareholders, and contribute Hygeia’s strength to the construction of a healthy China!

Finally, we would like to express our sincere gratitude once again to all Shareholders, employees and partners from all sectors of society for their kindness and support!

Hygeia Healthcare Holdings Co., Limited
Zhu Yiwen
Chairman

March 30, 2026

Management Discussion and Analysis

BUSINESS REVIEW

The Group is a leading comprehensive healthcare services group in China with a core focus on oncology. After nearly two decades of growth and development, the Group has established a solid competitive advantage and built a strong reputation in medical quality, diagnosis and treatment of complex, critical, and emergency cases, patient services, and operational efficiency. In 2025, the Group served approximately 4.6 million patient visits, with its brand influence continuing to grow.

Adhering to the corporate vision of “making healthcare services more accessible and affordable and making life healthier (讓醫療更溫暖·讓生命更健康)”, the Group has always put the interests of patients first, persisting in the pursuit of higher goals beyond profit, and continuously improving its clinical diagnostic and treatment capabilities and the quality of its healthcare services. The Group practices medicine with compassion and builds its enterprise on responsibility. In 2025, the patient satisfaction rate of the Group increased to 98.54%, representing an increase of 1.51 percentage points over the previous year. The Group will pursue the goal of 100% satisfaction by continuously optimizing its service system and enhancing the patient experience.

The Group consistently adheres to the strategy of discipline leadership and talent empowerment, continuously enhancing the level of diagnosis and treatment technology for complex, critical, and emergency cases, and striving to build the core competitiveness of its hospitals. Over the past three years, the Group has continuously promoted discipline construction and capability enhancement in its hospitals, achieving remarkable overall development results. The number of key clinical specialties (projects) has increased from 8 to 38, including three national-level chest pain centers, two provincial-level stroke centers, seven national-level and provincial-level key clinical specialties (projects)/centers, and 26 municipal and county-level key clinical specialties (projects). Leveraging its flexible mechanisms and continuously growing brand influence, the Group’s attractiveness to medical talents has further strengthened, and its talent pool continues to expand. The Group currently has 108 high-level talents, including experts receiving special government subsidies awarded by the State Council, as well as chairmen and deputy chairmen of specialty societies at all levels, and 907 full-time medical professionals with advanced qualifications.

As of the date of this report, the Group manages or operates 17 comprehensive hospitals with a core focus on oncology, and has one additional Class III hospital under construction, distributed in 13 cities across 8 provinces in China. All properties of the Group’s hospitals are self-owned, with a total of approximately 1,200 mu of land for medical and healthcare use and approximately 940,000 square meters of medical facilities. These stable properties provide a solid guarantee for the Group’s compliant operations and sustainable development.

Guided by the culture of “making healthcare services more accessible and affordable and making life healthier (讓醫療更溫暖·讓生命更健康)”, and relying on its self-owned outpatient traffic, expert team, property space, and efficient mechanisms, the Group focuses on developing businesses in oncology and other complex, critical, and emergency cases. It has gradually built a business moat, continuously building brand reputation and leveraging compounding effect of time, thereby providing a solid guarantee for long-term, stable business development. After years of effort, the comprehensive strength of the Group’s hospitals has significantly increased, ranking among the top in the region and establishing a leading position in the local private healthcare industry.

Management Discussion and Analysis

The Group consistently upholds the values of “telling the truth, being pragmatic and acting with integrity (說實話、辦實事、講誠信)”, staying true to its duties and operating prudently, contributing to local economic development, and gaining widespread recognition from the government and all sectors of society. In September 2025, Professor Zhu Yiwen, the founder of the Group, was successfully elected as the Vice Chairman of the Medical Clinical Specialty Development Expert Committee of the China Medical Foundation, and continues to serve as the Vice Chairman of the Sixth Committee of the Private Hospital Branch of the Chinese Hospital Association. Hezhou Guangji Hospital was honored by the Central Committee of the Communist Party of China as a “National Advanced Grass-roots Party Organization (全國先進基層黨組織)” and recognized by the All-China Federation of Trade Unions with the honorary title of the “Pioneer of Workers (工人先鋒號)”. Chongqing Hygeia Hospital was awarded the title of an “Outstanding Private Enterprise in Chongqing (重慶市優秀民營企業)” by the Chongqing Municipal Committee of the Communist Party of China and the Chongqing Municipal People’s Government. Chang’an Hospital was awarded the title of “Five-Star Party Organization (五星級黨組織)” by the Organization Department of the Shaanxi Provincial Committee of the Communist Party of China.

In 2025, aligning with industry development trends, the Group deepened discipline development and technological improvement, promoted business innovation, and achieved positive improvements and steady enhancements in multiple aspects.

1. Operating cash flow reached a record high, providing strong support for enhancing Shareholder returns and merger and acquisition expansion

For the year ended December 31, 2025, the Group’s net cash generated from operating activities was RMB950.0 million, representing a year-on-year increase of 34.4%, reaching a record high. As of December 31, 2025, the Group’s interest-bearing liabilities decreased by RMB343.0 million, or 12.3%, compared to the same period last year. The gearing ratio was 28.9%, representing a decrease of 7.4 percentage points from the same period last year, indicating a continuous optimization of the asset-liability structure. For the year ended December 31, 2025, the Group’s capital expenditures decreased by 21.4% year-on-year, marking the second consecutive year of decline. Currently, the Group has formed a relatively sufficient reserve of hospital beds, with the maximum number of operational beds approaching 14,000. The Group’s last self-built hospital, Changshu Hygeia Hospital, is about to be completed and delivered. It is expected that the Group’s capital expenditures will further decline in the future, entering a new stage of capacity release and cash flow recovery.

The steady increase in free cash flow and the continuous optimization of the asset-liability structure also provide strong support for enhancing Shareholder returns and merger and acquisition expansion. In August 2024, the Company announced a RMB200 million share repurchase scheme under the repurchase mandate granted in the annual general meeting of the Company on June 28, 2024. The Company has repurchased 13,025.2 thousand Shares, representing 2.06% of the total number of issued Shares (as at the date of passing the relevant resolution granting the aforementioned repurchase mandate) before cancellation. All the Shares repurchased have been cancelled. In December 2025, considering that the current trading price of the Shares does not reflect their intrinsic value or the actual business prospects of the Company, the Board resolved to utilize the repurchase mandate to repurchase Shares on the open market from time to time at a total price of not less than RMB300 million to demonstrate the Company’s confidence in its own business development prospects. As of the date of this report, 2,382.4 thousand Shares have been repurchased. Furthermore, the investment value of high-quality healthcare service assets in the current primary market is gradually becoming apparent. The Group continues to reserve high-quality healthcare service projects domestically and internationally, seizing opportunities to advance mergers, acquisitions, and integrations. The Company will make more efficient capital allocation arrangements favoring long-term Shareholder returns between Share repurchases and merger and acquisition expansion depending on market conditions.

Management Discussion and Analysis

2. Core business stabilized and improved, with breakthroughs in international medical services

Focusing on discipline construction, service experience, and brand reputation, the Group continuously strengthened its characteristic specialties and technological advantages, and continuously optimized diagnosis and treatment processes. Coupled with a relatively stable industry policy and market environment, both the Group's revenue and patient visits in the second half of 2025 rebounded compared to the first half of 2025.

(1) Steady improvement in the diagnosis and treatment capabilities for complex, critical, and emergency cases, expanding hospital brand influence

The Group is actively adapting to industry development trends and the diagnosis and treatment needs brought by an aging population. The Group continuously optimizes its revenue structure, increasing the proportion of innovative, high-technical services. It strategically focuses on specialized areas with high incidence, rigid treatment needs, high diagnostic difficulty, and requiring multidisciplinary collaboration, such as oncology, acute cardiovascular and cerebrovascular diseases, and severe trauma rescue. Through continuous refinement of technology and enhancement of diagnostic and treatment capabilities, the regional rankings of its hospitals' capabilities in diagnosing and treating complex, critical, and emergency cases, as well as their technical strength, have steadily risen, effectively enhancing the business's resilience and sustainable development capacity. In 2025, the proportion of revenue from the Group's oncology-related business was 44.3%, representing a steady increase over the previous year. The Group completed over 102,000 surgeries, with the proportion of level 3 or 4 surgeries increasing by 6.4 percentage points year-on-year. The proportion of high-value, high-technical diagnostic and treatment services continued to rise. In 2025, Chang'an Hospital's Stroke Center was rated as a Class III Stroke Center in Shaanxi Province. Its General Surgery and Nephrology departments were both rated as clinical key specialty development projects in Xi'an City. Hezhou Guangji Hospital received the Guangxi Zhuang Autonomous Region "Secondary Stroke Center" certification. The CMI values of Chang'an Hospital and Chongqing Hygeia Hospital rose to the upper-middle level among Class III Grade A hospitals in the province/municipality. The Group continuously strengthens the competitive advantages of its hospitals, building patient trust with professional strength and high-quality services, and accumulating hospital brand reputation.

(2) Breakthroughs in international medical services

With the continuous optimization of China's visa-free policies, China's high-quality and efficient medical services are attracting an increasing number of foreign patients to seek medical treatment in China. As a Hong Kong-listed comprehensive healthcare services group with oncology as its core focus, the Group has already established a degree of international influence. With its excellent diagnostic and treatment technologies and services, it possesses inherent advantages in expanding international healthcare services. Since mid-2025, Chongqing Hygeia Hospital has been addressing the diagnostic and treatment needs of overseas patients, providing services to patients from multiple countries and regions, including Southeast Asia. The international medical business has begun to take shape, currently operating two floors of wards. In the future, based on the geographical advantages, disciplinary strengths, and diagnostic and treatment characteristics of its hospitals, the Group will promote and replicate the international medical business model to more suitable hospitals. Focusing on areas such as early cancer screening, comprehensive cancer treatment, medical tourism, innovative drug application, and high-end health management, the Group will continuously expand its sources of international patients and strategically strengthen and grow its international medical business.

Management Discussion and Analysis

(3) Further expansion of non-medical insurance business and commercial insurance coverage

Currently, the aging of China's population continues to accelerate, residents' disposable income is steadily increasing, and the national health demand continues to be unleashed. As core healthcare services providers, hospitals still have vast growth potential. The Group continuously enriches its diagnosis, treatment, and health service offerings, such as cancer screening, integration of medical and elderly care, medical weight management, medical aesthetics, health management, optometry, and dental care, to meet the diverse health needs of patients.

Meanwhile, the Group continues to deepen its strategic cooperation with commercial insurance companies and further optimize the healthcare payment system. At present, its in-network hospitals have entered into cooperation agreements with more than 70 insurance companies, to provide commercial insurance patients with a more efficient and convenient healthcare service experience.

(4) Artificial intelligence (AI) enhances operational efficiency and service experience

With the continuous advancement of AI applications, the Group is actively exploring and developing innovative AI applications in healthcare scenarios, continuously enhancing the level of smart healthcare in its in-network hospitals. In the field of clinical application, the Group focuses on building an AI-assisted "1+N" oncology disciplinary models including AI-assisted personalized precision radiotherapy and AI-assisted imaging diagnostics, empowering the public education, diagnostics and treatments, training, and health management of oncology MDT and related disciplines. The Group also closely follows the development trend of brain-computer interface integration with AI, actively deploying cutting-edge medical technology innovation and exploring the application of brain-computer interface in healthcare scenarios such as neurology and neurosurgery, rehabilitation, and precision diagnostic and treatment. In the fields of supply chain and financial management, the Group relies on AI and big data to optimize the inventory management of pharmaceuticals and medical consumables, effectively reducing the risk of material shortages and excess inventory. At the same time, through AI-assisted financial operational analysis, the Group comprehensively promotes refined management, cost reductions and efficiency enhancements, continuously improving overall operational efficiency. The Group has also launched an AI-based customer service system that serves various scenarios including virtual guidance, medical consultation, health education and brand promotion. For example, Chang'an Hospital has launched "Xiao'an", an intelligent customer service assistant, which has further diversified the service formats and content, and enhanced customer satisfaction.

Management Discussion and Analysis

BUSINESS DEVELOPMENT

Since commencing operations in 2009, the Group has consistently focused on its core business of oncology services and other critical illnesses, with an emphasis on enhancing the long-term competitiveness of its hospitals and improving patient satisfaction.

1. Strengthening the construction of oncology and related disciplines

The construction of academic disciplines is the key to the sustainable development of hospitals and is also an important symbol of the comprehensive strength and academic status of hospitals and the core engine of the Group's high-quality development. The Group has attached great importance to discipline development, fully leveraging its resources and technological advantages. With oncology as the core focus, all disciplines have advanced in parallel, achieving a new high in the number of key clinical specialties (as shown in the table below).

No.	Hospital	Discipline	Construction of key specialties and centers
1	Chang'an Hospital (Class III Grade A hospital)	Demonstration center for national standardized chest pain center	
2		Abdominal Pain Center	Certified by the Emergency and Critical Care Surgery Expert Working Group of the Chinese Medical Doctor Association's Surgeons Branch
3		Class III stroke center in Shaanxi Province	
4		Department of psychosomatics	Clinical key specialty development project in Shaanxi Province
5		Department of oncology	Clinical key specialty development project in Xi'an City
6		Department of intensive care unit	Clinical key specialty development project in Xi'an City
7		Department of general surgery	Clinical key specialty development project in Xi'an City
8		Department of nephrology	Clinical key specialty development project in Xi'an City
9		Clinical Nursing Specialties	Clinical key specialties in Xi'an City

Management Discussion and Analysis

No.	Hospital	Discipline	Construction of key specialties and centers
10	Chongqing Hygeia Hospital (Class III hospital)	Department of oncology	National key discipline with respect to clinical capability construction of medical institutions
11		Department of general surgery	Clinical key specialties in High-tech District, Chongqing
12		Department of intensive care unit	Clinical key specialties in High-tech District, Chongqing
13		National Standardized Metabolic Disease Management Center (MMC)	
14		National chest pain center (basic)	
15		Provincial Level Secondary Stroke Center	
16	Hezhou Guangji Hospital (Class III hospital)	Department of general surgery	Clinical key specialties in Hezhou City
17		Department of intensive care unit	Clinical key specialties in Hezhou City
18		Department of orthopedics	Clinical key specialty development project in Hezhou City
19		Department of nephrology	Clinical key specialty development project in Hezhou City
20		Department of neurology	Clinical key specialty development project in Hezhou City
21		Department of pediatrics	Clinical key specialty development project in Hezhou City
22		Department of urinary surgery	Clinical key specialty development project in Hezhou City
23			Department of hematology
24	Suzhou Yongding Hospital		Clinical key specialties in Wujiang District, Suzhou City
25		Department of ultrasound	Clinical key specialties in Wujiang District, Suzhou City
26		Department of orthopedics	Clinical key specialties in Wujiang District, Suzhou City
27		Department of medical imaging	Clinical key specialties in Wujiang District, Suzhou City
28		Department of gastroenterology	“Develop the healthcare through science and education” project in Wujiang District, Suzhou City

Management Discussion and Analysis

No.	Hospital	Discipline	Construction of key specialties and centers
29			National chest pain center (standard)
30			National Standardized Extracorporeal Counterpulsation Center
31	Shanxian Hygeia Hospital	Department of orthopedics	Clinical key specialties in Heze City
32		Department of ophthalmology	Clinical key specialty founding unit in Heze City
33		Department of oncology	County-level clinical key specialties in Longyan City
34	Longyan Boai Hospital	Department of endocrine	County-level clinical key specialties in Longyan City
35		Department of proctology	Wuxi City's specialties
36	Yixing Hygeia Hospital	Department of gynecology	Wuxi City's specialties
37		Department of gastroenterology	Wuxi City's specialties
38		Department of anesthesiology	Wuxi City's specialties

2. Strengthening the development of hospital talent system

Over the years, the Group has continuously strengthened its recruitment of professional talents, enhanced the talent training system, and cultivated a high-quality talent team comprising experienced and highly-skilled medical talents.

The Group currently has 108 high-level talents. Among them, there are 4 experts who receive special governmental subsidies from the State Council; 16 experts who serve as the chairman and deputy chairman of respective national or military specialty societies; 88 experts who are the chairman and deputy chairman of respective provincial and municipal specialty societies. As of December 31, 2025, the Group had a total of 907 full-time professionals with advanced qualifications. A total of 751 medical professionals of the Group were promoted to a higher professional grade in 2025, laying a solid foundation for the long-term development of the Group's hospitals.

In recent years, through relentless efforts and perseverance, employees of the Group have achieved numerous significant honors and gained widespread social recognition. Professor Zhu Yiwen, the founder of the Group, was successively elected as the Vice Chairman of the Sixth Committee of the Private Hospital Branch of the Chinese Hospital Association and the Vice Chairman of Medical Clinical Specialty Development Expert Committee of the China Medical Foundation. Li Daliang (李大亮), director of Hezhou Guangji Hospital, was named a "National Model Worker (全國勞動模範)", while Jiang Jinbai (蔣勁柏), the head of the emergency and intensive care unit department of the hospital, was named a "Model Worker of Guangxi Zhuang Autonomous Region (廣西壯族自治區勞動模範)". Yu Fengzhen (于鳳珍), deputy director of Shanxian Hygeia Hospital, was named a "Model Worker in Shandong Province (山東省勞動模範)". Liu Hongbin (劉宏斌), deputy director and Professor Wang Yangmin (王養民) of Chang'an Hospital were awarded the 2024 Gansu Provincial Science and Technology Progress Award (二零二四年度甘肅省科技進步獎), and Zhang Xiaofeng (張曉峰), the head of Anesthesiology Department of Chang'an Hospital, was awarded the title of "Outstanding Medical Practitioner in Shaanxi Province (陝西省優秀醫務工作者)" by the People's Government of Shaanxi Province. Zhang Hongfei (張鴻飛), director of Chongqing Hygeia Hospital, was awarded the Chongqing May Day Labour Award (重慶五一勞動獎章). Li Xiaohong (李小紅), director of Suzhou Canglang Hospital, was awarded the title of "May Day Women's Pacesetter (五一巾幗標兵)" in Suzhou City.

Management Discussion and Analysis

3. Comprehensively enhancing the medical academic and research capabilities

The Group attaches great importance to scientific research innovation and academic development, and continues to increase investment in scientific research to build a high-level academic platform for medical personnel. The influence of the experts of its in-network hospitals in the industry has been continuously increasing, evidenced by the publication of a cumulative total of 986 academic papers published in renowned domestic and international journals since the Listing of the Group. The Group continues to promote the synergistic development of the “medicine, education and research” system, deepens cooperation with universities and research institutions, steadily improves its medical research capabilities through clinical diagnosis and treatment, actively undertakes and implements national, provincial and municipal key scientific research projects, and has been granted a number of national utility model patents and invention patents.

Chongqing Hygeia Hospital has become the teaching hospital of the School of Life Sciences (生命科學學院) and the teaching base of the Bioengineering College (生物工程學院) of Chongqing University, respectively, and is the first medical institution in the Chongqing Hi-Tech District to be certified as a Good Clinical Practice (GCP) medical institution. Suzhou Yongding Hospital has established the institute of clinical medicine of Soochow University-Suzhou Yongding Hospital and cooperated with the School of Rehabilitation of the Shanghai University of Traditional Chinese Medicine in the field of cancer rehabilitation medicine. Hezhou Guangji Hospital completed the initiation of 6 scientific research projects in 2025, including 2 provincial projects and 4 municipal projects, and undertook 18 provincial and municipal projects regarding continuing education. Chang’an Hospital attended the 8th China Healthcare Industry Development & Investment Conference (第八屆中國醫療健康產業發展與投資年會) and hosted a special academic session on “Oncology Discipline High-Quality Development and Service Model Innovation Forum (MDT) (腫瘤學科高質量發展與服務模式創新論壇(MDT))”. Papers from the hospital’s imaging department have been published at the Radiological Society of North America (RSNA), the top academic conference in the field of radiology, for multiple times, thereby expanding the hospital’s influence in the field of radiology at home and abroad. Additionally, it also undertook training activities for the Xi’an Clinical Quality Control Center, expanding its regional academic influence. Shanxian Hygeia Hospital organized a county-wide training program to enhance the diagnostic and treatment capabilities of grassroots medical institutions, establishing high-quality academic exchange platforms, and driving the high-quality development of discipline construction. In the future, the Group will further strengthen and enhance its scientific research and academic capabilities, drive improvements in the quality of healthcare services through scientific research and innovation and provide patients with more advanced diagnostic and treatment technologies and services.

Management Discussion and Analysis

4. Placing a high priority on medical quality management

Medical quality and safety are directly linked to patient health and represent the lifeline of hospital development. Upholding the service philosophy of “patient-first”, the Group places high importance on medical quality management, and is committed to optimizing and upgrading its medical quality control system through refining the medical quality management system, improving the management policies as well as diagnostic and treatment protocols, enhancing the prevention and control of medical risks, improving clinical pathway management, and implementing 18 core systems and diagnostic and treatment protocols. The Group has established a medical quality control committee inspection system, regularly carrying out comprehensive inspections on its in-network hospitals, during which the inspectors will supervise, inspect and provide guidance and support for the quality control system of the hospitals covering medical care, nursing and healthcare experience, thereby constantly improving the management capabilities and quality standards of its in-network hospitals, and achieving full-process standardization of healthcare services.

5. Continuously improving patient satisfaction

The Group adheres to a patient-first approach and the benevolence of medical professionals, continuously optimizing service processes to enhance patient experience.

The Group has implemented innovative service models such as the “Credit + Medicine (信用+醫療)” digital application service of “diagnosis and treatment first, payment later (先診療、後付費)” and launched various convenience initiatives benefiting the patients such as year-round outpatient services as well as morning, midday and night-time outpatient service on weekdays, providing more scheduling options for patients to seek medical treatment. The Group implemented initiatives including “one registration valid for three days (一次掛號三天有效)”, “one registration applicable for multiple departments (一號通用多科就診)”, and “90-minute outpatient experience (90分鐘門診就診體驗)” to allow more convenient and unimpeded visits for patients. It also innovatively initiated a “migratory bird-style hemodialysis service (候鳥式血液透析服務)” that liberates dialysis patients from travel restrictions, allowing them to enjoy a wonderful life and freedom while receiving regular treatment. In addition, the Group has launched an AI-based customer service system, continuously diversifying the service formats and content for its hospitals.

The Group also promoted the construction of an internet healthcare service network that combines “online + offline (線上+線下)” to provide patients with convenient services such as online consultations, online follow-up consultations for chronic diseases and delivery of medicines to their homes. In 2025, the Group’s internet hospitals registered nearly 200 thousand attendances. The Group has also launched the “Internet + Nursing (互聯網+護理)” services to deliver professional nursing services to the patients’ homes, so that patients can enjoy scientific and professional on-site nursing care services without leaving their homes.

Management Discussion and Analysis

6. Construction progress of hospitals

As of the date of this report, Wuxi Hygeia Hospital, the Group's 17th hospital, Kaiyuan Jiehua Hospital Phase II, and the new hospital area of Qufu Chengdong Hospital have all been successfully put into operation. The Group only has one hospital under construction, Changshu Hygeia Hospital, which is planned to be put into use in 2026.

7. Continuously improving environmental, social and governance (ESG) practices

The Group has always adhered to long-termism and the benevolence of medical professionals, actively organized public welfare activities and contributed to the development of local economy and society, thereby continuously enhancing the hospitals' brand and social influence. Hezhou Guangji Hospital was honored by the Central Committee of the Communist Party of China as a "National Advanced Grass-roots Party Organization (全國先進基層黨組織)", recognized by the All-China Federation of Trade Unions with the honorary title of the "Pioneer of Workers (工人先鋒號)" and was also awarded the title of "First Batch of Western Social Medical Benchmark Hospitals (首批西部社會辦醫標桿醫院)". Chongqing Hygeia Hospital was awarded the title of "Outstanding Private Enterprise in Chongqing (重慶市優秀民營企業)" by the Chongqing Municipal Committee of the Communist Party of China and the Chongqing Municipal People's Government. Chang'an Hospital was awarded the title of "Five-Star Party Organization (五星級黨組織)" and recognized as an "Enterprise Fulfilling Social Responsibility in Xi'an for 2023 (2023年西安市履行社會責任企業)" and an "Outstanding Contribution Enterprises of Foreign Investment in Xi'an for 2024 (2024年西安市外商投資突出貢獻企業)" by the organization department of Shaanxi Provincial Party Committee of the Communist Party of China. Suzhou Canglang Hospital was awarded the title of "Outstanding Unit of Elderly-Friendly Healthcare Institution (老年友善醫療機構優秀單位)" in Jiangsu Province and the "Suzhou May Day Labour Award (蘇州市五一勞動獎)". Shanxian Hygeia Hospital was awarded the "Shanxian Economic Development Contribution Award for 2024 (2024年度單縣經濟發展貢獻獎)".

The Group attaches great importance to medical insurance management, strengthens education on relevant medical insurance policies and engages in monthly analysis of medical insurance management, adhering to set standards, pursuing a meticulous management approach and ensuring the proper utilization of medical insurance funds. The medical insurance work of the Group has been commended by the competent authorities on multiple occasions. Shanxian Hygeia Hospital was awarded the honorary title of "Shandong Province Advanced Medical Insurance Department for Healthcare Security (山東省醫療保險先進醫保科室)". Suzhou Canglang Hospital was rated as a Suzhou Advanced Medical Insurance Designated Unit (蘇州市先進醫保定點單位) by the Suzhou Healthcare Security Administration multiple times. Hezhou Guangji Hospital has been selected as a pilot unit for the national healthcare insurance intelligent supervision reform. Additionally, several heads of medical insurance departments from the Group's hospitals were honored as provincial-level outstanding individuals in medical insurance management. Several medical insurance heads of the Group's hospitals have been selected as members of the national and provincial medical insurance flying inspection expert pool.

Management Discussion and Analysis

The Group attaches great importance to investor relations management, continuously improves its corporate governance and protects the legitimate rights and interests of the Shareholders, especially the minority Shareholders. Mr. Zhu Yiwen, the founder, Chairman of the Board and chief executive officer of the Group, and parties acting in concert with him have never reduced their shareholdings in the Company, and have increased their shareholdings in the Group for 22 times since the Listing of the Company, holding a total of over 6 million Shares, demonstrating their firm commitment to standing together with the broad base of public Shareholders. Since its Listing, the Group has consistently valued Shareholder returns and has distributed accumulative dividends of approximately RMB170 million. The Company repurchased and cancelled a total of 1,275,800 Shares in 2022, and cumulatively repurchased and cancelled 13,025,200 Shares from September 2024 to January 2025. In December 2025, the Group further announced a share repurchase plan of no less than RMB300 million. With continuous improvement in free cash flow and ongoing optimization of its asset-liability structure, the Group will make more efficient capital allocation arrangements among share repurchases, dividend distributions, and merger and acquisition expansion, all aimed at enhancing Shareholder value. The Group's investor relations efforts and strong performance have earned it a place in the "Top 50 Hong Kong Stock Connection (港股通50強)" in the 10th Hong Kong Stock Top 100 Selection (第十屆港股100強), and it has been awarded a place on the "6th New Fortune Best IR of Hong Kong Listed Companies List (第六屆新財富最佳IR港股公司)" and the "Most Promising Healthcare Sector Hong Kong Listed Companies (醫療產業最具成長性港股公司)" by New Fortune. Mr. Zhu Yiwen, the founder, Chairman of the Board and chief executive officer of the Group, was awarded the title of "Wei Lan Award – Entrepreneur of the Year (蔚藍獎 • 年度風雲企業家)".

The Group's ESG performance has been recognized by authoritative institutions. In particular, the Group received an "A" ESG rating from WIND, ranking highly among Hong Kong-listed healthcare service providers.

BUSINESS OUTLOOK

The "2025 Statistical Bulletin on the National Economic and Social Development of the People's Republic of China (《中華人民共和國2025年國民經濟和社會發展統計公報》)" shows that: by the end of 2025, the elderly population in China aged 60 and above reached 323 million, representing an increase to 23.0% of the total population. According to the estimation of the National Health Commission, in the coming period, the degree of aging will continue to intensify, and it is expected that the elderly population aged 60 and above will exceed 400 million by 2035, accounting for more than 30% of the total population, and marking a transition into a stage of severe aging. Population aging will drive a continuous rise in the incidence of tumors and other age-related diseases. According to reports released by the National Cancer Center and the National Center for Cardiovascular Diseases, the number of existing patients with cancer and cardiovascular and cerebrovascular diseases in China exceeds 350 million, indicating clear long-term growth potential in demand for related diagnosis and treatments.

Management Discussion and Analysis

Looking forward, the Group will:

Uphold the mission of “making healthcare services more accessible and affordable and making life healthier (讓醫療更溫暖·讓生命更健康)”, and adhere to the code of conduct of “telling the truth, being pragmatic and acting with integrity (說實話、辦實事、講誠信)”, to persist in pursuing goals beyond profit and continuously enhance patient satisfaction.

Focus on oncology and critical care and comprehensively enhance its integrated diagnostic and treatment capabilities to build competitiveness across our hospital network.

Continue to develop self-paid services such as international medical services across our hospital network to meet the diverse and multi-level healthcare needs of both domestic and international patients, thereby constantly improving the diversified healthcare payment system that combines “medical insurance and commercial insurance”.

Actively deploy cutting-edge medical technology innovations to build an AI-powered smart healthcare system, which covers the entire value chain from precision diagnosis and treatment, intelligent operations, and digital supply chains to patient services, aiming to enhance the patient experience and improve overall operational efficiency. The Group will explore the practical application of brain-computer interface technology in clinical scenarios such as neurology and neurosurgery, rehabilitation, and precision medicine.

Seize opportunities for industry consolidation by continuing to identify and reserve high-quality potential merger and acquisition targets both domestically and internationally, executing strategic acquisitions and integrations at the optimal time.

Enhance ESG initiatives by optimizing the operation and management for green hospitals, fulfilling social responsibilities and continuously refining corporate governance and standardized governance of listed companies, so as to safeguard the legitimate rights and interests of all stakeholders.

FINANCIAL REVIEW

Revenue

During the Reporting Period, the Group’s revenue was primarily from healthcare services. For the year ended December 31, 2025, the Group’s revenue was RMB4,008.8 million, representing a decrease of 9.8% as compared with the corresponding period in 2024.

Cost of Sales

During the Reporting Period, the Group’s cost of sales primarily consisted of cost of pharmaceuticals, medical consumables, employee benefits expenses, depreciation and amortization, consultancy and professional service fees.

For the year ended December 31, 2025, the Group’s cost of sales was RMB2,985.4 million, representing a decrease of 4.2% as compared with the corresponding period in 2024.

Gross Profit and Gross Profit Margin

For the year ended December 31, 2025, the Group’s gross profit was RMB1,023.5 million, and the gross profit margin was 25.5%.

Management Discussion and Analysis

Selling Expenses

During the Reporting Period, the Group's selling expenses primarily consisted of consultancy and professional service fees, marketing and promotion expenses, as well as employee benefits expenses.

For the year ended December 31, 2025, the Group's selling expenses were RMB47.0 million, representing a decrease of 12.0% as compared with the corresponding period in 2024 and accounting for 1.2% of the total revenue.

Administrative Expenses

During the Reporting Period, the Group's administrative expenses primarily consisted of employee benefits expenses, consultancy and professional service fees, depreciation and amortization, travelling expenses, vehicle and office expenses, utilities, cleaning and afforestation expenses, logistical expenses, repair and maintenance expenses and taxation expenses.

For the year ended December 31, 2025, the Group's administrative expenses was RMB422.6 million, representing a decrease of 3.4% as compared with the corresponding period in 2024.

Other Income

During the Reporting Period, the Group's other income was primarily composed of government grants.

For the year ended December 31, 2025, the Group's other income was RMB70.0 million, representing an increase of 43.1% as compared with the corresponding period in 2024.

Other Gains (Losses), Net

During the Reporting Period, the Group's other gains (losses), net mainly included net fair value gains on financial assets/liabilities at fair value through profit or loss.

For the year ended December 31, 2025, the Group's other gains (losses), net was RMB52.9 million, representing an increase of 694.4% as compared with the corresponding period in 2024, primarily due to the increase of RMB65.0 million in the net fair value gains on financial assets/liabilities at fair value through profit or loss.

Impairment Losses on Goodwill

During the Reporting Period, the Group's impairment losses on goodwill represented the impairment losses recognized on the goodwill of Etern Group Ltd..

For the year ended December 31, 2025, the Company's impairment losses recognized on the goodwill of Etern Group Ltd. was RMB283.3 million (2024: nil).

Management Discussion and Analysis

Suzhou Yongding Hospital, a PRC domestic subsidiary of Etern Group Ltd. located in Wujiang District, Suzhou City, commenced operations in 2007. Following the acquisition of Suzhou Yongding Hospital, the Group has provided the hospital with comprehensive support in clinical discipline development, talent cultivation, and the enhancement of its diagnosis and treatment environments. These efforts have driven significant improvements in the hospital's software and hardware capabilities, building a strong local reputation and achieving growth in both patient satisfaction and number of patient visits. Its hematology, ultrasound, orthopedics, medical imaging, and gastroenterology departments have been recognized as key clinical specialties. Despite the hospital's progress in its technical capabilities and business volume, its 2025 operating results fell short of management's forecasts, primarily due to broader industry and macroeconomic headwinds, alongside pricing adjustments under local medical insurance policies. Anticipating that these factors would adversely impact the Group's financial performance, the Company's management conducted its annual goodwill review to assess the expected recoverable amount. Consequently, for the year ended December 31, 2025, the Company recognized an impairment and provision for goodwill relating to Etern Group Ltd. of RMB283.3 million (2024: Nil). The impairment is supported by an independent valuation.

The Company has engaged an independent and professional third-party valuer to conduct the valuation of the cash-generating-unit (CGU) attributable to Etern Group Ltd., in accordance with the requirements of International Accounting Standard 36 Impairment of Assets (IAS 36) and the International Valuation Standards issued by the International Valuation Standards Council. The discounted cash flow (DCF) approach under the income method has been adopted to determine the value-in-use of the CGUs. As there is no active market for goodwill, the valuer adopted the income approach, which takes the present value of projected economic benefits derived from future revenue as the core, and discounts such benefits to the present value at a discount rate appropriate to the business risk, to assess the estimated recoverable amount. This valuation methodology is consistent with that used in prior periods.

The management of the Company has approved the financial forecasts covering a five-year period as of December 31, 2025. The key assumptions adopted for the forecast period include revenue growth rate, cost and operating expenses as percentage of revenue, long-term growth rate and pre-tax discount rate. The forecasted revenue growth rate for the five-year period ranges from 2.5% to 6% (2024: 4% to 10%), which is determined based on past performance and the management's expectations of market development. In 2025, the management of the Company revised downwards its forecasted revenue growth rate for the five-year period, primarily due to broader industry and macroeconomic headwinds, alongside pricing adjustments under local medical insurance policies, which caused Suzhou Yongding Hospital's operating results to fall short of management's expectations. The average cost and operating expenses as percentage of revenue for the five-year period is 77%. The long-term growth rate beyond the five-year period is 2.0%. The pre-tax discount rate is 17.8%, which reflects the specific risks relating to the relevant CGUs. These assumptions and estimates are considered reliable and supported by research and analysis, which are based on industry-specific information and data applicable to the industries in which the CGUs operate. Based on the above valuation methodology and assumptions, as of December 31, 2025, the recoverable amount of Etern Group Ltd. amounted to RMB1,668.5 million. For the year ended December 31, 2025, an impairment and provision of RMB283.3 million was recognized on the goodwill of Etern Group Ltd. For further details, please refer to note 16 to the consolidated financial statements in this annual report.

Finance Income and Costs

During the Reporting Period, the Group's finance income was composed of interest income on bank savings. For the year ended December 31, 2025, the Group's finance income was RMB3.3 million, representing an increase of 120.0% as compared with the corresponding period in 2024.

During the Reporting Period, the Group's finance costs were mainly composed of interest expenses on bank borrowings. For the year ended December 31, 2025, the Group's finance costs recorded in profit or loss was RMB69.1 million, representing a decrease of 3.8% as compared with the corresponding period in 2024.

Management Discussion and Analysis

During the Reporting Period, the Group's finance costs, net decreased by RMB4.4 million as compared with the corresponding period in 2024.

Income Tax Expense

For the year ended December 31, 2025, the Group's income tax expense was RMB166.0 million, representing an increase of RMB13.5 million as compared with the corresponding period in 2024, primarily due to the fact that the impairment and provision of RMB283.3 million recognized on the goodwill of Etern Group Ltd. was not tax deductible.

Net Profit and Non-IFRS Adjusted Net Profit

As a result of the foregoing, for the year ended December 31, 2025, the Group's net profit was RMB161.5 million, representing a decrease of 73.0% as compared with the corresponding period in 2024, primarily due to the impairment and provision of RMB283.3 million recognized on the goodwill of Etern Group Ltd.. The Group defined non-IFRS adjusted net profit as profit and total comprehensive income for the period adjusted for items which are non-recurring or extraordinary, including impairment and provision recognized on the goodwill of Etern Group Ltd., share-based compensation expenses, depreciation and amortization of the appreciation in valuation of assets arising from acquisitions of hospitals and net foreign exchange losses. For the year ended December 31, 2025, the Group's non-IFRS adjusted net profit was RMB455.5 million, representing a decrease of 24.4% as compared with the corresponding period in 2024, narrowed significantly compared to the decrease of 34.5% recorded in the first half of 2025.

Non-IFRS Measures

To supplement the Group's consolidated statement of profit or loss and other comprehensive income which is presented in accordance with IFRS Accounting Standards, the Company has provided adjusted net profit as non-IFRS measures, which is not required by, or presented in accordance with IFRS Accounting Standards. The Company believes that the non-IFRS adjusted financial measures provide useful information to investors in understanding and evaluating the Group's consolidated statement of profit or loss and other comprehensive income in the same manner as they helped the Company's management, and that the Company's management and investors may benefit from referring to these non-IFRS adjusted financial measures in assessing the Group's financial and operating performance from period to period by eliminating impacts of items that the Group does not consider as indicative of the Group's operating performance. However, the presentation of these non-IFRS financial measures may not be comparable to similarly titled measures presented by other companies as they do not share a standardized meaning. The use of these non-IFRS measures has limitations as an analytical tool, as such, they should not be considered in isolation from, or as substitute for analysis of, the Group's consolidated statement of profit or loss and other comprehensive income as reported under IFRS Accounting Standards. You should not view the non-IFRS adjusted results on a stand-alone basis or as a substitute for results under IFRS Accounting Standards.

Management Discussion and Analysis

The following table sets forth the reconciliations of the Group's non-IFRS adjusted financial measures for the years indicated to the nearest measures prepared in accordance with IFRS:

	Year ended December 31,	
	2025 (RMB'000)	2024 (RMB'000)
Net profit	161,526	598,332
Adjustments:		
Impairment and provision recognized on the goodwill of Etern Group Ltd.	283,321	—
Depreciation and amortization of the appreciation in valuation of assets arising from acquisitions of hospitals	13,579	13,267
Net foreign exchange losses	6,097	1,401
Share-based compensation expenses	(9,043)	(10,736)
Non-IFRS adjusted net profit	455,480	602,264

Liquidity and Capital Resources

As of December 31, 2025, the Group had cash and cash equivalents of RMB429.2 million, financial assets at fair value through profit or loss of RMB259.0 million, restricted deposits of RMB45.9 million, and term deposits of RMB6.6 million, for a total of RMB740.7 million, representing an increase of RMB87.8 million or 13.4% from December 31, 2024.

Cash Flow

Operating Activities

During the Reporting Period, the Group derived its cash inflow primarily through provision of healthcare services. Cash outflow from operating activities was primarily composed of payments for procurement of pharmaceuticals and medical consumables, employee benefits expenses, and other operating expenses.

For the year ended December 31, 2025, the Group's net cash generated from operating activities was RMB950.0 million, representing an increase of 34.4% as compared with the corresponding period in 2024.

For the year ended December 31, 2025, the Group's free cash flow was RMB466.4 million, representing an increase of 407.0% as compared with the corresponding period in 2024.

Investing Activities

During the Reporting Period, the Group's cash used in investing activities mainly comprised of payments for purchases of financial instruments at fair value through profit or loss and payments for purchases of property and equipment. The Group's cash generated from investing activities was mainly composed of proceeds from disposal of financial instruments at fair value through profit or loss.

For the year ended December 31, 2025, the Group's net cash used in investing activities was RMB412.6 million, representing a decrease of 38.5% as compared with the corresponding period in 2024. The decrease in net cash used in investing activities of RMB258.5 million was primarily attributable to (i) the net increase in the proceeds from the Group's purchase and disposal of financial instruments at fair value through profit or loss of RMB171.8 million; and (ii) the decrease in capital expenditures of RMB131.5 million.

Management Discussion and Analysis

Financing Activities

During the Reporting Period, cash inflow from financing activities was mainly composed of proceeds from bank borrowings. Cash outflow from the Group's financing activities was mainly composed of repayment of bank borrowings, payment for repurchases of ordinary Shares and payment of interests on bank borrowings.

For the year ended December 31, 2025, the Group's net cash used in financing activities was RMB476.8 million, representing an increase of 120.1% as compared with the corresponding period in 2024. The increase in net cash used in financing activities of RMB260.2 million was mainly due to the decrease in the Group's bank borrowings of RMB343.0 million as of December 31, 2025 as compared with December 31, 2024, and the increase in net cash outflow from repayment of bank borrowings of RMB396.5 million.

Capital Expenditures

During the Reporting Period, the Group's capital expenditures were primarily composed of expenditures on (i) property, plant and equipment, mainly comprising construction in progress and medical equipment; and (ii) intangible assets. For the year ended December 31, 2025, the Group's capital expenditures was RMB483.6 million, representing a decrease of RMB131.5 million or 21.4% as compared with the corresponding period in 2024.

Significant Investments, Material Acquisitions and Disposals

As at December 31, 2025, there was no significant investment held by the Company, nor were there any material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

Financial Position

Total Assets and Total Liabilities

The Group's total assets were mainly composed of cash and cash equivalents, trade, other receivables and prepayments, property, plant and equipment and intangible assets. As of December 31, 2025, the Group's total assets were RMB10,664.9 million, representing a decrease of RMB264.3 million or 2.4% from December 31, 2024.

The Group's total liabilities were mainly composed of borrowings, trade and other payables, current income tax liabilities, deferred income tax liabilities, deferred income and contract liabilities. As of December 31, 2025, the Group's total liabilities were RMB3,880.4 million, representing a decrease of RMB374.5 million or 8.8% from December 31, 2024.

Inventories

The Group's inventories were mainly composed of pharmaceuticals, medical consumables and spare parts. As of December 31, 2025, the Group's inventories were RMB151.0 million, representing a decrease of 30.0% from December 31, 2024.

Trade, Other Receivables and Prepayments

The Group's trade receivables mainly represented the balances of the receivables arising from the provision of healthcare services. As of December 31, 2025, the Group's trade receivables were RMB686.6 million, representing a decrease of 16.6% from December 31, 2024.

The Group's other receivables mainly represented deposits receivables. As of December 31, 2025, the Group's other receivables were RMB49.7 million, representing an increase of 0.8% from December 31, 2024.

Management Discussion and Analysis

The Group's prepayments for current assets mainly represented prepayments to suppliers. As of December 31, 2025, the Group's prepayments to suppliers were RMB60.2 million, representing a decrease of 1.5% from December 31, 2024.

The Group's prepayments for non-current assets included prepayments for property, plant and equipment. As of December 31, 2025, the Group's prepayments for property, plant and equipment were RMB30.7 million, representing a decrease of 4.4% from December 31, 2024.

Intangible Assets

The Group's intangible assets were primarily comprised of goodwill, medical licenses, software, and contractual rights to provide management services. As of December 31, 2025, the Group's intangible assets were RMB3,650.8 million, representing a decrease of 7.4% from December 31, 2024, which was mainly due to that the directors of the Company have determined the impairment of goodwill directly related to Etern Group Ltd. amounting to RMB283.3 million. The impairment loss has been included in the line item of impairment losses on goodwill under profit or loss. The recoverable amount of the Etern Group Ltd. amounted to RMB1,668.5 million as at December 31, 2025.

Trade and Other Payables

The Group's trade payables primarily represented outstanding amounts due to the suppliers of pharmaceuticals and medical consumables. As of December 31, 2025, the Group's trade payables were RMB583.2 million, representing an increase of 6.2% from December 31, 2024.

The Group's other payables primarily represented salaries payable, other taxes payable and payables for construction projects. As of December 31, 2025, the Group's other payables were RMB538.5 million, representing a decrease of 8.3% from December 31, 2024.

Borrowings

As of December 31, 2025, the Group had outstanding short-term borrowings of RMB440.7 million and long-term borrowings of RMB1,995.5 million, representing a decrease of RMB343.0 million or 12.3% from December 31, 2024.

Pledge of Assets

The Group's borrowings as of December 31, 2025 of RMB975.5 million were secured by certain buildings, right-of-use for lands and construction in progress with total carrying values of RMB1,340.7 million, while the borrowings of RMB976.0 million were secured by 100% equity of Suzhou Yongding Medical Management Service Co., Ltd., 100% equity of Etern Healthcare (HK) Limited, 100% equity of Etern Group Ltd., 98% equity of Suzhou Yongding Hospital, 70% equity of Chang'an Hospital and 70% equity of Yixing Hygeia Hospital.

Contract Liabilities

The Group's contract liabilities represented advance payments from the Group's customers while the underlying services have not been provided. As of December 31, 2025, the Group's contract liabilities were RMB50.1 million, representing a decrease of 8.4% from December 31, 2024.

Management Discussion and Analysis

Capital Commitments

Capital commitments that were contracted but not provided for primarily represented commitments arising out of a contractual relationship where the relevant property, plant and equipment or intangible assets were not provided as of the relevant dates. The Group's capital commitments are primarily related to commitments for (i) the construction and renovation of its in-network hospitals; and (ii) the purchase of large equipment. As of December 31, 2025, the Group's capital commitments were RMB252.8 million, representing a decrease of 45.4% from December 31, 2024.

Contingent Liabilities

As of December 31, 2025, the Group did not have any outstanding debt securities, mortgage, charges, debentures or other loan capital (issued or agreed to be issued), bank overdrafts, liabilities under acceptance or acceptance credits, or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities.

Financial Instruments

The financial instruments were mainly composed of cash and cash equivalents, trade and other receivables, financial assets at fair value through profit and loss, trade and other payables excluding non-financial liabilities and borrowings.

Debt to Asset Ratio

The debt to asset ratio is calculated as total borrowings divided by total assets and multiplied by 100%. As of December 31, 2025, the debt to asset ratio of the Group was 22.8%, representing a decrease of 2.6 percentage points from December 31, 2024.

Gearing Ratio

Gearing ratio is calculated as net debt divided by total equity and multiplied by 100%. Net debt is calculated as the sum of total borrowings and lease liabilities less cash and cash equivalents, restricted deposits and term deposits with an original maturity over three months. As of December 31, 2025, the gearing ratio of the Group was 28.9%, representing a decrease of 7.4 percentage points from December 31, 2024.

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 Group's businesses are principally conducted in RMB. The majority of assets is denominated in RMB. The majority of non-RMB assets are financial assets at fair value through profit or loss and cash and cash equivalents denominated in USD and Hong Kong dollars, and non-RMB liabilities are financial liabilities at fair value through profit or loss denominated in USD. The Group's assets denominated in foreign currency as of December 31, 2025 amounted to RMB168.3 million, and liability denominated in foreign currency amounted to RMB0.5 million. If the RMB had strengthened/weakened by 5% against foreign currency with all other variables held constant, the pre-tax profit for the year ended December 31, 2025 would have been RMB8.4 million lower/higher.

Interest Rate Risk

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

Management Discussion and Analysis

Credit Risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, term deposits with an original maturity over three months, restricted deposits, trade and other receivables and amounts due from related parties. The carrying amount of each class of the above financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

To manage this risk, cash and cash equivalents, term deposits with an original maturity over three months and restricted deposits are mainly placed with state-owned financial institutions in the PRC and reputable international financial institutions outside the PRC. There has been no recent history of default in relation to these financial institutions.

The Group's trade receivables are mainly from providing healthcare service to patients as well as providing services to the radiotherapy centers and trustee hospitals. The Group, being a provider of healthcare service to patients, has a highly diversified customer base, without any single customer contributing material revenue. However, the Group has concentrated debtor's portfolio, as a majority of the patients will claim their medical bills from public medical insurance organisations. The reimbursement from these organisations may take one to twelve months. The Group has policies in place to ensure the treatments and medicines prescribed and provided to such insured patients are in line with respective organisations' policies, fulfilling all ethics and moral responsibilities as a healthcare provider. The Group also closely monitors the patients' billings and claim status to minimise the credit risk. For the receivables from the radiotherapy centers and trustee hospitals, the Group has granted credit term of 0–90 days and would follow up actively on the settlement with respective counterparties to avoid any overdue receivables.

For other receivables and amounts due from related parties, management makes periodic collective assessments as well as individual assessments on the recoverability of such receivables based on historical settlement records and past experience. The directors believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables and amounts due from related parties as the Group closely monitors their repayments.

Liquidity Risk

The Group manages liquidity risk by closely and continuously monitoring its financial position. The Group aims to maintain adequate cash and cash equivalents to meet its liquidity requirements.

FINAL DIVIDEND

The Board has resolved not to declare any final dividend for the year ended December 31, 2025.

Management Discussion and Analysis

EMPLOYEES AND REMUNERATION POLICIES

As of December 31, 2025, the Group had 7,906 full-time employees, among whom 82 were employees at the headquarters level and 7,824 were employees of self-owned hospitals. The following table shows a breakdown of the employees by function:

Functions	Number of employees	
	December 31, 2025	December 31, 2024
Headquarters level		
Operations	49	49
Manufacturing	14	14
Management, administrative and others	19	19
Sub-total	82	82
Self-owned hospitals		
Physicians	2,338	2,400
Other medical professionals	4,455	4,567
Management, administrative and others	1,031	1,120
Sub-total	7,824	8,087
Total	7,906	8,169

The Group believes it has maintained good relationships with its employees. Employees of the Group's in-network hospitals are not represented by a labor union. As of the date of this report, the Group did not experience any strikes or any labor disputes with its employees which have had or are likely to have a material effect on its business.

The employees of the Group typically enter into standard employment contracts with the Group. Each in-network hospital independently recruits and enters into employment contracts with its own employees.

The Group provides both in-house and external trainings for its employees to improve their skills and knowledge. Remuneration packages for the employees of the Group were mainly composed of a base salary and performance-related bonus. The Group sets performance targets for its employees primarily based on their position and department and periodically reviews their performance. The results of such reviews are used in their salary determinations, bonus awards and promotion appraisals. During the Reporting Period, the Group contributed to social insurance and housing provident funds for its employees in accordance with applicable PRC laws, rules and regulations.

For the year ended December 31, 2025, total staff remuneration expenses including Directors' remuneration amounted to RMB1,331.1 million (for the year ended December 31, 2024: RMB1,456.1 million). Remuneration is determined with reference to performance, skills, qualifications and experience of the staff concerned and in accordance with the prevailing industry practice. On top of salary payments, other employee benefits primarily include social insurance and housing provident funds contributions burdened by the Group, performance-based compensation and discretionary bonus.

Management Discussion and Analysis

EVENT AFTER THE REPORTING PERIOD

Subsequent to December 31, 2025 and up to the date of this report, the Company repurchased a total of 937,400 Shares on the Stock Exchange with an aggregate purchase price of approximately HK\$12.8 million. The Shares were repurchased in February 2026. As at the date of this report, such Shares have been held as treasury Shares of the Company.

Save for the above, there was no significant event that might affect the Group after the Reporting Period.

Directors and Senior Management

DIRECTORS

Chairman of the Board and Executive Director

Mr. Zhu Yiwen (朱義文), aged 63, was appointed as a non-executive Director and vice chairman of the Company on March 30, 2021, appointed as the Chairman on July 6, 2021, and redesignated as an executive Director on August 23, 2021. Mr. Zhu is primarily responsible for the mid to long term development strategy formulation and the disciplines development planning of the in-network hospital of the Group. Mr. Zhu is the father of Ms. Zhu, and father-in-law of Mr. Ren.

Mr. Zhu is an experienced physician with over 30 years of clinical experience. In September 1987, he started his career at The Affiliated Hospital of Xuzhou Medical University (徐州醫科大學附屬醫院), where he was trained to become a neurosurgeon and served as the director of the Gamma Knife Treatment Center (伽瑪刀中心) and the deputy director of the Neurosurgical Department (神經外科) and Medical Affairs Department (醫務科) from November 1998 to October 2004. He subsequently served as the director of the Tumor Radiotherapy Center (腫瘤放療中心) and the deputy director of the Army-wide Chest Tumor Center (全軍胸部腫瘤中心) of The 455th Hospital of Chinese People's Liberation Army (中國人民解放軍第四五五醫院) from October 2004 to December 2015. Mr. Zhu founded the Group in November 2009 and served as the general manager and a director of the Group until December 2019 and January 2020, respectively.

Mr. Zhu studied in clinical medicine at Xuzhou Medical University (徐州醫科大學, formerly known as Xuzhou Medical College (徐州醫學院)) and graduated in July 1987 with a bachelor's degree in medicine. He majored in neurosurgery and obtained his master's degree in clinical medicine from Nanjing Medical University (南京醫科大學, formerly known as Nanjing Medical College (南京醫學院)) in July 1992. In August 1999, Mr. Zhu was accredited as an associate-chief physician (副主任醫師) and an associate professor by the Personnel Department of Jiangsu Province (江蘇省人事廳). He became a member of Chinese Medical Association (中華醫學會) in April 2002 and the 9th Radiation Oncology Specialty Society (放射腫瘤治療專科學會) of Jiangsu Branch of the Chinese Medical Association (中華醫學會江蘇分會) in July 2002.

Mr. Zhu has not held directorship in any other listed company in the three years immediately preceding the date of this annual report.

Executive Directors

Mr. Ren Ai (任愛), aged 41, was appointed as a Director on September 12, 2018 and was re-designated as an executive Director on September 18, 2019. Mr. Ren was appointed as the co-chief executive officer of the Company and stepped down from his role as the secretary to the Board in March 2025. He is responsible for supervising the daily operation and management of the Group as well as for the investment and financing, supply chain management and human resources of the Group. Mr. Ren was also appointed as the joint company secretary of the Company on June 29, 2020. Mr. Ren is the spouse of Ms. Zhu, and son-in-law of Mr. Zhu.

Directors and Senior Management

Mr. Ren has over 15 years of management experience and started his career at several multinational corporations. Prior to joining the Group, Mr. Ren worked at Haier Group Company (海爾集團公司) (Stock Code: 600690.SH), Alibaba Group Holding Limited (阿里巴巴集團控股有限公司) (Stock Code: BABA. NYSE), and American Express Company (Stock Code: AXP. NYSE). He joined the Group in December 2015 and was appointed as the assistant to the chairman of the Board in February 2016 and appointed as the senior vice president of the Group in February 2020, a position which he held until March 2025. Mr. Ren graduated from Tianjin University (天津大學) in June 2007 with a bachelor's degree in engineering. He obtained a master's degree in business administration in Shanghai Jiaotong University (上海交通大學) in June 2020.

Mr. Ren has not held directorship in any other listed company in the three years immediately preceding the date of this annual report.

Ms. Cheng Huanhuan (程歡歡), aged 42, was appointed as a Director on June 3, 2019 and was re-designated as an executive Director on September 18, 2019. Ms. Cheng has been with the Group for more than 15 years since it started its business in 2009 and was appointed as the secretary to the Board in March 2025 to support the development of the Company and focus on assisting the Board in the implementation of the Board's decisions.

Ms. Cheng has accumulated rich experience in the daily management and operation of the Group, gained in-depth understanding of the industry where the Group operates, and built strong recognition of its corporate culture. Ms. Cheng started to work at Gamma Star Tech as the secretary to the chairman of the board of Gamma Star Tech in April 2008. She served as the investment director of the Group in May 2009, as the director of investment and strategic business of the Group in January 2015, as the vice president of the Group in January 2018, as the vice president of the Group in December 2019 and as the chief executive officer of the Group in December 2019, where she was subsequently re-designated as the co-chief executive officer of the Company in August 2021. In March 2025, Ms. Cheng stepped down from her role as the co-chief executive officer of the Company due to a redesignation of duties in the Group.

Ms. Cheng majored in English at Sichuan International Studies University (四川外國語大學) (formerly known as Sichuan Foreign Language College (四川外語學院)) and obtained her bachelor's degree in literature in July 2005. In March 2008, she graduated from Shanghai International Studies University (上海外國語大學) with a master's degree in translation studies.

Ms. Cheng has not held directorship in any other listed company in the three years immediately preceding the date of this annual report.

Mr. Zhang Wenshan (張文山), aged 44, was appointed as an executive Director of the Company on January 20, 2020 and has been the director of research & development and manufacturing of the Group since January 2014, primarily responsible for overseeing the research, development and manufacturing operations of the Group. Prior to joining the Group, in January 2007, Mr. Zhang joined Gamma Star Tech, responsible for manufacturing operations and after-sales services. Mr. Zhang was promoted as the director of research, development and manufacturing of the Group in January 2014 and has been the leader of the Group's research & development and manufacturing operations since then.

Mr. Zhang majored in administrative management and obtained a bachelor's degree in administrative management from Wuhan University (武漢大學) in June 2013 through a self-taught education program.

Mr. Zhang has not held directorship in any other listed company in the three years immediately preceding the date of this annual report.

Directors and Senior Management

Ms. Jiang Hui (姜蕙), aged 50, was appointed as an executive Director on December 23, 2020 and has been the director of the Group's radiotherapy division since January 2015, primarily responsible for overseeing the business operation of the Group's in-network radiotherapy centers.

Prior to joining the Group, she served at Shanghai Xusheng Automatic Technology Co., Ltd. (上海旭勝自動化技術有限公司) as the financial manager from August 2007 to August 2011. She joined the Group in September 2011 and was promoted as the director of the radiotherapy division in January 2015. Ms. Jiang obtained a bachelor's degree in accounting from Zhongnan University of Economics and Law (中南財經政法大學) in June 2007 through a self-taught program. She was accredited as a mid-level accountant in May 2011 by the Shanghai Bureau of Human Resources and Social Security (上海市人力資源和社會保障局).

Ms. Jiang has not held directorship in any other listed company in the three years immediately preceding the date of this annual report.

Independent Non-executive Directors

Mr. Ye Changqing (葉長青), aged 55, was appointed as an independent non-executive Director on September 21, 2019 and is primarily responsible for providing independent opinion and judgement to the Board.

Mr. Ye has over 30 years of experience in professional accounting, financial advisory and investment services. From April 1993 to January 2011, Mr. Ye worked at the China office of PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership) (普華永道中天會計師事務所 (特殊普通合夥)), with his last positions being service line leader of advisory services and leader of transaction services of Shanghai office. He subsequently worked at CITIC Private Equity Funds Management Co., Ltd. (中信產業投資基金管理有限公司) from February 2011 to December 2015, and his last positions were managing director, chief financial officer and member of the investment committee.

Mr. Ye obtained his bachelor's degree in journalism from Huazhong University of Science and Technology (華中科技大學, formerly known as Huazhong University of Science and Technology (華中理工大學)) in the PRC in July 1992. He obtained his master's degree in business administration from University of Warwick in the United Kingdom in November 1999. Mr. Ye is currently a member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會).

Mr. Ye has been an independent director of Baozun Inc. (Stock Code: BZUN. NASDAQ, 9991.HK) since May 2016, Niu Technologies Inc. (Stock Code: NIU. NASDAQ) since October 2018, Jinxin Fertility Group Limited (Stock Code: 1951.HK) since June 2019, Ascentage Pharma Group International (Stock Code: 6855.HK, AAPG. NASDAQ) since June 2019, and East Nova Holdings Limited (formerly known as Hang Sang (Siu Po) International Holding Company Limited) (Stock Code: 3626.HK) since June 2025.

Mr. Ye served as an independent director of Luzhou Bank Co., Ltd. (瀘州銀行股份有限公司) (Stock Code: 1983.HK) from December 2018 to September 2022, VNET (Stock Code: VNET. NASDAQ) from August 2022 to October 2024, and NWTN Inc. (Stock Code: NWTN. NASDAQ) from November 2022 to December 2024.

Except as disclosed above, Mr. Ye has not held directorship in any other listed company in the three years immediately preceding the date of this annual report.

Directors and Senior Management

Mr. Zhao Chun (趙淳), aged 73, was appointed as an independent non-executive Director on May 6, 2022 and is primarily responsible for providing independent opinion and judgement to the Board.

Mr. Zhao, has more than 23 years of experience in the hospital management sector. Mr. Zhao served as the secretary general and president of the Management of Private Hospitals Branch of Chinese Hospital Association (中國醫院協會 — 民營醫院管理分會). Concurrently, he has served as the chairman of committee of the Chinese Medical Foundation of Medical Clinical Specialist Development Specialist Committee* (中國醫學基金會醫學臨床專科發展專家委員會) since November 2020 and the vice chairman of the China Ambulatory Surgery Alliance (中國日間手術合作聯盟). He also served as the deputy editor-in-chief of the Report on China's Private Hospitals Development (the Blue Book) (《中國民營醫院發展報告》(藍皮書)) for ten consecutive years.

Prior to that, from March 2016 to March 2019, Mr. Zhao served as the vice chairman of the Expert Certification Committee on the Competitiveness of Chinese Private Hospitals* (中國醫院競爭力(民營)星級認證專家委員會) of the Hong Kong Institute of Asclepius Hospital Management* (香港艾力彼醫院管理研究中心).

Mr. Zhao currently also holds a directorship position in a company listed on the Stock Exchange, and was appointed as an independent non-executive director of Honliv Healthcare Management Group Company Limited (Stock Code: 9906.HK) since June 2016.

Mr. Zhao obtained a diploma in philosophy from Nankai University (南開大學) in the PRC in June 1987.

Except as disclosed above, Mr. Zhao has not held directorship in any other listed company in the three years immediately preceding the date of this annual report.

Mr. Zhang Guozhong (張國忠), aged 54, was appointed as an independent non-executive Director on May 29, 2025 and is primarily responsible for providing independent opinion and judgement to the Board.

Mr. Zhang Guozhong has over 25 years of experience in the healthcare management industry. He currently serves as deputy director of the Hainan Guokang Health Research Institute (海南國康衛生健康研究院), deputy director and secretary-general of the Sixth Committee of the Private Hospital Branch of the China Hospital Association (中國醫院協會民營醫院分會), director of the Seventh Council of the Chinese Medical Equipment Association (中國醫學裝備協會), secretary-general of the Second Committee of the Private Hospital Equipment Management Branch of the Chinese Medical Equipment Association (中國醫學裝備協會民營醫院裝備管理分會), executive director of the Second Committee of the Health Industry Branch of the Chinese Health Economics Association (中國衛生經濟學會) and deputy director of the Medical Clinical Specialty Development Expert Committee of the China Medical Foundation (中國醫學基金會).

Mr. Zhang Guozhong joined the China Hospital Association (formerly known as the Chinese Hospital Management Association) in March 2000 participating in editorial work of the association journal "Chinese Hospital". The magazine was established in June 2002, at which point Mr. Zhang Guozhong became to serve as the office director of the magazine. In April 2007, Mr. Zhang Guozhong was transferred to "Chinese Hospital Architecture and Equipment" magazine as office director and subsequently served as the deputy editor-in-chief and planning director. In December 2020, Mr. Zhang Guozhong started serving as the director of the research department at Beijing Kushi Health Technology Research Institute (北京庫石健康科技研究院).

Mr. Zhang Guozhong graduated from Tongji Medical College of Huazhong University of Science and Technology (formerly known as Tongji Medical University) in July 1999 with a bachelor's degree in health administration.

Mr. Zhang Guozhong has not held directorship in any other listed company in the three years immediately preceding the date of this annual report.

Directors and Senior Management

SENIOR MANAGEMENT

Mr. Zhu Yiwen (朱義文) is an executive Director and the chief executive officer of the Company. See “– Directors – Executive Directors” for details of his biography.

Mr. Ren Ai (任愛) is an executive Director and the co-chief executive officer of the Company. See “– Directors – Executive Directors” for details of his biography.

Ms. Cheng Huanhuan (程歡歡) is an executive Director and the secretary to the Board. See “– Directors – Executive Directors” for details of her biography.

Mr. Zhang Wenshan (張文山) is an executive Director and the director of research & development and manufacturing of the Group. See “– Directors – Executive Directors” for details of his biography.

Ms. Jiang Hui (姜蕙) is an executive Director and the director of radiotherapy division of the Group. See “– Directors – Executive Directors” for details of her biography.

Directors' Report

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

PRINCIPAL ACTIVITIES

The Group is principally engaged in the provision of healthcare services through self-owned private for-profit hospitals in the PRC.

Analysis of the principal activities of the Group during the year ended December 31, 2025 is set out in Note 5 to the consolidated financial statements in this annual report.

A list of the Company's principal subsidiaries as of December 31, 2025, together with, among others, their dates and places of incorporation and particulars of their issued share capital, are set out in Note 36 to the consolidated financial statements in this annual report.

BUSINESS REVIEW

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

- Ongoing regulatory reforms in China are unpredictable. Changes in China's regulatory regime for the healthcare service industry, particularly changes in healthcare reform policies, could have a material adverse effect on the Group's business operations and future expansion;
- The Group's in-network hospitals derive a significant portion of revenue by providing healthcare services to patients with public medical insurance coverage; any delayed payment under China's public medical insurance programs could affect the Group's results of operations;
- Regulatory pricing controls may affect the pricing of the Group's in-network hospitals;
- The Group conducts its business in a heavily regulated industry and incur on-going compliance costs;
- The Group's in-network hospitals could become the subject of patient complaints, claims and legal proceedings in the course of their operations, which could result in costs and materially and adversely affect its brand image, reputation and results of operations;
- Any negative publicity about the Group, its in-network hospitals or the healthcare service industry could harm the brand image and reputation of the Group or its in-network hospitals and trust in the services provided by its in-network hospitals, which could result in a material and adverse impact on its business and prospects; and
- The Group has recognized a large amount of goodwill. If its goodwill was determined to be impaired, it could adversely affect the results of operations and financial position of the Group.

Directors' Report

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

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is subject to various PRC laws, rules and regulations with regard to environmental matters, including hospital sanitation, disease control, disposal of medical waste, and discharge of wastewater, pollutants and radioactive substances. The Group has implemented internal policies and procedures concerning environmental protection and engaged qualified service providers to dispose of medical waste and radioactive substances. During the Reporting Period, the businesses of the Group were in compliance with all the relevant laws and regulations with regard to environmental protection in all material aspects.

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

For more details, please refer to the Environmental, Social and Governance Report.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

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

RESULTS AND FINAL DIVIDENDS

The results of the Group for the year ended December 31, 2025 are set out in the consolidated financial statements of this annual report.

The Board has resolved not to declare any final dividend for the year ended December 31, 2025.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from June 23, 2026 to June 26, 2026, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the AGM. During such period, no transfers of Shares of the Company will be registered. The record date for determining the eligibility to attend the forthcoming AGM to be held on June 26, 2026 will be June 26, 2026. In order to be eligible for attending the AGM, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on June 22, 2026.

RELATIONSHIPS WITH KEY STAKEHOLDERS

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

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

Shareholders

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

Staff

The Group understands that employees are its valuable assets, and the realization and enhancement of employees' values will facilitate the achievement of the Group's overall goals. The Group has been working hard to provide employees with competitive remuneration packages and attractive promotion opportunities. Through the Hygeia Healthcare Teaching and Researching Institute, it provides employees with professional knowledge and management skills training, laying a foundation for the Group to cultivate compound professionals. The Group will continue to attract, train, and retain more talents, and improve the overall level of the Group's talent team through performance-related remuneration packages and equity incentive plans, on-the-job training programs and promotion opportunities.

Patients and Customers

The Group consider patients' satisfaction as the top priority. As a patient-oriented healthcare services provider, the Group is committed to serving its patients to the best of its ability and continually enhancing the level of service excellence. The Group has embraced new media platforms as an effective communication channel with its patients to collect feedbacks and identify areas for further improvement.

The Group's primary customers also include third-party hospital partners for the Radiotherapy Center and other licensees of the proprietary SRT equipment of the Group. The Group provide the customers the advanced technologies and facilities to best satisfy the needs of the customers. Meanwhile, the Group value feedback from customers and always seek to understand their thoughts through services feedback and customer satisfaction surveys.

Directors' Report

Suppliers

The Group believes that its suppliers are equally important in providing high-quality medical services. The Group has adopted a centralized procurement management team to achieve economies of scale and better control the quality of the pharmaceuticals and medical consumables it procures. The Group selects its suppliers based on stringent criteria and applicable laws and regulations to ensure the quality of its supplies. When selecting suppliers, it considers, among other things, their product offerings, pricing, reputation, service or product quality and delivery schedule. The suppliers are required to possess all licenses and permits necessary to conduct their operations, including GMP and/or GSP certifications.

For the year ended December 31, 2025, there was no significant and material dispute between the Group and its stakeholders.

FINANCIAL SUMMARY

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

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

For the year ended December 31, 2025, the Group's sales to its five largest customers accounted for 1.4% (2024: 1.4%) of the Group's total revenue, and the Group's sales to its single largest customer accounted for 0.4% (2024: 0.5%) of the Group's total revenue. Handan Renhe Hospital was the largest customer of the Group.

Major Suppliers

For the year ended December 31, 2025, the Group's purchases from its five largest suppliers accounted for 20.2% (2024: 15.4%) of the Group's total purchases, and the Group's purchases from its single largest supplier accounted for 5.6% (2024: 3.6%) of the Group's total purchases.

As of the date of this annual report, except Handan Renhe Hospital, all of the Group's five largest customers and suppliers during the Reporting Period were Independent Third Parties, and to the best of the knowledge of the Directors, none of the Directors, their respective associates or any Shareholder who owned more than 5% of the Company's issued share capital had any interest in any of the Group's five largest customers and suppliers.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and the Group in 2025 are set out in Note 15 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended December 31, 2025 are set out in Note 22 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As of December 31, 2025, the Company's reserves available for distribution were approximately RMB6,890.7 million.

TAXATION

Tax position of the Company for the year ended December 31, 2025 is set out in Note 9 to the consolidated financial statements.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax concession and exemption granted to Shareholders by virtue of their holding of securities in the Company.

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

BANK AND OTHER BORROWINGS

Particulars of bank and other borrowings of the Company for the year ended December 31, 2025 are set out in Note 23 to the consolidated financial statements.

DIRECTORS

The Directors during the year ended December 31, 2025 and up to the date of this annual report are:

Executive Directors

Mr. Zhu Yiwen (*Chairman*)
Mr. Ren Ai
Ms. Cheng Huanhuan
Mr. Zhang Wenshan
Ms. Jiang Hui

Independent Non-executive Directors

Mr. Ye Changqing
Mr. Zhao Chun
Mr. Liu Yanqun (*Retired on May 29, 2025*)
Mr. Zhang Guozhong (*Appointed on May 29, 2025*)

In accordance with article 113 of the Articles of Association, any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of members after his/her appointment and be subject to re-election at such meeting.

Details of the Directors, Mr. Zhu Yiwen, Ms. Cheng Huanhuan and Ms. Jiang Hui, to be re-elected at the AGM will be set out in the circular to the Shareholders to be dispatched in due course.

BIOGRAPHY OF THE DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and the senior management of the Company are set out in the section headed "Directors and Senior Management" of this annual report.

Directors' Report

SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Each of the Directors has entered into a service contract or an appointment letter with the Company, under which they agreed to act as Directors for an initial term of three years commencing from their respective date of appointment or until the third annual general meeting of the Company since their respective date of appointment, which may be terminated by not less than one month's notice in writing served by either the respective Director or the Company.

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

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

REMUNERATION POLICY

As of December 31, 2025, the Group had 7,906 employees (December 31, 2024: 8,169 employees), among which 82 were employees at the headquarters level and 7,824 were employees of self-owned hospitals. Total staff remuneration expenses including Directors' remuneration in 2025 amounted to RMB1,331.1 million (for the year ended December 31, 2024: RMB1,456.1 million). Remuneration is determined with reference to performance, skills, qualifications and experience of the staff concerned and in accordance with the prevailing industry practice. On top of salary payments, other employee benefits primarily include social insurance and housing provident contributions burdened by the Group, performance-based compensation and discretionary bonus.

The remuneration of the Directors is reviewed by the Remuneration Committee and approved by the Board. The relevant Director's experience, duties and responsibilities, time commitment, the Company's performance and the prevailing market conditions are taken into consideration in determining the emolument of the Directors.

For details of the Directors and the five highest paid individuals during the Reporting Period, please refer to Note 11 and 12 of the consolidated financial statements. For details of the remuneration of the senior management of the Group during the Reporting Period, please refer to the section headed "Corporate Governance Report" in this annual report.

RETIREMENT AND EMPLOYEE BENEFIT PLANS

Details of the Company's retirement and employee benefit plans are set out in Note 27 to the consolidated financial statements.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company considers such Directors to be independent during the Reporting Period.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As of December 31, 2025, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or may compete with the business of the Group.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

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

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND THE CHIEF EXECUTIVE OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As of December 31, 2025, the interest or short position of the Directors or chief executives of the Company in the Shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code to be notified to the Company and the Stock Exchange are as follows:

Interests in Shares and Underlying Shares of the Company

(a) Ordinary Shares of the Company

Name of Director/ Chief Executive	Nature of interest	Number of Shares ⁽²⁾	Approximate percentage of total issued Shares ⁽¹⁾
Mr. Zhu	Beneficial interest/Founder of a discretionary trust ⁽³⁾ /Interest of concert parties ⁽⁴⁾	286,231,415 (L)	46.28%
Mr. Ren Ai ⁽³⁾⁽⁴⁾	Beneficial interest/Interest in a controlled corporation ⁽⁵⁾ /Interest of spouse ⁽⁶⁾	286,231,415 (L)	46.28%
Mr. Zhang Wenshan	Beneficial interest	32,235 (L)	0.01%

Directors' Report

(b) Share Options granted by the Company

Name of Director	Number of underlying Shares held pursuant to the Share Option Scheme	Approximate percentage of shareholding in the Company ⁽¹⁾
Mr. Zhu	224,000	0.04%
Ms. Cheng Huanhuan	64,000	0.01%
Mr. Ren Ai	96,000	0.02%
Mr. Zhang Wenshan	48,000	0.01%
Ms. Jiang Hui	48,000	0.01%

Notes:

- (1) As of December 31, 2025, the total number of issued Shares was 618,499,000.
- (2) The letter "L" denotes the entity's long position in the Shares.
- (3) On September 30, 2024, Mr. Zhu and Ms. Zhu respectively established discretionary family trusts, namely Ewen Legacy Trust and Ewen Eternity Trust (the "**Family Trusts**"). TMF (Cayman) Ltd. acts as trustee of the Family Trusts and holds an aggregate of 279,736,818 Shares through Ewen Legacy Limited, Century River Holdings Limited, Ewen Eternity Limited, Amber Tree Holdings Limited and Red Palm Holdings Limited. Mr. Zhu is the settlor of Ewen Legacy Limited while Ms. Zhu is the settlor of Ewen Eternity Limited. Mr. Zhu and Ms. Zhu are the beneficiaries of the Family Trusts.
- (4) Pursuant to the establishment of the Family Trusts, Mr. Zhu, Ms. Zhu and TMF (Cayman) Ltd. (as trustee of the Family Trusts) entered into a concert party confirmation on September 30, 2024 and confirmed that they had and would continue to, for so long as they remain interested in the Shares, directly or indirectly, act in concert by aligning their votes at the shareholders' meetings of the Company. As such, Mr. Zhu and Ms. Zhu, together with TMF (Cayman) Ltd., are all deemed to be interested in the total Shares directly and indirectly held by Ewen Legacy Limited, Century River Holdings Limited, Ewen Eternity Limited, Amber Tree Holdings Limited and Red Palm Holdings Limited.
- (5) Mr. Ren Ai wholly-owns Spruce Wood Investment Holdings Limited and is therefore deemed to be interested in the Shares directly held by Spruce Wood Investment Holdings Limited.
- (6) Mr. Ren Ai is the spouse of Ms. Zhu and is therefore deemed to be interested in the Shares which are interested by Ms. Zhu.

Interests in the associated corporation

Name of Director/ Chief Executive	Nature of interest	Name of associated corporation	Approximate percentage of shareholding
Mr. Zhu	Interest in a controlled corporation	Hygeia Hospital Management ⁽¹⁾	100% ⁽²⁾
		VIE Hospitals ⁽³⁾	30% ⁽⁴⁾
		Managed Hospital ⁽⁵⁾	30% ⁽⁶⁾
Mr. Ren Ai	Interest of spouse	Hygeia Hospital Management ⁽¹⁾	100% ⁽²⁾⁽⁷⁾
		VIE Hospitals ⁽³⁾	30% ⁽⁴⁾⁽⁷⁾
		Managed Hospital ⁽⁵⁾	30% ⁽⁶⁾⁽⁷⁾

Notes:

- (1) Hygeia Hospital Management is a subsidiary of the Company by virtue of the contractual arrangements and therefore, is an associated corporation of our Group.
- (2) Mr. Zhu and his daughter, Ms. Zhu holds 40% and 60% equity interest, respectively, in Xiangshang Investment which in turn holds 100% equity interest in Hygeia Hospital Management, and therefore, Mr. Zhu and Ms. Zhu is deemed to be interested in the equity interest in Hygeia Hospital Management held by Xiangshang Investment.
- (3) Each of the VIE Hospitals is a subsidiary of the Company and therefore, is an associated corporation of the Group.
- (4) Hygeia Hospital Management holds 30% equity interest in each of the VIE Hospitals, and therefore, Mr. Zhu and Ms. Zhu are deemed to be interested in the equity interest of the VIE Hospitals held by Hygeia Hospital Management.
- (5) The organizer's interest of the Managed Hospital was held by us and Xiangshang Investment as to 70% and 30%, respectively, and therefore the Managed Hospital is an associated corporation of the Group. The change of 30% organizer's interest in the Managed Hospital has not been filed with the competent authorities due to practical difficulties. The Managed Hospital will complete such filings as soon as practicable under applicable laws.
- (6) Xiangshang Investment holds 30% organizer's interest in the Managed Hospital, and therefore, Mr. Zhu and Ms. Zhu are deemed to be interested in the organizer's interest in the Managed Hospital held by Xiangshang Investment.
- (7) Mr. Ren Ai is the spouse of Ms. Zhu and therefore, is deemed to be interested in the equity interest which is interested by Ms. Zhu.

Save as disclosed above, as of December 31, 2025, so far as it was known to the Directors or chief executive of the Company, none of the Directors or the chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO), or required to be recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Report

DIRECTOR'S RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Other than the Share Option Scheme (as defined below) as disclosed in the paragraph headed "Share Option Scheme" of this report, at no time during the Reporting Period was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

CHANGES TO THE INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, there have been no changes in information of directors after the publication of the 2025 interim report.

Save as disclosed in this annual report, there was no change to information which is required to be disclosed and has been disclosed by Directors or chief executive of the Company pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules.

INTERESTS AND SHORT POSITIONS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF THE PART XV OF THE SFO

As of December 31, 2025, so far as was known to the Directors or chief executive of the Company, the following persons (other than the Directors and chief executive of the Company) had interests and/or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Nature of interest	Number of Shares held ⁽²⁾	Approximate percentage of shareholding in the Company ⁽¹⁾
Ms. Zhu	Founder of a discretionary trust ⁽³⁾ /Interest of concert parties ⁽⁴⁾ /Interest of spouse ⁽⁵⁾	286,231,415 (L)	46.28%
TMF (Cayman) Ltd.	Trustee ⁽³⁾ /Interest of concert parties ⁽⁴⁾	286,231,415 (L)	46.28%

Notes:

- (1) As of December 31, 2025, the total number of issued Shares was 618,499,000.
- (2) The letter "L" denotes the entity's long position in the Shares.
- (3) On September 30, 2024, Mr. Zhu and Ms. Zhu respectively established the Family Trusts. TMF (Cayman) Ltd. Acts as trustee of the Family Trusts and holds an aggregate of 279,736,818 Shares through Ewen Legacy Limited, Century River Holdings Limited, Ewen Eternity Limited, Amber Tree Holdings Limited and Red Palm Holdings Limited. Mr. Zhu is the settlor of Ewen Legacy Limited while Ms. Zhu is the settlor of Ewen Eternity Limited. Mr. Zhu and Ms. Zhu are the beneficiaries of the Family Trusts.
- (4) Pursuant to the establishment of the Family Trusts, Mr. Zhu, Ms. Zhu and TMF (Cayman) Ltd. (as trustee of the Family Trusts) entered into a concert party confirmation on September 30, 2024 and confirmed that they had and would continue to, for so long as they remain interested in the Shares, directly or indirectly, act in concert by aligning their votes at the shareholders' meetings of the Company. As such, Mr. Zhu and Ms. Zhu, together with TMF (Cayman) Ltd., are all deemed to be interested in the total Shares directly and indirectly held by Ewen Legacy Limited, Century River Holdings Limited, Ewen Eternity Limited, Amber Tree Holdings Limited and Red Palm Holdings Limited.
- (5) Spruce Wood Investment Holdings Limited is wholly-owned by Mr. Ren Ai. Therefore, Mr. Ren Ai is deemed to be interested in the Shares directly held by Spruce Wood Investment Holdings Limited. Ms. Zhu is the spouse of Mr. Ren Ai, and is therefore deemed to be interested in the Shares which are interested by Mr. Ren Ai by virtue of the SFO.

Save as disclosed above, as of December 31, 2025, the Directors were not aware of any persons (who were not directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

PRE-IPO SHARE AWARD SCHEME

The Company approved and adopted the pre-IPO share award scheme (the "**Pre-IPO Share Award Scheme**") on July 17, 2019 to reward the participants Shares pursuant to the applicable awarded share subscription agreement ("**Awarded Share**") or awards of restricted shares unit ("**RSU**"), in order to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentives to selected employees, Directors, and consultants and to promote the success of the Company's business by offering these individuals an opportunity to acquire a proprietary interest in the success of the Company or to increase this interest, by permitting them to acquire Shares of the Company.

All of the Shares under the Pre-IPO Share Award Scheme including 16,440 Awarded Shares (which was subdivided into 164,400 Shares after a share subdivision on September 18, 2019) and RSUs in respect of 6,578 Shares (which was subdivided into 65,780 Shares after a share subdivision on September 18, 2019) had been issued or granted to one Director, one senior management member of the Company and one employee or consultant. The Pre-IPO Share Award Scheme was terminated upon the Listing and no Shares or RSUs have been and would be issued or granted under the Pre-IPO Share Award Scheme after the Listing.

For more details of the Pre-IPO Share Award Scheme, please refer to the "D. Pre-IPO Share Incentive Plans – 2. Pre-IPO Share Award Scheme" of Appendix IV of the Prospectus.

Directors' Report

PRE-IPO RESTRICTED SHARE SCHEME

The Company approved and adopted the pre-IPO restricted share scheme (the “**Pre-IPO Restricted Share Scheme**”) on July 17, 2019 to reward the participants for their contributions in the development of the Group, provide the participants with the opportunity to receive proprietary interests in the Shares and to encourage the participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole. Persons eligible to receive the restricted shares under the Pre-IPO Restricted Share Scheme are the core employees or consultant of any member of the Group whom the Board considers, in its sole discretion, to have contributed or will contribute to the growth and development of the Group. The Pre-IPO Restricted Share Scheme was terminated upon the Listing and no Shares have been and would be issued or granted under the Pre-IPO Restricted Share Scheme after the Listing.

For more details of the Pre-IPO Restricted Share Scheme, please refer to “D. Pre-IPO Share Incentive Plans — 1. Pre-IPO Restricted Share Scheme” of Appendix IV of the Prospectus.

SHARE OPTION SCHEME

In order to improve the governance structure of the Company and to effectively attract, motivate and retain talents, the Company has adopted a share option scheme on October 15, 2021 (the “**Share Option Scheme**”). The participants of the Share Option Scheme include any director or employee of the Group and any medical expert who in the sole discretion of the Board has contributed or will contribute to the Group.

Under the Share Option Scheme, the Company is authorized to issue up to 18,540,000 Shares (“**Share Options**” or “**Option(s)**”), which represents 3% of the total number of issued Shares of the Company as at October 15, 2021. No Options shall be granted to any eligible person (“**Relevant Eligible Person**”) if the number of Shares issued and to be issued upon the exercise of all Options granted and to be granted (including exercised, cancelled and outstanding options) to the Relevant Eligible Person in the 12-month period up to and including the offer date of the relevant Option would exceed 1% of the total number of Shares in issue at such time. The Share Option Scheme will be valid and effective for a period of 10 years commencing from October 15, 2021. The exercise period of the granted options will be ten (10) years from the date of grant. During the Reporting Period, no Share Options were exercised. As of the date of this report, 4,838,400 Share Options are available for issue under the Share Option Scheme upon exercise of all Share Options which had been granted and yet to be exercised under the Share Option Scheme, representing approximately 0.78% of the total number of issued Shares.

An offer shall be deemed to have been granted and the Option to which the offer relates shall be deemed to have been accepted when the Company receives the duplicate of the offer letter comprising acceptance of the offer duly signed by the grantee with the number of Shares in respect of which the offer is accepted clearly stated therein, together with a remittance of the Option price, being HK\$1.00 payable for each acceptance of grant of an Option, to the Company. The exercise price of the Share Options shall be a price determined by the Board and the basis of which shall be at least the highest of: (a) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the grant date, which must be a business day; (b) the average of the closing price of the Shares as stated in the Stock Exchange’s daily quotation sheets for the five business days immediately preceding the grant date; and (c) the nominal value of a Share.

The Share Option Scheme does not stipulate a minimum period for which an Option must be held before an Option may be exercised. However, under the Share Option Scheme, the Board may in its absolute discretion specify such conditions, restrictions or limitations as it thinks fit when making an offer to the Relevant Eligible Person (including, without limitation, as to any performance targets which must be satisfied by the Relevant Eligible Person and/or the Company and/or its subsidiaries, and any minimum period for which an Option must be held, before an Option may be exercised, if any), provided that such conditions shall not be inconsistent with any other terms and conditions of the Share Option Scheme.

The exercise price of the Share Options granted is HK\$66.80 per Share, representing the highest of: (i) the closing price of HK\$66.80 per Share as stated in the Stock Exchange's daily quotations sheet on the grant date; (ii) the average closing price of HK\$63.96 per Share as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the grant date; and (iii) the nominal value of US\$0.00001 per Share.

Share Options granted under the Share Option Scheme shall be valid and effective for a period of 10 years from the date of grant and vest over a five-year period, with 20%, 20%, 20%, 20% and 20% of total Share Options vesting on March 31 each year from 2023 to 2027. Details of the movements of the Options granted and outstanding during the Reporting Period, the exercise price, the vesting date and the impact of Options granted under the Share Option Scheme on the financial statements are set out in the announcement of the Company dated August 24, 2021 and circular of the Company dated September 23, 2021 and under Note 26 to the consolidated financial statements.

The number of Share Options available for grant under the Share Option Scheme was 10,657,000 shares and 10,657,000 shares as of January 1, 2025 and December 31, 2025, respectively. During the Reporting Period, the number of Shares underlying the Share Options that granted under the Share Option Scheme divided by the weighted average number of total Shares in issue during the Reporting Period is nil.

Directors' Report

The table below shows details of the movements in the Share Options granted and outstanding under the Share Option Scheme during the Reporting Period:

Category and name of participants	Date of grant	Exercise price per share	Closing price of Shares immediately before the date of grant	Closing price (weighted average) of Shares immediately before the date of exercise/ vest	Fair value at the date of grant (Note 5)	Outstanding as at January 1, 2025	Granted during the Reporting Period	Vested as at December 31, 2025	Exercised during the Reporting Period	Exercise Period	Cancelled during the Reporting Period (Note 4)	Lapsed/ forfeited during the Reporting Period (Note 4)	Outstanding as at December 31, 2025 (Note 6)	Vesting date (Note 3)
Directors or chief executive and their associate														
Mr. Zhu Yiwen	November 12, 2021	HK\$66.80	HK\$66.05	–	HK\$6,740,146	168,000	–	–	–	10 years	–	56,000	112,000	(Note 1)
Ms. Cheng Huanhuan	November 12, 2021	HK\$66.80	HK\$66.05	–	HK\$1,925,756	48,000	–	–	–	10 years	–	16,000	32,000	(Note 1)
Mr. Ren Ai	November 12, 2021	HK\$66.80	HK\$66.05	–	HK\$2,888,634	72,000	–	–	–	10 years	–	24,000	48,000	(Note 1)
Mr. Zhang Wenshan	November 12, 2021	HK\$66.80	HK\$66.05	–	HK\$1,444,317	36,000	–	–	–	10 years	–	12,000	24,000	(Note 1)
Ms. Jiang Hui	November 12, 2021	HK\$66.80	HK\$66.05	–	HK\$1,444,317	36,000	–	–	–	10 years	–	12,000	24,000	(Note 1)
Sub-total						360,000	–	–	–	–	–	120,000	240,000	
Substantial shareholders and their associates														
Participants with options in excess of 1% individual limit														
Related entity participants or service providers with options granted and to be granted during the year exceeding 0.1% individual limit														
Other employees participants (in aggregate)														
557 employees	November 12, 2021	HK\$66.80	HK\$66.05	–	HK\$153,656,830	3,652,200	–	–	–	10 years	–	1,662,200	2,212,400	(Note 2)
Sub-total						3,652,200	–	–	–	–	–	1,662,200	2,212,400	
Other related entity participants														
Other service providers														
Total						4,012,200	–	–	–	–	–	1,782,200	2,452,400	

Notes:

Note 1

As of December 31, 2025, the vesting dates of the Share Options granted to the Directors are as follows:

Number of Share Options	Vesting Date
20% of the total Share Options	March 31, 2023;
20% of the total Share Options	March 31, 2024;
20% of the total Share Options	March 31, 2025;
20% of the total Share Options	March 31, 2026; and
20% of the total Share Options	March 31, 2027.

Note 2

As of December 31, 2025, the vesting dates of the Share Options granted to the employees are as follows:

Number of Share Options	Vesting Date
20% of the total Share Options	March 31, 2023;
20% of the total Share Options	March 31, 2024;
20% of the total Share Options	March 31, 2025;
20% of the total Share Options	March 31, 2026; and
20% of the total Share Options	March 31, 2027.

Note 3

The vesting of the Share Options is conditional on the fulfillment of vesting conditions, including certain performance targets (including individual performance based on periodic performance assessment as well as annual performance of the Company), which are set out in the respective letter of offer of each grantee.

Note 4

Where the Share Options are forfeited due to a failure by the employee to satisfy the service conditions, any expenses previously recognised in relation to such share options are reversed on the effective date of the forfeiture.

Note 5

The fair value of Share Options at the date of grant has been prepared in accordance with all applicable IFRS and the disclosure requirements of Hong Kong Companies Ordinance Cap. 622. For details of the basis of calculation, please refer to Note 26 to the consolidated financial statements.

Note 6

The number of unvested Share Options, which will be vested to the grantees according to the vesting schedule, subject to fulfilment of the vesting conditions applicable to such grantees.

Directors' Report

EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme (as defined in this annual report) and as disclosed in the Prospectus and this annual report, there was no equity-linked agreement entered into by the Company or any of its subsidiaries during the Reporting Period.

CONNECTED TRANSACTIONS

Pursuant to the requirements of the Listing Rules, the transactions between the Company and its connected persons constitute connected transactions of the Company. The Company regulates and manages such transactions in compliance with the Listing Rules. The followings are the non-exempt continuing connected transactions conducted by the Group during the Reporting Period.

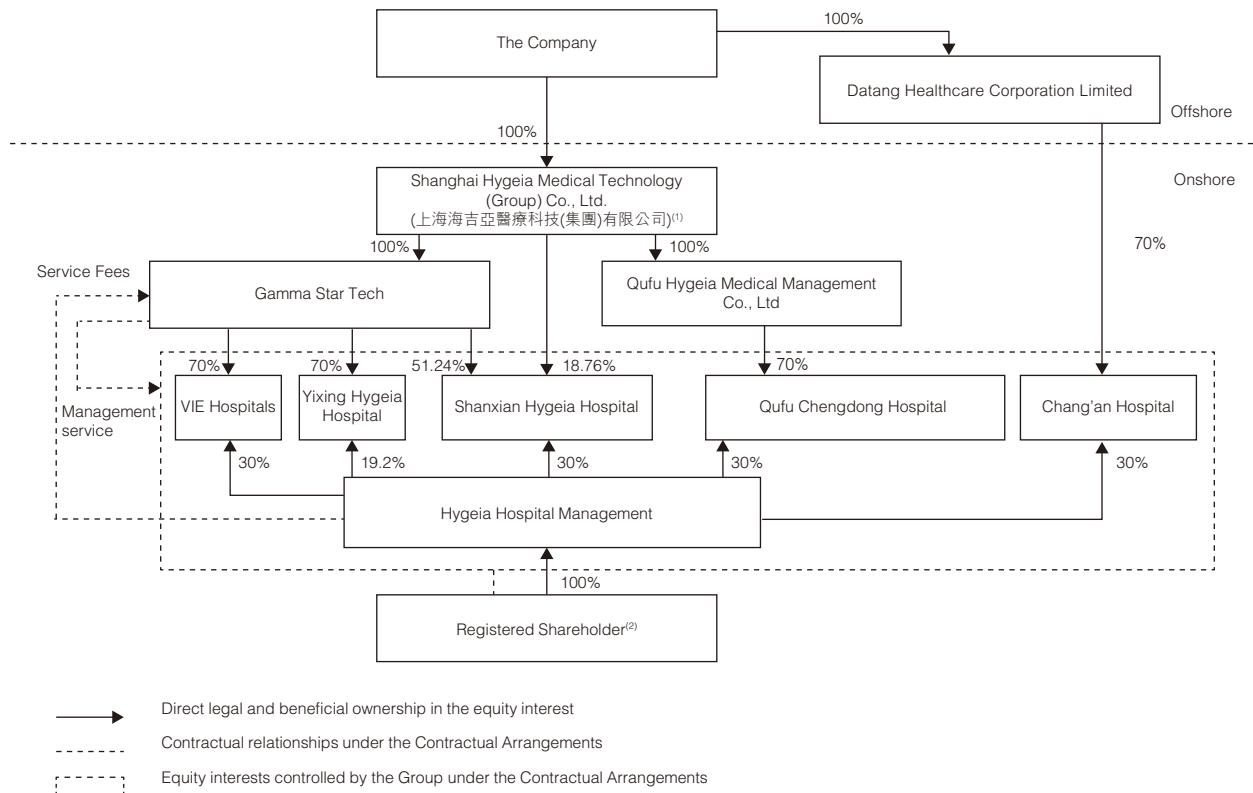
Contractual Arrangements

The Group primarily engages in the hospital business. According to the applicable PRC laws and Regulations, medical institutions fall within the “restricted” investment category, and therefore may not be held 100.00% by foreign investors¹. Furthermore, the competent authorities for foreign investment administration where the Group operates its hospitals is of the view that the Company, as a foreign entity, shall not directly or indirectly hold more than 70.00% equity interest in each of the Group’s hospitals in the PRC (the “**Foreign Ownership Restriction**”). As such, the Group currently holds 70.00% equity interest in each of the VIE Hospitals. Hygeia Hospital Management, a company wholly-owned by Xiangshang Investment (the “**Registered Shareholder**”) which is in turn owned by Mr. Zhu and Ms. Zhu, holds the remaining 30.00% equity interest in the VIE Hospitals (other than Yixing Hygeia Hospital in which it holds 19.2% equity interest).

In light of the Foreign Ownership Restriction and in order to control Hygeia Hospital Management to prevent leakages of equity and values to the minority shareholder of the Group’s VIE Hospitals and to obtain the maximum economic benefits of these hospitals, on April 8, June 20 and December 18, 2019, July 22, 2020, June 7, June 29, July 7, July 12, July 29 and December 31, 2021, July 28 and September 20, 2022, May 23, September 7 and December 12, 2023, the Group entered into the Contractual Arrangements with its VIE Hospitals, Hygeia Hospital Management, Gamma Star Tech and Xiangshang Investment. Under the Contractual Arrangements, Gamma Star Tech has acquired effective control over the financial and operational policies of the VIE Hospitals and the Group has become entitled to the proportionate economic benefits derived from their operations.

¹ On September 7, 2024, the Ministry of Commerce, the National Health Commission, and the National Medical Products Administration jointly issued the “Notice on Carrying Out Pilot Work for Expanding Opening Up in the Medical Field” (「關於在醫療領域開展擴大開放試點工作的通知」) (the “**Pilot Notice**”), which came into effect subsequently. According to the Pilot Notice, foreign investors are permitted to establish wholly foreign-owned hospitals in Beijing, Tianjin, Shanghai, Nanjing, Suzhou, Fuzhou, Guangzhou, Shenzhen, and the entire Hainan Island (excluding traditional Chinese medicine hospitals and public hospitals that have been acquired). Among the Group’s VIE hospitals, only those in the Suzhou area are eligible for the Pilot Notice. As of the date of this annual report, the specific conditions, requirements, and procedures for establishing wholly foreign-owned hospitals in Suzhou have not yet been issued in the form of detailed implementation rules. Therefore, the Group is still unable to hold 100% of the equity in the hospitals in the Suzhou area.

The following simplified diagram illustrates the flow of economic benefits from the VIE Hospitals to the Group under the Contractual Arrangements:



Notes:

- (1) Formerly known as Gamma Star Medical Technology Development (Shanghai) Co., Ltd. (伽瑪星醫療科技發展(上海)有限公司).
- (2) The Registered Shareholder of Hygeia Hospital Management is Xiangshang Investment which is held by Mr. Zhu Yiwen and Ms. Zhu Jianqiao as to 40% and 60%, respectively.

Summary of the Material Terms of the Contractual Arrangements

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

Directors' Report

(1) Exclusive Operation Services Agreements

Hygeia Hospital Management, the Registered Shareholder and Gamma Star Tech entered into the exclusive operation services agreements with the VIE Hospitals on April 8, June 20 and December 18, 2019, July 22, 2020, June 7, June 29, July 7, July 12, July 29, and December 31, 2021, July 28 and September 20, 2022, May 23, September 7 and December 12, 2023 (collectively the “**Exclusive Operation Services Agreements**”), pursuant to which Hygeia Hospital Management, the Registered Shareholder and the VIE Hospitals agreed to engage Gamma Star Tech as their exclusive service provider of technical support, consulting services and other services in exchange for a service fee.

Under the Exclusive Operation Services Agreements, the services to be provided include but are not limited to (i) business, financing and investment, (ii) medical technology related consultation, medical resources sharing and medical professionals training, (iii) human resources management, (iv) market research, (v) strategies for marketing and business expansion, (vi) supplier and inventory management, (vii) operation and marketing strategy formulation and monitoring, (viii) medical service quality control, (ix) internal management and (x) other services relating to management and operation of medical institutions and shareholder's rights and investment management. Gamma Star Tech has proprietary rights to all the intellectual properties developed or created by itself from the performance of these services. During the term of the Exclusive Operation Service Agreements, Gamma Star Tech may use the intellectual property rights owned by Hygeia Hospital Management and the VIE Hospitals free of charge and without any conditions. Hygeia Hospital Management and the VIE Hospitals may also use the intellectual property work created by Gamma Star Tech from the services performed by Gamma Star Tech in accordance with the Exclusive Operation Service Agreements.

Under the Exclusive Operation Services Agreements, the service fee shall be an amount equal to the annual distributable profits of Hygeia Hospital Management, consisting of 30% of the distributable net profit of the VIE Hospitals (other than Yixing Hygeia Hospital where the service fee shall be an amount consisting of 19.2% of the distributable net profit of Yixing Hygeia Hospital) of a given audited financial year, after deducting the losses from the previous financial years (if any) and the statutory contributions (if applicable) subject to the applicable PRC laws and regulations. Apart from the service fees, Hygeia Hospital Management and the VIE Hospitals shall reimburse all reasonable costs, reimbursed payments and out-of-pocket expenses incurred by Gamma Star Tech in connection with the performance of the Exclusive Operation Services Agreements and provision of services thereunder.

The Exclusive Operation Services Agreements became effective from signing, and shall remain valid for three years. Subject to compliance with the Listing Rules, the Exclusive Operation Services Agreements shall be automatically renewed for a term of three years upon its expiration, unless terminated in accordance with the terms therein.

(2) Exclusive Option Agreements

On each of April 8, June 20 and December 18, 2019, July 22, 2020, June 7, June 29, July 7, July 12, July 29, and December 31, 2021, July 28 and September 20, 2022, May 23, September 7 and December 12, 2023, Gamma Star Tech, the Registered Shareholder and Hygeia Hospital Management entered into the exclusive option agreements, and on the same dates, Gamma Star Tech and Hygeia Hospital Management entered into the exclusive option agreements with the VIE Hospitals (all of these exclusive option agreements are collectively referred to as the “**Exclusive Option Agreements**”).

Pursuant to the Exclusive Option Agreements, (i) the Registered Shareholder irrevocably and unconditionally grants an exclusive option to Gamma Star Tech which entitles Gamma Star Tech to elect to purchase at any time, when permitted by the then applicable PRC laws, all or any part of the equity interest in Hygeia Hospital Management itself or through its designated person(s), (ii) Hygeia Hospital Management irrevocably and unconditionally grants an exclusive option to Gamma Star Tech which entitles Gamma Star Tech to elect to purchase at any time, when permitted by the then applicable PRC laws, all or part of the assets of Hygeia Hospital Management itself or through its designated person(s), (iii) Hygeia Hospital Management irrevocably and unconditionally grants an exclusive option to Gamma Star Tech which entitles Gamma Star Tech to elect to purchase at any time, when permitted by the then applicable PRC laws, all or any part of the equity interests in the VIE Hospitals (other than Longyan Boai Hospital) from Hygeia Hospital Management itself or through its designated person(s), (iv) Chongqing Hygeia Hospital irrevocably and unconditionally grants an exclusive option to Gamma Star Tech which entitles Gamma Star Tech to elect to purchase at any time, when permitted by the then applicable PRC laws, all or any part of its equity interest in Longyan Boai Hospital itself or through its designated person(s) and (v) the VIE Hospitals irrevocably and unconditionally grant an exclusive option to Gamma Star Tech which entitles Gamma Star Tech to elect to purchase at any time, when permitted by the then applicable PRC laws, all or part of the assets of the VIE Hospitals (other than Longyan Boai Hospital) attributable to Hygeia Hospital Management and all or part of the assets of Longyan Boai Hospital attributable to Chongqing Hygeia Hospital itself or through its designated person(s). The transfer price of the relevant equity interests and assets shall be the minimum purchase price permitted under PRC laws. Each of Hygeia Hospital Management and the VIE Hospitals undertake that it will, subject to applicable PRC laws, return in full any amount of the transfer price received to Gamma Star Tech or its designated person(s).

The Exclusive Option Agreements became effective from signing and have an indefinite term unless terminated in accordance with the terms therein.

(3) Entrustment Agreements and Powers of Attorney

On each of April 8, June 20 and December 18, 2019, July 22, 2020, June 7, June 29, July 7, July 12, July 29, and December 31, 2021, July 28 and September 20, 2022, May 23, September 7 and December 12, 2023, Gamma Star Tech, the Registered Shareholder and Hygeia Hospital Management entered into the shareholders' rights entrustment agreements, and on the same dates, Gamma Star Tech and Hygeia Hospital Management entered into the shareholders' rights entrustment agreements with the VIE Hospitals (all of these shareholders' rights entrustment agreements are collectively referred to as the “**Entrustment Agreements**”) and the powers of attorney (collectively the “**Powers of Attorney**”) were executed by the each of Registered Shareholder, Hygeia Hospital Management and Chongqing Hygeia Hospital on April 8, 2019, and by each of the Registered Shareholder and Hygeia Hospital Management on each of June 20 and December 18, 2019, July 22, 2020, June 7, June 29, July 7, July 12, July 29, and December 31, 2021, July 28 and September 20, 2022, May 23, September 7 and December 12, 2023, all in favor of Gamma Star Tech (the “**Attorney**”).

Directors' Report

Pursuant to the Entrustment Agreements and the Powers of Attorney, (i) the Registered Shareholder irrevocably authorizes the Attorney to exercise all of its rights and powers as a shareholder of Hygeia Hospital Management, (ii) Hygeia Hospital Management irrevocably authorizes the Attorney to exercise all of its rights and powers as a shareholder of the VIE Hospitals (other than Longyan Boai Hospital), and (iii) Chongqing Hygeia Hospital irrevocably authorizes the Attorney to exercise all of its rights and powers as a shareholder of Longyan Boai Hospital.

As Gamma Star Tech is an indirect wholly-owned subsidiary of the Company, the terms of the Entrustment Agreements and the Powers of Attorney give the Company full control over all corporate decisions made by such Attorney and exercise management control over Hygeia Hospital Management and the VIE Hospitals.

The Entrustment Agreements and Powers of Attorney became effective from signing and have an indefinite term unless terminated in accordance with the terms therein.

(4) Equity Pledge Agreements

On each of April 8, June 20 and December 18, 2019, July 22, 2020, June 7, June 29, July 7, July 12, July 29, and December 31, 2021, July 28 and September 20, 2022, May 23, September 7 and December 12, 2023, Gamma Star Tech, Hygeia Hospital Management and the Registered Shareholder entered into the equity pledge agreements, and on the same dates, Gamma Star Tech and Hygeia Hospital Management entered into the equity pledge agreements with the VIE Hospitals, and on April 8, 2019, Gamma Star Tech, Chongqing Hygeia Hospital and Longyan Boai Hospital entered into an equity pledge agreement (all of these equity pledge agreements are collectively referred to as the “**Equity Pledge Agreements**”), pursuant to which (i) the Registered Shareholder agrees to pledge all of its equity interest in Hygeia Hospital Management, (ii) Hygeia Hospital Management agrees to pledge all of its equity interests in the VIE Hospitals (except for Longyan Boai Hospital), and (iii) Chongqing Hygeia Hospital agrees to pledge all of its equity interest in Longyan Boai Hospital, in favor of Gamma Star Tech to secure performance of the contractual obligations and payment of outstanding debts under the Contractual Arrangements.

(5) Spousal Undertakings

The spouses of the each of the shareholders of the Registered Shareholder (namely, Mr. Zhu and Ms. Zhu) has signed an undertaking (the “**Spousal Undertakings**”) to the effect that (i) the respective interests of Mr. Zhu and Ms. Zhu in the Registered Shareholder (together with any other interests therein) do not fall within the scope of joint possession, (ii) the respective interests of the Registered Shareholder in Hygeia Hospital Management (together with any other interests therein) do not fall within the scope of joint possession, (iii) the respective interests of Hygeia Hospital Management in the VIE Hospitals (as to Longyan Boai Hospital, the interest held through Chongqing Hygeia Hospital) (together with any other interests therein) do not fall within the scope of joint possession, and (iv) each of the spouses will not have any claim on such interests.

Business Activities and Financial Contribution of the VIE Hospitals

The VIE Hospitals are principally engaged in providing healthcare services. The Group currently holds 70% equity interest in each of the VIE Hospitals and as a result of the Contractual Arrangements, the Group has obtained control of the remaining 30% equity interest of the VIE Hospitals (other than Yixing Hygeia Hospital in which it controls 19.2% equity interest) through Hygeia Hospital Management. As such, the Company is entitled to receive the proportionate economic interest returns generated by the VIE Hospitals. The following table sets forth the revenue and assets of the VIE Hospitals subject to the Contractual Arrangements during the Reporting Period:

	For the year ended December 31, 2025		As of December 31, 2025	
	Revenue	% of total revenue	Total assets	% of the total assets
<i>(RMB in thousands, except percentages)</i>				
VIE Hospitals	3,043,125	75.9	5,763,437	54.0

Governing Framework

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

Conducting operations through contractual arrangements has been adopted by many PRC-based companies, and has been adopted by the Company in the form of the Contractual Arrangements, to establish control of the VIE Hospitals, through which the Group operates its business in the PRC. The FIL stipulates four forms of foreign investment, but does not mention concepts including "actual control" and "control over our PRC Operating Hospitals by PRC entities/citizens", nor does it explicitly stipulate the contractual arrangements as a form of foreign investment. Besides, it does not explicitly prohibit or restrict a foreign investor to rely on contractual arrangements to control the majority of its business that is subject to foreign investment restrictions or prohibitions in the PRC. As advised by the PRC Legal Advisers, provided that no additional laws, administrative regulations, departmental rules or other regulatory documents on contractual arrangements has been issued and enacted, the coming into effect of the FIL does not, by itself, have any material adverse operational and financial impact on the legality and validity of the Contractual Arrangements.

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

Directors' Report

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

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

- (i) If the PRC government deems that the Contractual Arrangements do not comply with PRC regulatory restrictions on foreign investment in the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, the Group could be subject to severe penalties or be forced to relinquish the interests received through the Contractual Arrangements;
- (ii) The Contractual Arrangements may result in adverse tax consequences to the Group;
- (iii) The shareholder of Hygeia Hospital Management may have potential conflicts of interest with the Group, which may materially and adversely affect its business and financial condition;
- (iv) Our Contractual Arrangements may not be as effective in providing operational control as direct ownership. Hygeia Hospital Management and Xiangshang Investment may fail to perform their obligations under our Contractual Arrangements;
- (v) The Group may lose control over Hygeia Hospital Management and may not enjoy full economic benefits of the VIE Hospitals if Hygeia Hospital Management declares bankruptcy or becomes subject to a dissolution or liquidation proceeding; and
- (vi) If the Group exercises the option to acquire equity ownership of Hygeia Hospital Management, the ownership transfer may subject the Group to certain limitations and substantial costs.

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

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

- (i) Major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to the Board, if necessary, for review and discussion on an occurrence basis;
- (ii) The Board will review the overall performance of and compliance with the Contractual Arrangements at least once a year;
- (iii) The Company will disclose the overall performance and compliance with the Contractual Arrangements in its annual reports and interim reports to update the Shareholders and potential investors; and
- (iv) The Company will engage external legal advisors or other professional advisors, if necessary, to assist the Board to review the implementation of the Contractual Arrangements and the legal compliance of Gamma Star Tech, Hygeia Hospital Management and the VIE Hospitals to deal with specific issues or matters arising from the Contractual Arrangements.

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

- (i) The decision-making mechanism of the Board as set out in the Articles of Association includes provisions to avoid conflict of interest by providing, among others, that in the event of conflict of interest in any contract or transaction calling for vote, the Director who is so interested shall declare the nature of his or her interest at the earliest time before or at meeting of the Board at which it is practicable for him or her to do so, and if he or she is to be regarded as having material interest in any contracts or arrangements, such Director shall abstain from voting and not be counted in the quorum;
- (ii) Each of the Directors is aware of his or her fiduciary duties as a Director which requires, among others, that he or she acts for the benefits and in the best interests of the Group;
- (iii) The Company will appoint three independent non-executive Directors, comprising one-third of the Board, to provide a balance of the number of interested and independent Directors with a view to promoting the interests of the Company and the Shareholders as a whole; and
- (iv) The Group will disclose in its announcements, circulars and annual and interim reports in accordance with the requirements under the Listing Rules regarding decisions on matters reviewed by the Board (including independent non-executive Directors) relating to any business or interest of each Director and his associates that competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

Listing Rules Implications and Waivers from the Stock Exchange

Xiangshang Investment is a company owned by Mr. Zhu and Ms. Zhu as to 40% and 60%, respectively, and hence an associate of Mr. Zhu and Ms. Zhu.

Therefore, the transactions contemplated under the Contractual Arrangements constitute continuing connected transactions of the Company under the Listing Rules upon Listing as a party to the Contractual Arrangements, namely Xiangshang Investment, is connected person of the Company.

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

- (i) No change to any of the agreements constituting the Contractual Arrangements will be made without the approval of the independent non-executive Directors;
- (ii) No change to any of the agreements constituting the Contractual Arrangements will be made without the independent Shareholders' approval;
- (iii) The Contractual Arrangements shall continue to enable the Group to receive the economic benefits derived by Hygeia Hospital Management and the VIE Hospitals;

Directors' Report

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

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

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

- (i) The transactions carried out during such year have been entered into in accordance with the relevant provisions of the Contractual Arrangements;
- (ii) No dividends or other distributions have been made by Hygeia Hospital Management to the holder of its equity interest which are not otherwise subsequently assigned or transferred to the Group;
- (iii) No dividends or other distributions have been made by the VIE Hospitals to Hygeia Hospital Management which are not otherwise subsequently assigned or transferred to the Group; and
- (iv) Any new contracts entered into, renewed or reproduced between the Group and Hygeia Hospital Management during the relevant financial period are fair and reasonable, or advantageous to the Shareholders, so far as the Group is concerned and in the interests of the Company and the Shareholders as a whole.

The auditor of the Group has carried out certain procedures, in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants, under the requirements of Rule 14A.56 of the Listing Rules, on the transactions carried out pursuant to the Contractual Arrangements for the year ended December 31, 2025 and has provided a letter to the Board confirming that:

- (i) The transactions have received the approval of the Directors, have been entered into in accordance with the relevant Contractual Arrangements;
- (ii) No dividends or other distributions have been made by Hygeia Hospital Management to the holder of its equity interest which are not otherwise subsequently assigned to the Group; and
- (iii) No dividends or other distributions have been made by the VIE Hospitals to Hygeia Hospital Management which are not otherwise subsequently assigned or transferred to the Group.

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

Material Changes

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

During the Reporting Period, none of the Contractual Arrangements had been unwound on the basis that none of the restrictions that led to the adoption of the Contractual Arrangements had been removed. As of December 31, 2025, the Company had not encountered interference or encumbrance from any PRC governing bodies in operating its businesses through its VIE Hospitals under the Contractual Arrangements.

Hospital Management and Procurement Agreements

The Group manages and operates and receives management fees from Handan Renhe Hospital. It also supplies medicine and medical consumables to the hospital pursuant to the procurement agreements it entered into with Handan Renhe Hospital.

Summary of the Material Terms of the Continuing Connected Transaction Agreements

Handan Renhe Hospital Management Agreement

Pursuant to the hospital management agreement entered into by Gamma Star Tech with Handan Renhe Hospital on July 31, 2011 (the "**Handan Renhe Hospital Management Agreement**"), the Group is entitled to receive management service fees calculated as a fixed percentage of the revenue of Handan Renhe Hospital in return for the daily hospital operation management services provided and to be provided by the Group. The management fee rates are determined based on arm's length negotiations between Handan Renhe Hospital and the Group after taking into consideration of the scope of services provided by the Group to Handan Renhe Hospital, with reference to common market practice in the PRC healthcare service industry. The term of the Handan Renhe Hospital Management Agreement is for a period of 40 years from the respective signing date. For details, please refer to the section headed "Connected Transactions" of the Prospectus and the announcements of the Company dated December 28, 2022 and November 17, 2023.

Handan Renhe Procurement Framework Agreement

Pursuant to the procurement framework agreement entered into by Gamma Star Tech (for itself and on behalf of its subsidiaries) and Handan Renhe Hospital on May 29, 2025 (the "**Handan Renhe Procurement Framework Agreement**"), Gamma Star Tech (for itself and on behalf of its subsidiaries) agreed to supply to Handan Renhe Hospital, as required for the daily operation needs of Handan Renhe Hospital, from time to time and within the scope of operation permit of Gamma Star Tech and its subsidiaries, the medicine and the medical consumables, to Handan Renhe Hospital in accordance with the terms and conditions therein. For details, please refer to the announcement of the Company dated May 29, 2025.

Directors' Report

Reasons for the Transactions**Handan Renhe Hospital Management Agreement**

The Group manages and operates, and receives management fees, from Handan Renhe Hospital. Unlike for-profit hospitals, not-for-profit hospitals are not entitled under PRC laws, rules and regulations, to the right of dividends or the profits, cash flow or residue assets upon liquidation. However, it has been an industry norm to obtain economic benefits by providing management services and charging management service fees for not-for-profit hospitals in China. The Directors believe that it is in the Group's interest and in line with the market practice to enter into the Handan Renhe Hospital Management Agreement.

Handan Renhe Procurement Framework Agreement

The procurement of medicine and medical Consumables for Handan Renhe Hospital are expected to carry out on a regular and continuing basis in the ordinary and usual course of business of the Group and Handan Renhe Hospital. The parties have entered into the Handan Renhe Procurement Framework Agreement for the better management of all procurement transactions between Gamma Star Tech and its subsidiaries and Handan Renhe Hospital, as well as to extend the term to December 31, 2027 pursuant to the recurring nature of such transactions.

The Company believes that the Handan Renhe Procurement Framework Agreement between Gamma Star Tech (for itself and on behalf of its subsidiaries) and Handan Renhe Hospital are commercially beneficial to the Group and its in-network hospitals as the entering of the Handan Renhe Procurement Framework Agreement helps keep the centralization of procurement and provides a stable supply of Medicine and Medical Consumables to Handan Renhe Hospital, which promotes operational efficiency and enhances service level provided by Gamma Star Tech and/or its subsidiaries to the in-network hospitals as compared to purchasing from other external third-party suppliers. The entering of the Handan Renhe Procurement Framework Agreement will also continue to improve the service quality of in-network hospitals and satisfy the increasing demands of patients.

Annual Caps and Historical Amounts during the Reporting Period**Handan Renhe Hospital Management Agreement**

Pursuant to the revision of annual caps for the Handan Renhe Hospital Management Agreement in the announcement of the Company dated November 17, 2023, the maximum total amount of fees receivable by Gamma Star Tech from Handan Renhe Hospital under the Handan Renhe Hospital Management Agreement for each of the three years ending December 31, 2023, 2024 and 2025 should not exceed the caps set out below:

	Proposed annual caps for the years ending December 31,		
	2023	2024	2025
	<i>(RMB in millions)</i>		
Total amount of fees receivable under the Handan Renhe Hospital Management Agreement	4.7	5.6	7.0

During the year ended December 31, 2025, the total amount of fees receivable by the Group under the Handan Renhe Hospital Management Agreement amounted to RMB2.7 million.

Handan Renhe Procurement Framework Agreement

Pursuant to the setting of annual caps for the Handan Renhe Procurement Framework Agreement in the announcement of the Company dated May 29, 2025, the maximum total amount of fees receivable by Gamma Star Tech from Handan Renhe Hospital under the Handan Renhe Procurement Framework Agreement for each of the three years ending December 31, 2025, 2026 and 2027 should not exceed the caps set out below:

	Proposed annual caps		
	from May 29, 2025 to December 31, 2025	for the years ending December 31, 2026	2027
Total transaction amounts to be paid by Handan Renhe Hospital in respect of the procurement of medicine	3.9	7.0	8.1
Total transaction amounts to be paid by Handan Renhe Hospital in respect of the procurement of medical consumables	5.0	9.2	10.6

(RMB in millions)

From January 1, 2025 to May 28, 2025, (i) the total amount of fees in relation to the procurement of medicine paid by Handan Renhe Hospital to the Group under the Existing Renhe Medicine Procurement Agreement amounted to RMB1.9 million; and (ii) the total amount of fees in relation to the procurement of medical consumables paid by Handan Renhe Hospital to the Group under the Existing Renhe Medical Consumables Procurement Agreement amounted to RMB2.9 million. The aggregate transaction amounts for the transactions under the Existing Renhe Medicine Procurement Agreement have not exceeded the Existing Medicine Annual Caps; and the aggregate transaction amounts for the transactions under the Existing Renhe Medical Consumables Procurement Agreement have not exceeded the Existing Medical Consumables Annual Caps.

From May 29, 2025 to December 31, 2025, (i) the total amount of fees in relation to the procurement of medicine paid by Handan Renhe Hospital to the Group under the Handan Renhe Procurement Framework Agreement amounted to RMB2.2 million; and (ii) the total amount of fees in relation to the procurement of medical consumables paid by Handan Renhe Hospital to the Group under the Handan Renhe Procurement Framework Agreement amounted to RMB3.3 million.

Listing Rules Implications

Handan Renhe Hospital is a private not-for-profit hospital in which Xiangshang Investment (owned by Mr. Zhu and Ms. Zhu as to 40% and 60%, respectively) holds 30% organizer's interest (舉辦人權益), and hence an associate of Mr. Zhu and Ms. Zhu. Accordingly, Handan Renhe Hospital is a connected person of the Company under the Listing Rules and the transactions contemplated under the Handan Renhe Hospital Management Agreement and the Handan Renhe Procurement Framework Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (other than the profit ratio) under the Listing Rules in respect of the transactions contemplated under each of the Handan Renhe Hospital Management Agreement and the Handan Renhe Procurement Framework Agreements is expected to, on an annual basis, exceed 0.1% but less than 5%, and they are on normal commercial terms or better, the transactions will be subject to the reporting, annual review and announcement requirements, but will be exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Directors' Report

Annual Review by the Directors and Auditors

The Company has confirmed that the execution and enforcement of the Handan Renhe Hospital Management and the Handan Renhe Procurement Framework Agreements under the continuing connected transactions set out above conducted by the Group during the Reporting Period has followed the pricing principles of such continuing connected transactions.

The independent non-executive Directors had reviewed the above continuing connected transactions and confirmed that these transactions had been entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) either on normal commercial terms or on terms no less favorable to the Company; and
- (iii) in accordance with relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

The Company's external auditor, Deloitte Touche Tohmatsu, was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules.

RELATED PARTY TRANSACTIONS

Save as disclosed above, for the year ended December 31, 2025, there is no other related party transaction or continuing related party transaction set out in Note 35 to the consolidated financial statements which constitutes connected transaction or continuing connected transaction under the Listing Rules. In respect of the connected transactions and the continuing connected transactions, the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules (as amended from time to time).

NON-COMPETITION UNDERTAKINGS

As disclosed in the Prospectus, the Group's Controlling Shareholders have executed the deed of non-competition (the "**Deed of Non-competition**") in favor of the Company on June 8, 2020. Pursuant to the Deed of Non-competition, the Controlling Shareholders and/or their respective close associates (other than members of the Group) have confirmed that as of the date of the Deed of Non-competition, neither of the Controlling Shareholders or their respective close associates (other than members of the Group) had, in any form, engaged in, assisted or supported any third party in the operation of, participated, or had any interest in, any business that, directly or indirectly, competes or will compete or may compete with the business carried on or contemplated to be carried on by any member of the Group from time to time, namely hospital business, third-party radiotherapy business and hospital management business.

Each of them has confirmed in writing to the Company of their compliance with the Deed of Non-competition for disclosure in this annual report during the year ended December 31, 2025. No new business opportunity was informed by them as of December 31, 2025.

The independent non-executive Directors have reviewed the implementation of the Deed of Non-competition and are of the view that the non-competition undertakings have been complied with for the year ended December 31, 2025.

CONTINUING DISCLOSURE REQUIREMENTS UNDER RULE 13.21 OF THE LISTING RULES

As of the date of this annual report, the Company did not have other disclosure obligations under Rule 13.21 of the Listing Rules.

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

During the Reporting Period, the Company repurchased a total of 3,373,000 Shares on the Stock Exchange at an aggregate amount of approximately HK\$43.53 million. As of the date of this report, 1,928,000 Shares repurchased during the Reporting Period have been cancelled by the Company.

Details of the Shares repurchased during the Reporting Period are as follows:

Month of repurchases	Number of Shares repurchased on the Stock Exchange	Price paid per Share		Aggregate purchase price (HK\$ million)
		Highest (HK\$)	Lowest (HK\$)	
January 2025	1,928,000	14.14	12.44	25.58
December 2025	1,445,000	12.75	12.04	17.95

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including any sale of treasury Shares) during the Reporting Period. As of December 31, 2025, the Company held 1,445,000 treasury Shares. The Company intends to use the treasury Shares, including but not limited to cancellation, sale or transfer of treasury Shares in compliance with the Listing Rules and applicable rules and regulations, based on market conditions and the capital management needs of the Group that may arise from time-to-time.

PRE-EMPTIVE RIGHTS

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

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Connected Transactions" of the Prospectus, neither contract of significance made between the Company or any of its subsidiaries and a controlling shareholder or any of its subsidiaries, nor contract of significance made for the provision of services to the Company or any of its subsidiaries by a controlling shareholder or any of its subsidiaries was entered into during the year ended December 31, 2025.

Directors' Report

MANAGEMENT CONTRACTS

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

DONATIONS

During the Reporting Period, the Group made charitable and other donations totaling approximately RMB0.6 million for the year ended December 31, 2025.

SIGNIFICANT LEGAL PROCEEDINGS

For the year ended December 31, 2025, the Company was not engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatening against the Company.

PERMITTED INDEMNITY PROVISIONS

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

The Company has maintained directors' liability insurance to protect the Directors of the Company against any potential losses arising from his/her actual or alleged misconduct.

CORPORATE GOVERNANCE

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

SUFFICIENCY OF PUBLIC FLOAT

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

AUDIT COMMITTEE

The Audit Committee has, together with the management and auditor of the Company, reviewed the accounting principles and policies adopted by the Group and the consolidated financial statements for the year ended December 31, 2025.

AUDITOR

PricewaterhouseCoopers has retired as the auditor of the Company with effect from June 27, 2025 as a consensus on the proposed auditor's remuneration for the financial year ending December 31, 2025 could not be reached. Deloitte Touche Tohmatsu has been appointed as the new auditor of the Company with effect from June 27, 2025 as the auditor of the Company for the year ending December 31, 2025. For details regarding the change of auditor of the Company, please refer to the announcements of the Company dated May 29, 2025 and June 27, 2025 and the circular of the Company dated June 3, 2025. Save as disclosed above, there were no other changes in auditor of the Group during the past three years.

Deloitte Touche Tohmatsu will retire at the forthcoming 2026 annual general meeting, and being eligible offer themselves for reappointment. A resolution will be proposed to the Shareholders at the forthcoming 2026 annual general meeting to re-appoint Deloitte Touche Tohmatsu as the external auditor of the Company.

By order of the Board

Mr. Zhu Yiwen

Chairman

Hong Kong, March 30, 2026

Corporate Governance Report

The Board is pleased to present the corporate governance report of the Company for the year ended December 31, 2025.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Listing Rules as its own code of corporate governance. The Company has complied with all applicable code provisions under the CG Code for the year ended December 31, 2025, except as disclosed below.

On March 30, 2021, Mr. Zhu Yiwen (“**Mr. Zhu**”) was appointed as a non-executive Director and vice chairman of the Company. On July 6, 2021, the Company has appointed Mr. Zhu as the Chairman and he also ceased to act as the vice chairman of the Company. On August 23, 2021, Ms. Cheng Huanhuan was re-designated from the chief executive officer of the Company to co-chief executive officer of the Company and Mr. Zhu was re-designated from a non-executive Director to an executive Director as well as appointed as the chief executive officer of the Company. Since then, Mr. Zhu assumes the dual role as the Chairman and the chief executive officer of the Company. Notwithstanding that the code provision C.2.1 of the CG Code provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual, the Board is of the view that with support of the mature corporate structure of the Company with a strict operational system and a set of procedural rules for the Board meetings, the Chairman does not have any power different from that of other Directors in relation to the decision making process. Moreover, the Company has also implemented an integrated system and a structured procedure to daily operations of the Group which ensure the diligence and efficiency of the chief executive officer. As such, the Board believes that the management structure of the Company will ensure management efficiency and at the same time, protect the rights of all Shareholders to the greatest extent. The Board will continue to review the effectiveness of the corporate governance structure to consider whether any further improvement to the above personnel arrangements is required.

The Company will continue to review and monitor its corporate governance practices to ensure compliance with the disclosure requirements as set out in Appendix C1 of the Listing Rules.

CORPORATE GOVERNANCE AND ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

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

We acknowledge that to survive in a competitive business environment, both are intertwined and the key for success would be to ensure the board practices good governance while having sustainability in mind. The Group is keen to monitor and response to changes in its business and the external environment. Therefore, the Group is committed to strengthening its management’s efforts to promote a sustainable development plan through good corporate governance, environmental protection, community investment and workplace practices. The Company will issue separately an Environmental, Social and Governance Report (the “**ESG Report**”). The ESG Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide as set out in Appendix C2 to the Listing Rules. The ESG Report will present the Company’s commitment to sustainable development during the year under review, and it will cover the key social, environmental and economic aspects and its respective impact arising from the activities of the Group.

CORPORATE STRATEGIES, BUSINESS MODEL AND CULTURE

Corporate Culture and Values

Our vision

Making Healthcare Services More Accessible and Affordable and Making Life Healthier

Our values

To Be Honest, To Be Practical and To Be Credible

Our Objectives

We endeavor to make healthcare services more accessible and affordable, addressing unmet demand of oncology patients in China

Our Strategies and Business Models

Since we started our business in 2009, we have built a nationwide footprint of oncology-focused hospitals and radiotherapy centers through a combination of organic growth, strategic acquisitions and cooperation with hospital partners. As of December 31, 2025, we operated or managed a network of sixteen oncology-focused hospitals, with these in-network hospitals spanning across thirteen cities in eight provinces in China.

Our Competitive Advantages

- The advanced oncology healthcare group in China, well positioned to capture the significant unmet demand
- An extensive and nationwide footprint of oncology-focused hospitals and radiotherapy centers
- A high-caliber and multi-disciplinary team of medical professionals
- Unique and vertically integrated radiotherapy service model underpinned by our proprietary SRT equipment
- Highly scalable business model empowered by our centralized and standardized management system
- Experienced and visionary management team with strong support from Shareholders

With the hope of increasing our employees' job satisfaction and involvement, we organize induction sessions for each new employee to help them understand our culture, values, strategies and philosophies; organize a number of after-work recreational activities; hold various trainings and seminars and offer competitive remuneration packages to them so that employees will contribute wholeheartedly to the Group. Coupled with the effort of our employees, we make use of our core competitive advantages with the hope to outperform our competitors in the market and make a higher return to our stakeholders. Further discussion and analysis on the review of the Group's business and an analysis of the Group's financial performance and likely future development in the Group's business, please refer to the sections headed "Management Discussion and Analysis" and "Directors' Report" as set out in this annual report.

Corporate Governance Report

MODEL CODE FOR SECURITIES TRANSACTIONS

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

Having made specific enquiries of all Directors, each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code for the year ended December 31, 2025. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management members or relevant employees of the Group for the year ended December 31, 2025.

THE BOARD

Board Composition

During the year under review and as of the date of this annual report, the Board comprises the following Directors:

Executive Directors

Mr. Zhu Yiwen (*Chairman*)
Mr. Ren Ai
Ms. Cheng Huanhuan
Mr. Zhang Wenshan
Ms. Jiang Hui

Independent Non-executive Directors

Mr. Ye Changqing
Mr. Zhao Chun
Mr. Zhang Guozhong (*appointed with effect from May 29, 2025*)
Mr. Liu Yanqun (*retired with effect from May 29, 2025*)

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

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

Corporate Governance Report

Independent Non-executive Directors and independence mechanism

Each of the independent non-executive Directors has entered into a service contract or an appointment letter with the Company, under which they agreed to act as Directors for a term of three years commencing from their respective date of appointment, which may be terminated by one month's notice in writing served by either the respective Director or the Company. The appointments are subject to the provisions of retirement and rotation of Directors under the Articles of Association and the applicable Listing Rules.

For the year ended December 31, 2025, the Board has at all times met the requirements under Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

For the year ended December 31, 2025, the Company has also complied with Rule 3.10A of the Listing Rules relating to the appointment of independent non-executive Directors representing at least one-third of the Board.

The Nomination Committee will assess the independency of all the independent non-executive Directors, including Mr. Ye Changqing, Mr. Zhao Chun and Mr. Zhang Guozhong, annually to ensure that each of them satisfies the independence criteria as set out in Rule 3.13 of the Listing Rules and will also review their respective annual written confirmation of independence to the Company. As each of the independent non-executive Directors has confirmed his independence pursuant to Rule 3.13 of the Listing Rules, the Company considers all of them to be independent.

Each of independent non-executive Director possesses professional knowledge and experience in difference aspects which may enhance the diversity of the skills and perspectives to the Board. Mr. Ye Changqing has over 32 years of experience in professional accounting, financial advisory and investment services. Mr. Zhao Chun has more than 26 years of experience in the hospital management sector. Mr. Zhang Guozhong has over 26 years of experience in the healthcare management industry. Each of Mr. Ye, Mr. Zhao and Mr. Zhang, without any interference of other executive Directors, may contribute their individual independent judgements and opinions on making substantial corporate decisions and strategic development of the Group, particularly for those involving in major acquisitions and disposals or material transactions (in particular those that may involve conflict of interests) of the Group.

During the year under review, the Board noted to the independent confirmations made by each independent non-executive Director, considered their individual time commitment to the Company, and reviewed their respective contributions on independent judgements and opinions on the Group's possible acquisitions of target hospitals, repurchase of the Company's shares and concluded that the implementation of this independence mechanism is effective.

Corporate Governance Report

Appointment, Resignation and Re-election of Directors

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

Ms. Cheng Huanhuan has stepped down from her role as the co-chief executive officer of the Company due to a redesignation of duties in the Group. Ms. Cheng Huanhuan remains as an executive Director and has been appointed as the secretary to the Board and a member of the Nomination Committee, while Mr. Ren Ai, an executive Director, has been appointed as the co-chief executive officer of the Company and has stepped down from his role as the secretary to the Board and a member of the Nomination Committee, both effective on March 27, 2025. For details, please refer to the announcement of the Company dated March 27, 2025.

Mr. Liu Yanqun retired as an independent non-executive Director, chairman of the Nomination Committee, member of the Audit Committee and Remuneration Committee with effect from May 29, 2025, due to his desire to devote more time to his personal commitments. Mr. Zhang Guozhong has been appointed as an independent non-executive Director, chairman of the Nomination Committee, member of the Audit Committee and Remuneration Committee with effect from May 29, 2025. For details, please refer to the announcement of the Company dated May 29, 2025. On May 29, 2025, Mr. Zhang Guozhong has obtained the legal advice referred to in Rule 3.09D of the Listing Rules, and he has confirmed that he understood his obligations as a director of the Company.

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

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

Accordingly, Mr. Zhu Yiwen (an executive Director), Ms. Cheng Huanhuan (an executive Director) and Ms. Jiang Hui (an executive Director) shall retire from office by rotation at the forthcoming annual general meeting ("**AGM**") and, being eligible, will offer themselves for re-election at the AGM.

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

Corporate Governance Report

The Nomination Committee has considered that each of Mr. Zhu Yiwen (who founded the Group in November 2009, with rich experience in the healthcare industry and with over 30 years of clinical experience as an experienced physician), Ms. Cheng Huanhuan (who joined the Group for more than 15 years since it started its business in 2009 and was re-designated as the secretary to the Board of the Company in 2025) and Ms. Jiang Hui (who joined the Group for more than 15 years and responsible for overseeing the business operation of the Group's in-network radiotherapy centers), are all in possession of rich experience and knowledge of the Group. The Nomination Committee is satisfied that each of Mr. Zhu Yiwen, Ms. Cheng Huanhuan and Ms. Jiang Hui has performed their duties as Directors effectively. The Board is of the opinion that each of Mr. Zhu Yiwen, Ms. Cheng Huanhuan and Ms. Jiang Hui with their knowledge and experience will continue to bring valuable contribution to the Board.

The Nomination Committee has nominated, and the Board has recommended Mr. Zhu Yiwen, Ms. Cheng Huanhuan and Ms. Jiang Hui to stand for re-election at the AGM.

Responsibilities, Accountabilities and Contributions of the Board and Management

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

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

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

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

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

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

Remuneration of Directors and Senior Management

Remuneration Policy

The remuneration of the Directors is reviewed by the Remuneration Committee and approved by the Board. The relevant Director's experience, duties and responsibilities, time commitment, the Company's performance and the prevailing market conditions are taken into consideration in determining the emolument of the Directors. Details of which are set out in the sub-paragraph "REMUNERATION POLICY" under Directors' Report as set out in this annual report.

Corporate Governance Report

The remuneration of employees is based on their respective experience, individual performance and prevailing market conditions.

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

Details of the remuneration of the members of the Board for the year ended December 31, 2025 are set out in Note 11 to the consolidated financial statements in this annual report.

The remuneration of the senior management members of the Company by band during the year ended December 31, 2025 is set out below:

Remuneration Band	Number of Individuals
HK\$500,001 to HK\$1,000,000	1
HK\$1,000,001 to HK\$1,500,000	2
HK\$1,500,001 to HK\$2,000,000	2

Continuous Professional Development of Directors

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

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

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

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

For the year ended December 31, 2025, all the current Directors have been provided with the relevant guideline materials regarding the Listing Rules, regulatory updates and duty of disclosure of interests.

Corporate Governance Report

Name of Directors	Law and Regulation Updates and Regulatory Dynamics
Executive Directors	
Mr. Zhu Yiwen (<i>Chairman</i>)	✓
Mr. Ren Ai	✓
Ms. Cheng Huanhuan	✓
Mr. Zhang Wenshan	✓
Ms. Jiang Hui	✓
Independent Non-executive Directors	
Mr. Ye Changqing	✓
Mr. Zhao Chun	✓
Mr. Zhang Guozhong (<i>appointed with effect from May 29, 2025</i>)	✓
Mr. Liu Yanqun (<i>retired with effect from May 29, 2025</i>)	✓

Board Diversity

The Company has adopted a board diversity policy (the “**Board Diversity Policy**”) which sets out the approach to achieve and maintain an appropriate balance of diversity perspectives of the Board that are relevant to the business growth. Pursuant to the Board Diversity Policy, the Company seeks to achieve diversity of the Board through the consideration of several factors when selecting candidates to the Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The existing members of the Board were appointed after considering the aforesaid factors.

As of the date of this annual report, the Board comprises a total of 8 Directors, of which 5 were executive Directors, namely Mr. Zhu Yiwen (Chairman), Mr. Ren Ai, Ms. Cheng Huanhuan, Mr. Zhang Wenshan and Ms. Jiang Hui; and 3 were independent non-executive Directors, namely Mr. Ye Changqing, Mr. Zhao Chun and Mr. Zhang Guozhong.

Name of Director	Gender	Age	Working Experience	Education Level	Other Accreditation
Zhu Yiwen (朱義文)	Male	63	Over 30 years of clinical experience as an experienced physician	<ul style="list-style-type: none"> – Graduated from universities – Obtained bachelor’s degree in medicine, majoring in neurosurgery – Obtained master’s degree in clinical medicine 	<ul style="list-style-type: none"> – Was accredited as an associate-chief physician – Was an associate professor by the Personnel Department of Jiangsu Province (江蘇省人事廳) – Was a member of Chinese Medical Association (中華醫學會) – Was a member of Radiation Oncology Specialty Society (放射腫瘤治療專科學會) of Jiangsu Branch of the Chinese Medical Association (中華醫學會江蘇分會)

Corporate Governance Report

Name of Director	Gender	Age	Working Experience	Education Level	Other Accreditation
Ren Ai (任愛)	Male	41	Over 15 years of working experience, primarily responsible for supervising the daily operation and management, in charge of the investment and financing, supply chain management and human resources	<ul style="list-style-type: none"> – Graduated from universities – Obtained bachelor's degree in engineering – Obtained master's degree in business administration 	
Cheng Huanhuan (程歡歡)	Female	42	Over 15 years of working experience, primarily responsible for implementing decisions of the Board, overseeing the daily operation and management, building corporate culture, assisting with various board matters in relation to development strategies, operational goals and corporate governance	<ul style="list-style-type: none"> – Graduated from universities – Obtained bachelor's degree in literature – Obtained master's degree in translation studies 	
Zhang Wenshan (張文山)	Male	44	Over 20 years of working experience, primarily responsible for overseeing the research, development and manufacturing operations	<ul style="list-style-type: none"> – Graduated from university – Obtained bachelor's degree in administrative management 	
Jiang Hui (姜蕙)	Female	50	Over 20 years of working experience, primarily responsible for overseeing the business operation of the Group's in-network radiotherapy centers	<ul style="list-style-type: none"> – Graduated from university – Obtained bachelor's degree in accounting 	<ul style="list-style-type: none"> – Was accredited as a mid-level accountant by the Shanghai Bureau of Human Resources and Social Security (上海市人力資源和社會保障局)
Ye Changqing (葉長青)	Male	55	Over 30 years of experience in professional accounting, financial advisory and investment services	<ul style="list-style-type: none"> – Graduated from Universities – Obtained his bachelor's degree in journalism – Obtained master's degree in business administration 	<ul style="list-style-type: none"> – Currently a member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會)

Corporate Governance Report

Name of Director	Gender	Age	Working Experience	Education Level	Other Accreditation
Zhao Chun (趙淳)	Male	73	Over 25 years of experience in the hospital management sector	<ul style="list-style-type: none"> – Graduated from university – Obtained diploma in philosophy 	<ul style="list-style-type: none"> – Currently the chairman of committee of the Chinese Medical Foundation of Medical Clinical Specialist Development Specialist Committee* (中國醫學基金會醫學臨床專科發展專家委員會) and the vice chairman of the China Ambulatory Surgery Alliance (中國日間手術合作聯盟) – Previously served as the secretary general and president of the Management of Private Hospitals Branch of Chinese Hospital Association (中國醫院協會 – 民營醫院管理分會) – Previously served as the vice chairman of the Expert Certification Committee on the Competitiveness of Chinese Private Hospitals* (中國醫院競爭力(民營)星級認證專家委員會) of the Hong Kong Institute of Asclepius Hospital Management* (香港艾力彼醫院管理研究中心)
Zhang Guozhong (張國忠)	Male	54	Over 25 years of experience in the healthcare management industry	<ul style="list-style-type: none"> – Graduated from university – Obtained his bachelor's degree in health administration 	<ul style="list-style-type: none"> – Currently a deputy director of the Hainan Guokang Health Research Institute (海南國康衛生健康研究院) – Currently a deputy director and secretary-general of the Sixth Committee of the Private Hospital Branch of the China Hospital Association (中國醫院協會民營醫院分會) – Currently a director of the Seventh Council of the Chinese Medical Equipment Association (中國醫學裝備協會) – Currently a secretary-general of the Second Committee of the Private Hospital Equipment Management Branch of the Chinese Medical Equipment Association (中國醫學裝備協會民營醫院裝備管理分會) – Currently an executive director of the Second Committee of the Health Industry Branch of the Chinese Health Economics Association (中國衛生經濟學會) – Currently a deputy director of the Medical Clinical Specialty Development Expert Committee of the China Medical Foundation (中國醫學基金會)

Corporate Governance Report

The Board has 8 Directors, including 6 males and 2 females; 4 Directors aged between 41 to 50, 2 Directors aged between 51 to 60 and 2 Directors aged over 60. Among them, 2 have over 15 years, 4 have over 20 years 2 has over 30 years of working experience. They are all graduated from universities, most of them obtained bachelor's degree, some of them obtained master's degree and having professional qualifications and was accredited by different organizations. Our Directors have a balanced mix of experiences and industry background, including but not limited to experiences in clinics, research, development, manufacturing operations, hospital management, financial advisory, accounting and investment industries. They obtained degrees or diploma in various majors including medical, business administration, health administration, accounting, literature, translation and philosophy. The three independent non-executive Directors are with different industries and education backgrounds, representing over one-third of the total members of the Board, and are invited to serve on the Audit Committee, the Remuneration Committee, and the Nomination Committee. The Board has striven to ensure that it has the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategies for the Board to be effective.

All Directors, including independent non-executive Directors, have a balanced of gender and brought a wide spectrum of valuable business experience, knowledge, and professionalism to the Board for its efficient and effective functioning. During the year under review, the Board reviewed the Board Diversity Policy and considers that the implementation of this Policy remains effective, and all members of the Board have generally achieved diversity in different aspects.

Workforce Diversity

Employees are the invaluable asset of the Company, this is because each person hired brings a diverse set of skills, knowledge, expertise, abilities, skillsets, and experience. Employee efficiency and talent determine the pace and growth of the Company. When employees feel valued, they will gladly compete in the race and beat the competition. Therefore, we set up a remuneration policy with an aim to attract, motivate and retain qualified and expert individuals that we need to achieve our strategic and operational objectives. Remuneration is determined with reference to performance, skills, qualifications and experience of the staff concerned and in accordance with the prevailing industry practice. On top of salary payments, other employee benefits primarily include social insurance and housing provident contributions burdened by the Group, performance-based compensation, and discretionary bonus.

Adhering to the philosophy of being people-oriented, the Group cherishes the talents of employees, protects the rights and interests of employees, and is committed to providing employees with a good and stable career development platform to achieve the common development of employees and the Group. As of December 31, 2025, the Group had a total of 7,906 full-time employees, including 2,353 male employees and 5,553 female employees, 7,903 located in Mainland China and 3 located in Hong Kong SAR.

The following table shows the total number of employees of the Group by gender, age, employment type and position as of December 31, 2025.

Unit: Number of Employees Gender	Age Group				Total
	30 or below	31 to 40	41 to 50	51 or above	
Male	637	766	524	426	2,353
Female	2,197	2,378	731	247	5,553
Total	2,834	3,144	1,255	673	7,906

Corporate Governance Report

General Employees	Position		Total
	Mid-level Management	Senior Management and Directors	
6,710	1,102	94	7,906

BOARD COMMITTEES

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

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

Audit Committee

The Audit Committee was established by the Board with specific written terms of reference. The terms of reference for the Audit Committee is available on the Company's website and the website of the Stock Exchange. The Audit Committee during the year and as at the date of this annual report consists of Mr. Ye Changqing, Mr. Zhao Chun, Mr. Liu Yanqun (retired on May 29, 2025) and Mr. Zhang Guozhong (appointed on May 29, 2025), being all the independent non-executive Directors and is chaired by Mr. Ye Changqing who possesses appropriate professional accounting qualification as required under the Listing Rules.

The main duties of the Audit Committee are to assist the Board in reviewing compliance, accounting policies and financial reporting procedures; supervising the implementation of the internal audit system; advising on the appointment or replacement of external auditors; and liaising between the internal audit department and external auditors.

The Audit Committee held 2 meetings and met the Company's external auditors during the year ended December 31, 2025.

The major work performed by the Audit Committee during the year included the following:

- Reviewed the draft annual report and accounts as well as the draft annual results announcement for the year ended December 31, 2024;
- Reviewed the draft interim report and accounts as well as the draft interim results announcement for the six months ended June 30, 2025;
- Discussed with the external auditors the nature and scope of the audit and reporting obligations;
- Considered the re-appointment of the external auditors;
- Reviewed the effectiveness of the risk management and internal control systems;
- Reviewed the continuing connected transactions of the Company; and
- Considered the terms of engagement of the external auditors, including their proposed fees.

Corporate Governance Report

Remuneration Committee

The Remuneration Committee was established by the Board with specific written terms of reference. The terms of reference for the Remuneration Committee is available on the Company's website and the website of the Stock Exchange. The Remuneration Committee during the year and as of the date of this annual report consists of Mr. Ren Ai, Mr. Zhao Chun, Mr. Liu Yanqun (retired on May 29, 2025) and Mr. Zhang Guozhong (appointed on May 29, 2025), and is currently chaired by Mr. Zhao Chun.

The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages of each Director and senior management, and the remuneration policy and structure for all Directors and senior management; reviewing and approving compensations payable to the Directors and senior management; reviewing the performance of the Directors and senior management; supervising the implementation of the remuneration policy of the Company; and approving the terms of executive Directors' service contracts.

The Remuneration Committee held 2 meetings during the year ended December 31, 2025.

The major work performed by the Remuneration Committee during the year included the following:

- Reviewed and approved the matters relating to share schemes under Chapter 17 of the Listing Rules (if applicable);
- Reviewed the Company's remuneration policy and structure for all Directors and Senior Management; and
- Considered the remuneration package for the appointment of an independent non-executive Director.

Nomination Committee

The Nomination Committee was established by the Board with specific written terms of reference. The terms of reference for the Nomination Committee is available on the Company's website and the website of the Stock Exchange. The Nomination Committee during the year and as of the date of this annual report consists of Mr. Ren Ai (ceased on March 27, 2025), Ms. Cheng Huanhuan (appointed on March 27, 2025), Mr. Zhao Chun, Mr. Liu Yanqun (retired on May 29, 2025) and Mr. Zhang Guozhong (appointed on May 29, 2025) with Mr. Zhang Guozhong acts as the chairman of the Nomination Committee.

The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of independent non-executive Directors.

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

Corporate Governance Report

The Nomination Committee has formulated a nomination policy for the Board and key senior management, pursuant to which the following criteria should be considered: the candidate's character, qualifications, experience, independence, and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making a recommendation to the Board. The nomination policy also sets out the process and procedures for the nomination of Directors and key senior management. The Nomination Committee shall actively communicate with relevant departments of the Company and study the Company's demand for new Directors and key senior management and present such information in writing. The Nomination Committee may extensively search for candidates for the Directors and key senior management within the Company, any company of which the Company is the holding company or in which the Company holds shares, the human resources market and other sources. The Nomination Committee shall convene a meeting to examine the qualifications of the candidates against the selection criteria for Directors and key senior management, make recommendations and submit relevant materials to the Board and take other follow-up actions according to the decision and feedback from the Board.

The Nomination Committee held 2 meetings during the year ended December 31, 2025.

The major work performed by the Nomination Committee during the year included the following:

- Reviewed the suitability of a candidate to be appointed as a Director;
- Considered the nomination of the retiring Directors for re-election as Directors at the annual general meeting;
- Reviewed the structure, size and composition of the Board;
- Assessed the independence of all independence non-executive Directors;
- Reviewed the nomination policy; and
- Reviewed the Board Diversity Policy.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

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

Corporate Governance Report

ATTENDANCE RECORD OF BOARD AND BOARD COMMITTEE MEETINGS AND GENERAL MEETINGS

Code provision C.5.1 of the CG Code provides that board meetings should be held at least four times a year at approximately quarterly intervals. 7 Board meetings were held for the year ended December 31, 2025.

The attendance records of each Director at the Board and Board Committee meetings of the Company held during the year ended December 31, 2025 is set out in the table below:

Name of Directors	Attendance/Number of Meetings			
	Board	Audit Committee	Remuneration Committee	Nomination Committee
Executive Directors				
Mr. Zhu Yiwen (<i>Chairman</i>)	7/7	N/A	N/A	N/A
Mr. Ren Ai (<i>Note 1</i>)	7/7	N/A	2/2	1/1
Ms. Cheng Huanhuan (<i>Note 2</i>)	7/7	N/A	N/A	1/1
Mr. Zhang Wenshan	7/7	N/A	N/A	N/A
Ms. Jiang Hui	7/7	N/A	N/A	N/A
Independent Non-executive Directors				
Mr. Liu Yanqun (<i>Note 3</i>)	2/2	1/1	2/2	2/2
Mr. Ye Changqing	7/7	2/2	N/A	N/A
Mr. Zhao Chun	7/7	2/2	2/2	2/2
Mr. Zhang Guozhong (<i>Note 4</i>)	5/5	1/1	N/A	N/A

The annual general meeting of the Company was held on June 27, 2025 (the “**2025 AGM**”).

The attendance records of each Director at the 2025 AGM held during the year ended December 31, 2025 is set out in the table below:

Name of Directors	Attendance of the 2025 AGM
Executive Directors	
Mr. Zhu Yiwen (<i>Chairman</i>)	✓
Mr. Ren Ai (<i>Note 1</i>)	✓
Ms. Cheng Huanhuan (<i>Note 2</i>)	✓
Mr. Zhang Wenshan	✓
Ms. Jiang Hui	✓
Independent Non-executive Directors	
Mr. Zhao Chun	✓
Mr. Ye Changqing	✓
Mr. Liu Yanqun (<i>Note 3</i>)	N/A
Mr. Zhang Guozhong (<i>Note 4</i>)	✓

Corporate Governance Report

Notes:

1. Mr. Ren Ai, an executive Director, has been appointed as the co-chief executive officer and has stepped down from his role as the secretary to the Board and a member of the Nomination Committee, both effective on March 27, 2025.
2. Ms. Cheng Huanhuan, an executive Director and the co-chief executive officer of the Company, has stepped down from her role as the co-chief executive officer due to a redesignation of duties in the Group. Ms. Cheng remains as an executive Director and has been appointed as the secretary to the Board and a member of the Nomination Committee, both effective on March 27, 2025.
3. Mr. Liu Yanqun retired as an independent non-executive Director effective from May 29, 2025. Mr. Liu also ceased to act as the chairman of the Nomination Committee, a member of the Audit Committee and the Remuneration Committee of the Board effective from May 29, 2025.
4. Mr. Zhang Guozhong was appointed as an independent non-executive Director effective from May 29, 2025. Mr. Zhang was also appointed as the chairman of the Nomination Committee, a member of the Audit Committee and the Remuneration Committee of the Board effective from May 29, 2025.

During the year ended December 31, 2025, the Chairman held a meeting with the independent non-executive Directors without the presence of other Directors.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group for the year ended December 31, 2025.

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

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

The statement of the independent auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the Independent Auditor's Report on pages 90 to 94 of this annual report.

AUDITOR'S REMUNERATION

An analysis of the remuneration paid to the external auditor of the Company, Deloitte Touche Tohmatsu, for the year ended December 31, 2025, is set out below:

Type of Services	Amount (RMB'000)
Audit services	2,600
Non-audit services	124
Total	2,724

Corporate Governance Report

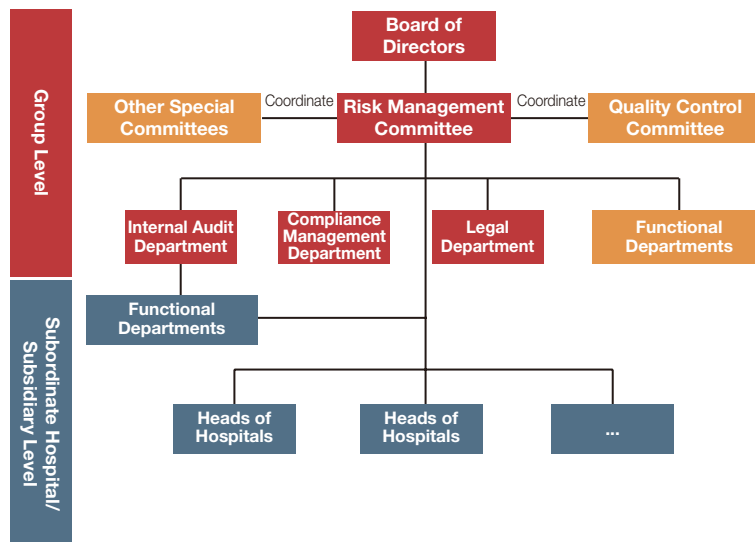
RISK MANAGEMENT AND INTERNAL CONTROL

Responsibilities

The Board is responsible for the Group's risk management and internal control and reviewing the related management structure. The Board believes that a sound risk management and internal control system is essential to the realization of the Group's strategic objectives, and the Board is responsible for the effective operation of the Group's risk management and internal control system. A sound risk management and internal control system aims to reduce the risks faced by the Group in the process of achieving various business goals, and to provide reasonable but not absolute guarantees for the realization of business goals.

Risk Management and Internal Control Framework

The Group has established a two-tiered organizational structure for risk management, including the headquarters level and the subordinate hospital/subsidiary level. The headquarters level provides assistance and guidance to risk assessment for the subordinate hospitals/subsidiaries/business units. This framework is designed to promote and review the continuous operation and improvement of the risk management and internal control systems of the Group's various business links. The specific structure is as follows:



Corporate Governance Report

The roles and responsibilities of each member in the risk management structure are as follows:

Group Level	Main Responsibilities
Board of Directors	<ul style="list-style-type: none"> • To consider and approve the overall plan of the Group’s risk management system; • To decide the appointment and dismissal of the person in charge of the Group’s risk management; • To review the risk management evaluation report submitted to the general meeting; and • To supervise the risk management responsibilities of the Risk Management Committee and comprehensively manage the Group’s risk.
Risk Management Committee	<ul style="list-style-type: none"> • To review the organization of risk management and its responsibilities plan, and review the basic system of risk management; • To review the Risk Management Operation Manual and its revisions; • To promote risk management and risk assessment, and regularly appoint relevant responsible persons to perform risk assessment; • To review major risk assessment reports and various risk management reports; • To understand the major risks faced by the Group and the current status of risk management, and make effective risk control decisions; • To review major risk management measures, correct and deal with decisions or behaviors made by relevant organizations or individuals that transcend the risk management system; and • Risk management and other major issues.

Corporate Governance Report

Group Level	Main Responsibilities
Internal Audit Department, Compliance Management Department, Legal Department	<ul style="list-style-type: none"> • To promote the construction of a Group-level risk management system; • Responsible for the revision of the Risk Management Operation Manual and submit it to the Risk Management Committee for review; • To organize and coordinate with various departments and hospitals of the headquarters to carry out Group-level major risk identification and assessment, and summarize and analyze the above information to form Group-level major risk assessment reports and various risk management reports, and submit them to the Risk Management Committee and reveal information of major risks at the Group level; • Responsible for managing Group-level risk, researching and proposing relevant measures and plans for Group-level major risk management, and providing professional advice on major risk decisions; • To monitor the main business risks faced by hospitals and the effectiveness of corresponding risk management measures; and • To supervise the cultivation of the Group's overall risk management culture.
Other functional departments of the headquarters, heads and personnel of hospitals	<ul style="list-style-type: none"> • To cooperate with various risk management departments at the headquarters level to regularly update the risk list and risk assessment of its business; • To formulate the relevant risk response plan of its business and implement the response plan; responsible for the promotion and implementation of specific risk management measures; • To monitor various risks of its business, and report risk information to the Internal Audit Department of the headquarters in a timely manner; and • To handle other related risk management work.

The Group has formulated the Risk Management Manual to clarify the concepts of risk and risk management, standardize the Group's risk management structure, and formulate the Group's risk management processes and procedures. The Group carries out risk assessment in accordance with systematic risk management procedures in each financial year. From the Group-level perspective, the Group identifies the risks linked to its overall business or related to multiple departments of its subsidiaries and conducts risk analysis by assessing the degree of impact of the risk and the probability of occurrence, and then establishes or formulates corresponding risk response measures to maintain the Group-level risks within a controllable range.

Corporate Governance Report

The Group has established an internal audit function independent from the business operation departments, which reviews and evaluates the suitability and effectiveness of the Group's risk management and internal control through the use of systematic and standardized methods, but does not directly participate in or be responsible for the design and implementation of risk management and internal control system, business activities, decision-making or implementation of business management of the audited objects. The internal audit function directly reports to the Group's Board on the review and evaluation of risk management and internal control to assist the Board in promoting and supervising the operation of the Group's risk management and internal control system.

The Group has established the Information Disclosure Management System which stipulates the definition of inside information and the handling and disclosure procedures of inside information. The Group uses annual reports, interim reports, and results announcements related to the above reports to disclose information to investors and the public to ensure timely fulfillment of the obligation of timely disclosure of information in accordance with the relevant provisions of the Stock Exchange. The Group strictly prohibits unauthorized use or dissemination of confidential or inside information.

The Company has formulated a whistleblowing policy to develop compliant whistleblowing channels for both internal and external parties that enable the Company's staff, business partners and other informed parties to report conduct compromising the Company's interest. The internal audit department of the Company reports relevant work to the Audit Committee and then reports to the Board on an annual basis.

Anti-corruption

The Group resolutely eradicates all forms of corruption, and explicitly prohibits commercial bribery by formulating relevant internal policies. In November 2021, the National Health Commission, the National Healthcare Security Administration and the National Administration of Traditional Chinese Medicine issued the Notice on Issuing the Nine Principles for the Incorruptible Practice of Staff in Medical Institutions (《關於印發醫療機構工作人員廉潔從業九項準則的通知》). Through formulation of the internal code of conduct and organization of related training courses, the Group requires all employees to practice with integrity, and keep the nine principles in mind and put them into practice. For details, please refer to the 2025 Environmental, Social and Governance Report.

Review of Risk Management and Internal Control for 2025

The Board was responsible for overseeing the Group's risk management and internal control systems and reviewing their effectiveness twice a year for the periods ended June 30, 2025 and December 31, 2025. Such systems, which covered all important aspects of control, including financial control, operation control and compliance control, 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.

Corporate Governance Report

During the year ended December 31, 2025, the Board completed the review of the Group's risk management and internal control systems and was satisfied with the results. The Board and management also reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit, financial reporting functions, as well as those relating to the Company's ESG performance and reporting. The Company considers that the training courses and related budgets received by the staff were adequate.

The Group continued to review the effectiveness of the internal control system, and adopted measures and procedures in various aspects, such as fund management, budget management, and market activities, to strengthen the effectiveness of the internal control system.

The Group has established a comprehensive risk management system and has achieved organic integration with the existing internal control system. Through systematic risk assessment procedures, the Group identified and established a list of risks (including, among others, the financial risks, ESG risk, operations risk, process risk and economic risk) in line with the Company's business conditions and environmental changes, evaluated the likelihood and impact of risks to rank the severity of such impacts on the Group's business, and then formulated risk management measures to control the risks to an acceptable level. Finally, through internal supervision, the Group effectively implemented risk management measures, reflecting the effect of risk management. In respect of the Group's financial risks, the principal risks for operations and the ESG risks and its performance, please refer to the sub-sections headed "Foreign Exchange Risk", "Interest Rate Risk", "Credit Risk" and "Liquidity Risk" under Management Discussion and Analysis as set out on pages 26 to 27 of this annual report and the sub-sections headed "PRINCIPAL RISKS AND UNCERTAINTIES", "ENVIRONMENTAL POLICIES AND PERFORMANCE" and "COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS" under Directors' Report as set out on pages 35 to 36 of this annual report. Please also refer to a separate report "2025 Environmental, Social and Governance Report" for details of the Group's sustainable development and stakeholder engagement.

In addition, the Group has established a quality control committee to supervise the healthcare business of the Group's hospitals and clinics. The Group continues to establish, improve, and implement various rules and regulations on medical quality.

The Board has reviewed the effectiveness of the risk management and internal control measures of the Group for the year ended December 31, 2025, to ensure that a sound system is maintained and operated by the management in compliance with the agreed procedures and standards. The review covered all material controls, including financial, operational and compliance controls and risk management functions. In particular, the Board considered the resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions, as well as those relating to the Group's ESG performance and reporting, to be adequate. The review was conducted through discussions with the management of the Company, its external and internal auditors and the assessment performed by the Audit Committee. The Board concluded that these procedures did not identify any material internal control deficiencies of the Group. The Board considers that the risk management and internal control systems of the Group are effective and adequate.

The Board considers that the current risk management and internal control measures cover the existing businesses of the Group and will continue to be optimized in line with the business development of the Group.

Corporate Governance Report

JOINT COMPANY SECRETARIES

Mr. Ren Ai, the joint company secretary of the Company, is responsible for advising the Board on corporate governance matters and ensuring that the Board's policies and procedures, as well as the applicable laws, rules and regulations are followed.

To uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company also engaged Mr. Lau Kwok Yin, a vice president of SWCS Corporate Services Group (Hong Kong) Limited (a company secretarial service provider), as the other joint company secretary to assist Mr. Ren to discharge his duties as company secretary of the Company. The primary corporate contact person of Mr. Lau at the Company is Mr. Ren, the joint company secretary of the Company.

Mr. Lau Kwok Yin (劉國賢), aged 40, a vice president of SWCS Corporate Services Group (Hong Kong) Limited, has over 15 years' experience in corporate secretarial services, finance and bank operations. He holds a bachelor's degree in Business Administration in Accounting and Finance from The University of Hong Kong, and is a member of the Hong Kong Institute of Certified Public Accountants, a Chartered Financial Analyst charter holder, and a fellow of the Chartered Governance Institute and the Hong Kong Chartered Governance Institute.

For the year ended December 31, 2025, the joint company secretaries of the Company have undertaken not less than 15 hours of relevant professional training which is compliant with Rule 3.29 of the Listing Rules.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company has established a Shareholders' communication policy which will be reviewed on a regular basis, to ensure its effectiveness.

The Company considers that effective communications with its Shareholders and investors are essential for enhancing investor relations and more understanding to the Group's business performance and strategies. The Company endeavors to maintain on-going dialogues with Shareholders and investors through annual general meetings and other general meetings, media meetings, publishing corporate communications such as interim results, annual results, financial reports, announcements, and circulars. Shareholders and investors may make enquiries with the Company through channels as mentioned above and our IR contact. Upon receipt of enquiries from Shareholders, the Company will respond to their questions as soon as practicable, make recommendations to the Board and ratify any defects if applicable.

The Chairman, respective chairmen of the Audit Committee, Remuneration Committee and Nomination Committee, or, in their absence, other members of the respective board committees, will make themselves available at the annual general meetings to meet Shareholders, answer their enquiries, and to understand their views.

During the year under review, an annual general meeting of the Company was held on June 27, 2025, at which all the Directors attended either in person or by electronic means to communicate with the Shareholders. In addition, all corporate communications and regulatory announcements were published by the Company on its website and the website of the Stock Exchange in a timely manner. The Board reviewed the Company's Shareholders engagement and communication activities conducted in 2025 and was satisfied with the implementation and effectiveness of the Shareholders' communication policy of the Company.

Corporate Governance Report

DISSEMINATION OF CORPORATE COMMUNICATIONS

Pursuant to Rule 2.07A of the Listing Rules and the Articles of Association, the Company will disseminate the future corporate communications of the Company (the “**Corporate Communications**”) to its Shareholders electronically and only send Corporate Communications in printed form to the Shareholders upon request.

Details of the arrangements (i) for dissemination of Corporate Communications and (ii) for requesting printed copy of Corporate Communications are published under the section “Investor Relations” in the Company’s website (www.hygeia-group.com.cn).

DIVIDEND POLICY

Subject to the requirements of the Articles of Association, Cayman Islands law and other applicable laws and regulations, the Board has absolute discretion to recommend any dividend. The determination to pay dividends will be made at the discretion of the Board and will depend upon the Group’s operations and earnings, capital requirements and surplus, general financial conditions, contractual restrictions and other factors that the Directors consider relevant. The Company will continue to re-evaluate its dividend policy in light of its financial condition and the prevailing economic environment.

All dividends, bonuses or other distributions or the proceeds of the realization of any of the foregoing unclaimed for one year after having been declared by the Company until claimed and, notwithstanding any entry in any books of the Company may be invested or otherwise made use of by the Board for the benefit of the Company or otherwise howsoever, and the Company shall not constitute a trustee in respect thereof. All dividends, bonuses or other distributions or the proceeds of the realization of any of the foregoing unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall be reverted to the Company and, in the case where any of the same are securities of the Company, may be re-allotted or re-issued for such consideration as the Board thinks fit and the proceeds thereof shall accrue to the benefit of the Company absolutely.

SHAREHOLDERS’ RIGHTS

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

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

Convening of extraordinary general meeting and putting forward proposals

In accordance with Article 64 of the Articles of Association, one or more members holding, as at the date of deposit of the requisition, in aggregate not less than one-tenth of the voting rights (on a one vote per share basis) in the share capital of the Company may also make a requisition to convene an extraordinary general meeting and add resolutions to the agenda of a meeting. Such requisition shall be made in writing to the Board or the secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

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

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

Enquiries to the Board

Shareholders and investors who intend to put forward their enquiries about the Company to the Board could send their enquiries to the headquarters of the Company at Unit 1605/1606, Building 1, Fuyuan Zhidi Square, 38 Yuanshen Road, Pudong New Area, Shanghai, the PRC (email address: IR@hygeia-group.com.cn).

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

CONSTITUTIONAL DOCUMENTS

For the year ended December 31, 2025, there was no change in the Company's Memorandum and Articles of Association.

Independent Auditor's Report

TO THE SHAREHOLDERS OF HYGEIA HEALTHCARE HOLDINGS CO., LIMITED

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Hygeia Healthcare Holdings Co., Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 95 to 175, which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). 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 International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (the "IESBA Code"), as applicable to audits of the financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. The matter was 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 the matter.

KEY AUDIT MATTER (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
<p>Goodwill impairment assessment</p> <p>As disclosed in Note 16 to the consolidated financial statements, the carrying amount of goodwill is Renminbi (“RMB”) 3,441,128,000 as at December 31, 2025, which accounted for approximately 32.3% of the total assets of the Group.</p> <p>We identified the goodwill impairment assessment as a key audit matter due to the significance of the goodwill balance and the involvement of significant judgements and estimates by management in preparation of the goodwill impairment assessment.</p> <p>Determining whether goodwill is impaired requires management’s estimation when preparing the value-in-use of the relevant cash generating unit (“CGU”) to which it has been allocated. As disclosed in Note 4 to the consolidated financial statements, the impairment assessment of goodwill is dependent on certain significant inputs and assumptions including the forecast growth rate of revenue, cost and operating expenses as percentage of revenue, long-term growth rate and discount rate. Details of such judgements and estimations are disclosed in Note 16 to the consolidated financial statements.</p>	<p>Our procedures in relation to the goodwill impairment assessment included:</p> <ul style="list-style-type: none"> • Assessing the appropriateness of the Group’s identification of each CGU and allocation of goodwill based on the Group’s business and accounting policies. • Understanding the Group’s process relating to the preparation of cash flow forecasts and goodwill impairment assessment and understanding the method used in establishing the goodwill impairment assessment. • Understanding and evaluating the design and implementation of relevant key controls in relation to the goodwill impairment assessment. • Leveraging internal expert to assess the appropriateness of key inputs used in certain goodwill impairment assessment, including long-term growth rate and discount rate. • Assessing reasonableness of the key assumptions used in the assessment, including performing a retrospective review by comparing the prior year’s cash flow forecasts with the current year’s results, and comparing with relevant industry historical data, market outlook, expected inflation rate and gross domestic product growth rate, where applicable, to evaluate the reliability and accuracy of management’s forecast. • Evaluating the sensitivity analysis on the key assumptions prepared by management to assess the impact of reasonable changes in these assumptions. • Checking the mathematical accuracy of the calculations of the goodwill impairment assessment. • Assessing the adequacy of the disclosures related to goodwill impairment assessment in the consolidated financial statements.

Independent Auditor's Report

OTHER MATTER

The consolidated financial statements of the Group for the year ended December 31, 2024 were audited by another auditor who expressed an unmodified opinion on those statements on March 27, 2025.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE 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 IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors 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 either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible 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 solely to you, as a body, in accordance with our agreed terms of engagement, 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 ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism 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 group 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 those charged with governance 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 those charged with governance 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 those charged with governance, 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 Mang, Kwong Fung, Frederick.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

March 30, 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2025

	NOTES	Year ended December 31,	
		2025 RMB'000	2024 RMB'000
Revenue	5	4,008,832	4,446,120
Cost of sales		(2,985,356)	(3,116,647)
Gross profit		1,023,476	1,329,473
Other income	6	69,965	48,862
Other gains (losses), net	7	52,867	(8,850)
Selling expenses		(46,999)	(53,413)
Administrative expenses		(422,563)	(437,314)
Impairment losses on financial assets		—	(57,614)
Impairment losses on goodwill		(283,321)	—
Operating profit		393,425	821,144
Finance income	8	3,255	1,514
Finance costs	8	(69,147)	(71,842)
Finance costs, net		(65,892)	(70,328)
Profit before income tax	10	327,533	750,816
Income tax expense	9	(166,007)	(152,484)
Profit and total comprehensive income for the year		161,526	598,332
Profit and total comprehensive income for the year attributable to			
Owners of the Company		164,526	598,261
Non-controlling interests		(3,000)	71
		161,526	598,332
Earnings per share			
Basic (RMB)	14	0.27	0.95
Diluted (RMB)	14	0.27	0.95

Consolidated Statement of Financial Position

As at December 31, 2025

	NOTES	As at December 31,	
		2025 RMB'000	2024 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	5,213,130	5,079,050
Intangible assets	16	3,650,802	3,943,417
Prepayments for non-current assets	21	30,701	32,133
Deferred income tax assets	17	67,240	48,906
		8,961,873	9,103,506
Current assets			
Inventories	18	150,963	215,833
Trade, other receivables and prepayments	21	796,479	933,417
Amounts due from related parties	35	14,916	23,552
Financial assets at fair value through profit or loss ("FVPL")	19	258,953	282,522
Restricted deposits	20	45,913	1,355
Term deposits with an original maturity over three months	20	6,600	—
Cash and cash equivalents	20	429,240	369,070
		1,703,064	1,825,749
Total assets		10,664,937	10,929,255
EQUITY AND LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	17	148,906	158,427
Borrowings	23	1,995,538	2,247,211
Lease liabilities	24	6,254	8,987
Deferred income		35,923	35,425
Other non-current liabilities		9,296	8,963
		2,195,917	2,459,013

Consolidated Statement of Financial Position

As at December 31, 2025

	NOTES	As at December 31,	
		2025 RMB'000	2024 RMB'000
Current liabilities			
Trade and other payables	28	1,121,753	1,136,535
Financial liabilities at FVPL	25	6,775	—
Current income tax liabilities		61,924	69,376
Borrowings	23	440,676	531,999
Lease liabilities	24	3,215	3,246
Contract liabilities	29	50,121	54,682
		1,684,464	1,795,838
Total liabilities		3,880,381	4,254,851
Capital and reserves			
Share capital	22	42	42
Reserves		6,768,147	6,652,602
Equity attributable to owners of the Company		6,768,189	6,652,644
Non-controlling interests		16,367	21,760
Total equity		6,784,556	6,674,404
Total equity and liabilities		10,664,937	10,929,255

The consolidated financial statements on pages 95 to 175 were approved and authorised for issue by the board of directors on March 30, 2026 and are signed on its behalf by:

Zhu Yiwen
Director

Ren Ai
Director

Consolidated Statement of Changes in Equity

For the year ended December 31, 2025

	Attributable to owners of the Company						Non-controlling interests	Total
	Share capital	Share premium	Treasury shares	Other reserve	Retained profits	Subtotal		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2025	42	7,484,623	(18,394)	(2,810,146)	1,996,519	6,652,644	21,760	6,674,404
Profit (loss) and total comprehensive income (expense) for the year	—	—	—	—	164,526	164,526	(3,000)	161,526
Dividends paid to non-controlling interests	—	—	—	—	—	—	(2,393)	(2,393)
Recognition of equity-settled share-based payments	—	—	—	(9,043)	—	(9,043)	—	(9,043)
Transfer to statutory reserves	—	—	—	90,977	(90,977)	—	—	—
Repurchase of ordinary shares (Note 22)	—	—	(39,938)	—	—	(39,938)	—	(39,938)
Cancellation of shares	—*	(42,049)	42,049	—	—	—	—	—
As at December 31, 2025	42	7,442,574	(16,283)	(2,728,212)	2,070,068	6,768,189	16,367	6,784,556

	Attributable to owners of the Company						Non-controlling interests	Total
	Share capital	Share premium	Treasury shares	Other reserve	Retained profits	Subtotal		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2024	43	7,634,305	—	(2,805,189)	1,404,037	6,233,196	21,678	6,254,874
Profit and total comprehensive income for the year	—	—	—	—	598,261	598,261	71	598,332
Capital injection from non-controlling interests	—	—	—	—	—	—	11	11
Recognition of equity-settled share-based payments	—	—	—	(10,736)	—	(10,736)	—	(10,736)
Transfer to statutory reserves	—	—	—	5,779	(5,779)	—	—	—
Repurchase of ordinary shares (Note 22)	—	—	(168,077)	—	—	(168,077)	—	(168,077)
Cancellation of shares	(1)	(149,682)	149,683	—	—	—	—	—
As at December 31, 2024	42	7,484,623	(18,394)	(2,810,146)	1,996,519	6,652,644	21,760	6,674,404

* Amount less than RMB1,000

Consolidated Statement of Cash Flows

For the year ended December 31, 2025

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
OPERATING ACTIVITIES		
Profit for the year	161,526	598,332
Adjustments for:		
Income tax	166,007	152,484
Interest expenses	69,147	71,842
Interest income	(3,255)	(1,514)
Depreciation of property, plant and equipment	283,098	275,184
Amortisation of intangible assets	20,790	19,941
Losses on disposals of property, plant and equipment	1,299	6,514
Gains on fair value change of financial assets/liabilities at FVPL, net	(75,554)	(10,518)
Impairment losses on financial assets	—	57,614
Impairment losses on goodwill	283,321	—
Share-based compensation expense	(9,043)	(10,736)
Operating cash flows before movements in working capital	897,336	1,159,143
Decrease (increase) in inventories	64,870	(7,891)
Decrease in trade, other receivables and prepayments	136,938	354
Decrease (increase) in amounts due from related parties	8,636	(3,297)
Increase (decrease) in trade and other payables	43,441	(267,014)
Decrease in contract liabilities and other liabilities	(3,186)	(892)
Cash generated from operations	1,148,035	880,403
Interest received	3,255	1,514
Income tax paid	(201,314)	(174,785)
NET CASH FROM OPERATING ACTIVITIES	949,976	707,132

Consolidated Statement of Cash Flows

For the year ended December 31, 2025

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(472,086)	(597,582)
Proceeds on disposal of property, plant and equipment	16,221	9,437
Purchases of intangible assets	(11,496)	(17,531)
Payments for acquisition of subsidiaries, net of cash acquired	—	(10,314)
Purchases of financial instruments at FVPL	(1,029,846)	(1,300,000)
Proceeds from disposal of financial instruments at FVPL	1,135,744	1,234,147
Placement of term deposits with an original maturity over three months	(6,600)	—
(Increase) decrease in restricted deposits	(44,558)	10,749
NET CASH USED IN INVESTING ACTIVITIES	(412,621)	(671,094)
FINANCING ACTIVITIES		
Borrowing interest paid	(87,341)	(98,312)
Repayments of bank borrowings	(667,886)	(544,719)
Proceeds from bank borrowings	324,883	598,177
Payments of lease liabilities, including interest	(4,113)	(3,639)
Payments for repurchase of ordinary shares	(39,938)	(168,077)
Dividends paid to non-controlling interests	(2,393)	—
Capital injection from non-controlling interests	—	11
NET CASH USED IN FINANCING ACTIVITIES	(476,788)	(216,559)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	60,567	(180,521)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	369,070	549,742
Effect of foreign exchange rate changes	(397)	(151)
TOTAL CASH AND CASH EQUIVALENTS AT END OF YEAR	429,240	369,070

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

1. GENERAL INFORMATION

Hygeia Healthcare Holdings Co., Limited (the “Company”) was incorporated in the Cayman Islands on September 12, 2018 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. Its ultimate controlling party is Mr. Zhu Yiwen, who is also the Chairman and Co-Chief Executive Officer of the Company. The address of the Company’s registered office, headquarters in People’s Republic of China (the “PRC”) and principal place of business in Hong Kong are Harneys Fiduciary (Cayman) Limited, 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands and Unit 1605/1606, Building 1, Fuyuan Zhidi Square, 38 Yuanshen Road, Pudong New Area, Shanghai, the PRC and Unit 1608, New World Tower I, 16–18 Queen’s Road Central, Hong Kong, respectively.

The Company is an investment holding company. The Company and its subsidiaries (collectively, the “Group”) are principally engaged in providing healthcare services through wholly owned, private, for-profit hospitals that are variable interest entities owned by the Group in the PRC.

The Company completed its Initial Public Offerings and listed its shares on Main Board of The Stock Exchange of Hong Kong Limited on June 29, 2020.

The consolidated financial statements are presented in RMB, which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

Amendments to an IFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an IFRS Accounting Standard as issued by the International Accounting Standards Board (the “IASB”) for the first time, which are mandatorily effective for the Group’s annual period beginning on January 1, 2025 for the preparation of the consolidated financial statements:

Amendments to IAS 21	Lack of Exchangeability
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The application of the amendments to an IFRS Accounting Standard in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS (CONTINUED)**New and amendments to IFRS Accounting Standards in issue but not yet effective**

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11 ²
IFRS 18	Presentation and Disclosure in Financial Statements ³
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after January 1, 2026.

³ Effective for annual periods beginning on or after January 1, 2027.

Except for the new IFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all other amendments to IFRS Accounting Standards will have no material impact on these consolidated financial statements in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 Presentation of Financial Statements. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (the title of which will be changed to *Basis of Preparation of Financial Statements* upon effective of IFRS 18) and IFRS 7. Minor amendments to IAS 7 Statement of Cash Flows and IAS 33 Earnings per Share are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. IFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and by the Hong Kong Companies Ordinance.

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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 listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to those financial statements of subsidiaries to bring their accounting policies in line with the Group’s accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group’s equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and is not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in an annual period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that annual period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

Revenue from contracts with customers

Information about the Group's accounting policies relating to revenue from contracts with customers is provided in Note 5.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Short-term leases

The Group applies the short-term lease recognition exemption to leases of staff accommodation and medical equipment 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 expense on a straight-line basis.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Right-of-use assets

The cost of right-of-use assets includes:

- the amounts of the initial measurement of the lease liabilities; and
- any lease payments made at or before the commencement date.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets in property, plant and equipment, the same line item within which the corresponding underlying assets would be presented if they were owned.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; and an entity-specific adjustment whether the risk profile of the entity that enters into the lease is different to that of the Group and whether the lease benefit from a guarantee from the Group.

The lease payments include fixed payments (including in-substance fixed payments).

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Leases (Continued)

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

Rental income which are derived from the Group's ordinary course of business are presented as revenue.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies IFRS 15 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Operating leases

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets until such time as the assets are substantially ready for their intended use.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Termination benefits

A liability for a termination benefit is recognised at the earlier of when the Group can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Employee benefits (Continued)

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS Accounting Standard requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

Share-based payments

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (other reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the other reserve.

When share options are exercised, the amount previously recognised in the other reserve will be transferred to share premium. When the share options are forfeited after the vesting date, the amount previously recognised in other reserve will continue to be held in other reserve.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Taxation (Continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Taxation (Continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below). Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Property in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Intangible assets (Continued)

Research and development expenditure

Expenditure on research and development activities is recognised as an expense in the period in which it is incurred.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortization and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment on property, plant and equipment, right-of-use assets and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Impairment on property, plant and equipment, right-of-use assets and intangible assets (Continued)

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

The Group's radiotherapy equipment assembles Cobalt-60 to fulfill the treatment mission. In accordance with the purchase agreement, the decommissioning and disposal obligations arising from the radioactive nature of Cobalt-60 are recognised in the financial statements by discounting the estimated future disposal costs using a specific discount rate in accordance with applicable regulatory requirements.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition of financial assets and financial liabilities (other than financial assets or financial liabilities at FVPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established generally by regulation or convention in the market place concerned.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVPL.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVPL

Financial assets that do not meet the criteria for being measured at amortised cost or fair value through other comprehensive income ("FVOCI") or designated as FVOCI are measured at FVPL.

Financial assets at FVPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes interest earned on the financial asset and is included in the "Other gains (losses), net" line item.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit losses (“ECL”) model on financial assets, including trade and other receivables, amounts due from related parties, restricted deposits, term deposits with an original maturity over three months and cash and cash equivalents, which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“12m ECL”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment is done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of past events and current conditions at the reporting date as well as the forecast of future economic conditions.

The Group always recognised lifetime ECL for trade receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognised lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, 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. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group’s debtors operate, obtained from economic financial analysts, governmental bodies, as well as consideration of various external sources of actual and forecast economic information that relate to the Group’s core operations.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 (Continued)

(i) Significant increase in credit risk (Continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- actual or expected significant changes in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 (Continued)

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 365 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceeding. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries made are recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets subject to impairment assessment under IFRS 9 (Continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. For receivables with unique credit risk characteristics, the Group has assessed that the expected credit losses on an individual basis. For other trade receivables, the Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and forward-looking information, including time value of money where appropriate, that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount through a loss allowance account.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost, exchange differences are recognised in profit or loss in the “Other gains (losses), net” line item (Note 7) as part of the net foreign exchange losses;
- For financial assets measured at FVPL, exchange differences are recognised in profit or loss in the “Other gains (losses), net” line item (Note 7) as part of the fair value gains on financial assets at FVPL, net.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset measured at amortised cost, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

Ordinary shares are classified as equity.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company’s own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company’s own equity instruments.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVPL.

Financial liabilities at FVPL

Financial liabilities are classified as at FVPL when the financial liability is held for trading.

A financial liability is held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables excluding non-financial liabilities and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "other gains (losses), net" line item in profit or loss (Note 7) as part of net foreign exchange losses.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

Derecognition of financial liabilities

The Group derecognised financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid and payable is recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

3.2 Material accounting policy information (Continued)

Financial instruments (Continued)

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss.

Derivatives are presented as current assets or current liabilities.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial information in the reporting period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit (or a group of cash-generating units) and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise.

As at December 31, 2025, the carrying amount of goodwill is RMB3,441,128,000 (2024: RMB3,724,449,000). Impairment losses amounted to RMB283,321,000 was recognised on goodwill for the year ended December 31, 2025 (2024: nil). Details of the recoverable amount calculation are disclosed in Note 16.

Share-based compensation expenses

As disclosed in Note 26, the Company has granted share options to the Group's employees. The management has used the binomial option pricing model to determine the total fair value of the awarded options granted to employees, which is to be expensed over the vesting period. Significant estimate on assumptions, such as the expected volatility, expected exercise multiple, and risk-free interest rate, is required to be made by the management in applying the binomial option pricing model. The management applies judgements and estimates, such as employee performance, employee forfeiture rate and achievement of performance and service conditions, in determining share-based payment expenses each period.

Estimation of variable consideration for revenue from customers

The Group includes variable considerations in the transaction price for revenue generated from customers, based on estimated final payments from the relevant public medical insurance program, for medical fees in healthcare services. These estimates are derived from the Group's historical experience with its customers. Any significant deviations from historical payment trends may influence the Group's projections of expected payments. The Group continuously reviews its expectations regarding these payments and makes adjustments to the corresponding revenue as necessary.

Provision of ECL for trade receivables

Trade receivables with significant balances and credit-impaired are assessed for ECL individually.

In addition, the Group uses practical expedient in estimating ECL on trade receivables which are not assessed individually using a provision matrix. The provision rates are based on aging, nature, size and industry of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in Note 32b.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

5. SEGMENT INFORMATION AND REVENUE

(a) Description of segments and principal activities

The Group's business activities, for which discrete financial statements are available, are regularly reviewed and evaluated by the chief operating decision-makers ("CODMs"). The CODMs, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the Co-chief Executive Officers and executive Directors of the Company that make strategic decisions. The CODMs have decided to change the reporting structure from current year to provide more focused and relevant information to reflect the Group's growth drivers. After the change, the CODMs review the operating performance and allocate the resources of the Group as a whole, and therefore no longer assess the operating performance of business activities previously listed separately in the other business operating segment. Therefore, the CODMs consider the Group only has one operating segment this year. This change only affects the presentation of segment reporting and does not affect the financial statement data and presentation.

The CODMs review the overall results and financial position of the Group as a whole prepared based on the same accounting policies as set out in Note 3 and no further analysis of the single segment is presented. Prior period's segment disclosures have been restated to conform with the current period's presentation.

(b) Revenue by nature

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Outpatient services	1,480,284	1,632,993
Inpatient services	2,415,545	2,689,576
Others	113,003	123,551
Total revenue	4,008,832	4,446,120
Revenue from contracts with customers	3,991,841	4,421,645

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

5. SEGMENT INFORMATION AND REVENUE (CONTINUED)

(b) Revenue by nature (Continued)

The Group derives revenue from the transfer of goods and services over time and at a point in time as follows:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Over time		
— Inpatient services	213,133	208,737
— Others	57,655	65,399
	270,788	274,136
At a point in time		
— Inpatient services	2,202,412	2,480,839
— Outpatient services	1,480,284	1,632,993
— Others	38,357	33,677
	3,721,053	4,147,509
Revenue from contracts with customers	3,991,841	4,421,645

(c) Transaction price allocated to the remaining performance obligation for contracts with customers

All services are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(d) Geographical information

The Company is domiciled in the Cayman Islands while the Group's non-current assets and revenues are substantially located in and derived from the PRC, therefore, no geographical segments are presented.

(e) Information about major customers

All the revenues derived from single external customers were less than 10% of the Group's total revenues for the years ended December 31, 2025 and 2024.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

5. SEGMENT INFORMATION AND REVENUE (CONTINUED)

(f) Performance obligations for contracts with customers and revenue recognition policies

(i) Outpatient services

For outpatient services, the patient normally receives outpatient treatment which contains various treatment components. Outpatient services contain more than one performance obligations, including (a) provision of consultation services and (b) sale of pharmaceutical products. The Group allocates the transaction price to each performance obligation on relative stand-alone selling price basis. Both (a) provision of consultation services and (b) sale of pharmaceutical products for which the control of services or pharmaceutical products is transferred at a point in time, revenue is recognised when the customer obtains the control of the completed services or pharmaceutical products and the Group has satisfied its performance obligations with present right to payment and the collection of the consideration is probable.

(ii) Inpatient services

For inpatient services, the customers normally receive inpatient treatment which contains various treatment components. Inpatient services contain more than one performance obligations, including (a) provision of consultation services, (b) provision of inpatient healthcare services and (c) sale of pharmaceutical products. The Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

For revenue from (a) provision of consultation services and (c) sale of pharmaceutical products for which control of services or pharmaceutical products is transferred at a point in time, revenue is recognised when the customer obtains the control of the completed services or pharmaceutical products and the Group has satisfied its performance obligations with present right to payment and the collection of the consideration is probable.

For revenue from (b) provision of inpatient healthcare services, the corresponding revenue is recognised over the service period when customers simultaneously receive the services and consumes the benefits provided by the Group's performance as the Group performs.

Revenue from outpatient and inpatient services is recognised when the related services have been rendered. The policy for the medical fees to be recovered from the relevant public medical insurance program have been treated as changes in variable considerations. The Group estimates the variable considerations based on the most likely amount, which is based on historical practice and all reasonably available information and adjusts to the actual amount for the satisfied ancillary medical services in the period when the annual quota is agreed.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

5. SEGMENT INFORMATION AND REVENUE (CONTINUED)

(f) Performance obligations for contracts with customers and revenue recognition policies (Continued)

(iii) Others

Others consists of a series of different services and products offering to customers, mainly including radiotherapy center service.

The Group has signed cooperation agreement with the radiotherapy centers for (a) radiotherapy equipment leases, (b) radiotherapy technical support services and (c) radiotherapy center consulting services. The consideration is calculated based on pre-set formulas set out in the arrangements primarily relating to the radiotherapy centers' revenue. The Group has allocated the lease component and non-lease component and further allocate between technical support and maintenance service and radiotherapy center consulting service on a relative stand-alone selling price basis.

The Group has outsourced the radiotherapy center service to third parties and recorded revenue on gross basis. Determining whether such revenue of the Group should be reported gross or net is based on a continuing assessment of various factors. The Group needs to first identify who controls the service before they are transferred to radiotherapy centers. The Group is a principal if it obtains control of the service from third parties that it then transfers to the customer. There are indicators that the Group is a principal, when the Group is primarily obligated in a transaction, is subject to inventory risk, and has latitude in establishing prices and selecting suppliers.

6. OTHER INCOME

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Government grants related to income (Note)	53,215	34,611
Government grants related to assets	783	783
Others	15,967	13,468
	69,965	48,862

Note:

The amount mainly represented various subsidies granted by the PRC local government authorities to group entities as incentives for the Group's operating activities. The government grants were unconditional and had been approved by the PRC local government authorities, which were recognised when payments were received.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

7. OTHER GAINS (LOSSES), NET

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Fair value gains on financial assets/liabilities at FVPL, net	75,554	10,518
Losses on disposal of property, plant and equipment	(1,299)	(6,514)
Net foreign exchange losses	(6,097)	(1,401)
Others	(15,291)	(11,453)
	52,867	(8,850)

8. FINANCE COSTS, NET

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Finance income		
Interest income of bank savings	3,255	1,514
Finance costs		
Interest on borrowings	(87,348)	(97,797)
Interest expenses on lease liabilities	(637)	(653)
	(87,985)	(98,450)
Amount capitalised	18,838	26,608
Finance costs expensed	(69,147)	(71,842)
Finance costs, net	(65,892)	(70,328)

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 3.26% (2024: 3.52%) per annum to expenditure on qualifying assets.

9. INCOME TAX EXPENSE

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Current income tax		
— PRC corporate income tax	193,862	167,484
Deferred income tax (Note 17)	(27,855)	(15,000)
	166,007	152,484

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

9. INCOME TAX EXPENSE (CONTINUED)

The Group's principal applicable taxes and tax rates are as follows:

Cayman Islands

Under the prevailing laws of the Cayman Islands, the Company is not subject to tax on income or capital gains. In addition, no Cayman Islands withholding tax is payable on dividend payments by the Company to its shareholders.

British Virgin Islands

The Group's entities incorporated in the British Virgin Islands are not subject to tax on income or capital gains.

Hong Kong

The Group's entities incorporated in Hong Kong are subject to Hong Kong profits tax at the rate of 16.5%.

PRC corporate income tax ("CIT")

CIT was made on the estimated assessable profits of the entities within the Group incorporated in the PRC and was calculated in accordance with the relevant tax rules and regulations of the PRC after considering the available tax refunds and allowances. The general CIT rate is 25%.

The Company's subsidiaries, Chongqing Hygeia Hospital Co., Ltd. ("Chongqing Hygeia Hospital"), Hezhou Guangji Hospital, Kaiyuan Jiehua Hospital Co., Ltd, Qihai (Chongqing) Pharmaceutical Co., Ltd, Chang'an Hospital Co., Ltd. ("Chang'an Hospital") and Hygeia (Xi'an) Medical Management Co., Ltd. were established in the western region of the PRC. Pursuant to the relevant laws and regulations, entities located in the western region of the PRC and engaged in the business encouraged by the PRC government are entitled to the concession rate of 15% if the operating revenue of the encouraged business in a year accounted for more than 60% of the total income in that year. The construction and service of general medical facilities business of the above entities comply with the policies and such entities are subject to a tax concession rate of 15% for the years ended December 31, 2025 and 2024.

The Company's subsidiary, Shanghai Gamma Star Technology Development Co., Ltd. ("Gamma Star Tech"), was approved as "High and New Technology Enterprise" on November 12, 2020 (valid for 3 years, renewed on November 15, 2023). Under the relevant tax rules and regulations of the PRC, and accordingly, Gamma Star Tech is subjected to a reduced preferential CIT rate of 15% for the years ended December 31, 2025 and 2024. Based on management's self-assessment and their track record of success in obtaining such types of qualifications, Gamma Star Tech will qualify as a "High and New Technology Enterprise" after the expiration date and thus will continue subject to a 15% preferential tax rate.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

9. INCOME TAX EXPENSE (CONTINUED)

PRC corporate income tax (“CIT”) (Continued)

Suzhou Hygeia Pharmacy Co., Limited, Subang Medical Technology, Haiyu (Chongqing) Supply Chain Management Co., Ltd, Chongqing Hygeia Health Management Co., Ltd, Chongqing Hygeia Senior Care Service Co., Ltd, Hygeia Chongqing Health Clinic Co., Ltd, Chongqing Hai Fu Pharmacy Co., Ltd, Hygeia Shanxian Yinling Elderly Care Service Co., Ltd. and Haijiekang Shanxian Comprehensive Clinic Co., Ltd. have been recognised as small and micro enterprises. According to the relevant provisions of announcement by the State Administration of Taxation, a preferential enterprise income tax rate of 20% was applied to small and micro enterprise and a 75% discount on taxable income were further applicable for the portion of annual taxable income not exceeding RMB3,000,000 for the years ended December 31, 2025 and 2024. Other subsidiaries in the PRC are subject to tax rate of 25% for the years ended December 31, 2025 and 2024.

Withholding tax on undistributed profits

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of certain subsidiaries in the PRC for which deferred tax liabilities have not been recognised was approximately RMB2,235,586,000 (2024: RMB2,494,271,000). Such earnings are expected to be retained by the PRC subsidiaries for reinvestment purposes and would not be remitted to their overseas holding companies in the foreseeable future based on management’s best estimates of the Group’s overseas funding requirements.

The tax charge for the year can be reconciled to the profit before income tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Profit before income tax	327,533	750,816
Tax calculated at applicable statutory tax rate of 25%	81,883	187,704
Effect of different tax rates	(35,787)	(50,664)
Items not deductible for tax purposes	70,491	10,130
Tax effect of unrecognised tax losses	40,831	7,083
Tax effect of withholding tax on the distributable profits of the Group’s PRC subsidiaries	10,000	—
Additional deduction on research and development expenses	(1,411)	(1,769)
	166,007	152,484

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

10. PROFIT FOR THE YEAR

Profit for the year from continuing operations has been arrived at after charging:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Depreciation of property, plant and equipment	288,650	279,390
Amortisation of intangible assets (included in cost of sales, selling expenses and administrative expenses)	20,790	19,941
Total depreciation and amortisation	309,440	299,331
Capitalised in construction in progress	(5,552)	(4,206)
	303,888	295,125

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Cost of inventories recognised as an expense (including write-down of inventories amounting to Nil (2024:Nil)) (Note)	1,366,430	1,401,414
Employee benefits expenses (including directors' and chief executives' emoluments)	1,331,131	1,456,058
Research and development expenses (included in administrative expenses)	10,046	13,237
Auditor's remuneration	2,600	2,980

Note:

No write-down of inventories was reversed during the year ended December 31, 2025 (2024: nil).

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

11. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS

Directors' and chief executives' remuneration for the year, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows:

	Fees RMB'000	Salaries and wages RMB'000	Discretionary bonuses (Note v) RMB'000	Share-based compensation expense RMB'000	Allowances and benefits RMB'000	Employer's contribution to retirement benefit plan RMB'000	Total RMB'000
Year ended December 31, 2025							
Co-chief executive officers and directors							
Mr. Zhu Yiwen	110	1,307	118	(377)	—	11	1,169
Mr. Ren Ai (Note i)	110	352	1,221	(162)	5	22	1,548
Executive directors							
Ms. Cheng Huanhuan (Note ii)	110	394	1,143	(108)	65	71	1,675
Ms. Jiang Hui	110	313	221	(81)	65	71	699
Mr. Zhang Wenshan	110	310	515	(81)	65	71	990
Independent non- executive directors							
Mr. Liu Yanqun (Note iii)	60	—	—	—	—	—	60
Mr. Ye Changqing	240	—	—	—	—	—	240
Mr. Zhaochun	240	—	—	—	—	—	240
Mr. Zhang Guozhong (Note iv)	140	—	—	—	—	—	140
	1,230	2,676	3,218	(809)	200	246	6,761

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

11. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS (CONTINUED)

	Fees RMB'000	Salaries and wages RMB'000	Discretionary bonuses (Note v) RMB'000	Share-based compensation expense RMB'000	Allowances and benefits RMB'000	Employer's contribution to retirement benefit plan RMB'000	Total RMB'000
Year ended							
December 31, 2024							
Co-chief executive officers and directors							
Mr. Zhu Yiwen	—	740	118	(353)	—	—	505
Ms. Cheng Huanhuan (Note ii)	—	504	139	(101)	65	71	678
Executive directors							
Mr. Ren Ai (Note i)	—	542	764	(151)	65	71	1,291
Ms. Jiang Hui	—	456	352	(76)	65	71	868
Mr. Zhang Wenshan	—	420	532	(76)	65	71	1,012
Independent non-executive directors							
Mr. Liu Yanqun (Note iii)	240	—	—	—	—	—	240
Mr. Ye Changqing	240	—	—	—	—	—	240
Mr. Zhaochun	240	—	—	—	—	—	240
	720	2,662	1,905	(757)	260	284	5,074

Notes:

- (i) Mr. Ren Ai was appointed as co-chief executive officer on March 27, 2025.
- (ii) Ms. Cheng Huanhuan resigned as co-chief executive officer of the Company on March 27, 2025.
- (iii) Mr. Liu Yanqun resigned as independent non-executive director of the Company on May 29, 2025.
- (iv) Mr. Zhang Guozhong was appointed as independent non-executive director of the Company on May 29, 2025.
- (v) Discretionary bonuses were determined by reference to the duties and responsibilities of the relevant individual within the Group and the subsidiaries' performance.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

During the years ended December 31, 2025 and 2024, no emoluments were paid by the Group to directors as an inducement to join or upon joining the Group or as compensation for loss of office.

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

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

12. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included one (2024: three) director, details of whose remuneration is set out in Note 11 above. Details of the remuneration for the year of the remaining four (2024: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Salaries and wages	5,714	1,811
Discretionary bonuses	2,598	2,001
	8,312	3,812

The number of the highest paid employees (including directors) of the Company whose remuneration fell within the following bands is as follows:

	2025 No. of employees	2024 No. of employees
Nil to Hong Kong dollar ("HK\$")1,000,000	—	1
HK\$1,000,001 to HK\$1,500,000	—	2
HK\$1,500,001 to HK\$2,000,000	2	1
HK\$2,000,001 to HK\$2,500,000	2	1
HK\$2,500,001 to HK\$3,000,000	1	—
	5	5

During the years ended December 31, 2025 and 2024, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

13. DIVIDENDS

No dividends were paid or proposed for ordinary shareholders of the Company during the year ended December 31, 2025 (2024: nil).

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

14. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	Year ended December 31,	
	2025	2024
Earnings for the purpose of basic and diluted earnings per share (RMB'000)	164,526	598,261
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share ('000)	618,174	628,987

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. In November 2021, the Company granted share options to employees (Note 26). For the year ended December 31, 2025 and 2024, the outstanding share options issued under the Company's share option scheme are potential dilutive ordinary shares.

During the year ended December 31, 2025 and 2024, the potential dilutive ordinary shares were not included in the calculation of diluted earnings per share as the average market price of the ordinary shares for the year ended December 31, 2025 and 2024 were lower than the exercise price of the share option scheme (the "Share Option Scheme"). Accordingly, diluted earnings per share are the same as basic earnings per share for the years ended December 31, 2025 and 2024. The share option could potentially dilute basic earnings per share in the future.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Right-of-use for properties RMB'000	Right-of-use for lands RMB'000	Medical equipment RMB'000	Transportation equipment RMB'000	Furniture, fixtures and equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
As at January 1, 2024									
Cost	2,326,991	15,488	833,245	1,215,548	19,176	114,660	87,812	678,669	5,291,589
Accumulated depreciation	(149,201)	(11,736)	(65,441)	(337,568)	(12,111)	(58,816)	(26,248)	–	(661,121)
Closing net book amount	2,177,790	3,752	767,804	877,980	7,065	55,844	61,564	678,669	4,630,468
Year ended December 31, 2024									
Opening net book amount	2,177,790	3,752	767,804	877,980	7,065	55,844	61,564	678,669	4,630,468
Additions	74,627	11,989	1,543	167,431	1,553	25,421	31,500	429,859	743,923
Transfers upon completion	600,674	–	–	45,607	–	–	5,276	(651,557)	–
Disposals	(701)	–	–	(12,644)	(35)	(2,571)	–	–	(15,951)
Depreciation	(66,569)	(3,055)	(18,973)	(144,698)	(2,692)	(17,105)	(26,298)	–	(279,390)
Closing net book amount	2,785,821	12,686	750,374	933,676	5,891	61,589	72,042	456,971	5,079,050
As at December 31, 2024									
Cost	3,001,419	27,477	834,788	1,397,333	17,983	135,155	124,588	456,971	5,995,714
Accumulated depreciation	(215,598)	(14,791)	(84,414)	(463,657)	(12,092)	(73,566)	(52,546)	–	(916,664)
Closing net book amount	2,785,821	12,686	750,374	933,676	5,891	61,589	72,042	456,971	5,079,050
Year ended December 31, 2025									
Opening net book amount	2,785,821	12,686	750,374	933,676	5,891	61,589	72,042	456,971	5,079,050
Additions	9,296	712	18,925	45,463	339	10,216	1,571	353,728	440,250
Transfers upon completion	103,116	–	–	13,059	–	–	4,603	(120,778)	–
Disposals	(112)	–	(137)	(6,103)	(29)	(167)	(10,972)	–	(17,520)
Depreciation	(77,404)	(3,611)	(19,013)	(145,588)	(2,298)	(15,372)	(25,364)	–	(288,650)
Closing net book amount	2,820,717	9,787	750,149	840,507	3,903	56,266	41,880	689,921	5,213,130
As at December 31, 2025									
Cost	3,113,645	17,660	853,512	1,411,652	17,594	142,102	102,189	689,921	6,348,275
Accumulated depreciation	(292,928)	(7,873)	(103,363)	(571,145)	(13,691)	(85,836)	(60,309)	–	(1,135,145)
Closing net book amount	2,820,717	9,787	750,149	840,507	3,903	56,266	41,880	689,921	5,213,130

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

Buildings	Shorter of the terms of remaining title to the land or estimated useful life
Medical equipment	5–10 years
Transportation equipment	5–10 years
Furniture, fixtures and equipment	5–10 years
Right-of-use for properties	2–10 years
Right-of-use for lands	Remaining lease term
Leasehold improvements	Shorter of remaining lease term or estimated useful life

The Group as lessee

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Expense relating to short-term leases	2,967	1,831
Depreciation charged capitalised in construction in progress	5,552	4,206
Total cash outflow for leases	7,124	5,470

For both years, the Group leases various offices and warehouses for its operations. Lease contracts are entered into for fixed term of 36 months to 64 months. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

For both years, the Group leases land use right for its operations. Lease contracts are entered into for fixed term of 35 years to 54 years.

The Group regularly entered into short-term leases for staff accommodation and medical equipment. As at December 31, 2025 and 2024, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

Restrictions or covenants on leases

In addition, lease liabilities of RMB9,469,000 are recognised with related right-of-use assets of RMB9,787,000 as at December 31, 2025 (2024: lease liabilities of RMB12,233,000 and related right-of-use assets of RMB12,686,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Notes to the Consolidated Financial Statements

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15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Group as lessor

The Group leases out a number of medical equipment under operating leases. Lease terms are negotiated on an individual basis. The reconciliation of the carrying amount at the beginning and end of the period are set out as below:

	RMB'000
COST	
As at January 1, 2024	94,464
Additions	6,672
Disposals	(1,783)
As at December 31, 2024	99,353
Additions	1,831
Disposals	(1,844)
As at December 31, 2025	99,340
DEPRECIATION	
As at January 1, 2024	39,096
Provided for the year	9,584
Eliminated on disposals	(1,391)
As at December 31, 2024	47,289
Provided for the year	9,483
Eliminated on disposals	(1,421)
As at December 31, 2025	55,351
CARRYING VALUE	
As at December 31, 2025	43,989
As at December 31, 2024	52,064

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

16. INTANGIBLE ASSETS

	Goodwill RMB'000	Software RMB'000	Contractual rights to provide management services RMB'000	Medical licenses RMB'000	Total RMB'000
As at January 1, 2024:					
Cost	3,724,449	62,435	27,920	183,398	3,998,202
Accumulated amortisation	—	(26,589)	(8,725)	(17,061)	(52,375)
Net book amount	3,724,449	35,846	19,195	166,337	3,945,827
Year ended December 31, 2024:					
Opening net book amount	3,724,449	35,846	19,195	166,337	3,945,827
Additions	—	17,531	—	—	17,531
Amortisation	—	(12,737)	(698)	(6,506)	(19,941)
Net book amount	3,724,449	40,640	18,497	159,831	3,943,417
As at December 31, 2024 and January 1, 2025:					
Cost	3,724,449	79,966	27,920	183,398	4,015,733
Accumulated amortisation	—	(39,326)	(9,423)	(23,567)	(72,316)
Net book amount	3,724,449	40,640	18,497	159,831	3,943,417
Year ended December 31, 2025:					
Opening net book amount	3,724,449	40,640	18,497	159,831	3,943,417
Additions	—	11,496	—	—	11,496
Amortisation	—	(13,586)	(698)	(6,506)	(20,790)
Impairment	(283,321)	—	—	—	(283,321)
Net book amount	3,441,128	38,550	17,799	153,325	3,650,802
As at December 31, 2025:					
Cost	3,724,449	91,462	27,920	183,398	4,027,229
Accumulated amortisation	—	(52,912)	(10,121)	(30,073)	(93,106)
Impairment	(283,321)	—	—	—	(283,321)
Net book amount	3,441,128	38,550	17,799	153,325	3,650,802

Software was acquired from third parties. The above goodwill and medical licenses were purchased as part of business combination in prior years. Contractual rights to provide management services were generated from the hospital management agreement entered into by Gamma Star Tech with Handan Renhe Hospital on July 31, 2011.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

16. INTANGIBLE ASSETS (CONTINUED)

(a) Impairment test on goodwill

Goodwill arose from the acquisition of hospitals through business combinations as below:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Etern Group Ltd. ("Etern Group")	1,165,735	1,449,056
Datang Healthcare Corporation Limited ("Datang HK") and Chang'an Hospital	1,280,469	1,280,469
Hezhou Guangji Hospital	485,882	485,882
Longyan Boai Hospital Co., Ltd. ("Longyan Boai Hospital")	186,019	186,019
Yixing Hygeia Hospital Co., Ltd. ("Yixing Hygeia Hospital")	157,857	157,857
Suzhou Canglang Hospital Co., Ltd. ("Suzhou Canglang Hospital")	104,607	104,607
Others	60,559	60,559
Total	3,441,128	3,724,449

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

For Etern Group, Datang HK and Chang'an Hospital, Hezhou Guangji Hospital, Longyan Boai Hospital, Yixing Hygeia Hospital, and Suzhou Canglang Hospital with significant amount of goodwill, the key assumptions, long-term growth rate, discount rate used in the value-in-use calculations and recoverable amount of the CGU exceeding its carrying amount as at December 31, 2025 and 2024 are as follows:

Etern Group

	As at December 31,	
	2025	2024
Forecast growth rate of revenue	2.5%-6%	4%-10%
Cost and operating expenses as percentage of revenue	77%	77%
Long-term growth rate	2.0%	2.5%
Pre-tax discount rate	17.8%	17.8%
Recoverable amount of the CGU exceeding its carrying amount before impairment (RMB'000)	(289,103)	46,794

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For the year ended December 31, 2025

16. INTANGIBLE ASSETS (CONTINUED)

(a) Impairment test on goodwill (Continued)

Datang HK and Chang'an Hospital

	As at December 31,	
	2025	2024
Forecast growth rate of revenue	2%-6%	4%-10%
Cost and operating expenses as percentage of revenue	73%	73%
Long-term growth rate	2.0%	2.5%
Pre-tax discount rate	17.3%	17.3%
Recoverable amount of the CGU exceeding its carrying amount (RMB'000)	210,159	427,649

Hezhou Guangji Hospital

	As at December 31,	
	2025	2024
Forecast growth rate of revenue	2%-4%	3%-7%
Cost and operating expenses as percentage of revenue	74%	74%
Long-term growth rate	2.0%	2.5%
Pre-tax discount rate	16.7%	16.7%
Recoverable amount of the CGU exceeding its carrying amount (RMB'000)	138,998	162,502

Longyan Boai Hospital

	As at December 31,	
	2025	2024
Forecast growth rate of revenue	2%-4%	2.5%-6%
Cost and operating expenses as percentage of revenue	77%	77%
Long-term growth rate	2.0%	2.5%
Pre-tax discount rate	19.4%	19.4%
Recoverable amount of the CGU exceeding its carrying amount (RMB'000)	154,914	154,524

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16. INTANGIBLE ASSETS (CONTINUED)

(a) Impairment test on goodwill (Continued)

Yixing Hygeia Hospital

	As at December 31,	
	2025	2024
Forecast growth rate of revenue	4%-9.3%	5%-15%
Cost and operating expenses as percentage of revenue	74%	74%
Long-term growth rate	2.0%	2.5%
Pre-tax discount rate	17.6%	17.6%
Recoverable amount of the CGU exceeding its carrying amount (RMB'000)	52,722	147,763

Suzhou Canglang Hospital

	As at December 31,	
	2025	2024
Forecast growth rate of revenue	2%-4%	3%-5%
Cost and operating expenses as percentage of revenue	78%	78%
Long-term growth rate	2.0%	2.5%
Pre-tax discount rate	19.3%	19.3%
Recoverable amount of the CGU exceeding its carrying amount (RMB'000)	413,221	513,311

Forecast growth rate of revenue is for the five-year forecast period. It is based on past performance and the management's expectations of market development.

The cost and operating expenses as percentage of revenue is the average percentage over the five-year forecast period.

The discount rates used are pre-tax and reflect specific risks relating to the relevant CGUs.

The directors of the Company have determined impairment of goodwill directly related to Etern Group amounting to RMB283,321,000. The impairment loss has been included in profit or loss in the impairment losses on goodwill line item. The recoverable amount of the Etern Group amounted to RMB1,668,500,000 as at December 31, 2025.

If the pre-tax discount rate was increased by one hundred basis point, while other parameters remain constant, the recoverable amount of Etern Group would be reduced to RMB1,576,000,000 and a further impairment of goodwill of RMB90,650,000 would be recognised.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

16. INTANGIBLE ASSETS (CONTINUED)

(a) Impairment test on goodwill (Continued)

If forecast growth rate of revenue decreased by three percentage points, while other parameters remain constant, the recoverable amount of Etern Group would be reduced to RMB1,626,000,000 and a further impairment of goodwill of RMB41,650,000 would be recognised.

As at December 31, 2025, analysis has been performed by the management of the Group on the reasonably possible changes in each of the following key assumptions, with all other variables held constant, of goodwill impairment tests of the CGUs above:

- Forecast growth rate of revenue decrease by three percentage points;
- Cost and operating expenses as percentage of revenue increase by three percentage points; and
- Pre-tax discount rate increase by one hundred basis point.

The recoverable amount is above the carrying amount of the CGUs' (excluding Etern Group's). Management believes that any reasonably possible change in any of these assumptions would not result in impairment.

Based on management's assessment on the recoverable amounts of the subsidiaries or group acquired, no impairment provision was considered necessary as at December 31, 2025, except for the Etern Group.

(b) Amortisation

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

Software	5 years
Contractual rights to provide management services	40 years
Medical license	30 years

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For the year ended December 31, 2025

17. DEFERRED INCOME TAX ASSETS AND LIABILITIES

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the current and preceding years:

(i) Deferred tax assets

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Total deferred tax assets	91,764	67,085
Set-off of deferred tax liabilities pursuant to set-off provisions	(24,524)	(18,179)
Net deferred tax assets	67,240	48,906

	Tax losses RMB'000	Provisions RMB'000	Allowance for credit losses RMB'000	Unrealized profits of intra-group transaction RMB'000	Lease liabilities RMB'000	Total RMB'000
As at January 1, 2024	53,643	5,575	—	13,700	646	73,564
(Charged) credit to profit or loss	(27,977)	17,881	3,640	(1,824)	1,801	(6,479)
As at December 31, 2024 and January 1, 2025	25,666	23,456	3,640	11,876	2,447	67,085
Credit (charged) to profit or loss	14,428	5,535	—	5,271	(555)	24,679
As at December 31, 2025	40,094	28,991	3,640	17,147	1,892	91,764

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17. DEFERRED INCOME TAX ASSETS AND LIABILITIES (CONTINUED)

(ii) Deferred tax liabilities

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Total deferred tax liabilities	173,430	176,606
Set-off of deferred tax assets pursuant to set-off provisions	(24,524)	(18,179)
Net deferred tax liabilities	148,906	158,427

	Property, plant and equipment <i>(note)</i> RMB'000	Intangible assets <i>(note)</i> RMB'000	Right-of-use for properties RMB'000	Undistributed profits of subsidiaries RMB'000	Total RMB'000
As at January 1, 2024	162,796	34,643	646	–	198,085
(Credit) charged to profit or loss	(21,940)	(1,340)	1,801	–	(21,479)
As at December 31, 2024 and January 1, 2025	140,856	33,303	2,447	–	176,606
(Credit) charged to profit or loss	(11,282)	(1,339)	(555)	10,000	(3,176)
As at December 31, 2025	129,574	31,964	1,892	10,000	173,430

Note: The temporary differences concerning property, plant and equipment and intangible assets mainly include accelerated tax depreciation, fair value adjustment arising from acquisition of subsidiaries and capitalization of interest expenses.

At the end of the reporting period, the Group has unused tax losses of RMB363,110,000 (December 31, 2024: RMB269,488,000) available for offsetting against future profits. Deferred tax asset of RMB40,094,000 (December 31, 2024: RMB25,666,000) in respect of tax losses of RMB163,211,000 (December 31, 2024: RMB106,172,000) has been recognised. No deferred tax asset has been recognised in respect of the remaining tax losses of RMB199,899,000 (December 31, 2024: RMB163,316,000) due to the unpredictability of future profit streams. Losses of RMB192,223,000 (December 31, 2024: RMB160,829,000) included in unrecognised tax losses will expire from 2026 to 2030. Other losses may be carried forward indefinitely.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

18. INVENTORIES

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Pharmaceuticals	94,366	141,622
Medical consumables	47,612	60,538
Spare parts	8,985	13,673
	150,963	215,833

19. FINANCIAL ASSETS AT FVPL

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Wealth management products	125,705	282,522
Money market funds ("MMF")	65,124	—
Exchange traded fund ("ETF")	57,140	—
Others	10,984	—
	258,953	282,522

As part of the Group's cash management to maximise return on idle cash, the Group invested in certain wealth management products and certain financial instruments issued by several financial institutions in the PRC and Hong Kong.

20. CASH AND CASH EQUIVALENTS/RESTRICTED DEPOSITS/TERM DEPOSITS WITH AN ORIGINAL MATURITY OVER THREE MONTHS

Cash and cash equivalents include demand deposits and short-term deposits for the purpose of meeting the Group's short-term cash commitments, which carry interest at market rates range from 0.05% to 0.55% (2024: 0.10% to 1.35%).

As at December 31, 2025, restricted deposits represent deposits which are mainly restricted for the purchase of derivative financial instruments and carry interests at market rates ranging from 0.05% to 1.14% (December 31, 2024: 0.10%) per annum. The deposits are expected to be released within twelve months from the end of the reporting period and are classified as current assets.

As at December 31, 2025, term deposits with an original maturity over three months carry interests at market rate of 1.30% (December 31, 2024: N/A) per annum.

Notes to the Consolidated Financial Statements

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21. TRADE, OTHER RECEIVABLES AND PREPAYMENTS

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Included in current assets		
Trade receivables	701,187	837,547
Less: allowance for credit losses	(14,558)	(14,558)
	686,629	822,989
Prepayments to suppliers	60,192	61,130
Other receivables	49,658	49,298
	796,479	933,417
Included in non-current assets		
Prepayments for property, plant and equipment	30,701	32,133
	827,180	965,550

As at January 1, 2024, trade receivables from contracts with customers amounted to RMB863,969,000.

The following is an aging analysis of trade receivables presented based on transaction date:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Within 90 days	467,567	553,717
91 to 180 days	120,869	94,612
181 to 365 days	51,450	108,967
1 to 2 years	47,942	70,795
2 to 3 years	11,398	8,517
Over 3 years	1,961	939
	701,187	837,547

The Group's details of impairment assessment of trade and other receivables are set out in Note 32.

As at December 31, 2025, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB161,985,000 (2024: RMB229,039,000), which are past due as at the reporting date. Out of the past due balances, RMB40,473,000 (2024: RMB80,251,000) has been past due 365 days or more and is not considered as in default as the directors of the Company have considered the recoverable amount and credit quality of the relevant customers and concluded that the ECL is not significant to the Group.

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22. SHARE CAPITAL

	Number of shares	Total US\$
Ordinary shares of United States dollar ("US\$") 0.00001 each		
Authorised		
As at January 1, 2024, December 31, 2024 and December 31, 2025	5,000,000,000	50,000

	Number of shares	Share capital RMB'000
Issued and fully paid		
As at January 1, 2024	631,524,200	43
Cancellation of shares	(9,753,000)	(1)
As at December 31, 2024 and January 1, 2025	621,771,200	42
Cancellation of shares	(3,272,200)	—*
As at December 31, 2025	618,499,000	42

* Less than RMB1,000.

During the year, the Company repurchased its own ordinary shares through The Stock Exchange of Hong Kong Limited as follows:

Month of repurchase	No. of ordinary shares	Price per share		Aggregate consideration paid HK\$'000
		Highest HK\$	Lowest HK\$	
January	1,928,000	14.14	12.44	25,578
December	1,445,000	12.75	12.04	17,946

During the year ended December 31, 2025, the Company repurchased 3,373,000 (2024: 11,097,200) of its own ordinary shares through The Stock Exchange of Hong Kong Limited with an aggregate consideration of HK\$43,595,000 (equivalent to RMB39,938,000) (2024: HK\$183,761,000 (equivalent to RMB168,077,000)) paid, including the transaction costs, and 3,272,200 repurchased ordinary shares were cancelled by the Company during the year ended December 31, 2025 (2024: 9,753,000).

Among these shares repurchased during the year ended December 31, 2025, 1,928,000 (year ended December 31, 2024: 9,753,000) shares were cancelled upon repurchase and 1,445,000 (year ended December 31, 2024: 1,344,200) shares were not cancelled and remained as treasury shares at the end of the reporting period.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

23. BORROWINGS

	As at December 31,	
	2025 RMB'000	2024 RMB'000
At amortised cost:		
Secured	1,951,544	2,123,657
Unsecured	484,670	655,553
	2,436,214	2,779,210

The carrying amounts of the above borrowings are analysed based on contractual repayment date as follows:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
The carrying amounts of the borrowings are repayable:		
Within one year	440,676	531,999
Within a period of more than one year but not exceeding two years	738,592	466,878
Within a period of more than two years but not exceeding five years	1,084,203	1,542,106
Within a period of more than five years	172,743	238,227
	2,436,214	2,779,210
Less: amounts due within one year shown under current liabilities	440,676	531,999
Amounts shown under non-current liabilities	1,995,538	2,247,211

The exposure of the Group's borrowings are as follows:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Fixed-rate borrowings	129,000	461,385
Variable-rate borrowings	2,307,214	2,317,825
	2,436,214	2,779,210

The Group's variable-rate borrowings carry interest at Loan Prime Rate plus spread ranged from -0.55% to 0.44%. According to the contracts, interest rates are reset every one, three, six or twelve months.

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For the year ended December 31, 2025

23. BORROWINGS (CONTINUED)

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	As at December 31,	
	2025	2024
Effective interest rate:		
Fixed-rate borrowings	1.25% to 2.44%	2.25% to 3.25%
Variable-rate borrowings	2.45% to 3.80%	2.50% to 3.80%

All secured borrowings are guaranteed and pledged as shown below:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Pledged by property, plant and equipment	975,549	909,029
Secured by certain subsidiaries' equities of the Group	975,995	1,214,628
	1,951,544	2,123,657

The Group's bank borrowings as at December 31, 2025 of RMB975,549,000 (2024: RMB909,029,000) were secured by certain buildings, right-of-use for lands and construction in progress of the Group with total carrying values of RMB1,340,711,000 (2024: RMB988,282,000).

The Group's bank borrowings as at December 31, 2025 of RMB975,995,000 (2024: RMB1,214,628,000) were secured by 100% equity of Suzhou Yongding Medical Management Service Co., Ltd., 100% equity of Etern Healthcare (HK) Limited, 100% equity of Etern Group Ltd., 98% equity of Suzhou Yongding Hospital Co., Ltd., 70% equity of Chang'an Hospital and 70% equity of Yixing Hygeia Hospital.

In respect of bank borrowings with carrying amount of RMB367,415,000 as at December 31, 2025 (2024: RMB446,147,000), the Group is required to comply with the certain financial covenants at the end of each annual reporting year. The Group has complied with the financial covenants of its borrowings during the years ended December 31, 2025 and 2024.

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For the year ended December 31, 2025

24. LEASE LIABILITIES

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Lease liabilities payable:		
Within one year	3,215	3,246
Within a period of more than one year but not exceeding two years	2,776	2,973
Within a period of more than two years but not exceeding five years	3,478	6,014
	9,469	12,233
Less: amount due for settlement within 12 months shown under current liabilities	3,215	3,246
Amount due for settlement after 12 months shown under non-current liabilities	6,254	8,987

The incremental borrowing rates applied to lease liabilities range from 2.10% to 3.43% (2024: from 2.60% to 3.65%).

25. FINANCIAL LIABILITIES AT FVPL

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Derivative financial instruments	6,775	—

During the current year, the Group invested in certain derivative financial instruments. The changes in fair value of these financial instruments were recognised as other gains (losses), net.

Notes to the Consolidated Financial Statements

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26. SHARE-BASED COMPENSATION

In order to provide incentives and/or rewards to directors or employees of the Group who, in the sole discretion of the Board, have contributed or will contribute to the Group (the “Eligible Persons”) for their contributions to, and continuing efforts to promote the interests of, the Group and to enable the Group to recruit and retain talents, the shareholders of the Company adopted the Share Option Scheme on October 15, 2021. Pursuant to the Share Option Scheme, on November 12, 2021 (the “Grant Date”), the Company granted 7,859,000 share options to 564 Eligible Persons, who are employees of the Company’s subsidiaries, to subscribe for up to an aggregate of 7,859,000 ordinary shares of the Company with a nominal value of US\$0.00001 each in the share capital of the Company.

Share options granted under the Share Option Scheme shall be valid and effective for a period of 10 years from the Grant Date and vest over a five-year period, with 20% of total Share Options vesting on March 31 each year from 2023 to 2027. Performance targets are set out for each batch of granted share options. Details of the Share Option Scheme were disclosed in the Company announcement dated November 12, 2021.

Set out below are summaries of options movements under the plan:

	Number of share options	Average exercise price per share option
Outstanding as at January 1, 2024	7,151,200	HK\$66.80
Forfeited during the year	(400,200)	HK\$66.80
Outstanding as at December 31, 2024 and January 1, 2025	6,751,000	HK\$66.80
Forfeited during the year	(3,018,400)	HK\$66.80
Outstanding as at December 31, 2025	3,732,600	HK\$66.80

The Group uses the binomial option pricing model in determining the estimated fair value of the share options granted. The model requires the input of highly subjective assumptions. For the expected volatility, the trading history and observation period of the Group’s own share price movement has not been long enough to match the life of the share option. Therefore, the Group has made reference to the historical price volatilities of ordinary shares of several comparable Hong Kong listed companies in the same industry as the Group. For the expected exercise multiple, the Group was not able to develop an exercise pattern as reference, thus the exercise multiple is based on management’s estimation, which the Group believes is representative of the future exercise pattern of the options. The risk-free interest rate for periods within the contractual life of the option is based on the interest rate of 10-year Hong Kong government debt at the grant date.

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26. SHARE-BASED COMPENSATION (CONTINUED)

The above transaction was considered as equity-settled share-based payment to employees in exchange for their services. The fair value of the Share Options granted to the Eligible Persons on the Grant Date, as determined by a professional valuation firm, was HK\$168,100,000. The significant inputs into the Binomial valuation model were listed as below:

	As at Grant Date
Closing price of ordinary share	HK\$66.80
Exercise price	HK\$66.80
Expected exercise multiple	1.70–2.50
Expected volatility	30.23%
Risk-free interest rate	1.53%
Expected dividend yield	0.80%
Contractual life	10 years

The Group net reversed a total of RMB9,043,000 share-based compensation expenses in the consolidated statement of profit or loss and other comprehensive income for the aforesaid share options (2024: RMB10,736,000).

27. RETIREMENT BENEFITS PLANS

The Group has participated in certain defined contribution retirement benefit plans organised by the local governments in the PRC for its employees in the PRC. The Group is required to make monthly defined contributions to these plans based on certain percentage of the salary of employees and no available forfeiture to the Group to reduce the level of the Group's contributions if the employees resigned from the Group.

The total amount provided by the Group to the plans in the PRC and charged to profit or loss are RMB93,706,000 (2024: RMB88,047,000) for the year ended December 31, 2025.

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28. TRADE AND OTHER PAYABLES

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Trade payables	583,208	549,008
Salaries payable	307,722	285,063
Payables for construction projects	113,716	172,086
Payables of considerations for acquiring equity interest of subsidiaries	15,071	15,071
Other taxes payable	27,012	28,403
Deposits payable	5,073	5,129
Others	69,951	81,775
	1,121,753	1,136,535

The credit period granted by suppliers generally ranges from 30 to 90 days. The following is an aging analysis of trade payable, presented based on the transaction date:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
0 to 90 days	367,428	403,856
91 to 180 days	119,685	79,824
181 to 365 days	49,274	21,544
Over 1 year	46,821	43,784
	583,208	549,008

29. CONTRACT LIABILITIES

The Group has recognised the following revenue-related contract liabilities:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Outpatient services	18,825	24,088
Inpatient services	23,243	22,340
Others	8,053	8,254
	50,121	54,682

As at January 1, 2024, contract liabilities amounted to RMB54,258,000.

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For the year ended December 31, 2025

29. CONTRACT LIABILITIES (CONTINUED)

The following table shows how much of the revenue recognised relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in prior periods.

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Outpatient services	24,088	26,049
Inpatient services	22,340	17,448
Others	8,254	10,761
	54,682	54,258

30. CAPITAL COMMITMENTS

The Group's capital expenditure contracted for at the end of the year but not yet incurred is as follows:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Property, plant and equipment	250,475	460,936
Intangible assets	2,369	2,185
	252,844	463,121

31. CAPITAL RISK MANAGEMENT

The Group manages its capital through gearing ratio to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the borrowings and lease liabilities disclosed in Note 23 and Note 24 respectively, net of cash and cash equivalents, term deposits with an original maturity over three months and restricted deposits and equity of the Group, comprising issued share capital, retained profits, other reserves and non-controlling interests.

The management reviews the capital structure on a semi-annual basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

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31. CAPITAL RISK MANAGEMENT (CONTINUED)

The gearing ratio at the end of the reporting period was as follows:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Debt	2,445,683	2,791,443
Cash and cash equivalents	(429,240)	(369,070)
Restricted deposits	(45,913)	(1,355)
Term deposits with an original maturity over three months	(6,600)	—
Net Debt	1,963,930	2,421,018
Equity	6,784,556	6,674,404
Net debt to equity ratio	29%	36%

32. FINANCIAL INSTRUMENTS**32a. Categories of financial instruments**

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Financial assets		
Financial assets at amortised cost:		
Cash and cash equivalents	429,240	369,070
Term deposits with an original maturity over three months	6,600	—
Restricted deposits	45,913	1,355
Amounts due from related parties	14,916	23,552
Trade and other receivables	736,287	872,287
	1,232,956	1,266,264
Financial assets at FVPL	258,953	282,522
	1,491,909	1,548,786
Financial liabilities		
Liabilities at amortised cost:		
Borrowings	2,436,214	2,779,210
Trade and other payables excluding non-financial liabilities	787,019	818,308
	3,223,233	3,597,518
Financial liabilities at FVPL	6,775	—
	3,230,008	3,597,518

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For the year ended December 31, 2025

32. FINANCIAL INSTRUMENTS (CONTINUED)

32b. Financial risk management objectives and policies

The Group's major financial instruments include cash and cash equivalents, term deposits with an original maturity over three months, restricted deposits, amounts due from related parties, trade and other receivables, financial assets at FVPL, borrowings, trade and other payables excluding non-financial liabilities, lease liabilities and financial liabilities at FVPL. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk, and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Market risk

(i) Currency risk

Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the Group entities' functional currency. The Group's businesses are principally conducted in RMB, and the Group has foreign currency bank balances, financial assets at FVPL and financial liabilities at FVPL, which expose the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Assets		
US\$	139,953	617
HK\$	28,379	1,964
Liabilities		
US\$	469	—

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

32. FINANCIAL INSTRUMENTS (CONTINUED)

32b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(i) Currency risk (Continued)

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in the group entities' relevant functional currencies against the relevant foreign currencies. 5% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rate. A positive number below indicates an increase in profit for the year where the group entities' relevant functional currencies weaken 5% against the relevant foreign currencies. For a 5% strengthening of the group entities' relevant functional currencies against the relevant foreign currencies, there would be an equal and opposite impact on the profit for the year.

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Impact on profit or loss		
US\$	6,974	31
HK\$	1,419	98

(ii) Interest rate risk

Financial liabilities issued at variable rates expose the Group to cash flow interest-rate risk. Financial liabilities issued at fixed rates expose the Group to fair value interest-rate risk. The Group currently has not used any interest rate swap arrangements but will consider hedging interest rate risk should the need arise.

Other than interest-bearing short-term deposits, the Group has no other significant interest-bearing assets. The directors of the Company do not anticipate there is any significant impact to interest-bearing assets resulted from the changes in interest rates, because the interest rates of short-term deposits are not expected to change significantly.

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For the year ended December 31, 2025

32. FINANCIAL INSTRUMENTS (CONTINUED)

32b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Interest rate risk (Continued)

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates of the borrowings at the end of the reporting period are as follows:

	As at December 31, 2025		As at December 31, 2024	
	RMB'000	% of total borrowings	RMB'000	% of total borrowings
Floating-rate bank borrowings	2,307,214	94.7%	2,317,825	83.4%
Fixed-rate bank borrowings				
– repricing or maturity dates:				
– Within 1 year	100,000	4.1%	326,000	11.7%
– Between 1 and 2 years	1,000	0.1%	135,385	4.9%
– Between 2 and 5 years	28,000	1.1%	–	–
	2,436,214	100.0%	2,779,210	100.0%

For the year ended December 31, 2025, if the floating interest rates on borrowings had been higher/lower by 50 basis points with all other variables held constant, the pre-tax profit would have been RMB11,536,000 lower/higher (2024: RMB11,589,000 lower/higher), mainly as a result of higher/lower interest expenses on floating-rate borrowings.

(iii) Other price risk

The Group is exposed to price risk in respect of financial assets and financial liabilities at FVPL. The Group is not exposed to commodity price risk. To manage its price risk arising from the investments, the Group diversifies its portfolio. Each investment is managed by senior management on a case-by-case basis.

Sensitivity analysis

The sensitivity analyses have been determined based on the exposure to equity price risk at the reporting date. During the year ended December 31, 2025, for financial instruments with fair value measurement categorised within Level 1 and Level 2, if the fair value of financial assets at FVPL had been 1% higher/lower, the pre-tax profit would have been increased/decreased by RMB2,535,000(2024: Nil), if the fair value of financial liabilities at FVPL had been 1% higher/lower, the pre-tax profit would have been decreased/increased by RMB68,000 (2024: Nil). The sensitivity analyses for wealth management products with fair value measurement categorised within Level 3 were disclosed in Note 32c.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

32. FINANCIAL INSTRUMENTS (CONTINUED)**32b. Financial risk management objectives and policies (Continued)****Credit risk and impairment assessment**

The Group is exposed to credit risk in relation to its cash and cash equivalents, term deposits with an original maturity over three months, restricted deposits, trade and other receivables and amounts due from related parties. The carrying amount of each class of the above financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

(i) Risk management and security

To manage this risk, cash and cash equivalents, term deposits with an original maturity over three months and restricted deposits are mainly placed with state-owned financial institutions in the PRC and reputable international financial institutions outside the PRC. There has been no recent history of default in relation to these financial institutions.

The Group's trade receivables are mainly from providing medical service to patients as well as providing services to the radiotherapy centers and trustee hospitals. The Group, being a provider of healthcare service to patients, has a highly diversified customer base, without any single customer contributing material revenue. However, the Group has concentrated debtor's portfolio, as a majority of the patients will claim their medical bills from public medical insurance organisations. The reimbursement from these organisations may take one to twelve months. The Group has policies in place to ensure the treatments and medicines prescribed and provided to such insured patients are in line with respective organisations' policies, fulfilling all ethics and moral responsibilities as a healthcare provider. The Group also closely monitors the patients' billings and claim status to minimise the credit risk. For the receivables from the radiotherapy centers and trustee hospitals, the Group has granted credit term of 0–90 days and would follow up actively on the settlement with respective counterparties to avoid any overdue receivables.

For other receivables and amounts due from related parties, management makes periodic collective assessments as well as individual assessment on the recoverability of such receivables based on historical settlement records and past experience. The directors believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables and amounts due from related parties as the Group closely monitors their repayments.

(ii) Impairment of financial asset

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward-looking macroeconomic factors.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

32. FINANCIAL INSTRUMENTS (CONTINUED)

32b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

(ii) Impairment of financial asset (Continued)

Trade receivables

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been assessed for impairment both on an individual basis and on a collective group basis based on different credit risk characteristics.

For receivables with unique credit risk characteristics, the Group has assessed that the expected credit losses on an individual basis. For the year ended December 31, 2025, the Group has made no expected credit losses against these receivables (RMB43,056,000 for the year ended December 31, 2024). For other trade receivables, the Group has performed an impairment analysis at each year-end date using a provision matrix to measure ECL. The provision rates are based on past due of trade receivables for groupings of various debtor segments with similar loss patterns. The calculation reflects the historical credit losses experience and reasonable and supportable information that is available at the year-end date about past events, current conditions and forecasts of future economic conditions.

Financial assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group and indicator(s) of severe financial difficulty. Where receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

32. FINANCIAL INSTRUMENTS (CONTINUED)

32b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

(ii) Impairment of financial asset (Continued)

Other receivables and amount due from related parties

Other receivables at amortised cost mainly include deposits receivables and advance to employees.

As at December 31, 2025 and 2024, the directors of the Company considered that there are no significant increase in credit risk of other receivables and amount due from related parties. The Group considered the 12-month expected credit losses of other receivables and due from related parties are immaterial.

The Group's internal credit risk grading assessment comprises the following categories:

Categories	Group definition of category	Basis for recognition of expected credit loss provision
Performing	Counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime (stage 1)
Underperforming	Receivables for which there is a significant increase in credit risk as significant increase in credit risk is presumed if interest and/or principal repayments are 90 days past due	Lifetime expected losses — not credit-impaired (stage 2)
Non-performing	Interest and/or principal repayments are more than 365 days past due	Lifetime expected losses — impaired (stage 3)

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32. FINANCIAL INSTRUMENTS (CONTINUED)

32b. Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

(ii) Impairment of financial asset (Continued)

Other receivables and amount due from related parties (Continued)

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

	Internal credit rating	12m or lifetime ECL	Gross carrying amount <i>RMB'000</i>	Impairment loss allowance <i>RMB'000</i>
As at December 31, 2025				
Financial assets at amortised cost:				
Cash and cash equivalents	Performing	12m ECL	429,240	—
Term deposits with an original maturity over three months	Performing	12m ECL	6,600	—
Restricted deposits	Performing	12m ECL	45,913	—
Amounts due from related parties	Performing	12m ECL	14,916	—
Other receivables	Performing	12m ECL	49,658	—
Trade receivables	Note	Lifetime ECL (not credit-impaired)	701,187	14,558
			1,247,514	14,558
As at December 31, 2024				
Financial assets at amortised cost:				
Cash and cash equivalents	Performing	12m ECL	369,070	—
Term deposits with an original maturity over three months	Performing	12m ECL	—	—
Restricted deposits	Performing	12m ECL	1,355	—
Amounts due from related parties	Performing	12m ECL	23,552	—
Other receivables	Performing	12m ECL	49,298	—
Trade receivables	Note	Lifetime ECL (not credit-impaired)	837,547	14,558
			1,280,822	14,558

Note: For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECL on trade receivables both on an individual basis and on a collective group basis, grouped by different credit risk characteristics and the aging of the trade receivables.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

32. FINANCIAL INSTRUMENTS (CONTINUED)

32b. Financial risk management objectives and policies (Continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents and term deposits with an original maturity over three months deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The table below sets out the Group's financial liabilities grouped into relevant maturity groupings based on their contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows. The table includes both interest and principal cash flows. Balances due within 12 months equal to their carrying balances, as the impact of discounting is not significant.

	Weighted average interest rate %	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying Amount RMB'000
As at December 31, 2025							
Trade and other payables excluding non-financial liabilities	—	787,019	—	—	—	787,019	787,019
Lease liabilities	2.91	3,662	3,062	3,633	—	10,357	9,469
Borrowings	3.39	516,576	795,301	1,133,694	181,245	2,626,816	2,436,214
Total		1,307,257	798,363	1,137,327	181,245	3,424,192	3,232,702
As at December 31, 2024							
Trade and other payables excluding non-financial liabilities	—	818,308	—	—	—	818,308	818,308
Lease liabilities	3.09	3,870	3,411	6,452	—	13,733	12,233
Borrowings	3.35	619,217	537,609	1,632,588	249,488	3,038,902	2,779,210
Total		1,441,395	541,020	1,639,040	249,488	3,870,943	3,609,751

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

32. FINANCIAL INSTRUMENTS (CONTINUED)

32c. Fair value measurements of financial instruments

The Group made judgements and estimates in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

Fair values are categorised into different fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 fair value measurements are those derived from valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable (significant unobservable input).

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For the year ended December 31, 2025

32. FINANCIAL INSTRUMENTS (CONTINUED)

32c. Fair value measurements of financial instruments (Continued)

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
	December 31, 2025 RMB'000	December 31, 2024 RMB'000			
Financial assets at FVPL					
MMF	65,124	—	Level 1	Active market quoted transaction price	N/A
ETF	57,140	—	Level 1	Active market quoted transaction price	N/A
Listed equity securities	8,343	—	Level 1	Active market quoted transaction price	N/A
Wealth management products	120,235	—	Level 2	Discounted cashflow method	N/A
Derivative financial assets	2,641	—	Level 2	The fair value is determined based on the fair value of the underlying security	N/A
Wealth management products	5,470	282,522	Level 3	Discounted cashflow method	Expected annual return rate and discounted rate

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For the year ended December 31, 2025

32. FINANCIAL INSTRUMENTS (CONTINUED)

32c. Fair value measurements of financial instruments (Continued)

(i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis (Continued)

	Fair value as at		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
	December 31, 2025 RMB'000	December 31, 2024 RMB'000			
Financial liabilities at FVPL					
Derivative financial liabilities	(6,775)	—	Level 2	The fair value is determined based on the fair value of the underlying security	N/A

There were no transfers between Level 1 and 2 during the year.

(ii) Reconciliation of Level 3 fair value measurements

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Balance at beginning of the year	282,522	206,151
Additions	—	1,300,000
Changes in fair value	602	10,518
Disposals	(277,654)	(1,234,147)
Balance at end of the year	5,470	282,522

Of the total gains or losses for the period included in profit or loss, RMB80,000 gain (2024: gain of RMB9,271,000) relates to financial assets at FVPL held at the end of the current reporting period. Fair value gains or losses on financial assets at FVPL are included in other gains (losses), net.

The unobservable inputs of wealth management products are expected annual return rate and discounted rate. The higher the expected return rate, the higher the fair value; the higher the discounted rate, the lower the fair value. The expected annual return rate of the investments in wealth management products with floating rate of 1.59% for the year ended December 31, 2025 (2024: from 1.94% to 3.50%). If the fair value of financial assets at FVPL held by the Group had been 1% higher/lower, the pre-tax profit for the year ended December 31, 2025 would have been increased/decreased by RMB55,000 (December 31, 2024: RMB2,825,000).

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32. FINANCIAL INSTRUMENTS (CONTINUED)**32c. Fair value measurements of financial instruments (Continued)****(iii) Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis**

The carrying amounts of the Group's financial assets, including cash and cash equivalents, term deposits with an original maturity over three months, restricted deposits, amounts due from related parties, trade and other receivables, as well as current financial liabilities, including borrowings and trade and other payables excluding non-financial liabilities approximate their fair values due to their short maturities. The carrying amounts of non-current borrowings approximate their fair values, as the impact of discounting is not significant.

33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Borrowings <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Total <i>RMB'000</i>
As at January 1, 2024	2,721,357	3,230	2,724,587
Financing cash flows	53,458	(3,639)	49,819
Interest expenses	4,395	653	5,048
New leases entered	—	11,989	11,989
As at December 31, 2024	2,779,210	12,233	2,791,443
Financing cash flows	(430,344)	(4,113)	(434,457)
Interest expenses	87,348	637	87,985
New leases entered	—	712	712
As at December 31, 2025	2,436,214	9,469	2,445,683

34. MAJOR NON-CASH TRANSACTIONS

During the year, the Group entered into new lease agreements for the use of leased properties for 3 years. On the lease commencement, the Group recognised right-of-use assets and lease liabilities of RMB712,000 and RMB712,000 (2024: RMB11,989,000 and RMB11,989,000) respectively.

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35. RELATED PARTY TRANSACTIONS

(a) Names and relationships with related parties

Related parties are those parties that have the ability to control, jointly control or exercise significant influence over the other party in holding power over the investee; exposure or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

The directors of the Company are of the view that the following parties were related parties that had transactions or balances with the Group during the years ended December 31, 2025 and 2024:

Name of related parties	Relationship with the Group
Ji Hairong (季海榮)	Spouse of Mr. Zhu Yiwen
Shanghai Rongqiao Biotechnology Co., Ltd. (上海榮喬生物科技有限公司)	Ultimately controlled by Ji Hairong
Handan Renhe Hospital (邯鄲仁和醫院)	Certain employees or directors of the Group are internal governance body members of Handan Renhe Hospital

(b) Transactions with related parties

The following is a summary of the significant transactions carried out between the Group and its related parties.

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Transactions		
— Handan Renhe Hospital		
Sales of medicine and medical consumables	10,273	13,632
Management service fee	2,714	2,702
Others	3,443	5,857
	16,430	22,191
— Shanghai Rongqiao Biotechnology Co., Ltd.		
Interest expenses on lease liabilities	31	58
— Ji Hairong		
Interest expenses on lease liabilities	—	2

Transactions with related parties are determined based on terms mutually agreed between the relevant parties.

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35. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Balances with related parties

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Amounts due from related party		
— Handan Renhe Hospital	14,916	23,552

	As at December 31,	
	2025 RMB'000	2024 RMB'000
Amounts due to related parties		
Lease liabilities to		
— Shanghai Rongqiao Biotechnology Co., Ltd	276	838
— Ji Hairong	—	27

As at December 31, 2025 and 2024, the balances were unsecured, interest-free, and repayable on demand and are denominated in RMB.

(d) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Year ended December 31,	
	2025 RMB'000	2024 RMB'000
Salaries, wages and bonus	5,894	4,567
Employer's contribution to retirement benefit plan	246	284
Fees	550	—
Allowances and benefits in kind	200	260
Share-based compensation expenses	(809)	(757)
	6,081	4,354

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

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36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

The Company's subsidiaries comprising the Group at December 31, 2025 are set out below. All of these are limited liability companies and the country of incorporation or registration is also their principal place of business:

Name of subsidiaries	Place and date of incorporation/acquisition	Issued and fully paid up share capital '000	Principal activities	Attributable equity interest to the Company As at December 31, 2025	Attributable equity interest to the Company As at December 31, 2024
Directly held:					
Hygeia Healthcare Group Co., Limited	BVI, October 2, 2018	US\$50	Investment holding	100%	100%
Etern Group Ltd.	BVI, April 28, 2021	—	Corporate management	100%	100%
Datang Healthcare Corporation Limited (大唐醫療有限公司)	Hong Kong, August 31, 2023	—	Corporate management	100%	100%
Indirectly held:					
Hygeia Healthcare (HK) Co., Limited	Hong Kong, October 19, 2018	HK\$10	Investment holding	100%	100%
Shanghai Hygeia Medical Technology (Group) Co., Ltd.(f) (上海海吉亞醫療科技(集團)有限公司)	PRC, January 10, 2007	RMB250,000	Corporate management	100%	100%
Shanghai Qiushi Investment Management Co., Ltd. (上海秋拾投資管理有限公司)	PRC, April 24, 2015	RMB80,000	Investment holding company	100%	100%
Shanxian Hygeia Hospital Co., Ltd. (單縣海吉亞醫院有限公司)	PRC, November 20, 2012	RMB234,187	Healthcare services	100%	100%
Jiangsu Gamma Star Medical Service Co., Ltd. (江蘇伽瑪星醫療服務有限公司)	PRC, December 1, 2017	RMB10,000	Radiotherapy services	100%	100%
Jiangsu Hygeia Medical Instrument Co., Ltd. (江蘇海吉亞醫療器械有限公司)	PRC, November 21, 2017	RMB10,000	Supply chain	100%	100%
Gamma Star Tech (上海伽瑪星科技發展有限公司)	PRC, November 24, 2009	RMB150,000	Hospital management and production of our proprietary SRT equipment	100%	100%
Chengwu Hygeia Hospital (成武海吉亞醫院有限公司)	PRC, January 12, 2017	RMB26,000	Healthcare services	100%	100%
Chongqing Hygeia Hospital (重慶海吉亞醫院有限公司)	PRC, November 9, 2015	RMB71,429	Healthcare services	100%	100%
Heze Hygeia Hospital Co., Ltd. (菏澤海吉亞醫院有限公司)	PRC, January 23, 2013	RMB157,143	Healthcare services	100%	100%

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36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY
(CONTINUED)

Name of subsidiaries	Place and date of incorporation/acquisition	Issued and fully paid up share capital '000	Principal activities	Attributable equity interest to the Company As at December 31, 2025	Attributable equity interest to the Company As at December 31, 2024
Indirectly held: (Continued)					
Anqiu Hygeia Hospital (安丘海吉亞醫院有限公司)	PRC, December 26, 2016	RMB21,429	Healthcare services	100%	100%
Suzhou Canglang Hospital (蘇州滄浪醫院有限公司)	PRC, November 27, 2015	RMB18,857	Healthcare services	100%	100%
Suzhou Suchen Medical Investment Development Co., Ltd. (蘇州蘇辰醫療投資發展有限公司)	PRC, November 27, 2015	RMB12,000	Investment holding company	100%	100%
Longyan Boai Hospital (龍巖市博愛醫院有限公司)	PRC, September 8, 2015	RMB17,150	Healthcare services	100%	100%
Hygeia (Shanghai) Hospital Management Co., Ltd. (海吉亞(上海)醫院管理有限公司)	PRC, April 8, 2019	RMB50,000	Investment holding company	100%	100%
Liaocheng Hygeia Hospital Co., Ltd. (聊城海吉亞醫院有限公司)	PRC, June 20, 2019	RMB50,000	Healthcare services	100%	100%
Dezhou Hygeia Hospital Co., Ltd. (德州海吉亞醫院有限公司)	PRC, December 18, 2019	RMB50,000	Healthcare services	100%	100%
Shanghai Gamma Star Medical Information Consulting Co., Ltd. (上海伽瑪星醫療信息諮詢有限公司)	PRC, August 23, 2019	RMB10,000	Corporate management	100%	100%
Liaocheng Hygeia Supply Chain Management Co., Ltd.(i & iii) (聊城海吉亞供應鏈管理有限公司)	PRC, May 27, 2020	US\$50,000	Supply chain	100%	100%
Wuxi Hygeia Hospital Co., Ltd. (無錫海吉亞醫院有限公司)	PRC, July 22, 2020	RMB50,000	Healthcare services	100%	100%
Shanghai Hygeia Medical Butler Enterprise Service Co., Ltd.(iii) (上海海吉亞醫管家企業服務有限公司)	PRC, September 10, 2020	RMB1,000	Corporate management	100%	100%
Hygeia Doctor Group (Shenzhen) Co., Ltd. (海吉亞醫生集團(深圳)有限公司)	PRC, November 13, 2020	RMB1,000	Corporate management	100%	100%

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY
(CONTINUED)

Name of subsidiaries	Place and date of incorporation/acquisition	Issued and fully paid up share capital '000	Principal activities	Attributable equity interest to the Company As at December 31, 2025	Attributable equity interest to the Company As at December 31, 2024
Indirectly held: (Continued)					
Hygeia Medical Management (Shanghai) Co., Ltd. (海吉亞醫療管理(上海)有限公司)	PRC, January 5, 2021	RMB50,000	Corporate management	100%	100%
Etern Healthcare (HK) Limited	Hong Kong, April 28, 2021	—	Corporate management	100%	100%
Suzhou Yongding Medical Management Service Co., Ltd.(/)(蘇州永鼎醫療管理服務有限公司)	PRC, April 28, 2021	RMB80,000	Corporate management	100%	100%
Hezhou Guangji Hospital (賀州廣濟醫院有限公司)	PRC, July 7, 2021	RMB59,201	Healthcare services	100%	100%
Suzhou Yongding Hospital Co., Ltd. (蘇州永鼎醫院有限公司)	PRC, April 28, 2021	RMB75,000	Healthcare services	98%	98%
Changshu Hygeia Hospital Co., Ltd. (常熟海吉亞醫院有限公司)	PRC, June 29, 2021	RMB100,000	Healthcare services	100%	100%
Qihai (Chongqing) Pharmaceutical Co., Ltd. (棲海(重慶)醫藥有限公司)	PRC, August 11, 2021	RMB10,000	Supply chain	100%	100%
Kaiyuan Jiehua Hospital Co., Ltd. (開遠解化醫院有限公司)	PRC, May 31, 2021	RMB7,143	Healthcare services	100%	100%
Hygeia Medical Management (Chongqing) Co., Ltd. (海吉亞醫療管理(重慶)有限公司)	PRC, January 20, 2022	RMB80,000	Corporate management	100%	100%
Suzhou Hygeia Pharmacy Co., Limited. (蘇州海吉亞大藥房有限公司)	PRC, April 7, 2023	RMB100	Healthcare services	100%	100%
Yixing Hygeia Hospital (宜興海吉亞醫院有限公司)	PRC, May 31, 2023	RMB36,637	Healthcare services	89.2%	89.2%
Subang Medical Technology (無錫市蘇邦醫療科技有限公司)	PRC, May 31, 2023	RMB100	Corporate management	89.2%	89.2%
Qufu Hygeia Medical Management Co., Ltd. (曲阜海吉亞醫療管理有限公司)	PRC, July 4, 2023	RMB10,000	Corporate management	100%	100%
Chang'an Hospital (長安醫院有限公司)	PRC, August 31, 2023	US\$48,562	Healthcare services	100%	100%
Qufu Chengdong Hospital (曲阜城東腫瘤醫院有限公司)	PRC, December 31, 2023	RMB10,000	Healthcare services	100%	100%
Hygeia (Xi'an) Medical Management Co., Ltd (海吉亞(西安)醫療管理有限公司)	PRC, January 26, 2024	RMB5,000	Corporate management	100%	100%

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

36. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY
(CONTINUED)

Name of subsidiaries	Place and date of incorporation/acquisition	Issued and fully paid up share capital '000	Principal activities	Attributable equity interest to the Company As at December 31, 2025	Attributable equity interest to the Company As at December 31, 2024
Indirectly held: (Continued)					
Chongqing Hai Fu Pharmacy Co., Ltd. (重慶海福大藥房有限公司)	PRC, September 5, 2024	RMB100	Healthcare services	100%	100%
Chongqing Hygeia Senior Care Service Co., Ltd. (重慶海吉亞養老服務有限公司)	PRC, October 31, 2024	RMB100	Healthcare services	100%	100%
Chongqing Hygeia Health Management Co., Ltd. (重慶海吉亞健康管理有限公司)	PRC, November 21, 2024	RMB100	Healthcare services	100%	100%
Haiyu (Chongqing) Supply Chain Management Co., Ltd. (海英(重慶)供應鏈管理有限公司)	PRC, November 22, 2024	RMB10,000	Supply chain	100%	100%
Hygeia Investment (HK) Limited ⁽ⁱ⁾	Hong Kong, February 26, 2025	HK\$10	Corporate management	100%	Not applicable
Hygeia Chongqing Health Clinic Co., Ltd. ⁽ⁱⁱ⁾ (重慶海吉亞康健診所有限公司)	PRC, February 7, 2025	RMB100	Healthcare services	100%	Not applicable
Haijiekang Shanxian Comprehensive Clinic Co., Ltd. ⁽ⁱⁱ⁾ (單縣海吉康綜合門診有限公司)	PRC, June 24, 2025	RMB200	Healthcare services	100%	Not applicable
Hygeia Shanxian Yinling Elderly Care Service Co., Ltd. ⁽ⁱⁱ⁾ (單縣海吉亞銀齡養老服務有限公司)	PRC, November 5, 2025	RMB200	Healthcare services	100%	Not applicable

(i) These subsidiaries were registered as wholly-foreign-owned enterprises under PRC law.

(ii) These subsidiaries were newly established during this year.

(iii) These subsidiaries were deregistered during the year ended December 31, 2025.

The English names of the subsidiary registered in PRC are for identification purpose only.

None of the subsidiaries had issued any debt securities as at December 31, 2025 and 2024.

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

37. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	As at December 31,	
	2025 RMB'000	2024 RMB'000
ASSETS		
Non-current Assets		
Property	105	—
Intangible assets	55	—
Amount due from subsidiaries	592,499	756,587
Investments in subsidiaries	7,306,360	7,445,397
	7,899,019	8,201,984
Current Assets		
Prepayments and other receivables	303	194
Cash and cash equivalents	37,670	23,734
	37,973	23,928
Total Assets	7,936,992	8,225,912
EQUITY AND LIABILITIES		
Non-current Liability		
Long-term borrowings	975,995	1,088,537
	975,995	1,088,537
Current Liabilities		
Trade and other payables	2,061	55,870
Amounts due to subsidiaries	84,984	19,454
	87,045	75,324
Total Liabilities	1,063,040	1,163,861
Capital and Reserves		
Share capital	42	42
Reserves	6,873,910	7,062,009
Total Equity	6,873,952	7,062,051
Total Equity and Liabilities	7,936,992	8,225,912

Notes to the Consolidated Financial Statements

For the year ended December 31, 2025

37. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY
(CONTINUED)

Movement in the Company's reserves

	Share premium RMB'000	Treasury shares RMB'000	Other reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
As at January 1, 2025	7,484,623	(18,394)	(7,737)	(396,483)	7,062,009
Loss and total comprehensive expense for the year	—	—	—	(139,118)	(139,118)
Recognition of equity-settled share-based payments	—	—	(9,043)	—	(9,043)
Repurchase of ordinary shares (Note 22)	—	(39,938)	—	—	(39,938)
Cancellation of shares	(42,049)	42,049	—	—	—
As at December 31, 2025	7,442,574	(16,283)	(16,780)	(535,601)	6,873,910
	Share premium RMB'000	Treasury shares RMB'000	Other reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
As at January 1, 2024	7,634,305	—	2,999	(347,560)	7,289,744
Loss and total comprehensive expense for the year	—	—	—	(48,923)	(48,923)
Recognition of equity-settled share-based payments	—	—	(10,736)	—	(10,736)
Repurchase of ordinary shares (Note 22)	—	(168,077)	—	—	(168,077)
Cancellation of shares	(149,682)	149,683	—	—	1
As at December 31, 2024	7,484,623	(18,394)	(7,737)	(396,483)	7,062,009

38. SUBSEQUENT EVENTS

In February 2026, the Company repurchased a total of 937,400 ordinary shares on the Hong Kong Stock Exchange with an aggregate amount of HK\$12,791,000, including the transaction costs. As of March 30, 2026, the repurchased shares have not been cancelled by the Company.

Save for the above, there was no significant event that might affect the Group after the reporting period.

Definitions and Glossaries

In this annual report, the following expressions have the meanings set out below unless the context otherwise requires:

“AGM”	annual general meeting of the Company to be held on June 26, 2026
“Articles of Association”	the amended and restated memorandum and articles of association of the Company adopted on June 8, 2020 which became effective on the Listing Date (as amended from time to time)
“associates”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the board of Directors of the Company
“BVI”	the British Virgin Islands
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Chairman”	the chairman of the Board
“Chang’an Hospital”	Chang’an Hospital Co., Ltd.* (長安醫院有限公司), a limited liability company incorporated under the laws of the PRC on December 31, 2002
“Changshu Hygeia Hospital”	Changshu Hygeia Hospital Co., Ltd.* (常熟海吉亞醫院有限公司), a limited liability company established in the PRC on June 29, 2021 and a subsidiary of the Company
“China” or the “PRC”	the People’s Republic of China, but for the purpose of this annual report and for geographical reference only, references herein to “China” and the “PRC” do not apply to Hong Kong, the Macau Special Administrative Region and Taiwan
“Chongqing Hygeia Hospital”	Chongqing Hygeia Hospital Co., Ltd.* (重慶海吉亞醫院有限公司) (formerly known as Chongqing Hygeia Cancer Hospital Co., Ltd.* (重慶海吉亞腫瘤醫院有限公司) and Chongqing Hygeia Hospital Management Co., Ltd.* (重慶海吉亞醫院管理有限公司)), a limited liability company established in the PRC on November 9, 2015 and a subsidiary of the Company
“Class III” or “Class III hospitals”	the largest and best regional hospitals designated as Class III hospitals by the NHFPC hospital classification system, typically having more than 500 beds, as for a comprehensive hospital providing high-quality professional healthcare services covering a wide geographic area and undertaking higher academic and scientific research initiatives

Definitions and Glossaries

“Company” or “Hygeia Healthcare”	Hygeia Healthcare Holdings Co., Limited (海吉亞醫療控股有限公司), an exempted company with limited liability incorporated under the laws of Cayman Islands on September 12, 2018, the Shares of which are listed on the Main Board of the Stock Exchange
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented, or otherwise modified from time to time
“Contractual Arrangements”	the series of contractual arrangements, as the case may be, entered into by, among others, Xiangshang Investment, Hygeia Hospital Management, Gamma Star Tech and the VIE Hospitals, details of which are described in the section headed “Directors’ Report — Contractual Arrangements” in this annual report
“Controlling Shareholders”	has the meaning ascribed thereto under the Listing Rules and, unless the context otherwise requires, refers to Mr. Zhu, Ms. Zhu, Ewen Legacy Limited, Century River Holdings Limited, Ewen Eternity Limited, Amber Tree Holdings Limited and Red Palm Holdings Limited
“Dezhou Hygeia Hospital”	Dezhou Hygeia Hospital Co., Ltd.* (德州海吉亞醫院有限公司) (formerly known as Dezhou Chongde Hospital Co., Ltd.* (德州崇德醫院有限公司)), a limited liability company established in the PRC on December 18, 2019 and a subsidiary of the Company
“Director(s)”	director(s) of the Company
“Existing Medical Consumables Annual Caps”	the existing maximum total amount of fees receivable by Jiangsu Medical from Handan Renhe Hospital under the Existing Renhe Medical Consumables Procurement Agreement for the three years ending December 31, 2026
“Existing Medicine Annual Caps”	the existing maximum total amount of fees receivable by Qihai Medicine from Handan Renhe Hospital under the Existing Renhe Medicine Procurement Agreement for the three years ending December 31, 2026
“Existing Renhe Medical Consumables Procurement Agreement”	the Medical Consumables Procurement Framework Agreement (醫療耗材採購框架協議) entered into by Jiangsu Medical and Handan Renhe Hospital on November 30, 2023 for a term of three years commencing January 1, 2024 to December 31, 2026, details of which are set out in the announcement of the Company dated November 30, 2023
“Existing Renhe Medicine Procurement Agreement”	the Medicine Procurement Framework Agreement (藥品採購框架協議) entered into by Qihai Medicine and Handan Renhe Hospital on November 30, 2023 for a term of three years commencing January 1, 2024 to December 31, 2026, details of which are set out in the announcement of the Company dated November 30, 2023
“Gamma Star Tech”	Shanghai Gamma Star Technology Development Co., Ltd.* (上海伽瑪星科技發展有限公司), a limited liability company established in the PRC on May 20, 2004 and a wholly-owned subsidiary of the Company

Definitions and Glossaries

“GFA”	gross floor area
“Global Offering”	the Hong Kong Public Offering and the International Offering (both as defined in the Prospectus)
“Group”, “we”, or “us”	the Company together with its subsidiaries
“Handan Renhe Hospital” or “Managed Hospital”	Handan Renhe Hospital* (邯鄲仁和醫院), a private not-for-profit hospital established under the laws of the PRC which the Group acquired on July 31, 2011
“Hezhou Guangji Hospital”	Hezhou Guangji Hospital Co., Ltd.* (賀州廣濟醫院有限公司), a limited liability company incorporated under the laws of the PRC on March 4, 2020 and a wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hygeia Hospital Management”	Hygeia (Shanghai) Hospital Management Co., Ltd.* (海吉亞(上海)醫院管理有限公司), a limited liability company established in the PRC on March 6, 2019, wholly-owned by Xiangshang Investment and a subsidiary of the Company
“Jiangsu Medical”	Jiangsu Hygeia Medical Equipment Co., Ltd.* (江蘇海吉亞醫療器材有限公司), a limited liability company established in the PRC on November 21, 2017, and a wholly-owned subsidiary of the Company
“IFRS”	International Financial Reporting Standards
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which is/are not connected (within the meaning of the Listing Rules) with any directors, chief executive or substantial shareholders (within the meaning of the Listing Rules) of the Company, its subsidiaries or any of their respective associates
“Kaiyuan Jiehua Hospital”	Kaiyuan Jiehua Hospital Co., Ltd.* (開遠解化醫院有限公司), a limited liability company established in the PRC on May 31, 2021 and a subsidiary of the Company
“Liaocheng Hygeia Hospital”	Liaocheng Hygeia Hospital Co., Ltd.* (聊城海吉亞醫院有限公司), a limited liability company established in the PRC on June 20, 2019 and a subsidiary of the Company
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange on June 29, 2020

Definitions and Glossaries

“Listing Date”	the date, namely June 29, 2020, on which the Shares were listed on the Stock Exchange and from which dealings in the Shares were permitted to commence on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“Longyan Boai Hospital”	Longyan Boai Hospital Co., Ltd.* (龍岩市博愛醫院有限公司), a limited liability company established in the PRC on October 30, 2002 and a subsidiary of the Company
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with the GEM of the Stock Exchange
“Model Code”	the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Mr. Zhu”	Mr. Zhu Yiwen (朱義文), father of Ms. Zhu, the founder of the Group, Chairman and executive Director, and one of the Controlling Shareholders
“Ms. Zhu”	Ms. Zhu Jianqiao (朱劍喬), daughter of Mr. Zhu and one of the Controlling Shareholders
“NHFPC”	National Health Commission of the PRC (中華人民共和國國家衛生健康委員會)
“Nomination Committee”	the nomination committee of the Board
“oncology”	the branch of medicine that deals with cancer
“Prospectus”	the prospectus of the Company published on June 16, 2020
“public medical insurance programs”	primarily include the Urban Employee Basic Medical Insurance Scheme (城鎮職工基本醫療保險制度), the Urban Resident Basic Medical Insurance Scheme (城鎮居民基本醫療保險制度) and the New Rural Cooperative Medical Insurance Scheme (新型農村合作醫療保險制度)
“Qihai Medicine”	Qihai (Chongqing) Medicine Limited* (棲海(重慶)醫藥有限公司), a limited liability company established in the PRC on August 11, 2021, and a wholly-owned subsidiary of the Company
“Qufu Chengdong Hospital”	Qufu Chengdong Cancer Hospital Co., Ltd.* (曲阜城東腫瘤醫院有限公司), a limited liability company incorporated under the laws of the PRC on October 30, 2015
“radiotherapy”	a treatment that uses high energy to kill malignant cancer cells or other benign tumor cells

Definitions and Glossaries

“radiotherapy center services”	the services we provide to certain hospital partners in connection with their radiotherapy centers, which primarily comprise (i) provision of radiotherapy center consulting services; (ii) licensing of the proprietary SRT equipment for use in the radiotherapy centers; and (iii) provision of maintenance and technical support services in relation to the proprietary SRT equipment
“Remuneration Committee”	the remuneration committee of the Board
“Reporting Period”	the twelve-month period from January 1, 2025 to December 31, 2025
“RMB”	the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented, or otherwise modified from time to time
“Shanxian Hygeia Hospital”	Shanxian Hygeia Hospital Co., Ltd.* (單縣海吉亞醫院有限公司) (formerly known as Shanxian Hygeia Hospital Investment Co., Ltd. (單縣海吉亞醫院投資有限公司)), a limited liability company established in the PRC on November 20, 2012 and a subsidiary of the Company
“Share(s)”	ordinary share(s) in the share capital of the Company with nominal value of US\$0.00001 each
“Shareholder(s)”	holder(s) of the Shares
“SRT”	stereotactic radiotherapy, namely, a type of external beam radiotherapy that uses special equipment to stereoscopically position the lesion and precisely deliver high doses of radiation to the tumor through short course of treatment
“State Council”	State Council of the PRC (中華人民共和國國務院)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under section 15 of the Companies Ordinance
“Suzhou Canglang Hospital”	Suzhou Canglang Hospital Co., Ltd.* (蘇州滄浪醫院有限公司), a limited liability company established in the PRC on March 23, 2015 and a subsidiary of the Company
“Suzhou Yongding Hospital”	Suzhou Yongding Hospital Co., Ltd.* (蘇州永鼎醫院有限公司), a for-profit Class II general hospital in Suzhou and a subsidiary of the Company

Definitions and Glossaries

“US\$”	United States dollars, the lawful currency of the United States of America
“VIE Hospitals”	the hospitals that the Group controls certain percentage of their shareholding through the Existing Contractual Arrangements from time to time
“Wuxi Hygeia Hospital”	Wuxi Hygeia Hospital Co., Ltd.* (無錫海吉亞醫院有限公司), a limited liability company established in the PRC on July 22, 2020 and a subsidiary of the Company
“Xiangshang Investment”	Shanghai Xiangshang Investment Development Co., Ltd.* (上海向上投資發展有限公司), a limited liability company established in the PRC on September 1, 2015 and owned by Mr. Zhu and Ms. Zhu as to 40% and 60%, respectively
“Yixing Hygeia Hospital”	Yixing Hygeia Hospital Co., Ltd.* (宜興海吉亞醫院有限公司), a limited liability company established in the PRC on April 6, 2023 and a subsidiary of the Company
“%”	per cent

In this annual report, unless otherwise indicated, the terms “associate”, “connected person”, “controlling shareholder”, “subsidiary” and “substantial shareholder” shall have the meanings given to such terms in the Listing Rules.

* For identification purpose only