Honliv Healthcare Management Group Company Limited

宏力醫療管理集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 9906

ANNUAL REPORT 2024

CONTENTS

Definitions	2
Corporate Information	4
Chairman's Statement	6
Management Discussion and Analysis	8
Report of Directors	20
Directors and Senior Management	39
Corporate Governance Report	43
Independent Auditor's Report	54
Consolidated Statement of Comprehensive Income	59
Consolidated Balance Sheet	60
Consolidated Statement of Changes in Equity	62
Consolidated Statement of Cash Flows	63
Notes to the Consolidated Financial Statements	64
Five-year Financial Summary	118

DEFINITIONS

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

"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of Directors
"Chairman"	the chairman of our Board
"China" or "PRC"	the People's Republic of China, which, for the purpose of this annual report and for geographical reference only, excludes Hong Kong, Macau and Taiwan
"Company" or "our Company"	Honliv Healthcare Management Group Company Limited (宏力醫療管理集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 6 January 2016
"Concert Party Agreement"	the concert party agreement between Mr. Qin Yan, Mr. Qin Hongchao, Sunny Rock and Rubrical Investment dated 10 December 2019
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Corporate Governance Code"	the "Corporate Governance Code" as contained in Appendix C1 to the Listing Rules
"Director(s)"	the director(s) of the Company or any one of them
"Global Offering"	the global offering of the Shares, details of which are set forth in the Prospectus
"Group", "our Group", "our", "we", or "us"	our Company and its subsidiaries or, where the context so requires in respect of the period before our Company became the holding company of our present subsidiaries, the present subsidiaries of our Company and the businesses carried on by such subsidiaries or (as the case may be) their predecessors
"Henan Honliv Hospital" or "the Hospital" or "our Hospital"	Henan Honliv Hospital Co., Ltd.* (河南宏力醫院有限公司), a limited liability company established in the PRC on 24 May 2004
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars" or "HK dollars" or "HKD" or "HK$"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Independent Third Party" or "Independent Third Parties"	a person or entity who is not a connected person of the Company under the Listing Rules
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange

DEFINITIONS

"Listing Date"	13 July 2020, on which the Shares were listed and from which dealings therein were permitted to take place on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
"Memorandum and Articles of Association"	The memorandum and articles of association of the Company currently in force
"Model Code"	the "Model Code for Securities Transactions by Directors of Listed Issuers" as set out in Appendix C3 to the Listing Rules
"Prospectus"	the prospectus of the Company dated 24 June 2020
"Reporting Period"	the year ended 31 December 2024
"RMB"	Renminbi, the lawful currency of the PRC
"Rubrical Investment"	Rubrical Investment Limited, a company incorporated in the BVI on 17 November 2015, wholly owned by Mr. Qin Hongchao, and a Controlling Shareholder and hence a connected person of the Company
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	share(s) with par value of HK$0.0001 each in the share capital of our Company
"Shareholder(s)"	holder(s) of the Share(s)
"Share Option Scheme"	the share option scheme adopted by the written resolutions of the Shareholders of the Company passed on 17 June 2020
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subsidiaries"	has the meaning ascribed thereto in the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
"Substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Sunny Rock"	Sunny Rock Capital Limited, a company incorporated in the BVI on 17 November 2015, wholly owned by Mr. Qin Yan, a Controlling Shareholder, and hence a connected person of the Company
"US dollars" or "USD" or "US$"	United States dollars, the lawful currency of the United States of America
"%"	per cent

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS:

Mr. Qin Yan (秦岩) *(President and Chairman)*
Dr. Teng Qingxiao (滕清曉)
(resigned on 11 December 2024)
Mr. Wang Zhongtao (王忠濤)
Ms. Li Yanhong (李艷紅)
(appointed on 11 December 2024)

NON-EXECUTIVE DIRECTOR:

Mr. Qin Hongchao (秦紅超)

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Mr. Zhao Chun (趙淳)
Mr. Sun Jigang (孫冀剛)
Mr. Jiang Tianfan (江天帆)

AUDIT COMMITTEE

Mr. Sun Jigang (孫冀剛) *(Chairman)*
Mr. Zhao Chun (趙淳)
Mr. Jiang Tianfan (江天帆)

REMUNERATION COMMITTEE

Mr. Jiang Tianfan (江天帆) *(Chairman)*
Mr. Zhao Chun (趙淳)
Mr. Sun Jigang (孫冀剛)

NOMINATION COMMITTEE

Mr. Zhao Chun (趙淳) *(Chairman)*
Mr. Sun Jigang (孫冀剛)
Mr. Jiang Tianfan (江天帆)
Ms. Li Yanhong (李艷紅)
(appointed on 28 March 2025)

REGISTERED OFFICE

Campbells Corporate Services Limited
Floor 4, Willow House
Cricket Square
Grand Cayman KY1–9010
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 8, Bo Ai Road (South)
Changyuan County
Henan Province
China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1922, 19/F, Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

AUTHORISED REPRESENTATIVES

Mr. Qin Yan (秦岩)
Ms. Hui Yin Shan (許燕珊)
(resigned on 19 August 2024)
Ms. Yeung Siu Lam (楊兆琳)
(appointed on 19 August 2024)

JOINT COMPANY SECRETARY

Ms. Wang Xiaoyang (王曉陽)
Ms. Hui Yin Shan (許燕珊)
(resigned on 19 August 2024)
Ms. Yeung Siu Lam (楊兆琳)
(appointed on 19 August 2024)

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants and
Registered Public Interest Entity Auditor
22/F, Prince's Building
Central
Hong Kong

LEGAL ADVISER

As to Hong Kong law:
O'Melveny & Myers
31/F, AIA Central
1 Connaught Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Campbells Corporate Services Limited
Floor 4, Willow House
Cricket Square
Grand Cayman KY1–9010
Cayman Islands

CORPORATE INFORMATION

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre, 183 Queen's Road East, Wanchai
Hong Kong

PRINCIPAL BANKERS

In Hong Kong:
Standard Chartered Bank (Hong Kong) Limited
Standard Chartered Bank Building
4–4A Des Voeux Road Central
Hong Kong

In the PRC:
Industrial and Commercial Bank of China Limited
Changyuan County Branch
111 Gui Ling Avenue
Changyuan County
Xinxiang City
Henan Province
PRC

COMPANY WEBSITE

www.honlivhp.com

STOCK CODE

9906

LISTING DATE

13 July 2020

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors of Honliv Healthcare Management Group Company Limited, I have the honor to present to all shareholders the annual report of the Company for the year ended 31 December 2024.

In 2024, under the combined influence of macroeconomic fluctuations, geopolitical uncertainties, and industry structural adjustments, the healthcare industry faced both risks and demonstrated strong resilience and innovative vitality. The Group has responded to the complex environment with strategic determination. Benefiting from the unwavering and full support of all shareholders as always, the strict and efficient corporate governance of the management, and the hard work of all employees, we have made progress in areas such as revenue growth, R&D breakthroughs, and sustainable development. On behalf of the Board of Directors of the Group, I would like to extend my most sincere greetings and best wishes to all shareholders, all employees, and all investors.

In 2024, adhering to the concept of sustainable development, the Group took the "Four-dimensional Responsibility System (四維責任體系)" (protection of shareholders' rights and interests, creation of social value, empowerment of employee growth, and harmonious co-existence with the environment) as the core driver to build a health service ecosystem throughout the entire life cycle. In our main business, we deeply integrated intelligent medical care with humanistic care. The Emergency Medicine Department became a key cultivated clinical specialty in Henan Province, and the "Development and Application of the CCC Intelligent Nursing Information System" was presented as a keynote speech at the International Nursing Information Conference. In the field of scientific research and innovation, we established an agile R&D system of "clinical problem — orientation, multi — center joint research, and instant achievement transformation", and a number of practical information management systems were recognized as scientific and technological achievements in Henan Province.

The Group strictly complies with relevant laws and regulations applicable to listed companies, diligently fulfills its responsibilities, adheres to the principles of legal and transparent rights and responsibilities, ensures coordinated operation and effective checks and balances. The corporate governance mechanism has been continuously improved, achieving closed — loop management of strategic decision — making, risk management, and performance evaluation. This has laid a solid institutional foundation for safeguarding the legitimate rights and interests of investors.

Based on the strict and efficient corporate governance, even in the face of a complex and ever-changing medical environment, the Group still achieved steady growth in 2024. The consolidated revenue for the year ended 31 December 2024 was RMB768.7 million, representing an increase of 1.1% compared with the corresponding period.

CHAIRMAN'S STATEMENT

Looking ahead, driven by multiple factors such as the accelerated aging of the population, the continuous release of policy dividends, and the deepening of the technological revolution, China's medical market is entering a new stage of high-quality development. The application of technologies such as artificial intelligence is driving the intelligent upgrading of diagnosis and treatment processes. Precision medicine and digital therapies have become new growth engines in the industry. The state continues to promote the reform of medical insurance payment, helping the industry transform from scale expansion to quality and efficiency improvement. In the future, China's medical market will present a pattern of dual-wheel drive featuring "technological breakthroughs + model innovation". China's extremely large-scale demand for medical services will create long-term value for investors.

The Group will resonate in sync with the pulse of the times, precisely target the strategic opportunity period where policy dividends and technological revolutions converge. We will build development momentum through innovation-driven approaches, make breakthroughs while carrying forward our traditions, and achieve transcendence amidst changes. We are determined to create a benchmark model for Chinese-style modernized medical services.

Honliv Healthcare Management Group Company Limited
Mr. Qin Yan
President and Chairman
28 March 2025

MARKET OVERVIEW AND PROSPECTS

The domestic healthcare market is undergoing profound changes in the policy environment, competitive environment, technological environment, social environment and economic environment.

In terms of the policy environment: the reform of DRG/DIP payment method continues to progress, hospital revenue structure is facing adjustment, and the pressure of cost control is increasing; the construction of graded diagnosis and treatment and medical association is being vigorously promoted, which will realize the balanced allocation and efficient utilization of medical resources; social capital is encouraged to enter the medical field, promoting the diversified and professional development of healthcare services. In particular, the permission for wholly foreign-owned hospitals has created a greater "catfish effect (鯰魚效應)"; the medical quality control system has been improved, the management of adverse events has been strengthened, etc., which promotes the standardization and regularization of healthcare services and ensures the safety and effectiveness of healthcare services.

In terms of the competitive environment: under the payment model dominated by DRG, the competition among public hospitals, as well as between public hospitals and socially-run medical institutions, has intensified; in terms of the development model, the model of "large specialized departments with small comprehensive departments" is facing challenges, and the model of "large specialized departments with strong comprehensive departments" has become the future trend. Talent competition has become more prominent, and outstanding medical professionals have become a scarce resource.

In terms of the technological environment: intelligent technologies such as big data analysis and artificial intelligence diagnosis are developing rapidly. These technologies can quickly and accurately process medical information and assist doctors in making scientific diagnoses and treatments, thus impacting the traditional diagnosis and treatment models. Integrated solutions break down the information barriers between hospital departments, enabling the unified allocation of medical resources. The pace of innovation in medical technology is accelerating continuously.

In terms of the social environment: the intensification of population aging, the rise in the incidence of chronic diseases, and the significant improvement in residents' health awareness have led to not only the demand for disease treatment but also more needs for services such as health management, rehabilitation nursing, etc.; patients have higher expectations for the quality, efficiency, and experience of healthcare services; with the rapid dissemination of information, the medical behaviors and service quality of hospitals are more likely to be supervised by public opinion, which will have an impact on the reputation of hospitals.

In terms of the economic environment: the full implementation of centralized procurement of pharmaceuticals and medical devices and DRG-based payment has reshaped the revenue structure of hospitals, prompting changes in medical service practices and increasing cost control pressures on medical institutions, which in turn has driven hospitals to enhance their cost accounting and management capabilities.

The evolving operational environment has compelled hospitals to optimize their cost structures and clinical efficiency, driving a transformation in revenue models from "scale expansion (規模擴張)" to "intensive development (內涵式發展)". To address these challenges, hospitals must leverage technological innovation and implement tiered service delivery strategies.

Driven by dual forces of policy reforms and escalating demand, socially-run medical institutions are facing a landscape where "golden opportunities (黃金機遇)" coexist with "reshuffle pressures (洗牌壓力)". Only by enhancing competitiveness through three core strategies of specialty-focused expertise, service innovation, and technological breakthroughs, can they achieve sound development. The "Circular on Further Promoting the Healthy Development of Socially-run Medical Institutions" (《關於進一步促進社會辦醫療機構健康發展的通知》) issued by Henan Province in July 2024 sets out specific measures to support the healthy development of socially-run medical institutions. In the future, socially-run medical institutions with flexible mechanisms, precise positioning, and resource integration capabilities will emerge as leaders, completing their transformation into institutions characterized by "high-quality services + technical barriers (高品質服務+技術壁壘)" and becoming an important supplement to the healthcare system.

As a regional tertiary general hospital, the Group believes that over the past year, we transformed external pressures into internal development momentum, steadily advancing operations and ensuring an adequate supply of medical resources for patients. We achieved significant breakthroughs in areas such as information sharing and clinical decision-making support, effectively enhancing medical service efficiency and quality. However, in the face of increasingly fierce competition in the healthcare market and growing patient needs, we still need to continuously improve and develop.

BUSINESS REVIEW

In 2024, the Group's consolidated revenue for the year ended 31 December 2024 was RMB768.7 million, representing an increase of RMB8.2 million or 1.1% from the consolidated revenue of RMB760.5 million for the year ended 31 December 2023. This was mainly due to the increase in revenue generated from treatment and general medical services and the sale of pharmaceutical products.

The main driving factors are the optimisation of service models and operations achieved on the basis of the relatively well-established medical system, through the iteration of healthcare technology and internet healthcare; and the steady improvement despite the deep impact of relevant healthcare and medical insurance policies on hospital operations.

Hospital Services

Henan Honliv Hospital provides hospital services on behalf of the Group. During the Reporting Period: (i) the total number of inpatient visits amounted to 52,940 (for the year ended 31 December 2023: 54,795), representing a year-on-year decrease of 3.4%; (ii) the average cost of inpatient visits amounted to RMB6,366.1 (for the year ended 31 December 2023: RMB6,394.4), representing a year-on-year decrease of 0.4%; (iii) the average cost of outpatient visits amounted to RMB301.9 (for the year ended 31 December 2023: RMB287.4), representing a year-on-year increase of 5.0%; and (iv) the total number of outpatient visits amounted to 1,440,183 (for the year ended 31 December 2023: 1,400,791), representing year-on-year increase of 2.8%.

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

	For the year ended 31 December		
	2024	2023	*Changes %*
Outpatient visits	**1,440,183**	1,400,791	2.8
Average spending per outpatient visit *(RMB)*	**301.9**	287.4	5.0
Inpatient visits	**52,940**	54,795	(3.4)
Average spending per inpatient visit *(RMB)*	**6,366.1**	6,394.4	(0.4)
Number of beds in operation at the end of the relevant period	**1,500**	1,500	
Average length of stay per inpatient visit *(days)*	**9.5**	9.3	2.0
Number of surgeries	**12,112**	13,159	(8.0)

PHARMACEUTICAL SALES

Revenue from sales of pharmaceutical for the Reporting Period was RMB308.9 million (RMB294.9 million for the year ended 31 December 2023), representing a year-on-year increase of 4.7%. Such increase was mainly attributable to the growth in outpatient sales of pharmaceutical.

BUSINESS DEVELOPMENT

In 2024, under the reform of the DRG payment method, the revenue model of hospitals shifted from "payment by item" to "fixed payment by disease type". The traditional model of increasing revenue through volume was significantly impacted. However, the Group adopted a variety of measures, and the operating efficiency has steadily improved year-on-year. The main revenue-driving strategies are as follows:

(i) Cost control and efficiency enhancement: Offsetting the difference between the DRG payment price and the original cost through clinical pathway standardization, consolidation of the supply chain of consumables, and compression of redundant investigations.

(ii) Revenue structure transformation: Expanding non-inpatient business to fill the gap in inpatient revenue by utilizing lightweight services such as day surgery, online follow-up consultation and health management; strengthening high value-added services by focusing on complex disease categories with higher DRG payment standards, and expanding high-end services outside of the medical insurance scheme to boost ambulatory non-inpatient business revenue.

(iii) Technological innovation and resource revitalization: Enhancing the utilization rate of equipment — applying AI — assisted diagnosis, promoting minimally invasive techniques, and increasing the average daily usage duration of large — scale equipment like CT/MRI — to achieve technological innovation and resource activation.

(iv) Data-driven decision-making: Based on DRG disease group data, dynamically optimizing the admission structure of disease types, preferentially undertaking disease types with better cost-benefit ratios, and avoiding inefficient resource consumption.

Through the above measures, on the basis of the traditional optimization of talent team and increase in the number of medical consultations, the Group has adopted the core strategies centered around quality improvement and cost control, structural upgrading and technological empowerment. It has proactively transformed within the DRG framework, compressed ineffective costs through refined management, and unleashed the potential of existing resources. Additionally, it has explored new scenarios for outpatient and high-end services, and established a balanced revenue model of "ensuring inpatient service quality and increasing outpatient service volume". The DRG reform has forced hospitals to transform, and the Group has made flexible adjustments through the market-based mechanism to verify the feasibility of its core strategies, laying a solid foundation for the sustainable and healthy development of the Group's business.

Clinical Practice Driving Scientific Research, Scientific Research Empowering Clinical Practice

The Group believes that key disciplines serve as the engine for business development. Taking key disciplines as the leading force, constructing an ecosystem of discipline clusters to achieve resource sharing, and relying on the deep integration of key disciplines and scientific research innovation are the keys for the hospital to shift from "scale expansion" to "connotative development". By establishing a symbiotic system of "clinical practice driving scientific research, scientific research empowering clinical practice", the Group ultimately realizes the triple values of benefiting patients, enhancing the efficiency of institutions, and promoting the progress of the industry. In 2024, the hospitals under the Group achieved the following:

(i) The Department of Emergency Medicine became a key cultivated clinical specialty in Henan Province.

(ii) At the 16th 2024 International Council on Nursing Informatics International Congress held in the UK, the paper titled "Development and Application of the CCC Intelligent Nursing Information System" (《CCC智能護理信息系統的開發與應用》) of our hospital was selected by the conference to give a keynote sharing.

(iii) The topics "Practice of Informatization Construction of the Nausea-Free Ward" (《無嘔病房信息化建設之實踐》) and "Research, Development and Application of the Information System for Peritoneal Dialysis Patients Based on the CCC Terminology Knowledge Base" (《基於CCC術語知識庫的腹膜透析患者信息系統的研發與應用》) were presented as keynote speeches at the Academic Conference on Intelligent Nursing hosted by the Chinese Nursing Association.

(iv) Six practical information management systems, including the Hospital Rehabilitation Treatment Management System V1.0 and the Hospital Pulmonary Nodule Screening and Management Platform V1.0, obtained the Scientific and Technological Achievements of Henan Province. Up to now, the Group has obtained sixty scientific and technological achievements.

Actively taking social responsibility and practicing national health practice activities

Adhering to the ideology of sustainable and green development, the Group actively undertakes social responsibility and integrates the concept of national health into the entire business process. In order to detect the increasingly high incidence of lung lesions at an early stage, the Group has been continuously going to villages and households to carry out free screening activities for lung nodules; it has persisted in energy conservation and emission reduction initiatives and has reshaped the education — prevention — treatment — rehabilitation system in light of the local residents' health conditions; it has won numerous honors, including the title of Outstanding Unit in Henan Province of Plant Engineering, the Demonstration Award for Improving Patient Experience at the "6th China Healthy County Conference and Outstanding Builders of Healthy Counties", the Outstanding Case Award in the Central and Southern China Region of the "9th National Hospital Competition for Improving Medical Services", and the Third Prize in the Team Category of the Henan Province Immunization Skills Competition.

FUTURE OUTLOOK

The Group will continue its efforts in the following areas in the future:

1. The Group will focus on its main business and continue to promote work such as the accreditation of hospital grades, the construction of smart hospitals, and the establishment of various professional diagnosis and treatment centers;

2. The Group will promote the construction of key provincial and municipal disciplines, benchmarking against the industry's cutting-edge technology trends, and ensure that each discipline has its own characteristics and each professional has his or her own expertise;

3. The Group will implement a diversified mechanism for talent cultivation and utilization, combining the introduction of high-quality external professional and technical talents with internal talent cultivation, and implementing practical and effective talent incentive mechanisms to maximize the effects of various types of talents;

4. The Group will deeply analyze the national centralized procurement policies, study the DRG/DIP health insurance payment policy, and take proactive and effective measures to strengthen cost control and refined management, enhance health insurance compliance management and risk prevention and control, so as to achieve the goal of improving the quality and efficiency of medical services;

5. The Group will actively explore the path of group operation, integrate medical resources, share human resources and expand business synergies to achieve the Group's development strategic goals and promote the sustainable and healthy development of the Group.

FINANCIAL REVIEW

Revenue and Cost

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

	Year ended 31 December			
	2024		2023	
	(RMB'000)	***% of revenue***	*(RMB'000)*	*% of revenue*
Treatment and general healthcare services	**456,442**	**59.4%**	465,598	61.2%
Pharmaceutical sales	**308,861**	**40.2%**	294,929	38.8%
Postnatal care services	**3,422**	**0.4%**	–	–
Total	**768,725**	**100.0%**	760,527	100.0%

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

	Year ended 31 December			
	2024		2023	
	(RMB'000)	***% of revenue***	*(RMB'000)*	*% of revenue*
Outpatient healthcare services	**434,746**	**56.6%**	402,643	52.9%
Inpatient healthcare services	**330,557**	**43.0%**	357,884	47.1%
Postnatal care services	**3,422**	**0.4%**	–	–
Total	**768,725**	**100.0%**	760,527	100.0%

The following table sets forth a breakdown of the number of patient visits and the average spending per patient visit by segment in the Group's own hospitals for the periods indicated:

	Year ended 31 December	
	2024	2023
Outpatient visits	**1,440,183**	1,400,791
Average spending per outpatient visit *(RMB)*	**301.9**	287.4
Inpatient visits	**52,940**	54,795
Average spending per inpatient visit *(RMB)*	**6,366.1**	6,394.4
Number of beds in operation at the end of the relevant period	**1,500**	1,500

Our revenue from our treatment and general hospital services, pharmaceutical sales and postnatal care services in aggregate increased by 1.1% from RMB760.5 million for the year ended 31 December 2023 to RMB768.7 million for the year ended 31 December 2024. This was mainly due to the increase in outpatient visits and average spending per outpatient visit, which were offset by the decrease in inpatient visits and average spending per inpatient visit.

Our revenue from outpatient medical services increased by 8.0% from RMB402.6 million for the year ended 31 December 2023 to RMB434.7 million for the year ended 31 December 2024. The increase was mainly attributable to the increase in outpatient medical service revenue as a result of the increase in the number of outpatient visits and the increase in the average spending per outpatient visit.

Our revenue from inpatient medical services decreased by 7.6% from RMB357.9 million for the year ended 31 December 2023 to RMB330.6 million for the year ended 31 December 2024. The decrease was mainly attributable to the decrease in inpatient medical service revenue as a result of the decrease in the number of inpatient visits and the decrease in the average spending per inpatient visit.

Cost of sales

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

Our cost of sales increased by 4.3% from RMB615.7 million for the year ended 31 December 2023 to RMB642.0 million for the year ended 31 December 2024, mainly due to (i) an increase of RMB18.5 million in the pharmaceutical costs for the year ended 31 December 2024 as compared with the year ended 31 December 2023; (ii) an increase of RMB10.1 million in depreciation and amortization for the year ended 31 December 2024 as compared with the year ended 31 December 2023; (iii) an increase in public utilities expenses, maintenance and office expenses of RMB3.5 million for the year ended 31 December 2024 as compared with the year ended 31 December 2023; (iv) an increase of RMB1.6 million in the medical consumables costs for the year ended 31 December 2024 as compared with the year ended 31 December 2023; and (v) a decrease of RMB7.9 million in employee benefits expenses for the year ended 31 December 2024 as compared with the year ended 31 December 2023.

Gross profit and gross profit margin

Our gross profit decreased by 12.5% from RMB144.8 million for the year ended 31 December 2023 to RMB126.7 million for the year ended 31 December 2024, and our gross profit margin decreased from 19.0% for the year ended 31 December 2023 to 16.5% for the year ended 31 December 2024. This was mainly due to the increase in pharmaceutical costs, depreciation and amortization, public utilities expenses, maintenance and office expenses under cost of sales during the Reporting Period.

Other expenses

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

Administrative expenses

Our administrative expenses consist primarily of employee benefit expenses for administrative personnel, depreciation and amortization, utility fees, maintenance and office expenses and other costs.

Our administrative expenses increased by 5.5% from RMB72.4 million for the year ended 31 December 2023 to RMB76.4 million for the year ended 31 December 2024, mainly due to the increase in depreciation and amortization expenses.

Net finance costs

Our net finance costs increased from an expense of RMB6.0 million for the year ended 31 December 2023 to an expense of RMB7.7 million for the year ended 31 December 2024, mainly due to the decrease in foreign currency exchange gains and the increase in interest on borrowings during the Reporting Period.

Income tax expense

Our income tax expense decreased by 11.8% from RMB12.7 million for the year ended 31 December 2023 to RMB11.2 million for the year ended 31 December 2024, mainly due to the decrease in our profit before tax.

Profit for the year and net profit margin

As a result of the above, our profit for the period decreased by 18.7% from RMB38.7 million for the year ended 31 December 2023 to RMB31.5 million for the year ended 31 December 2024. Our net profit margin for the year ended 31 December 2023 and the year ended 31 December 2024 were 5.1% and 4.1% respectively.

Funds and Financing

We adopt a policy of prudent treasury management to maintain a healthy financial position. The Group finances its operations primarily through funds generated from operations. The Group's cash requirements are mainly related to operating activities, repayment of liabilities as they fall due, capital expenditure and interest payments.

As at 31 December 2024, the Group's consolidated cash and cash equivalents amounted to approximately RMB258.5 million in aggregate (31 December 2023: RMB239.8 million), which were mainly denominated in RMB. As at 31 December 2024, the Company had bank loans of RMB137.0 million in aggregate (31 December 2023: RMB138.0 million).

DISCUSSION OF ITEMS IN THE CONSOLIDATED BALANCE SHEET

Net current assets

As at 31 December 2024, our net current assets were RMB4.6 million, compared to net current liabilities of RMB59.7 million as at 31 December 2023, mainly due to cash inflow from operating activities.

Inventories

Our inventories increased by 24.2% from RMB31.9 million as at 31 December 2023 to RMB39.6 million as at 31 December 2024, mainly due to the changes in the inventory quantity for Chinese New Year reserves.

Trade receivables

Our trade receivables increased by 101.5% from RMB31.6 million as at 31 December 2023 to RMB63.8 million as at 31 December 2024, mainly due to a slight slowdown in the settlement of receivables from the Medical Insurance Bureau.

Other receivables and prepayments

Our other receivables and prepayments increased from RMB2.1 million as at 31 December 2023 to RMB22.5 million as at 31 December 2024, representing an increase of RMB20.4 million in the balance during the Reporting Period, mainly due to an increase in receivables from the disposal of land use rights.

Indebtedness

Our borrowings decreased from RMB176.5 million as at 31 December 2023 to RMB173.5 million as at 31 December 2024, representing a decrease of RMB3.1 million in the balance during the Reporting Period. The decrease was mainly due to partial repayment of borrowings during the Reporting Period.

Trade and notes payables

Our trade payables decreased from RMB124.5 million as at 31 December 2023 to RMB100.7 million as at 31 December 2024, representing a decrease of RMB23.8 million in the balance during the Reporting Period. The decrease was mainly due to the decrease in notes payable by RMB30.0 million during the Reporting Period.

Accrued expenses, other payables and provisions

Our accrued expenses and other payables increased from RMB99.8 million as at 31 December 2023 to RMB107.8 million as at 31 December 2024, mainly due to an increase in patients' pre-payment and slightly slower payment of staff salaries.

Contingent liabilities

As of 31 December 2024, we had no contingent liabilities or guarantees that would have a material impact on the financial position or operations of the Group.

Lease liabilities

As of 31 December 2024, our lease liabilities in respect of leased properties amounted to approximately RMB2.6 million, the decrease in lease liabilities was attributable to normal lease payments for the leased properties.

Liquidity and capital resources

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

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Net cash generated from operating activities	**83,344**	91,559
Net cash used in investing activities	**(51,384)**	(88,762)
Net cash used in financing activities	**(13,299)**	(19,116)
Net increase/(decrease) in the balance of cash and cash equivalents	**18,661**	(16,319)

Net cash generated from operating activities

Our net cash generated from operating activities decreased from RMB91.6 million for the year ended 31 December 2023 to RMB83.3 million for the year ended 31 December 2024, mainly due to a slightly slower settlement of receivables from the Medical Insurance Bureau during the Reporting Period.

Net cash used in investing activities

Our net cash used in investing activities decreased from RMB88.8 million for the year ended 31 December 2023 to RMB51.4 million for the year ended 31 December 2024, mainly due to a decrease in expenditure on plant renewal and purchase of equipment by RMB37.4 million.

Net cash used in financing activities

Our net cash used in financing activities decreased from RMB19.1 million for the year ended 31 December 2023 to RMB13.3 million for the year ended 31 December 2024. The decrease was mainly due to (i) new borrowings of RMB156.7 million during the Reporting Period, (ii) repayment of borrowings and related interest of RMB168.4 million during the Reporting Period, and (iii) savings of RMB45.9 million from the purchase of existing shares under the Restricted Share Unit Scheme as compared with the previous reporting year.

Financial instruments

Our financial instruments include trade receivables, other receivables, cash and cash equivalents, bank borrowings, trade payables and other payables. The Company's management manages and monitors these risks to ensure that effective measures are taken in a timely manner.

Exchange rate fluctuation risk and other risks

We hold certain financial assets in foreign currencies, which primarily involve exposure to exchange rate fluctuations between the HKD and the USD against the RMB, and the Group is therefore exposed to foreign exchange risk.

During the year ended 31 December 2024, we did not use any derivative financial instruments to hedge our exchange rate risk. Our management manages exchange rate risk by closely monitoring movements in foreign exchange rates and considers hedging significant foreign exchange exposure should the need arise.

Gearing ratio

As of 31 December 2024, our gearing ratio (total liabilities divided by total assets) was 40.6% (as of 31 December 2023: 43.5%).

PLEDGE OF ASSETS

As of 31 December 2024, details of the pledge of assets to secure bank loans granted to the Group are set out in note 12 to the consolidated financial statements in this annual report.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSALS

The Group did not make any material acquisitions or disposals of subsidiaries, associated companies or joint ventures and significant investment during the year ended 31 December 2024.

DETAILS OF FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the Prospectus, the interim report of the Company dated 30 August 2024, this annual report and other announcements published by the Company, up to the date of this annual report, the Group does not have other plans for material investments or capital assets as at the date of this annual report.

SUBSEQUENT EVENTS

As of the date of this annual report, there were no material events subsequent to the year ended 31 December 2024.

LITIGATION

The Group was not involved in any material legal proceeding during the year ended 31 December 2024.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2024, the Group had a total of 1,955 full-time employees (31 December 2023: 1,969). For FY2024, the staff cost (including Directors' remuneration in the form of salaries and other benefits) was approximately RMB210.9 million (FY2023: RMB217.5 million).

The Group ensured that the remuneration packages of employees remain competitive and the remuneration level of its employees was determined on the basis of performance with reference to the profitability of the Group, industry remuneration standards and market conditions within the general framework of the Group's remuneration system.

The Company has adopted the 2022 RSU Scheme on 22 August 2022 (further details of which are set forth in the Company's announcements dated 22 August 2022 and 23 August 2022) and the 2023 RSU Scheme on 9 May 2023 (further details of which are set forth in the Company's announcements dated 9 May 2023) (collectively, the "RSU Scheme"). During the Reporting Period, no restricted share units had been awarded under the RSU Scheme.

USE OF PROCEEDS

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

The table below sets forth the utilisation of the net proceeds from the Global Offering and the unused amount as at 31 December 2024 and as at the date of this report:

Business objective	Percentage of total disclosed in the Prospectus *%*	Planned use of net proceeds as described in the Prospectus *HK$ million*	Utilised net proceeds as at 31 December 2024 *HK$ million*	Unutilised Net Proceeds as at 31 December 2024 *HK$ million*	Expected timeline for Unutilised Net Proceeds
Finance the ramp up of the Company's first-phase building	29.5	78.0	78.0	–	By the end of 2021
Expand the Company's business by acquiring hospitals	26.1	69.2	–	69.2	By the end of 2025
Repay the Company's general borrowings, particularly the outstanding loans from two banks with an aggregate principal amount of RMB63.0 million	15.0	39.8	39.8	–	By the end of 2023
Working capital and other general corporate purposes	10.0	26.5	26.5	–	By June 2021
Purchase medical equipment and improve and upgrade the Company's information technology systems	8.0	21.3	21.3	–	By June 2023
Employee recruitment and training	5.0	13.3	13.3	–	By June 2023
Construct a postnatal care centre	6.3	16.7	16.7	–	By the end of 2023
Total	**100**	**264.8**	**195.6**	**69.2**	

Note:

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

As at 31 December 2024, the net proceeds from the Global Offering not yet utilised were deposited into short-term demand deposits in the Company's account at one of the receiving banks as disclosed in the Prospectus.

REPORT OF DIRECTORS

The Board of Directors is pleased to present this Annual Report and the audited consolidated financial statements of the Group for the year ended 31 December 2024.

PRINCIPAL BUSINESS

The Group is mainly engaged in providing integrated medical services and pharmaceutical services to the society in Mainland China.

BUSINESS REVIEW

A fair review of the Group's business, a description of the principal risks and uncertainties facing the Group, and the future prospects of the Group's business are provided in the "Management Discussion and Analysis" section of this Annual Report and the relevant discussions form part of this Report of Directors.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Directors are satisfied that, during the period under review, the Group has compiled with the relevant laws and regulations, which have a significant impact on the business and operations of the Group. During the Reporting Period, no non-compliance with laws and regulations occurred.

ENVIRONMENT, SOCIETY AND GOVERNANCE

The Group is committed to a high level ESG performance, and strives to improve the Group's ability of sustainable development, and compiles with national, provincial and local laws and regulations relating to ecological and environmental protection. The emissions and waste generated by the Group in the course of its operations mainly include medical waste, medical wastewater exhaust gas and domestic waste. The Group has established a compliant pollutant control system to meet the requirements of relevant laws and regulations, and has taken various measures to reduce the waste generated during its operation and the pollutants discharged into the environment. Compliant and harmless treatment methods are adopted for different types of waste, and qualified suppliers are entrusted to handle medical waste. During the year under review, the Group was not subject to any administrative penalties or litigation arising from environmental pollution.

The Group is committed to fulfilling its social responsibility and giving back to the society. We provide high quality medical care services and a comfortable environment for patients, make full use of internet technology to improve the medical treatment experience of patients and strictly obey government regulation of medical service prices. The Group strictly enforces the relevant pandemic prevention policies, optimizes medical procedure, improves the medical environment and cuts off the transmission, thus effectively safeguarding the medical safety of patients.

For information on the Group's environmental policies and performance disclosures, please see the ESG Report.

RELATIONSHIP WITH STAKEHOLDERS

The Group values the relationships and interests of its shareholders, employees, customers (patients, suppliers, etc.) and stakeholders such as the community and regulatory agencies.

For the Group's relationship with its major shareholders, please see the relevant section.

The Group considers its employees to be the most important and valuable assets of the Group. The Group regularly reviews the performance of its employees so as to provide them with reasonable remuneration and access to various benefits, including medical check-ups, housing, various types of insurance, etc. The Group provides different forms of professional training for its employees to enhance their skills and social values and to give them a sense of belonging; and increases the employees' understanding of different professions within the Group to improve productivity. The Group attaches importance to the production safety and personal safety of its employees, and all employees are required to receive the necessary safety training and education to equip them with the necessary safety knowledge and safety skills; the Group regularly educates its employees on compliance to ensure the healthy and compliant development of its business.

The Group's customers include patients and suppliers. The Group attaches importance to the legitimate rights of patients and provides them with quality and accessible services in all aspects such as medical technology, medical environment, medical prices, service processes and safety and security, and regularly seeks the views of patients to improve our services. The Group adopts the strictest professional ethics and professional conduct in working with suppliers, conducts regular assessments of suppliers, eliminates unqualified suppliers and enters into anti-corruption and anti-commercial bribery agreements.

The Group values the interests of the community and regards the community as our key stakeholder and community responsibility as our obligation. The Group often reaches out to the community to conduct voluntary medical consultations, health education and medical check-ups, to guide the community to correct incorrect lifestyles, and to provide financial assistance to the underprivileged.

The Group attaches importance to the views of the regulatory authorities, implements relevant regulatory requirements, adheres to legal compliance, and continues to strengthen internal control and compliance management to promote healthy and sustainable development of its business operations.

RESULTS AND FINAL DIVIDEND

The results of the Group for the year ended 31 December 2024 are set out in the consolidated statement of comprehensive income on page 59 of this annual report.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2024.

There is no arrangement that a shareholder has waived or agreed to waive any dividend.

DIVIDEND POLICY

According to the dividend policy of the Group, the Company will declare dividends to shareholders in compliance with applicable rules and regulations (including the Cayman Islands laws) and the Company's Memorandum and Articles of Association. The payment and the amount of any dividends will be at the discretion of the Directors and will depend upon the Company's future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the Directors deem relevant.

Future dividend payments will also depend upon the availability of dividends received from the operating subsidiaries of the Company in the PRC.PRC laws require that dividends can be paid only out of the net profit calculated according to PRC accounting principles, which differ in many aspects from generally accepted accounting principles in other jurisdictions, including HKFRS. PRC laws also require the Company's subsidiaries in the PRC to set aside part of their net profit as statutory reserves, which are not available for distribution as cash dividends. Distributions from the Company's operating subsidiaries may also be restricted if they incur debt or losses or in accordance with any restrictive covenants in bank credit facilities, convertible bond instrument or other agreements that the Company or its subsidiaries may enter into in the future.

The relevant dividend policy will continue to be reviewed from time to time and there can be no assurance that dividends will be paid in any particular amount for any given period.

SHARE CAPITAL

Details of the movements in the share capital of the Group for the year ended 31 December 2024 are set out in note 23 to the consolidated financial statements in this annual report.

RESERVES

Details of the movements in the reserves of the Group for the year ended 31 December 2024 are set out in the consolidated statement of changes in equity on page 62 of this annual report.

DISTRIBUTABLE RESERVES

Under the Companies Law of the Cayman Islands (as amended), and subject to the provisions of the Company's Memorandum and Articles of Association, the share premium of the company is available for paying distributions or dividends to shareholders, provided that immediately following the payment of distribution or dividend, the Company is able to pay its debts as they fall due in the ordinary course of business.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the Group's property, plant and equipment during the year ended 31 December 2024 are set out in note 12 to the consolidated financial statements in this annual report.

SUMMARY OF FINANCIAL INFORMATION

A summary of the consolidated results and assets and liabilities of the group for the last five financial years/period is set out on page 118 of this annual report. This summary does not form part of the audited financial statements.

BORROWINGS

Details of the borrowings of the Group for the year ended 31 December 2024 are set out in note 28 to the consolidated financial statements in the annual report.

EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme, the 2022 RSU Scheme and the 2023 RSU Scheme as set out in this annual report, no equity-linked agreements were entered into by the Group or existed during the year ended 31 December 2024.

MAJOR CUSTOMERS AND SUPPLIERS

Revenue from the Group's five largest customers in aggregate accounted for less than 1.0% (2023: less than 1.0%) of the total revenue for the year ended 31 December 2024.

Purchases from the Group's five largest suppliers in aggregate accounted for approximately 57.5% (2023: 60.6%) of the total purchases for the year ended 31 December 2024, and purchases from the largest supplier accounted for approximately 29.4% (2023: 32.2%) of the total purchases for the year ended 31 December 2024.

To the best knowledge of the Directors, neither the Directors nor any of their close associates (as defined in the Listing Rules) or any shareholder (which to the knowledge of the Directors own more than 5% of the Company's issued share capital), had any direct or indirect interest in the five largest customers or the five largest suppliers of the Group during the year ended 31 December 2024.

PERMITTED INDEMNITY PROVISION

Pursuant to the Memorandum and Articles of Association and subject to the applicable laws and regulations, every Director and other officer of the company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director and other officer of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted.

Such permitted indemnity provision has been in force for the year ended 31 December 2024. The Company has taken out liability insurance to provide appropriate coverage for the Directors.

DIRECTORS

The Directors of the Company during the year ended 31 December 2024 and up to the date of this annual report were:

Executive Directors

Mr. Qin Yan *(President and Chairman)*
Dr. Teng Qingxiao *(resigned on 11 December 2024)*
Mr. Wang Zhongtao
Ms. Li Yanhong *(appointed on 11 December 2024)*

Non-executive Director

Mr. Qin Hongchao

Independent Non-executive Directors

Mr. Zhao Chun
Mr. Sun Jigang
Mr. Jiang Tianfan

Except for Mr. Qin Yan and Mr. Qin Hongchao who are brothers, none of the other Directors has relationships with one another.

BIOGRAPHICAL DETAILS OF THE DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the existing Directors and the senior management of the Company are set out under the section headed "Directors and Senior Management" on pages 39 to 42 of this annual report.

DISCLOSURE OF DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

There are no other changes to the Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors entered into a service contract with the Company for an initial term of three years commencing from the Listing Date.

The non-executive Director and each of the independent non-executive Directors, entered into a letter of appointment with the Company for an initial term of three years commencing from the Listing Date.

None of the Directors has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence. The emolument of the Directors are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as incentive to the Directors and eligible employees, details of the scheme are set in the paragraph headed "Share Option Scheme" in this annual report.

Details of the remuneration of the Directors and the five highest paid individuals in the Group are set out in notes 35 and 8 to the consolidated financial statements in this annual report.

For the year ended 31 December 2024, no emoluments were paid by the Group to any Director or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

None of the Directors has waived or agreed to waive any emoluments for the year ended 31 December 2024.

Except as disclosed above, no other payments have been made or are payable, for the year ended 31 December 2024, by the Group to or on behalf of any of the Directors.

RETIREMENT BENEFITS SCHEME

All of our employees are in PRC and they are members of the state-managed retirement benefits scheme operated by the PRC government. Our employees are required to contribute a certain percentage of their payroll to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to this retirement benefits scheme is to make the required contributions under the scheme. Details of the pension obligations of the Company are set out in Note 8 to the consolidated financial statements in this annual report.

INDEPENDENCE CONFIRMATIONS FROM INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors a confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company believes that all of the independent nonexecutive Directors are independent in accordance with the guidelines set out in the Listing Rules.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As of 31 December 2024, none of the Directors or their respective close associates had engaged in or had any interest in any business which competes or may compete with the business of the Group.

RE-ELECTION OF DIRECTORS

Pursuant to the Articles of Association, any Director appointed by the Board to fill a casual vacancy or as an addition to the existing Directors shall hold office until the first annual general meeting of the Company after his appointment and be subject to re-election at such meeting.

At every annual general meeting of our Company, one-third of our Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. Any Director appointed pursuant to Article 16.2 or Article 16.3 of the Articles of Association shall not be taken into account in determining the number of Directors and which Directors are to retire by rotation. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. Our Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATION

As at 31 December 2024, the interests and short positions of Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) 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 are taken or deemed to have under such provisions of the SFO); or (b) to be and were entered in the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, are as follows:

(i) The Company

Nature of Director	Long/Short Positions	Nature/Capacity of Interest	Number of Shares/ underlying Shares held	Percentage of Shareholding[(1)]
Mr. Qin Yan	Long position	Interest in a controlled corporation[(2)]	310,788,450	51.80%
	Long position	Interest held jointly with another person[(4)]	133,195,050	22.20%
Mr. Qin Hongchao	Long position	Interest in a controlled corporation[(3)]	133,195,050	22.20%
	Long position	Interest held jointly with another person[(4)]	310,788,450	51.80%

(ii) Associated Corporation (within the meaning of the SFO)

Nature of Director	Name of Associated Corporation	Nature/Capacity of Interest	Class of shares in which interested	Number of shares held	Percentage of Shareholding(1)
Mr. Qin Yan	Sunny Rock Capital Limited	Beneficial owner(2)	Ordinary	1	100%

Notes:

(1) As at 31 December 2024, the Company issued 600,000,000 Shares.

(2) Sunny Rock, a company wholly-owned by Mr. Qin Yan, holds 310,788,450 Shares of the Company. Accordingly, Mr. Qin Yan is deemed to be interested in such shares held by Sunny Rock by virtue of Part XV of the SFO.

(3) Rubrical Investment, a company wholly-owned by Mr. Qin Hongchao, holds 133,195,050 Shares of the Company. Accordingly, Mr. Qin Hongchao is deemed to be interested in such shares held by Rubrical Investment by virtue of Part XV of the SFO.

(4) Mr. Qin Yan, Mr. Qin Hongchao, Sunny Rock, and Rubrical Investment are concert parties under the Concert Party Agreement. Therefore, under the SFO, each of Mr. Qin Yan, Mr. Qin Hongchao, Sunny Rock, and Rubrical Investment is deemed to be interested in the aggregate equity interests of all the concert parties.

(5) As at 31 December 2024, Sunny Rock issued 1 share.

Save as disclosed above, as at 31 December 2024, none of the Directors or chief executives of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are 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 or short positions which they were taken or deemed to have under such provisions of the SFO), or are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN SHARES AND UNDERLYING SHARES

To the best knowledge of Directors, as of 31 December 2024, the following persons (other than Directors or chief executives of the Company), are directly or indirectly, interested in 5% or more of the interests or short positions in the Shares and the underlying Shares of the Company, which were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein:

Nature of Director	Long/Short Positions	Nature/Capacity of Interest	Number of Shares/ underlying Shares held	Percentage of Shareholding[1]
Cao Jinming	Long position	Interest of spouse[2]	443,983,500	74.00%
Rubrical Investment	Long position	Beneficial owner	133,195,050	22.20%
	Long position	Parties acting in concert/Interest in controlled corporations[4]	310,788,450	51.80%
Sun Mingyan	Long Position	Interest of spouse[3]	443,983,500	74.00%
Sunny Rock	Long Position	Beneficial owner	310,788,450	51.80%
	Long Position	Parties acting in concert/Interest in controlled corporations[4]	133,195,050	22.20%
HWABAO TRUST CO., LTD	Long Position	Trustee	50,888,000	8.48%
HWABAO OVERSEAS INVESTMENT SERIES 2 NO 42–16 QDII SINGLE MONEY TRUST	Long Position	Trustee	50,888,000	8.48%
Changyuan City Investment Group Co., Ltd.*	Long Position	Beneficial owner	50,888,000	8.48%
TCT (BVI) Limited	Long Position	Nominee to the Trustee[5]	50,786,000	8.46%
THE CORE TRUST COMPANY LIMITED	Long Position	Trustee[6]	50,786,000	8.46%

Notes:

(1) As at 31 December 2024, the Company issued 600,000,000 Shares.

(2) Ms. Cao Jinming is the spouse of Mr. Qin Hongchao, and is deemed to be interested in the same number of Shares by virtue of the SFO.

(3) Ms. Sun Mingyan is the spouse of Mr. Qin Yan, and is deemed to be interested in the same number of Shares by virtue of the SFO.

(4) Mr. Qin Yan, Mr. Qin Hongchao, Sunny Rock, and Rubrical Investment are concert parties under the Concert Party Agreement. Therefore, under the SFO, each of Mr. Qin Yan, Mr. Qin Hongchao, Sunny Rock, and Rubrical Investment is deemed to be interested in the aggregate equity interests of all the concert parties.

(5) Vita Boost Limited and Planet Hive Limited (the nominees to the trustee of the share incentive scheme of the Company) are wholly owned by TCT (BVI) Limited which hold 29,998,000 Shares and 20,788,000 Shares respectively.

(6) TCT (BVI) Limited is wholly owned by THE CORE TRUST COMPANY LIMITED (the trustee of the share incentive scheme of the Company).

* *English translation is for identification purpose only.*

Save as disclosed above, as at 31 December 2024, no other interests or short positions in the Shares or underlying Shares of the Company were recorded in the register which is required to be kept under section 336 of the SFO.

SHARE INCENTIVE SCHEMES

Share Option Scheme

The Company has conditionally approved and adopted a share option scheme on 17 June 2020 (the "Share Option Scheme"), and the Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted. The following is a summary of the principal terms of the Share Option Scheme".

(a) Purpose

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. The Directors consider the Share Option Scheme, with its broadened basis of participation, will enable the Group to reward the employees, the Directors and other selected participants for their contributions to the Group. Given that the Directors are entitled to determine the performance targets to be achieved as well as the minimum period that an option must be held before an option can be exercised on a case by case basis, and that the exercise price of an option cannot in any event fall below the price stipulated in the Listing Rules or such higher price as may be fixed by the Directors, it is expected that grantees of an option will make an effort to contribute to the development of the Group so as to bring about an increased market price of the Shares in order to capitalize on the benefits of the options granted.

(b) Who may join

The Directors may, at their absolute discretion, invite any person belonging to any of the following classes of participants, who the Board considers, in its sole discretion, have contributed or will contribute to the Group, to take up options to subscribe for Shares:

(i) any directors (including executive Directors, non-executive Directors and independent non-executive Directors) and employees of any member of the Group; and

(ii) any advisers, consultants, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners, service providers of any member of the Group.

For the purposes of the Share Option Scheme, the options may be granted to any company wholly-owned by one or more persons belonging to any of these classes of participants. For the avoidance of doubt, the grant of any options by the Company for the subscription of Shares or other securities of the Group to any person who falls within any of these classes of participants shall not, by itself, unless the Directors otherwise so determine, be construed as a grant of option under the Share Option Scheme.

The eligibility of any of these class of participants to the grant of any option shall be determined by the Directors from time to time on the basis of the Directors' opinion as to the participant's contribution to the development and growth of the Group.

(c) Maximum number of Shares

(i) The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Group shall not in aggregate exceed 30% of the issued share capital of the Company.

(ii) The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Group shall not in aggregate exceed 10% of the Shares in issue on the day on which trading of the Shares commence on the Stock Exchange, such 10% limit representing 60,000,000 Shares (the "General Scheme Limit"), but excluding any Shares which may be issued upon the exercise of the Over-allotment Option.

(iii) Subject to paragraph (i) above and without prejudice to paragraph (iv) below, the Company may issue a circular to its Shareholders and seek approval of its Shareholders in a general meeting to extend the General Scheme Limit provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Group shall not exceed 10% of the Shares in issue as of the date of approval of the limit and, for the purpose of calculating the limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option scheme of the Group) previously granted under the Share Option Scheme and any other share option scheme of the Group will not be counted. The circular sent by the Company to its Shareholders shall contain, among other information, the information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.

(iv) Subject to paragraph (i) above and without prejudice to paragraph (iii) above, the Company may seek separate Shareholders' approval in a general meeting to grant options beyond the General Scheme Limit or, if applicable, the extended limit referred to in paragraph (iii) above to participants specifically identified by the Company before such approval is sought. In such event, the Company must send a circular to its Shareholders containing a general description of the specified participants, the number and terms of options to be granted, the purpose of granting options to the specified participants with an explanation as to how the terms of the options serve such purpose and such other information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.

(d) Maximum entitlement of each participant

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Company (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being (the "Individual Limit"). Any further grant of options in aggregate in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to the Shareholders and the Shareholders' approval in general meeting of the Company with such participant and his close associates (or his associates if the participant is a connected person) abstaining from voting. The number and terms (including the exercise price) of options to be granted to such participant must be fixed before Shareholders' approval and the date of Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under note (1) to Rule 17.03(9) of the Listing Rules.

(e) Grant of options to connected persons

Any grant of options under the Share Option Scheme to a director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of the options).

Where any grant of options to a substantial Shareholder of the Company or an independent non-executive Director or any of their respective associates would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

(i) representing in aggregate over 0.1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the Shares in issue; and

(ii) having an aggregate value, based on the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet the date of the offer of grant, in excess of HK$5 million (or such other higher amount as may from time to time be specified by the Stock Exchange);

such further grant of options must be approved by the Shareholders in a general meeting. The Company must send a circular to its Shareholders. The grantee, his associates and all core connected persons of the Company must abstain from voting in favor of the relevant resolution at such general meeting. Any vote taken at the general meeting to approve the grant of such options must be taken on a poll. Any change in the terms of options granted to a substantial shareholder or an independent non-executive Director or any of their respective associates must be approved by the Shareholders in a general meeting.

(f) Subscription price for Shares and consideration for the option

The subscription price per Share under the Share Option Scheme will be a price determined by the Directors, but shall not be less than the highest of:

(i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a Business Day;

(ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations for the five Business Days immediately preceding the date of the offer of grant (provided that in the event that any option is proposed to be granted within a period of less than five Business Days after the trading of the Shares first commences on the Stock Exchange, the new issue price of the Shares for the Global Offering shall be used as the closing price for any Business Day falling within the period before Listing); and

(iii) the nominal value of a Share on the date of grant.

A nominal consideration of HK$1.00 is payable upon acceptance of the grant of an option.

As of 31 December 2024, no options had been granted or agreed to be granted, exercised, cancelled or lapsed by the Company under the Share Option Scheme. As at 1 January 2022, 31 December 2023, and as at the date of this annual report, 60,000,000 Shares are available for grant under the Share Option Scheme, being 10% of the Company's total issued share capital as of the date of this annual report. As of 31 December 2024, the remaining life of the scheme is 5.46 years.

REPORT OF DIRECTORS

2022 RSU Scheme

The Company has adopted the 2022 RSU Scheme by a board resolution on 22 August 2022. The following is a summary of the principal terms of the 2022 RSU Scheme. Defined terms herein is only applicable to this "2022 RSU Scheme" section of this annual report.

(a) Purpose of the 2022 RSU Scheme

The purposes of the 2022 RSU Scheme are to recognize and motivate the contributions made by Participants of the 2022 RSU Scheme (as defined below) and give incentives thereto in order to retain them, as well as to attract suitable personnel for further development of the Group.

(b) Participants

Participants of the 2022 RSU Scheme includes employees or officers (including executive, non-executive and independent non-executive Directors) of the Group, including any prospective employees (who receives the Grant as an inducement to join the Group) (collectively, the "Participant(s)").

(c) Awards

The 2022 RSU Scheme is subject to the administration of the 2022 ESOP scheme management committee (the "Committee") as appointed by the Board. The Committee may at any time during the term of the 2022 RSU Scheme make an offer of the grant (the "Grant(s)") of an award (the "Award(s)") of conditional rights to either Shares or equivalent value of cash (the "RSU(s)") to any selected Participant at its absolute discretion. A Grant shall be made to a Participant by a notice of Grant setting out, among other things, the terms and conditions of such Grant. Any Grant to any Director, chief executive or substantial shareholder of the Group must first be approved by the independent non-executive Directors of the Company. If a Participant accepts the Grant, he/she is required to sign the acceptance notice and return it to the Company within the period specified and in a manner prescribed in the notice of Grant. Each Participant shall pay RMB1.00 as the award price to accept the Awards granted to such Participant.

(d) Term

The 2022 RSU Scheme shall remain valid and effective until the termination date, which shall be on the earlier of (i) the expiry of the period of 10 years from 22 August 2022; or (ii) such date of early termination as determined by the Board or Committee provided that no further RSUs will be offered after such termination but in all other respects the provisions of the 2022 RSU Scheme shall remain in full force and effect in respect of RSUs which are granted during the life of the 2022 RSU Scheme and which remain unvested immediately prior to the termination of the operation of the 2022 RSU Scheme. As of 31 December 2024, the remaining life of the scheme is 7.64 years.

(e) Vesting

Subject to compliance with the requirements of the Listing Rules, the Committee has the sole discretion to determine, adjust and re-determine if deemed necessary or desirable by the Committee, the vesting period and vesting conditions for any grant of Award(s) to a Participant who accepts a Grant (the "Grantee") in accordance with the terms of the 2022 RSU Scheme. All of such vesting conditions (including payment of any exercise price) and periods (including the vesting date) shall be set out in the relevant notice of Grant issued to each Grantee. The Committee may determine at its sole discretion, the exercise price as may be applicable to each RSU.

For the purposes of vesting of the RSU(s), the Committee may direct and procure the trustee (the "Trustee") of the 2022 RSU Scheme to release from the underlying trust (the "Trust") of the 2022 RSU Scheme the RSU(s) to the Grantee by transferring the number of the RSUs to the Grantee in such manner as determined by it from time to time, subject to the restrictions disclosed below. The Committee will send a vesting notice to the relevant Grantee and upon receiving such notice, the Grantee must execute certain documents set out in such notice for the purposes of vesting of the RSU(s). The Committee shall thereafter inform the Trustee of the number of the RSU(s) or the amount of cash equivalent being transferred, paid and/or released to the Grantee in the manner as determined by the Committee.

An unvested RSU shall lapse and be cancelled automatically upon certain events, including the termination of the Grantee's employment or service with the Company. The Committee may in its absolute discretion decide that any RSU shall not be cancelled or determined subject to such conditions or limitations as the Committee may decide. In certain circumstances such as when the Grantee's employment or services with the Group is terminated for cause, the Company shall have a right to instruct the Trustee to repurchase the Shares from the Grantee at the higher of (1) the par value of the Shares on the date the RSUs were granted; and (2) the exercise price (if any) paid by the Grantee for vesting of the relevant RSUs.

(f) Restriction on Grant of Awards

A Grant must not be made after inside information has come to the Company's knowledge until such inside information has been announced in accordance with the requirements of the Listing Rules. In particular, no Award may be granted during the period commencing one month immediately preceding the earlier of:

(a) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and

(b) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement. Such period will cover any period of delay in the publication of a results announcement.

Where any Award is proposed to be granted to a Director of any members of the Group, it shall not be granted on any day on which the financial results of the Company are published and during the period of:

(a) sixty (60) days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and

(b) thirty (30) days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

In the course of administering the 2022 RSU Scheme, the Committee will also comply with the applicable provisions of the Model Code and applicable rules on insider dealing. The Committee who is in possession of unpublished inside information shall not give instructions to the Trustee to acquire any Shares for the Scheme.

(g) Maximum Limit

The aggregate amount of existing Shares to be purchased by the Trustee under the Scheme shall not exceed 5% of the Company's total issued share capital as of 22 August 2022 (being no more than 30,000,000 Shares). The Shares acquired for the share pool will be funded out of the Company's resources. The maximum number of Shares which may be subject to an Award or Awards to a selected Participant shall not in aggregate exceed 1% of the total issued share capital of the Company as of 22 August 2022.

At no time shall the Trustee be holding more than 10% of the total number of Shares in issue from time to time. The Shares held by the Trustee will be regarded as public float unless the Trustee becomes a core connected person of the Company or would otherwise cease to be regarded as member of the public under the Listing Rules.

As of 31 December 2024, no RSUs had been granted under the 2022 RSU Scheme.

2023 RSU Scheme

The Company has adopted the 2023 RSU Scheme by a board resolution on 9 May 2023. The following is a summary of the principal terms of the 2023 RSU Scheme. Defined terms herein is only applicable to this "2023 RSU Scheme" section of this annual report.

(a) Purpose of the 2023 RSU Scheme

The purposes of the 2023 RSU Scheme are to recognize and motivate the contributions made by employees of any Acquired Entity and give incentives thereto in order to retain them, as well as to attract suitable personnel that promotes the growth of any Acquired Entity. "Acquired Entity" refers to any entity or hospital to be acquired by the Group since the adoption of the 2023 RSU Scheme until the expiry of term of the 2023 RSU Scheme.

(b) Participants

Participants of the 2023 RSU Scheme includes employees or prospective employees of any Acquired Entity (who receives Grant as an inducement to join the Acquired Entity) (collectively, the "Participant(s)").

(c) Awards

The 2023 RSU Scheme is subject to the administration of the 2023 ESOP scheme management committee (the "Committee") as appointed by the Board. The Committee may at any time during the term of the 2023 RSU Scheme make an offer of the grant (the "Grant(s)") of an award (the "Award(s)") of conditional rights to either Shares or equivalent value of cash (the "RSU(s)") to any selected Participant at its absolute discretion. A Grant shall be made to a Participant by a notice of Grant setting out, among other things, the terms and conditions of such Grant. Any Grant to any Director, chief executive or substantial shareholder of the Group must first be approved by the independent non-executive Directors of the Company. If a Participant accepts the Grant, he/she is required to sign the acceptance notice and return it to the Company within the period specified and in a manner prescribed in the notice of Grant. Each Participant shall pay RMB1.00 as the award price to accept the Awards granted to such Participant.

(d) Term

The 2023 RSU Scheme shall remain valid and effective until the termination date, which shall be on the earlier of (i) the expiry of the period of 10 years from 9 May 2023; or (ii) such date of early termination as determined by the Board or Committee provided that no further RSUs will be offered after such termination but in all other respects the provisions of the 2023 RSU Scheme shall remain in full force and effect in respect of RSUs which are granted during the life of the 2023 RSU Scheme and which remain unvested immediately prior to the termination of the operation of the 2023 RSU Scheme. As of 31 December 2024, the remaining life of the scheme is 8.35 years.

(e) Vesting

Subject to compliance with the requirements of the Listing Rules, the Committee has the sole discretion to determine, adjust and re-determine if deemed necessary or desirable by the Committee, the vesting period and vesting conditions for any grant of Award(s) to a Participant who accepts a Grant (the "Grantee") in accordance with the terms of the 2023 RSU Scheme. All of such vesting conditions (including payment of any exercise price) and periods (including the vesting date) shall be set out in the relevant notice of Grant issued to each Grantee. The Committee may determine at its sole discretion, the exercise price as may be applicable to each RSU.

For the purposes of vesting of the RSU(s), the Committee may direct and procure the trustee (the "Trustee") of the 2023 RSU Scheme to release from the underlying trust (the "Trust") of the 2023 RSU Scheme the RSU(s) to the Grantee by transferring the number of the RSUs to the Grantee in such manner as determined by it from time to time, subject to the restrictions disclosed below. The Committee will send a vesting notice to the relevant Grantee and upon receiving such notice, the Grantee must execute certain documents set out in such notice for the purposes of vesting of the RSU(s). The Committee shall thereafter inform the Trustee of the number of the RSU(s) or the amount of cash equivalent being transferred, paid and/or released to the Grantee in the manner as determined by the Committee.

An unvested RSU shall lapse and be cancelled automatically upon certain events, including the termination of the Grantee's employment or service with the Company. The Committee may in its absolute discretion decide that any RSU shall not be cancelled or determined subject to such conditions or limitations as the Committee may decide. In certain circumstances such as when the Grantee's employment or services with the Group is terminated for cause, the Company shall have a right to instruct the Trustee to repurchase the Shares from the Grantee at the higher of (1) the par value of the Shares on the date the RSUs were granted; and (2) the exercise price (if any) paid by the Grantee for vesting of the relevant RSUs.

(f) Restriction on Grant of Awards

A Grant must not be made after inside information has come to the Company's knowledge until such inside information has been announced in accordance with the requirements of the Listing Rules. In particular, no Award may be granted during the period commencing one month immediately preceding the earlier of:

(a) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and

(b) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement. Such period will cover any period of delay in the publication of a results announcement.

Where any Award is proposed to be granted to a Director of any members of the Group, it shall not be granted on any day on which the financial results of the Company are published and during the period of:

(a) sixty (60) days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and

(b) thirty (30) days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

In the course of administering the 2023 RSU Scheme, the Committee will also comply with the applicable provisions of the Model Code and applicable rules on insider dealing. The Committee who is in possession of unpublished inside information shall not give instructions to the Trustee to acquire any Shares for the Scheme.

(g) Maximum Limit

The aggregate amount of existing Shares to be purchased by the Trustee under the Scheme shall not exceed 5% of the Company's total issued share capital as of 9 May 2023 (being no more than 30,000,000 Shares). The Shares acquired for the share pool will be funded out of the Company's resources. The maximum number of Shares which may be subject to an Award or Awards to a selected Participant shall not in aggregate exceed 1% of the total issued share capital of the Company as of 9 May 2023.

At no time shall the Trustee be holding more than 10% of the total number of Shares in issue from time to time. The Shares held by the Trustee will be regarded as public float unless the Trustee becomes a core connected person of the Company or would otherwise cease to be regarded as member of the public under the Listing Rules.

As of 31 December 2024, no RSUs had been granted under the 2023 RSU Scheme.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

As of the year ended 31 December 2024, no right to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate has been granted to Directors or their respective spouse or children under the age of 18, and none of any such right has been exercised by them; and none of the Company and any of its subsidiaries has been a party to any arrangement to enable the Directors, or their respective spouse or children under the age of 18, to acquire such rights in any other body corporate.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

None of the Directors or any related entities of the Directors had any material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company's holding company, or any of the Company's subsidiaries or fellow subsidiaries was a party as of 31 December 2024.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACT OF SIGNIFICANCE

No Controlling Shareholder or its subsidiaries had a material interest, either directly or indirectly, in any contract of significance, whether for the provision of services or otherwise, to the business of the Group to which the Company or any of its subsidiaries was a party as of 31 December 2024.

MANAGEMENT CONTRACTS

Other than the service contracts and appointment letters of the Directors, the Company has not entered into any contract with any individual, firm or body corporate to undertake management or administration of the whole or any substantial part of any business of the Company as of 31 December 2024.

BOARD COMMITTEES

Audit Committee

The Company established the Audit Committee in accordance with Rule 3.21 of the Listing Rules and the Corporate Governance Code on 13 July 2020. Its primary duties include reviewing and supervising financial reporting procedures, including proposing on appointing or changing the external auditors; supervising the Company's internal audit system and risk management system and their implementation; facilitating communication between the internal auditors and external auditors; auditing the financial information and its disclosure; reviewing the Company's internal control system and auditing significant connected transactions; nominating the heads of the internal audit department; and other matters that the Board has authorised it to deal with.

As at 31 December 2024 and up to the publication date of this annual report, the audit committee comprises three independent non-executive Directors (Mr. Sun Jigang, Mr. Zhao Chun and Mr. Jiang Tianfan).

Remuneration Committee

The Company established the remuneration committee in accordance with Rule 3.25 of the Listing Rules and the Corporate Governance Code on 13 July 2020. Its primary duties include formulating the criteria for and conducting assessment on our Directors and senior management as well as determining and reviewing the remuneration policies and plans for our Directors and senior management; reviewing the performance of our Directors and senior management and conducting annual assessment on their performance and results; supervising the implementation of the remuneration policies of the Company; and other matters that the Board has authorised it to deal with.

As at 31 December 2024 and up to the publication date of this annual report, the remuneration committee comprises three independent non-executive Directors (Mr. Jiang Tianfan, Mr. Sun Jigang and Mr. Zhao Chun).

Nomination Committee

The Company established the nomination committee in accordance with Rule 3.27A of the Listing Rules and the Corporate Governance Code on 13 July 2020. Its primary duties include preparing the procedures and criteria for determining candidates of the Directors and general managers of the Company; reviewing the procedures and criteria for determining candidates for the Directors and general managers of the Company and making proposals to the Board; looking widely for the qualified candidates for the directors and general managers; reviewing and making proposals on the candidates for the directors and managers; reviewing and making proposals on the candidates for the other senior management on which the Board needs to resolve; and other matters that the Board has authorised it to deal with.

As at 31 December 2024 and up to the publication date of this annual report, the nomination committee comprises one executive director (Ms. Li Yanhong) and three independent non-executive Directors (Mr. Zhao Chun, Mr. Jiang Tianfan and Mr. Sun Jigang).

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Memorandum and Articles of Association or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

MODEL CODE

The Company has adopted the Model Code as its code of conduct for securities transactions by the Directors.

Having made specific enquiry, all Directors confirmed that they have complied with the required requirements as set out in the Model Code during the Reporting Period.

DEED OF NON-COMPETITION

The Controlling Shareholders, Henan Honliv Group and Mr. Qin Zili entered into the Deed of Non-competition in favour of the Company, pursuant to which they have irrevocably given certain non-competition undertakings to the Company. Details of the Deed of Non-competition are set out in the section headed "Relationship with our Controlling Shareholders — Non-competition Undertakings" in the Prospectus.

During the year ended 31 December 2024, no written notice of any New Business Opportunity (as defined in the Deed of Non-competition) had been received by the Company. Mr. Qin Yan, Mr. Qin Hongchao, Sunny Rock Capital Limited, Rubrical Investment Limited, Henan Honliv Group and Mr. Qin Zili confirmed that they have complied with the Deed of Non-competition for the year ended 31 December 2024 (the "Confirmation"). Upon receiving the Confirmation, the independent non-executive Directors of the Company have reviewed the same as part of the annual review process. In view of the above, the independent non-executive Directors have confirmed that, as far as they can ascertain, there is no breach by any of the parties therein of the non-competition undertakings in the Deed of Non-competition given by them.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT OT THE LISTING RULES

Saved as disclosed in this annual report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

ANNUAL GENERAL MEETING

The Annual General Meeting (the "AGM") of the Company will be held on Friday, 13 June 2025. Shareholders should refer to the details regarding the AGM in the circular to be despatched by the Company and the notice of meeting and form of proxy accompanying therewith.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 10 June 2025 to Friday, 13 June 2025, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, all transfers of Shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Monday, 9 June 2025 (Hong Kong time), being the last registration date.

CORPORATE GOVERNANCE CODE

The full text of the corporate governance report is set out on pages 43 to 53 of this annual report.

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

During the year ended 31 December 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

PUBLIC FLOAT

Based on the information publicly available and to the best of the Board's knowledge, information and belief, the Company has always maintained sufficient public float as of the date of this annual report.

TAX RELIEF AND EXEMPTION

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

RELATED PARTY TRANSACTIONS

The Group has no non-exempt continuing connected transactions for the year ended 31 December 2024. Details of related party transactions of the Group undertaken in the ordinary course of business are set out in Note 32 to the consolidated financial statements. None of these related party transactions is required to be disclosed under Chapter 14A of the Listing Rules.

AUDITOR

The independent auditor of the Company for the year ended 31 December 2024 is PricewaterhouseCoopers. The total fees for the Company's external auditor are RMB1.95 million.

By Order of the Board,
Mr. Qin Yan
Chairman

Hong Kong, 28 March 2025

DIRECTORS AND SENIOR MANAGEMENT

The Board consists of three executive Directors, one non-executive Director and three independent non-executive Directors.

BOARD OF DIRECTORS

Executive Directors

Mr. Qin Yan (秦岩), aged 37, is an executive Director, the chairman of the Board, and the president of the Company, mainly responsible for overall strategic planning and business development of the Group. Mr. Qin Yan has over 13 years of experience in corporate management. In June 2007, Mr. Qin Yan joined Henan Honliv Hospital as an associate office manager and participated in the management of Henan Honliv Hospital and stayed in this position. Since April 2014, Mr. Qin Yan has served as a supervisor of Henan Honliv Hospital, mainly responsible for supervising the business conduct of the directors and senior management.

Mr. Qin Yan obtained a master's degree in philosophy from the University of Cambridge in the United Kingdom in October 2014.

Mr. Qin Yan has served as the legal representative of Honliv Yishenghuo since September 2014. Mr. Qin Yan is the younger brother of Mr. Qin Hongchao and cousin of Ms. Wang Xiaoyang.

Mr. Wang Zhongtao (王忠濤), aged 46, is an executive Director and financial controller of the Company, mainly responsible for overall accounting management and financing of our Group. Mr. Wang joined the Group as a Director in March 2018 and also assumed the role of the financial controller of Henan Honliv Hospital in June 2019. Mr. Wang has over 21 years of experience in finance management and accounting. Prior to joining the Group, Mr. Wang served as an accountant at Henan Honliv Group from July 1997 to June 2010, and then as the deputy finance manager from July 2009 to August 2017, mainly responsible for management and control of all aspects of accounting, finance and audit matters. From August 2017 to May 2019, Mr. Wang served as the finance manager of Henan Honliv Group, mainly responsible for supervision of Henan Honliv Group's operational results, as well as improving internal systems.

In July 1999, Mr. Wang graduated from Henan Xinxiang of Business School (河南新鄉商業學校) in the PRC, specializing in finance and accounting. In July 2017, Mr. Wang obtained a diploma from the Xinxiang College (新鄉學院), specialized in architectural engineering technology. He has been licensed by the Ministry of Finance to practice as an accountant (intermediate) since May 2007, and a non-practicing member of the Chinese Institution of Certified Public Accountants since February 2013.

Ms. Li Yanhong (李豔紅), aged 45, is currently our Company's finance manager. She is mainly responsible for overseeing the overall accounting management and financing of the Group. Ms. Li joined our Group in February 2006 as a finance manager and has over 20 years of experience in financial management and accounting.

Prior to joining the Group, Ms. Li served as the financial manager of certain companies affiliated with Henan Honliv Group Co., Ltd. (河南省宏力集團有限公司) from July 1999 to February 2006, and was mainly responsible for financial management.

Ms. Li graduated from Henan Xinxiang Business School (河南新鄉商業學校) in July 1997, majoring in accounting. Ms. Li obtained a professional diploma from Henan University of Finance and Economics (河南財經學院) in June 1999. She also obtained the Accountant (Intermediate) Qualification Certificate from the Ministry of Finance in September 2003 and became a non-practising member of the China Association of Certified Tax Agents (中國註冊稅務師協會) in November 2023.

DIRECTORS AND SENIOR MANAGEMENT

Non-executive Director

Mr. Qin Hongchao (秦紅超), aged 39, joined the Company in January 2016 as a non-executive Director. Since February 2006, Mr. Qin Hongchao served as the deputy manager of the corporate management department at Henan Honliv Group, mainly responsible for strategic planning and management. Since October 2012, Mr. Qin Hongchao has been the vice chairman of Henan Honliv Group, mainly responsible for assisting the chairman with overall corporate governance.

Mr. Qin Hongchao obtained a diploma in hospitality management from American Hotel & Lodging Educational Institution in the United States in March 2009, and completed the practicum in hospitality management program at Prospect College of Business and Language(1) in Canada in July 2009.

Mr. Qin Hongchao is the elder brother of Mr. Qin Yan and cousin of Ms. Wang Xiao Yang.

Note (1): This institution is not a designated learning institution recognized by the Canadian Government.

Independent Non-executive Directors

Mr. Zhao Chun (趙淳), aged 72, was appointed as an independent non-executive Director of the Company on 7 June 2016. From March 2016 to March 2019, Mr. Zhao served as the vice president 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) under Ailibi Hospital Management Research Centre. In addition, since September 2000, Mr. Zhao has held management positions in the Management of Private Hospitals Branch of Chinese Hospital Association (中國醫院協會 — 民營醫院管理分會), such as deputy secretary general and secretary general, and is currently the executive vice president. From February 2006 to August 2011, Mr. Zhao was the deputy secretary general of Chinese Hospital Association (中國醫院協會).

Since May 2022, Mr. Zhao has served as the independent non-executive director of Hygeia Healthcare Holdings Co., Limited (海吉亞醫療控股有限公司) (a company listed on the Stock Exchange (stock code: 6078)).

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

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

Mr. Sun Jigang (孫冀剛), aged 57, was appointed as an independent non-executive Director of the Company on 5 July 2017. Mr. Sun has more than 12 years of experience in financial management. Between December 2008 and December 2010, he served as the chief financial officer of Gongda Chemical Industry Equipment Co., Ltd.* (石家莊工大化工設備有限公司); between January 2011 and August 2011, he was the chief financial officer of Beijing Puhua International Hospital Co., Ltd.* (北京天壇普華醫院有限公司). In both positions, he was responsible for matters concerning corporate finance, financial planning and budgeting, and financial reporting, in particular the preparation, review and analysis of financial statements. From September 2011 to May 2016, Mr. Sun served as the chief financial officer and the chief investment officer of Concord Medical Services Holdings Limited (a company listed on the New York Stock Exchange with stock code: CCM), mainly responsible for its finance, compliance and disclosure of financial information. Mr. Sun is currently the founding partner of Oceanpine Capital, a private equity fund focused on investments in the healthcare sector.

Mr. Sun graduated from China Foreign Affairs University (外交學院) in the PRC with a bachelor's degree in English in July 1990. He also obtained a master's degree in University of Chicago Graduate School of Business (currently known as the University of Chicago Booth School of Business) in the U.S. in March 1998.

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

DIRECTORS AND SENIOR MANAGEMENT

Mr. Jiang Tianfan (江天帆), aged 44, was appointed as an independent non-executive Director of the Company on 17 December 2019 with effect from the Listing Date. Mr. Jiang has been serving as the chairman of board of directors of True Glory Global Limited since December 2013. From August 2015 to June 2017, Mr. Jiang served as the executive director of UMP Healthcare Holdings Limited (香港聯合醫務集團有限公司, a company listed on the Stock Exchange with the stock code of 722). From August 2009 to November 2016, Mr. Jiang worked as an executive director in China Resources Medical Holdings Company Limited (華潤醫療控股有限公司, previously known as Phoenix Healthcare Group Co. Ltd. (鳳凰醫療集團有限公司), a company listed on the Stock Exchange with the stock code of 1515), and as the chief financial officer from November 2011 to November 2016.

Mr. Jiang obtained a bachelor's degree in law from Shanghai International Studies University (上海外國語大學) in July 2003. He further obtained a master's degree in business administration from Washington University in St. Louis in May 2009.

SENIOR MANAGEMENT

Mr. Qin Yan (秦岩) — please refer to the paragraph headed "Board of Directors — Executive Directors" in this section for his biographical details.

Mr. Wang Zhongtao (王忠濤) — please refer to the paragraph headed "Board of Directors — Executive Directors" in this section for his biographical details.

Ms. Li Yanhong (李艷紅) — please refer to the paragraph headed "Board of Directors —Executive Directors" in this section for her biographical details.

Dr. Teng Qingxiao, aged 59, is a senior vice president of the Company, mainly responsible for hospital healthcare management and human resources of the Group and currently serve as the president of Henan Honliv Hospital. Dr. Teng joined the Group in June 2007. On the administration front, he served as the deputy director and director of the department of otolaryngology in Henan Honliv Hospital from June 2007 to November 2010. Dr. Teng then served as the deputy president of Henan Honliv Hospital from December 2010 to May 2013, mainly responsible for assisting the president in the management of the hospital. In May 2013, Dr. Teng became the president of Henan Honliv Hospital and since then has been presiding over all aspects of hospital management. In addition, Dr. Teng had been an associate professor of Xinxiang Medical University (新鄉醫學院) from November 2005 to June 2007 specializing in the field of clinical medicine. Prior to joining the Group, Dr. Teng had practiced as a doctor in the department of otolaryngology at the Third Affiliated Hospital of Xinxiang Medical University (新鄉醫學院第三附屬醫院) from December 1996 to November 2005.

Dr. Teng graduated from Xinxiang Medical University (新鄉醫學院) in the PRC with a bachelor's degree of medicine specializing in clinical medicine in July 2002. He later obtained a master's degree of medicine specializing in pathology and pathophysiology from Xinxiang Medical University in June 2008. In November 2013, Dr. Teng completed the postgraduate course in medical and health management convened by the School of Continuing Education, Tsinghua University (清華大學繼續教育學院) in the PRC. Dr. Teng has been licensed by the Health Bureau of Henan Province (河南省衛生廳) to practice as a doctor since May 1999. He obtained the qualifications to practice as an associate chief doctor and a chief doctor in May 2005 and February 2012, respectively, from the People's Government of Henan Province.

Dr. Hua Xiuzhi (滑修之), aged 56, is currently a vice president of the Company, mainly responsible for hospital management of the Group and currently serves as the deputy general manager of Henan Honliv Hospital. Dr. Hua joined the Group in September 2003. He served as the manager of the equipment department at Henan Honliv Hospital from April 2004 to January 2006, and as the assistant to the president of Henan Honliv Hospital from January 2006 to March 2006. From March 2006 to December 2010, he served as a vice president of Henan Honliv Hospital, mainly responsible for the healthcare operation of the hospital. Since December 2010, Dr. Hua has served as the deputy general manager of Henan Honliv Hospital, mainly responsible for expansion of the healthcare business of the Group. Prior to joining the Group, Dr. Hua practiced as a doctor of clinical medicine at People's Hospital of Changyuan County (長垣縣人民醫院) from September 1991 to September 2003.

Dr. Hua graduated from Henan Medical University (河南醫科大學) in the PRC (currently known as Zhengzhou University School of Medicine (鄭州大學醫學院)), in July 1991, with a bachelor's degree in medicine, specializing in preventive medicine. Dr. Hua obtained the qualification certificate as a doctor from the Health Bureau of Henan Province (河南省衛生廳) in May 1999, and has been licensed by the same bureau to practice as a doctor since April 2001.

Since September 2017, Dr. Hua has served as the legal representative of Yexian Honliv Hospital Co., Ltd.* (葉縣宏力醫院有限公司) ("Yexian Honliv"). Yexian Honliv is an indirectly majority controlled company of Mr. Qin Zili and therefore a connected person of the Company under Rule 14.12(2)(b) of the Listing Rules.

Dr. Qian Feng (錢峰), aged 55, was appointed as vice president of the Company on 10 December 2019, mainly responsible for healthcare service quality control of the Group. Dr. Qian serves as a vice president and the associate chief physician of Henan Honliv Hospital since December 2010. Dr. Qian served as a gastroenterologist of the gastroenterology department in Henan Honliv Hospital from October 2006 to July 2009, and the director of the same department and the endoscopy center from July 2009 to December 2010. Prior to joining the Group, Dr. Qian served as gastroenterologist in the Fifth People's Hospital of Shangqiu City (商丘市第五人民醫院) from October 1992 to October 2006. In addition, Dr. Qian is the alliance director and an expert of the National Early Gastrointestinal Cancer Prevention & Treatment Center Alliance ("GECA") (國家消化道早癌防治中心). He is currently a member of Hospital Management Branch of Chinese Non-government Medical Institutions Association ("CNMIA") (中國非公立醫療機構協會醫院管理分會委員).

Dr. Qian graduated from Henan Medical University (河南醫科大學) in the PRC with a bachelor's degree in medicine specializing in clinical medicine in July 1992. He also obtained the certificate of completion of graduate coursework in psychology from Xinxiang Medical University (新鄉醫學院) in the PRC in July 2014.

Ms. Wang Xiaoyang (王曉陽), aged 38, was appointed as the assistant of the Chairman on December 10, 2019 and a joint company secretary of the Company on 7 June 2016, mainly responsible managing for investor relations of the Group. Ms. Wang joined the Group in February 2011 and has served as the assistant manager of human resources department of Henan Honliv Hospital, mainly responsible for recruitment, staffing, training and development. Ms. Wang obtained a bachelor's degree of science in mathematics with business management from the University of Birmingham in July 2009, and a master's degree of science in analysis, design and management of information systems from London School of Economics and Political Science in November 2010.

JOINT COMPANY SECRETARIES

Ms. Wang Xiaoyang (王曉陽) — please refer to the paragraph headed "Board of Directors — Senior Management" in this section for her biographical details.

Ms. Yeung Siu Lam (楊兆琳) was appointed as the joint company secretary on 19 August 2024. Ms. Yeung is a Senior Manager of Company Secretarial Services of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services. Ms. Yeung has over 8 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Yeung is currently the company secretary or joint company secretary of a few companies listed on the Stock Exchange.

Ms. Yeung is a Chartered Secretary, a Chartered Governance Professional and an Associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Ms. Yeung holds a Bachelor of Arts degree from The University of Hong Kong and a Master of Corporate Governance degree from The Hong Kong Metropolitan University.

CORPORATE GOVERNANCE CULTURE AND/PURPOSE/VALUE/STRATEGY

The Company is committed to ensuring that its affairs are conducted in accordance with high ethical standards. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, the Company believes that Shareholder wealth will be maximised in the long term and that its employees, those with whom it does business and the communities in which it operates will all benefit.

Corporate governance is the process by which the Board instructs management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

— satisfactory and sustainable returns to Shareholders;

— that the interests of those who deal with the Company are safeguarded;

— that overall business risk is understood and managed appropriately;

— the delivery of high-quality products and services to the satisfaction of customers; and

— that high standards of ethics are maintained.

CORPORATE GOVERNANCE PRACTICES

The Company confirms that it has complied with all code provisions as set out in part 2 of the Corporate Governance Code for the year ended 31 December 2024, save and except for the provision addressed below.

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

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

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

The Company will review and commit in making necessary arrangement to comply with all code provisions as set out in part 2 of the Corporate Governance Code and in rising expectations of Shareholders and investors.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its code of conduct regarding securities transactions by Directors.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2024. The Company confirmed that there was no incident of non-compliance of the Model Code by any Directors during the year ended 31 December 2024.

BOARD OF DIRECTORS

The Directors are accountable to all Shareholders for their leadership and supervision over the Group's operation and are confirmed to achieving the goal of increasing Shareholders' value.

The Board during the year ended 31 December 2024 and up to the date of this report comprises the following Directors:

Executive Directors

Mr. Qin Yan (秦岩) *(President and Chairman)*
Dr. Teng Qingxiao (滕清曉) *(resigned on 11 December 2024)*
Mr. Wang Zhongtao (王忠濤)
Ms. Li Yanhong (李艷紅) *(appointed on 11 December 2024)*

Non-executive Director

Mr. Qin Hongchao (秦紅超)

Independent Non-executive Directors

Mr. Zhao Chun (趙淳)
Mr. Sun Jigang (孫冀剛)
Mr. Jiang Tianfan (江天帆)

There is no relationship between members of the Board other than that Mr. Qin Yan and Mr. Qin Hongchao are brothers who are also cousins of Ms. Wang Xiaoyang, the joint company secretary of the Company.

The biographical information of the existing Directors are set out in the section headed "Directors and Senior Management" on pages 39 to 42 of this annual report.

Independent Non-executive Directors

During the year ended 31 December 2024, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

Each of the independent non-executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent in accordance with the guidelines set out of in the Listing Rules.

Board Independence Evaluation

The Company has established a board independence evaluation mechanism (the "Board Independence Evaluation Mechanism"), which sets out the processes and procedures to ensure a strong independent element on the Board, which allows the Board effectively exercises independent judgment to better safeguard Shareholders' interests.

The objectives of the evaluation are to improve Board effectiveness, maximise strengths, and identify the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

Pursuant to the Board Independence Evaluation Mechanism, the Board will conduct annual review on its independence. The Board Independence Evaluation Report will be presented to the Board which will collectively discuss the results and the action plan for improvement.

CORPORATE GOVERNANCE REPORT

During the year ended 31 December 2024, the Board reviewed the implementation and effectiveness of the Board Independence Evaluation Mechanism and the results were satisfactory.

Appointment and Re-election of Directors

According to the Memorandum and Articles of Association, at every annual general meeting of the Company, one-third of the Directors (or if their number is not a multiple of three, the number nearest to but no less than one-third) are subject to retirement by or rotation at least once every three years and any new Director appointed to fill casual vacancy as an addition to the Board shall hold office until the first annual general meeting of the Company after his appointment. The retiring Directors shall be eligible for re-election.

Any other appointment, resignation, removal or re-designation of Directors will be timely disclosed to the Shareholders by announcement and shall include in such announcement, the reasons given by the Director for his resignation. Each Director (including non-executive Director) has entered into a service contract or letter of appointment with the Company for an initial term of 3 years commencing from the Listing Date, and has renewed their service contract or letter of appointment in June 2023 for a term of 3 years, and shall be subject to retirement by rotation once every three years.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including non-executive Directors and 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. The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

The Company has arranged appropriate insurance coverage to protect Directors from possible legal action against them. The insurance coverage would be reviewed on an annual basis.

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

Board Diversity and Workforce Diversity

The Company has adopted a board diversity policy (the "Board Diversity Policy") pursuant to which the Company aims to build and maintain a Board with a diversity of Directors. The Nomination Committee will review at least annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy. In relation to reviewing and assessing the Board composition, the Nomination Committee will consider a number of aspects, including but not limited to skills, professional experience, educational background, knowledge, expertise, culture, independence, age and gender.

As at 31 December 2024, our Board consists of six male members and one female member with two Directors of age 31 to 40 years old, three Directors of age 41 to 50 years old, one Director of age 51 to 60 years old and one Director of age 71 years old. The Company has reviewed the membership, structure and composition of the Board, and is of the opinion that the structure of the Board is reasonable, and the experiences and skills of the Directors in various aspects and fields can enable the Company to maintain a high standard of operation.

The total gender diversity of the Group is balanced at 68.6%, representing 1,342 females out of 1,955 employees (including senior management) as at 31 December 2024. To support diversity across all facets, the Group is enhancing diversity and inclusion efforts through employee networks, mentoring programmes, equitable hiring practices, policies and awareness raising events and training for all employees to support inclusive behaviors.

Continuous Professional Development of Directors

On appointment to the Board, each Director receives a comprehensive induction package to ensure that he/she has a proper understanding of the business and operations of the Company and if fully aware of the responsibilities and obligations as being a Director as well as the compliance practice under the Listing Rules and other relevant regulatory requirements.

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. Directors are kept updated on the statutory and regulatory development and changes in the business and the market so as to facilitate the discharge of their responsibility. Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant. All Directors have participated in the courses relating to the roles, functions and duties of a director of a listed company or further enhanced their professional development.

The training records of the Directors for the year ended 31 December 2024 are summarized as follows:

Directors	Type of Training [Note]
Executive Directors	
Mr. Qin Yan (秦岩) *(President and Chairman)*	B
Dr. Teng Qingxiao (滕清曉) *(resigned on 11 December 2024)*	B
Mr. Wang Zhongtao (王忠濤)	A
Ms. Li Yanhong (李艷紅) *(appointed on 11 December 2024)*	A
Non-Executive Director	
Mr. Qin Hongchao (秦紅超)	B
Independent Non-Executive Directors	
Mr. Zhao Chun (趙淳)	B
Mr. Sun Jigang (孫冀剛)	B
Mr. Jiang Tianfan (江天帆)	A and B

Note:

Types of Training

A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops

B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

Board Meetings and Directors' Attendance Records

According to code provision C.5.1 of part 2 of the Corporate Governance Code, regular Board meetings should be held at least four times a year at approximately quarterly intervals. During the year ended 31 December 2024, four Board meetings were held, two of which were to approve the Company's annual report for the year ended 31 December 2023 and interim report for the six months ended 30 June 2024 respectively, and one annual general meeting on 14 June 2024.

A summary of the attendance records of the Directors at the Board meetings held during the year is set out below:

Name of Directors	Attendance/No. of Board Meeting(s)	Attendance at annual general meeting
Executive Directors		
Mr. Qin Yan (秦岩) *(President and Chairman)*	4/4	✓
Dr. Teng Qingxiao (滕清曉) *(resigned on 11 December 2024)*	4/4	✓
Mr. Wang Zhongtao (王忠濤)	4/4	✓
Ms. Li Yanhong (李艷紅) *(appointed on 11 December 2024)*	N/A	N/A
Non-executive Director		
Mr. Qin Hongchao (秦紅超)	4/4	✓
Independent Non-executive Directors		
Mr. Zhao Chun (趙淳)	4/4	✓
Mr. Sun Jigang (孫冀剛)	4/4	✓
Mr. Jiang Tianfan (江天帆)	4/4	✓

BOARD COMMITTEES

Audit Committee

The Audit Committee consists of three independent non-executive directors, namely Mr. Sun Jigang, Mr. Zhao Chun and Mr. Jiang Tianfan. Mr. Sun Jigang is the chairman of the Audit Committee.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the Corporate Governance Code. The main duties of the Audit Committee are reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment of external auditors, and arrangements to enable employees of the Company to raise concerns about possible improprieties in any matters of the Company.

The Audit Committee held three meetings to review, in respect of the year ended 31 December 2024, the interim and annual financial results and reports and significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function, and arrangements for employees to raise concerns about possible improprieties.

The attendance records of the members of the Audit Committee are as follows:

Name of Members of the Audit Committee	Attendance
Mr. Zhao Chun *(Chairman)*	3/3
Mr. Sun Jigang	3/3
Mr. Jiang Tianfan	3/3

Remuneration Committee

The Remuneration Committee consists of three independent non-executive directors, namely Mr. Jiang Tianfan, Mr. Sun Jigang and Mr. Zhao Chun. Mr. Jiang Tianfan is the chairman of the Remuneration Committee.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the Corporate Governance Code. The primary functions of the Remuneration Committee include determining the policy and structure for the remuneration of directors and senior management, to establish a formal and transparent procedure for developing remuneration policy, to evaluate the performance of directors and senior management, to review and recommend the terms of incentive schemes and directors' service contracts, and to recommend the remuneration packages for all directors and senior management. The Remuneration Committee has adopted the second model described in code provision E.1.2(c) of part 2 of the Corporate Governance Code.

The Remuneration Committee held one meeting during the year to review and make recommendation to the Board on the remuneration policy and the remuneration packages of the Directors and senior management.

The attendance records of the members of the Remuneration Committee are as follows:

Name of Members of the Remuneration Committee	Attendance
Mr. Jiang Tianfan *(Chairman)*	1/1
Mr. Sun Jigang	1/1
Mr. Zhao Chun	1/1

Nomination Committee

The Nomination Committee consists of one executive director, namely Ms. Li Yanhong (appointed on 28 March 2025), and three independent non-executive directors, namely Mr. Zhao Chun, Mr. Sun Jigang and Mr. Jiang Tianfan. Mr. Zhao Chun is the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the Corporate Governance Code. 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.

The Board has adopted a Board Diversity Policy, more details of which are set out in "Board Diversity and Workforce Diversity" on pages 45 to 46 of this annual report. The Board has also adopted a director nomination policy (the "Director Nomination Policy"), which sets out the selection criteria and process and succession planning considerations in relation to nomination and appointment of Directors of the Company. Prior to appointments of individuals for directorship by the Board, the Nomination Committee evaluates the balance of skills, knowledge and experience on the Board, and, in the light of this evaluation, prepares a description of the role and capabilities required for a particular appointment. In identifying suitable candidates, the Nomination Committee considers candidates from a wide range of backgrounds, and assess whether the individual would be able to devote sufficient time to the Board, the perspectives, skills and experience the proposed individual can bring to the Board, and how the proposed individual contributes to the diversity of the Board.

According to the Board Diversity Policy and the Director Nomination Policy, the Nomination Committee reviews and assesses the Board composition and makes recommendations of changes to the composition of the Board. The Nomination Committee would consider the benefits of all aspects of diversity set out in the Board Diversity Policy and Director Nomination Policy, including but not limited to gender, age, cultural, educational background, ethnicity, professional experience, skills, knowledge and length of service and other qualities in reviewing and assessing the composition of the Board and all appointments to the Board will be based on merits and will take into account of factors based on the Company's own business model and specific needs from time to time.

The Nomination Committee held one meeting during the year to review the structure, size and composition of the Board and the independence of the independence non-executive Directors.

The attendance records of the members of the Nomination Committee are as follows:

Name of Members of the Nomination Committee	Attendance
Mr. Zhao Chun *(Chairman)*	1/1
Mr. Sun Jigang	1/1
Mr. Jiang Tianfan	1/1
Ms. Li Yanhong *(appointed on 28 March 2025)*	N/A

Corporate Governance Functions

The Board is responsible for performing the functions of corporate governance. For the year ended 31 December 2024, the Board has performed the functions set out in code provision A.2 of part 2 of the Corporate Governance Code.

During the year, the Board had 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 of the Model Code and Written Employee Guidelines, and the Company's compliance with the Corporate Governance Code and disclosure in this Corporate Governance Report.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

During the year ended 31 December 2024, the Board, as supported by the Audit Committee as well as the management report and the internal audit findings, has performed an annual review on the adequacy and effectiveness of the Group's risk management and internal control systems in different aspects of the Group such as financial, operation, compliance and risk management, and has also assessed the accounting and financial reporting functions of the Group, estimated the resources and budgets for training programs and appraised the staff members' qualifications and experience. In respect of continuing connected transactions, the Group has implemented a series of general management policies controlled by multiple departments to improve corporate governance structure and monitor the implementation of internal control policies, including financial control system, anti-fraud and legal monitoring system, operations and compliance management system, risk management and assessment policies and internal audit rules.

The Board considers that the abovementioned systems are effective and adequate.

CORPORATE GOVERNANCE REPORT

The internal audit department is responsible for conducting comprehensive audits of each department of the Group to facilitate the management's control on the assets of the Group. In addition, it offers consulting services in respect of internal control to each department of the Group to assist them in optimizing and enhancing the risk management and internal control systems and the operating processes. For the year ended 31 December 2024, the internal audit department did not discover any circumstances involving fraud, non-compliance or violation against laws, regulations and rules or any material incidents due to lack of internal control.

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

In particular, the Board will devote efforts to complying with the Listing Rules, ensuring compliance with the relevant laws and regulation and safeguarding the interests of the Company and the Shareholders as a whole.

The Company has developed its disclosure policy, which provides a general guide to the Company's Directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2024, which give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended.

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

AUDITOR'S REMUNERATION

The auditor of the Company for the financial year under audit is PricewaterhouseCoopers. During the year ended 31 December 2024, remuneration of audit related services provided by the auditor of the Company to the Group was approximately RMB1.95 million.

The Audit Committee is responsible for making recommendations to the Board as to the appointment, reappointment and removal of the external auditor. Such appointment, re-appointment and removal are subject to the approval by the Board and the general meetings of the Company by the Shareholders.

The statement of the independent auditor of the Group about their reporting responsibilities on the consolidated financial statements of the Group is set out in the independent auditor's report from pages 54 to 58 of this annual report.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Details of the remuneration by band of the members of the Board and senior management of the Company, whose biographies are set out on pages 39 to 42 of this annual report, for the year ended 31 December 2024 are set out below:

Remuneration band *(RMB'000)*	**Number of individuals**
Nil to 200	6
201 to 400	2
401 to 600	2
Above 601	1

COMPANY SECRETARY

Ms. Wang Xiaoyang acts as a joint company secretary of the Company. Ms. Hui Yin Shan ("Ms. Hui") had been the other joint company secretary of the Company during the period from 1 January 2024 and resigned on 19 August 2024. Ms. Yeung Siu Lam ("Ms. Yeung") was appointed as a joint company secretary of the Company in place of Ms. Hui since 19 August 2024.

Each of Ms. Hui and Ms. Yeung was nominated by Tricor Services Limited, external service provider, and engaged by the Company as its joint company secretary. During the year ended 31 December 2024, the Company's primary contact person with Ms. Hui and Ms. Yeung is Ms. Wang Xiaoyang.

During the year ended 31 December 2024, each of Ms. Wang Xiaoyang, Ms. Hui and Ms. Yeung has undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

CONSTITUTIONAL DOCUMENTS

The Memorandum and Articles of Association of the Company were amended and restated with effect from 14 June 2024.

The Memorandum and Articles of Association are available on the Company's website and the Stock Exchange's website.

SHAREHOLDERS' RIGHTS

To safeguard shareholder interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

CONVENING AN EXTRAORDINARY GENERAL MEETING

Pursuant to article 12.3 of the Memorandum and Articles of Association, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by deposited an written and signed requisition at the principal office of the Company in Hong Kong, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.

If within twenty-one days of such deposit the Board fails to proceed to convene such meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them may do so in the same manner, provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

COMMUNICATIONS WITH SHAREHOLDERS

The Company has established a shareholders' communication policy and continuously attaches great importance to maintaining and developing investor relations for a long time, enhances transparency of the corporate information by promptly and effectively releasing the corporate information to the public, which has established effective channels for the Company to communicate with investors.

The Board welcomes Shareholders' views and encourages them to attend general meetings to convey any concerns they might have to the Board or the management. The Chairman of the Board and the chairmen of all committees (or their proxies) will attend the annual general meeting and other general meetings. At the general meetings, all Shareholders attending the meetings may make enquiries to the Directors and other management in respect of matters relevant to the resolutions. The Company has published detailed contact methods through its website, notices of the general meeting, circulars to the Shareholders and annual reports for Shareholders to express their views or make enquiries.

The Board has reviewed the implementation of the shareholders' communication policy of the Company. Taking into account the variety of existing channels for communication and participation, the Company is of the view that its shareholders' communication policy was effective during the year ended 31 December 2024.

The procedures for shareholders to convene and put forward proposals at an annual general meeting or extraordinary general meeting (including election of a person other than a Director of the Company as a director) are available on the Company's website or on request to Ms. Wang Xiaoyang.

INVESTORS RELATIONS

The Board believes that effective communication with investors is essential for establishing investors' confidence and attracting new investors. The Company also recognizes the importance of transparency and timely disclosure of corporate information, which enables investors to make the best investment decision.

The Company has disclosed all necessary information to the Shareholders in compliance with the Listing Rules. Updated and key information of the Company is also available on the Company's website at www.honlivhp.com. The Company also replied the enquiries from Shareholders timely, if any. The general meetings of the Company provide an important channel for communications between the Board and the Shareholders. The Chairman, as well as the chairman of the Nomination Committee, Remuneration Committee and Audit Committee or, in their absence, other members of the respective committee and where appropriate, the chairman of the independent Board Committee, will be available to answer questions at the general meetings.

For putting forward any enquiries to the Board of the Company, shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

CONTACT DETAILS

Shareholders may send their enquiries, proposals or requests as mentioned above to the following:

Address: No. 8, Bo Ai Road (South), Changyuan County, Henan Province, China

Fax: 86-373-8882111
Email: wangxiaoyang@honliv.com

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

By Order of the Board,
Mr. Qin Yan
President and Chairman

Hong Kong, 28 March 2025

INDEPENDENT AUDITOR'S REPORT

pwc 羅兵咸永道

To the Shareholders of
Honliv Healthcare Management Group Company Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Honliv Healthcare Management Group Company Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 59 to 117, comprise:

- the consolidated balance sheet as at 31 December 2024;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

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

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in our audit is related to estimation of variable consideration of residential inpatient services revenue.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matter	How our audit addressed the Key Audit Matter
Estimation of variable consideration of residential inpatient services revenue Refer to Note 4(a) Critical accounting estimates and judgements — Estimation of variable consideration of residential inpatient services revenue and Note 6 Revenue to the consolidated financial statements. For the year ended 31 December 2024, the Group's nominal amount of residential inpatient services revenue covered by the local public medical insurance program, before any variable adjustments to the final settlement, was approximately RMB173.7 million. The Group applied an estimated settlement rate of 93.36% to record the residential inpatient services revenue that it considers is highly probable to be received. Management adopted a methodology to estimate the settlement rate for the residential inpatient services revenue. Significant management judgements and estimates are involved in determining the appropriate underlying information necessary for the estimation of the possible settlement rates and probabilities of different scenarios under this methodology, as well as evaluating whether it is highly probable that the revenue amount recognised will not be reversed. Due to significant management judgments and estimation applied in determining the highly probable settlement rate for residential inpatient services revenue, we considered it as a key audit matter.	Our procedures in relation to the estimation of variable consideration of residential inpatient services revenue included: • We obtained an understanding of management's internal controls and process to estimate the highly probable settlement rate for residential inpatient services revenue and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors; • We evaluated and tested the Group's internal controls over the estimation of the highly probable settlement rate; • We discussed with management to obtain an understanding of the methodology adopted to determine the highly probable settlement rate and assessed the appropriateness of the methodology with reference to the requirements of applicable financial reporting standards; • We assessed the appropriateness of significant management judgements and estimates used in determining the appropriate underlying information necessary for the estimation of the possible settlement rates and probabilities of different scenarios under this methodology, by: i) interviewing the representative of the local medical insurance bureau to understand the public medical insurance program's settlement mechanism, underlying factors and timing of finalisation of the residential inpatient services revenue settlement outcome; and corroborating with the representative the range of possible settlement rates used in the methodology; ii) comparing management's historical estimation with actual settlement amounts; iii) evaluating the relevancy of local macroeconomic factors used to establish possible settlement of certain scenarios in the methodology;

Key Audit Matter	How our audit addressed the Key Audit Matter
	iv) checking the underlying information used in the methodology to relevant supporting evidence, including historical settlement data, growth rates of certain macroeconomic factors and nominal amount of the residential inpatient services revenue; v) examining the sensitivity analysis performed by management; and vi) independently performing sensitivity analysis to compare with management's estimation. • We recalculated the amount of the residential inpatient services revenue recognised based on the highly probable settlement rate under the methodology; and • We assessed the adequacy of the disclosures related to the estimation of variable consideration of residential inpatient services revenue in accordance with applicable financial reporting standards. Based on the procedures performed, we considered the significant management judgments and estimates involved in determining the variable consideration of the residential inpatient services revenue were supported by available evidence.

OTHER INFORMATION

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE 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 HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors 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.

The Audit Committee is 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. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is NG Tsun.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 28 March 2025

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2024	2023
	Note	***RMB'000***	*RMB'000*
Revenue	*6*	**768,725**	760,527
Cost of sales	*7*	**(642,033)**	(615,683)
Gross profit		**126,692**	144,844
Administrative expenses	*7*	**(76,384)**	(72,393)
Net impairment losses on financial assets	*3.1.2*	**(530)**	(15,294)
Other income		**344**	644
Other expenses		**(133)**	(159)
Other gains/(losses) — net		**432**	(197)
Operating profit		**50,421**	57,445
Finance income		**856**	1,625
Finance costs		**(8,579)**	(7,648)
Finance costs — net	*9*	**(7,723)**	(6,023)
Profit before income tax		**42,698**	51,422
Income tax expense	*10*	**(11,222)**	(12,724)
Profit for the year		**31,476**	38,698
Other comprehensive income		**–**	–
Total comprehensive income		**31,476**	38,698
Profit and total comprehensive income attributable to:			
Owners of the Company		**31,151**	38,310
Non-controlling interests		**325**	388
		31,476	38,698
Earnings per share for profit attributable to the equity holders of the Company (expressed in RMB per share)			
Basic and diluted earnings per share	*11*	**0.06**	0.07

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

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2024	2023
	Note	***RMB'000***	*RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment	*12*	**525,001**	534,487
Right-of-use assets	*13(a)*	**56,498**	78,469
Investment properties	*14*	**1,554**	1,688
Intangible assets	*15*	**1,764**	430
Deferred income tax assets	*16*	**4,205**	7,599
Prepayments		**–**	10,306
Total non-current assets		**589,022**	632,979
Current assets			
Inventories	*19*	**39,569**	31,851
Trade receivables	*20*	**63,757**	31,645
Other receivables and prepayments	*21*	**22,514**	2,126
Amounts due from related parties	*32(e)*	**643**	353
Restricted deposits		**–**	30,000
Cash and cash equivalents	*22*	**258,498**	239,755
Total current assets		**384,981**	335,730
Total assets		**974,003**	968,709
EQUITY			
Equity attributable to the owners of the Company			
Share capital	*23*	**52**	52
Reserves	*24*	**343,318**	339,921
Retained earnings		**229,635**	201,881
Subtotal		**573,005**	541,854
Non-controlling interests		**5,918**	5,593
Total equity		**578,923**	547,447

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2024	2023
	Note	***RMB'000***	*RMB'000*
LIABILITIES			
Non-current liabilities			
Borrowings	*28*	**12,883**	22,503
Lease liabilities	*13(b)*	**–**	1,433
Deferred income		**1,794**	1,861
Total non-current liabilities		**14,677**	25,797
Current liabilities			
Trade and notes payables	*26*	**100,666**	124,461
Accruals, other payables and provisions	*27*	**107,827**	99,802
Current income tax liabilities		**8,749**	14,375
Borrowings	*28*	**160,567**	154,027
Lease liabilities	*13(b)*	**2,594**	2,800
Total current liabilities		**380,403**	395,465
Total liabilities		**395,080**	421,262
Total equity and liabilities		**974,003**	968,709

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

The financial statements on pages 59 to 117 were approved by the Board of Directors on 28 March 2025 and were signed on its behalf.

Qin Yan

Wang Zhongtao

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to the owners of the Company					
	Note	Share Capital *RMB'000*	Reserves *RMB'000*	Retained earnings *RMB'000*	Sub-total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
Balance at 1 January 2023		52	382,004	167,410	549,466	5,205	554,671
Comprehensive income							
— Profit for the year		–	–	38,310	38,310	388	38,698
Transactions with owners							
— Appropriation to statutory surplus reserves	*24*	–	3,839	(3,839)	–	–	–
— Acquisition of shares for the employee share scheme	*24*	–	(45,922)	–	(45,922)	–	(45,922)
Balance at 31 December 2023		52	339,921	201,881	541,854	5,593	547,447
Balance at 1 January 2024		**52**	**339,921**	**201,881**	**541,854**	**5,593**	**547,447**
Comprehensive income							
— Profit for the year		**–**	**–**	**31,151**	**31,151**	**325**	**31,476**
Transactions with owners							
— Appropriation to statutory surplus reserves	*24*	**–**	**3,397**	**(3,397)**	**–**	**–**	**–**
Balance at 31 December 2024		**52**	**343,318**	**229,635**	**573,005**	**5,918**	**578,923**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December 2024 RMB'000	2023 RMB'000
Cash flows from operating activities			
Cash generated from operations	*29(a)*	**96,797**	101,703
Income taxes paid		**(13,453)**	(10,144)
Net cash generated from operating activities		**83,344**	91,559
Cash flows from investing activities			
Payments for purchase of property, plant and equipment		**(49,673)**	(89,253)
Payments for purchase of intangible assets		**(2,485)**	(298)
Interest received		**774**	789
Net cash used in investing activities		**(51,384)**	(88,762)
Cash flows from financing activities			
Borrowings from banks and other financial institutions		**156,745**	182,982
Repayments of borrowings from banks and other financial institutions		**(159,826)**	(147,452)
Acquisition of shares for the employee share scheme		**–**	(45,922)
Principal elements of lease payments		**(1,639)**	(1,076)
Interest paid		**(8,579)**	(7,648)
Net cash used in financing activities		**(13,299)**	(19,116)
Net increase/(decrease) in cash and cash equivalents		**18,661**	(16,319)
Cash and cash equivalents at beginning of year		**239,755**	255,238
Effects of exchange rate changes on cash and cash equivalents		**82**	836
Cash and cash equivalents at end of year	*22*	**258,498**	239,755

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

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

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

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

The consolidated financial statements are presented in Renminbi ("RMB") and rounded to nearest thousand yuan, unless otherwise stated.

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

2.1 Basis of preparation

2.1.1 Compliance with HKFRS and HKCO

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") as issued by the Hong Kong Institute of Certified Public Accountants and requirements of the Hong Kong Companies Ordinance Cap. 622.

HKFRS comprise the following authoritative literature:

- Hong Kong Financial Reporting Standards,
- Hong Kong Accounting Standards, and
- Interpretations developed by the Hong Kong Institute of Certified Public Accountants.

2.1.2 Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis.

2.1.3 New and amended standards adopted by the Group

The group has applied the following standards, amendments and interpretation for the first time for its annual reporting period commencing 1 January 2024:

• Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants
• Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
• Amendments to HKFRS 16	Lease Liability in Sale and Leaseback
• Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The amendments and interpretation listed above did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2 BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES *(Continued)*

2.1 Basis of preparation *(Continued)*

2.1.4 New standards and interpretations not yet adopted

		Effective for annual periods beginning on or after
• Amendments to HKAS 21	• Lack of Exchangeability	1 January 2025
• Amendments to HKFRS 9 and HKFRS 7	• Classification and Measurement of Financial Instruments	1 January 2026
• Annual Improvements to HKFRS Accounting Standards	• Volume 11	1 January 2026
• HKFRS 18	• Presentation and Disclosure in Financial Statements	1 January 2027
• HKFRS 19	• Subsidiaries without Public Accountability: Disclosures	1 January 2027

The Group has already commenced an assessment of the impact of these new or revised standards and amendments, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the directors, no material impact on the financial performance and positions of the Group is expected when they become effective.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the senior management of the Group and approved by the executive directors.

3.1.1 Market risk

(i) Foreign exchange risk

Foreign currency risk is the risk that the value of a financial instrument fluctuates because of the changes in foreign exchange rates.

The Group mainly operates in the PRC with most of the transactions settled in RMB. Foreign exchange rate risk arises when recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

As at 31 December 2024, the Group's assets and liabilities are primarily denominated in RMB, except for certain cash and cash equivalents denominated in USD or HKD (note 22).

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.1 Market risk (Continued)

(i) Foreign exchange risk (Continued)

The Group is primarily exposed to change in RMB/HKD exchange rate. As at 31 December 2024, if RMB had weakened/strengthened by 5% against the HKD with all other variables held constant, pre-tax profit for the year would have been approximately RMB167,000 (2023: RMB175,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of HKD denominated cash and cash equivalents at banks or financial institutions.

The Group will constantly review the economic situation and its foreign exchange risk profile, and will consider appropriate hedging measures in the future, as may be necessary.

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from short-term borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk. Bank borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group has not entered into interest rate swaps to hedge against the exposure to changes in fair values of the borrowings. The Group will, however, continue to monitor interest rate risk exposure and will consider hedging significant interest rate risk exposure should the need arise.

As at 31 December 2024, the Group's interest-bearing borrowings at variable rates was RMB79,000,000 (2023: RMB79,000,000) (note 28(b)).

For the year ended 31 December 2024, if interest rates on borrowings had been one percent higher/lower with all other variables held constant, the pre-tax profit for the year would have decreased/increased by RMB790,000 (2023: RMB790,000), mainly as a result of higher/lower interest expense on floating rate borrowings.

3.1.2 Credit risk

Credit risk mainly arises from cash and cash equivalents and other financial assets at amortised cost, as well as credit exposures to customers and public medical insurance programs. The maximum exposure to credit risk is represented by the carrying amounts of each financial asset in the consolidated balance sheet.

(i) Risk management

The credit risk of cash and cash equivalents is limited because the counterparties are state-owned or public listed commercial banks or financial institution which are relatively high-credit-quality financial institutions located in the PRC.

The Group, being a provider of healthcare services to customers, has a highly diversified customer base, without any single customer contributing material revenue. However, the Group has concentrated debtors' portfolio, as majority customers make partial payments with the remainder reimbursed by the medical insurance bureau directhly. The reimbursement from these organisations mainly take within one year. The Group has policies in place to ensure the treatments and medicines prescribed and provided to such insured customers are in line with respective organisations' policies, provided those treatments and medicines fulfilling all ethics and moral responsibilities as healthcare provider. The Group also has controls to closely monitor the organisations' reimbursements schedule to minimize the credit risk.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.2 Credit risk *(Continued)*

(ii) Impairment of financial assets

The Group has three types of financial assets that are subject to the expected credit loss model:

- cash and cash equivalents,
- trade receivables, and
- other financial assets at amortised cost.

Cash and cash equivalents

While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

Trade receivables

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for trade receivables.

For trade receivables which have significant changes in credit risk, management has assessed their expected credit losses on an individual basis. For trade receivables that share same risk characteristics with others, management has assessed the expected credit losses on a collective basis. Management has identified macroeconomic conditions, industry risks and probabilities of default in which it sells its services to be the most relevant factors, and accordingly adjusts the probabilities of default based on expected changes in these factors.

On that basis, the loss allowances as at 31 December 2024 and 2023 were determined as follows for trade receivables:

31 December 2024	Lifetime expected credit loss rate	Gross carrying amount *RMB'000*	Lifetime expected credit loss *RMB'000*	Net carrying Amount *RMB'000*
Provision on individual basis	100.00%	1,508	(1,508)	–
Provision on collective basis	0.40%	64,012	(255)	63,757
		65,520	(1,763)	63,757

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.2 Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

Trade receivables (Continued)

31 December 2023	Lifetime expected credit loss rate	Gross carrying amount *RMB'000*	Lifetime expected credit loss *RMB'000*	Net carrying Amount *RMB'000*
Provision on individual basis	100.00%	22,003	(22,003)	–
Provision on collective basis	0.09%	31,673	(28)	31,645
		53,676	(22,031)	31,645

The closing loss allowances for trade receivables as at 31 December 2024 and 2023 as follows:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Opening loss allowances as at 1 January	**(22,031)**	(6,737)
Increase in loss allowances recognised in the consolidated statement of comprehensive income during the year	**(530)**	(15,294)
Receivables written off during the year as uncollectible	**20,798**	–
	(1,763)	(22,031)

Trade receivables 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 a failure to make contractual payments for a period of greater than one year past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other financial assets at amortised cost

Other financial assets at amortised cost mainly include other receivables. The directors of the Company have assessed that other receivables have not had a significant increase in credit risk since initial recognition. Thus, a 12-month expected credit loss approach that results from possible default event within 12 months of the Reporting Period of the Group is adopted by management. The directors of the Company do not expect any material losses from non-performance by the counterparties of other receivables. Thus, the allowance provision for other receivables was immaterial.

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.1 Financial risk factors *(Continued)*

3.1.3 Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents to meet operating capital requirements.

The table below analyses the Group's financial liabilities and lease liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year *RMB'000*	Between 1 and 2 years *RMB'000*	Between 2 and 5 years *RMB'000*	Total contractual cash flows *RMB'000*	Carrying amount *RMB'000*
At 31 December 2024					
Borrowings *(note 28)*	**164,267**	**13,370**	**–**	**177,637**	**173,450**
Trade and notes payables *(note 26)*	**100,666**	**–**	**–**	**100,666**	**100,666**
Accruals, other payables and provision (excluding accrued employee benefits and duty and other tax payable) *(note 27)*	**69,555**	**–**	**–**	**69,555**	**69,555**
Lease liabilities *(note 13(b))*	**2,594**	**–**	**–**	**2,594**	**2,594**
	337,082	**13,370**	**–**	**350,452**	**346,265**
At 31 December 2023					
Borrowings *(note 28)*	158,160	18,378	5,638	182,176	176,530
Trade payables *(note 26)*	124,461	–	–	124,461	124,461
Accruals, other payables and provision (excluding accrued employee benefits and duty and other tax payable) *(note 27)*	71,511	–	–	71,511	71,511
Lease liabilities *(note 13(b))*	2,933	1,466	–	4,399	4,233
	357,065	19,844	5,638	382,547	376,735

3 FINANCIAL RISK MANAGEMENT *(Continued)*

3.2 Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns to the shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors its capital structure on the basis of liability-to-asset ratio, which is calculated as total liabilities divided by total assets. The liability-to-asset ratio of the Group as at 31 December 2024 and 2023 was as follows:

	As at 31 December	
	2024	2023
The liability-to-asset ratio	**40.56%**	43.49%

3.3 Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the consolidated balance sheet where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

(a) Estimation of variable consideration of residential inpatient services revenue

As described in Note 6 to the consolidated financial statements, for estimation of variable consideration of residential inpatient services revenue, the Group has adopted a methodology to estimate the probability-weighted average amount of several scenarios and considered whether it is highly probable that the revenue amount recognised will not be reversed. The Group then estimates the settlement rates (the rate of the final settlement outcome divided by nominal amount preliminarily recorded by the Group) and probabilities under different scenarios. When assessing the settlement rates and probabilities of different scenarios, the Group has considered the relevant information that is available, including historical actual settlement rates, information obtained from the communications with local medical insurance bureau, and the growth rates of certain local macroeconomic factors, such as the expenditure of the social insurance fund, gross domestic product ("GDP") and fiscal subsidy for public medical insurance programs.

As significant management judgments and estimates are involved in determining the appropriate underlying information necessary for the estimation of the possible settlement rates and probabilities of different scenarios under the methodology and evaluating whether it is highly probable that the revenue amount recognised will not be reversed, there are uncertainties inherent in the estimate of the final settlement outcome.

(b) Useful lives of property, plant and equipment

The estimate of useful lives of property, plant and equipment is made by the management with reference to the established industry practices, technical assessments made on the durability of the assets, as well as the historical magnitude and the trend of repair and maintenance expenses incurred by the Group. It could change significantly as when the actual useful life is different with the one previously estimated.

(c) Impairment of trade receivables

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses accounting estimates and judgements in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the tables in note 3.1.2. It could change significantly as when the assumptions are different with those previously estimated.

5 SEGMENT INFORMATION

The Group has only one operating segment for the year ended 31 December 2024 and 2023, so no segment information was presented.

6 REVENUE

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

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Nature of revenue recognition		
Treatments and general healthcare services	**456,442**	465,598
Pharmaceutical sales	**308,861**	294,929
Postnatal care services	**3,422**	–
	768,725	760,527
Timing of revenue recognition		
At a point in time	**531,374**	512,954
Over time	**237,351**	247,573
	768,725	760,527

(i) Accounting policies of revenue recognition

The Group's revenue is primarily derived from providing treatments and general healthcare services to customers and sales of pharmaceuticals.

Revenues are recognised when, or as, the control of the goods or services is transferred to the customer. Depending on the terms of the contract and the laws applicable, control of the goods and services may be transferred over time or at a point in time. Control of the goods and services is transferred over time if the Group's performance:

- Provides all of the benefits received and consumed simultaneously by the customer;
- Creates and enhances an asset that the customer controls as the Group performs; or
- Does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

6 REVENUE *(Continued)*

(i) Accounting policies of revenue recognition *(Continued)*

If control of the goods and services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods and services.

The progress towards complete satisfaction of performance obligation, depending on the nature of the good and service to be transferred, is measured based on one of the following methods that best depicts the Group's performance in satisfying the performance obligation:

- Direct measurements of the value of individual services transferred by the Group to the customer; or

- The Group's efforts or inputs to the satisfaction of the performance obligation.

When customers place deposits with the Group before the Group renders the services, this will give rise to a contract liability, even though the customer deposits are refundable when the contract with the customer is cancelled or early terminated. The Group presented the customer deposits under the line item of "Accruals, other payables and provisions" on the consolidated statement of balance sheet.

The following is a description of the accounting policy for the principal revenue streams of the Group.

Treatments and general healthcare services

Revenue from provision of treatments and general hospital services is recognised when related public medical services have been rendered to customers.

(a) Outpatient services

For outpatient services, the customers mainly receive consultation services. For provision of consultation services for which the control of services is transferred at a point in time, revenue is recognised when the customers obtain the control of the completed services and the Group has satisfied its performance obligations with present right to payment and the collection of the consideration is probable.

(b) Inpatient services

For inpatient services, the customers mainly receive the inpatient healthcare services. The corresponding revenue is recognised over the services period when customers simultaneously receive the services and consume the benefits provided by the Group to the customers.

6 REVENUE *(Continued)*

(i) Accounting policies of revenue recognition *(Continued)*

Pharmaceutical sales

Revenue from pharmaceutical sales is recognised when control of the inventories has transferred, being when the inventory is delivered to the customers, the customers have full discretion to use the inventory, and there is no unfulfilled obligation that could affect the customers' acceptance of the inventory.

Postnatal care services

For postnatal care services, the customers mainly receive the maternal and infant care services offered by the Group. The related services generally last for approximately one month. The corresponding revenue is recognised over the service period when customers receive and consume the services provided by the Group.

Revenue in relation to the estimate on variable consideration

Henan Honliv Hospital Co., Ltd. ("Hospital") is a healthcare institution designated by the relevant local medical insurance bureau which is eligible for certain of its patients covered by local public medical insurance programs. Under these programs, eligible patients may make partial payments with the remainder settled by the medical insurance bureau directly. In accordance with the programs' mechanism, the residential inpatient services revenue of the Group will be finally determined by the local medical insurance bureau next year which might be different from the nominal amount of the residential inpatient services revenue that the Group has reported to the medical insurance bureau for recovering the relevant amounts and the difference will lead to an adjustment to the revenue in the subsequent period as it is treated as changes in variable consideration.

For the year ended 31 December 2024, the nominal amount of residential inpatient services revenue preliminarily recorded by the Group, before any variable adjustments to the final settlement, was approximately RMB173,690,000, which is expected to be finally confirmed by the medical insurance bureau in 2025. The Group established a possible range (from 90% to 110%) of estimated settlement rates with different scenarios, and the probability-weighted average settlement rate was 96.20%, after further considering the threshold in HKFRS 15 for variable consideration, i.e., highly probable that the revenue recognised will not be reversed, the Group has used an estimated settlement rate of 93.36% (2023: 95.03%) in estimating the residential inpatient services revenue.

6 REVENUE *(Continued)*

(i) Accounting policies of revenue recognition *(Continued)*

Revenue in relation to the estimate on variable consideration *(Continued)*

Based on the historical final settlement outcome of the residential inpatient services revenue as determined by the medical insurance bureau, the 2023 actual final settlement rate for the Group was 98.04% (2022: 106.88%).

If the actual settlement rate had increased/decreased by 1% against the estimated settlement rate as of 31 December 2024, revenue and pre-tax profit for the year would have been approximately RMB1,737,000 higher/lower.

7 EXPENSES BY NATURE

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Cost of pharmaceuticals	**264,748**	246,246
Employee benefits expenses *(note 8)*	**210,914**	217,524
Cost of medical consumables	**90,510**	88,934
Depreciation and amortisation	**74,524**	60,077
Utilities, maintenance fee and office expenses	**47,343**	47,697
Auditor's remuneration		
— Audit related services	**1,950**	1,950
— Non-audit services	**–**	105
Business Tax and Surcharges	**6,000**	5,987
Other expenses	**22,428**	19,556
	718,417	688,076

8 EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Wages and salaries	**184,671**	188,952
Contributions to pension plans *(a)*	**12,818**	13,247
Welfare and other expenses	**13,425**	15,325
	210,914	217,524

Employee benefit expenses were charged in the following categories in the consolidated statement of comprehensive income:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Cost of sales	**179,193**	187,047
Administrative expenses	**31,721**	30,477
	210,914	217,524

(a) Contributions to pension plans

The Group's companies incorporated in the PRC contribute based on certain percentage of the wages and salaries of the employees to a defined contribution retirement benefit plan organised by relevant government authorities in the PRC on a monthly basis. The government authorities undertake to assume the retirement benefit obligations payable to the existing and future retired employees under these plans and the Group has no further obligation for post-retirement benefits beyond the contributions made. Contributions to these plans are expensed as incurred. Assets of the plans are held and managed by government authorities and are separate from those of the Group. The Group did not have any forfeited contribution for the years ended 31 December 2024 and 2023 in connection with the defined contribution scheme. The Group did not have defined benefit plan for the years ended 31 December 2024 and 2023.

8 EMPLOYEE BENEFIT EXPENSES *(Continued)*

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include one (2023: one) director, whose emoluments are reflected in analysis presented in note 35. The emoluments payable to the remaining individuals were as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Basic salaries, other allowances and benefits in kind	**2,837**	3,769
Contribution to pension plans	**12**	11
	2,849	3,780

The number of highest paid non-director individuals whose remunerations fell within the following band is as follows:

	Number of individuals Year ended 31 December	
	2024	2023
Emolument bands		
Nil to HK$1,000,000	**4**	3
HK$1,000,001 to HK$1,500,000	**–**	1
	4	4

9 FINANCE COSTS — NET

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Finance cost:		
Interest expense on bank borrowings	**(5,788)**	(6,201)
Interest expense on other borrowings	**(2,658)**	(1,290)
Interest expense on lease liabilities	**(133)**	(157)
Total finance costs	**(8,579)**	(7,648)
Finance income:		
Interest income	**774**	789
Net foreign exchange gains	**82**	836
Total finance income	**856**	1,625
Net finance costs	**(7,723)**	(6,023)

10 INCOME TAX EXPENSE

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Current income tax		
— the PRC corporate income tax	**7,828**	13,445
Deferred income tax	**3,394**	(721)
	11,222	12,724

The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the taxation rate of the PRC, the principal place of the Group's operations, as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Profit before income tax	**42,698**	51,422
Calculated at a tax rate of 25%	**10,675**	12,856
Income not subject to tax	**(29)**	(226)
Expenses not tax deductible	**635**	167
Tax effect of tax losses not recognised as deferred income tax assets	**77**	73
Additional tax deductable expense	**(136)**	(146)
Income tax expense	**11,222**	12,724

(a) Cayman Islands income tax

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and accordingly, is exempted from Cayman Islands income tax.

(b) PRC Corporate Income Tax

Subsidiaries established and operated in Mainland China are subject to PRC corporate income tax at the rate of 25%.

10 INCOME TAX EXPENSE *(Continued)*

(c) Hong Kong profits tax

Hong Kong profits tax rate is 16.5% for the years ended 31 December 2024 and 2023. No Hong Kong profit tax was provided for as there was no estimated assessable profit that was subject to Hong Kong profits tax during the years ended 31 December 2024 and 2023.

(d) Withholding tax

The withholding tax rate of Honliv Health Care Management (HK) Limited was 10% pursuant to PRC corporate income tax based on the remittance of dividends from subsidiaries in the PRC in the foreseeable future.

As at 31 December 2024, deferred income tax liabilities of RMB23,461,000 (2023: RMB19,727,000) have not been recognized for the withholding tax that would be payable on the unremitted earnings of the PRC subsidiaries. Management expects to reinvest such amounts in these subsidiaries in the foreseeable future. Unremitted earnings of these subsidiaries as at 31 December 2024 amounted to RMB234,612,000 (2023: RMB197,266,000).

11 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of outstanding ordinary shares in issue during the year. Treasury shares held for the employee share scheme (note 24) are excluded from the weighted average number of outstanding ordinary shares in issue for purposes of calculating basic earnings per share.

	Year ended 31 December	
	2024	2023
Profit attributable to owners of the Company *(RMB'000)*	**31,151**	38,310
Weighted average number of ordinary shares deemed to be in issue *(in thousands)*	**549,214**	584,321
Basic earnings per share *(in RMB)*	**0.06**	0.07

(b) Diluted earnings per share

Diluted earnings per share were the same as basic earnings per share as the Group had no potential dilutive shares during the years ended 31 December 2024 and 2023.

12 PROPERTY, PLANT AND EQUIPMENT

	Buildings and structures *RMB'000*	Machinery and equipment *RMB'000*	Office equipment and furniture fixtures *RMB'000*	Vehicles *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
At 1 January 2023						
Cost	571,592	263,942	39,167	21,257	1,304	897,262
Accumulated depreciation	(152,767)	(182,691)	(34,121)	(19,929)	–	(389,508)
Net book amount	418,825	81,251	5,046	1,328	1,304	507,754
Year ended 31 December 2023						
Opening net book amount	418,825	81,251	5,046	1,328	1,304	507,754
Additions	–	58,327	7,887	170	15,282	81,666
Disposals	–	(14)	(3)	–	–	(17)
Transfer	831	1,022	–	–	(1,022)	831
Depreciation charge	(28,930)	(23,874)	(2,672)	(271)	–	(55,747)
Closing net book amount	390,726	116,712	10,258	1,227	15,564	534,487
At 31 December 2023						
Cost	573,473	320,499	46,663	21,390	15,564	977,589
Accumulated depreciation	(182,747)	(203,787)	(36,405)	(20,163)	–	(443,102)
Net book amount	390,726	116,712	10,258	1,227	15,564	534,487
Year ended 31 December 2024						
Opening net book amount	**390,726**	**116,712**	**10,258**	**1,227**	**15,564**	**534,487**
Additions	**10,160**	**43,192**	**3,171**	**8**	**3,302**	**59,833**
Disposals	**–**	**(216)**	**(42)**	**(1)**	**–**	**(259)**
Transfers	**17,766**	**1,100**	**–**	**–**	**(18,866)**	**–**
Depreciation charge	**(32,549)**	**(32,335)**	**(3,898)**	**(278)**	**–**	**(69,060)**
Closing net book amount	**386,103**	**128,453**	**9,489**	**956**	**–**	**525,001**
At 31 December 2024						
Cost	**601,399**	**351,351**	**48,674**	**21,394**	**–**	**1,022,818**
Accumulated depreciation	**(215,296)**	**(222,898)**	**(39,185)**	**(20,438)**	**–**	**(497,817)**
Net book amount	**386,103**	**128,453**	**9,489**	**956**	**–**	**525,001**

12 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

(a) Buildings pledged for the Group's bank borrowings are as follows (note 28):

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Cost	**40,771**	40,771
Accumulated depreciation	**(23,271)**	(22,043)
Net book amount	**17,500**	18,728

(b) Machinery and equipment pledged for the Group's other borrowings are as follows (note 28):

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Cost	**65,500**	67,220
Accumulated depreciation	**(9,954)**	(24,468)
Net book amount	**55,546**	42,752

(c) Depreciation charges were expensed in the following categories in the consolidated statement of comprehensive income:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Cost of sales	**59,327**	49,721
Administrative expenses	**9,733**	6,026
Total	**69,060**	55,747

(d) Depreciation methods and useful lives

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

— Buildings and structures	3–30 years
— Machinery and equipment	2–10 years
— Office equipment and furniture fixtures	2–10 years
— Vehicles	3–10 years

See note 36.4 for the other accounting policies relevant to property, plant and equipment.

13 LEASES

(a) Right-of-use assets

	Office *RMB'000*	Land use rights *RMB'000*	Total *RMB'000*
At 1 January 2023			
Cost	3,338	119,146	122,484
Accumulated depreciation and Amortisation	(1,452)	(41,934)	(43,386)
Net book amount	1,886	77,212	79,098
Year ended 31 December 2023			
Opening net book amount	1,886	77,212	79,098
Additions	3,185	–	3,185
Depreciation and amortisation	(1,431)	(2,383)	(3,814)
Closing net book amount	3,640	74,829	78,469
At 31 December 2023			
Cost	5,015	119,146	124,161
Accumulated depreciation and amortisation	(1,375)	(44,317)	(45,692)
Net book amount	3,640	74,829	78,469
Year ended 31 December 2024			
Opening net book amount	**3,640**	**74,829**	**78,469**
Additions	**–**	**–**	**–**
Disposals *(i)*	**–**	**(17,792)**	**(17,792)**
Depreciation and amortisation	**(2,128)**	**(2,051)**	**(4,179)**
Closing net book amount	**1,512**	**54,986**	**56,498**
At 31 December 2024			
Cost	**5,015**	**90,358**	**95,373**
Accumulated depreciation and amortisation	**(3,503)**	**(35,372)**	**(38,875)**
Net book amount	**1,512**	**54,986**	**56,498**

(i) Disposal of land use rights

On 11 July 2024, Honliv Hospital entered into a "Contract for Reservation and Acquisition of State-owned Construction Land Use Right" (the "Land Reservation Contract") with the Changyuan City Resource Security and Land Reserve Centre. Pursuant to the terms of the Contract, Honliv Hospital sold a land use right with an area of 79,548.39 square metres. The net book value of the land use right immediately prior to the transaction was RMB177,919,917, and it was sold for a contract price of RMB190,916,414.

13 LEASES *(Continued)*

(a) Right-of-use assets *(Continued)*

(i) Disposal of land use rights *(Continued)*

The property, which is located to the south of Weihua Avenue and to the east of Industrial Road in Puxi District, Changyuan County, Henan Province, is designated for medical and healthcare purposes with a total area of 143,750 square metres, as evidenced by the Changguan County Real Estate Certificate [Yu 2016 Changguan County Real Property Rights No. 0001832] (《長垣縣不動產權證書》[豫2016長垣縣不動產權第0001832號]). The subject of this transaction is a portion of the land use right recorded in Certificate No. 0001832, specifically the 79,548.39 square metres land use right.

For the year ended 31 December 2024, Honliv Hospital fulfilled its contractual obligations and delivered the land in accordance with the terms of the Land Reservation Contract. The payment for the land transfer was received from the Changyuan City Natural Resources and Planning Bureau in January 2025.

(b) Lease liabilities

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Lease liabilities		
Current	**2,594**	2,800
Non-current	**–**	1,433
Total	**2,594**	4,233

The consolidated statement of comprehensive income shows the following amounts relating to leases:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Depreciation charge of right-of-use assets		
Office	**2,128**	1,431
Land use rights	**2,051**	2,383
Total	**4,179**	3,814
Interest expense (included in finance costs)	**133**	157
Expense relating to short-term leases (included in administrative expenses)	**–**	440
	133	597

13 LEASES *(Continued)*

(b) Lease liabilities *(Continued)*

The Group leases certain office premises from third parties. Rental contracts are typically made for one year to three years. The total cash outflow for leases was RMB1,772,000 for the year ended 31 December 2024 (2023: RMB1,673,000).

Land use rights represents the land use rights granted by the PRC government authority on the use of land within the pre-approved lease period. The original lease terms of the land use rights of the Group held in the PRC are 50 years up to 14 April 2053 and 12 May 2059, respectively.

(i) The group's leasing activities and how these are accounted for

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of apartments are recognised on a straight-line basis as an expense in the consolidated statement of comprehensive income. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

See note 36.20 for the other accounting policies relevant to leases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 INVESTMENT PROPERTIES

	As at and for the year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
At beginning of the year		
Cost	**5,047**	5,878
Accumulated depreciation	**(3,359)**	(3,200)
Net book mount	**1,688**	2,678
For the year		
Opening net book amount	**1,688**	2,678
Transfers to property, plant and equipment	**–**	(831)
Depreciation charge	**(134)**	(159)
Closing net book amount	**1,554**	1,688
At end of the year		
Cost	**5,047**	5,047
Accumulated depreciation	**(3,493)**	(3,359)
Net book mount	**1,554**	1,688
Fair value at the end of year *(a)*	**5,170**	5,420

14 INVESTMENT PROPERTIES *(Continued)*

(a) Investment properties pledged for the Group's bank borrowings are as follows (note 28):

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Cost	**3,997**	3,997
Accumulated depreciation	**(2,365)**	(2,309)
Net book amount	**1,632**	1,688

(b) As at 31 December 2024, the Group assessed the fair values of investment properties. The valuation method is income capitalisation method which was used to determine the fair value of Level 3 non-financial assets prescribed under the accounting standards. Non-financial assets are included in level 3 if one or more of the significant inputs is not based on observable market data. Income capitalisation method is based on capitalising the rental income derived from the existing tenancies, if any, with due provision for the reversionary potential of each constituent portion of the property at appropriate capitalisation rates.

(c) Rental income of the Group's investment properties of RMB276,000 for the year ended 31 December 2024 (2023: RMB336,000) was recognised as "other income" and depreciation of the Group's investment properties of RMB134,000 for the year ended 31 December 2024 (2023: RMB159,000) was recognised as "other expense" in the consolidated statement of comprehensive income.

(d) Measuring investment property at cost model

Investment properties, principally comprising buildings, are held for long-term rental yields or for capital appreciation or both, and those are not occupied by the Group. Investment properties are measured at cost, including related transaction costs and where applicable borrowing costs. Investment properties are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is calculated using the straight-line method to allocate the cost less accumulated impairment losses of the asset over its estimated useful life as follows:

— Buildings 30 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

15 INTANGIBLE ASSETS

	Computer software *RMB'000*
At 1 January 2023	
Cost	3,854
Accumulated amortisation	(3,206)
Net book amount	648
Year ended 31 December 2023	
Opening net book amount	648
Additions	298
Amortisation	(516)
Closing net book amount	430
At 31 December 2023	
Cost	4,152
Accumulated amortisation	(3,722)
Net book amount	430
Year ended 31 December 2024	
Opening net book amount	**430**
Additions	**2,485**
Amortisation	**(1,151)**
Closing net book amount	**1,764**
At 31 December 2024	
Cost	**6,637**
Accumulated amortisation	**(4,873)**
Net book amount	**1,764**

15 INTANGIBLE ASSETS *(Continued)*

(a) Amortisation charges were expensed in the following categories in the consolidated statement of comprehensive income:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Cost of sales	**1,141**	425
Administrative expenses	**10**	91
Total	**1,151**	516

16 DEFERRED INCOME TAX

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Deferred tax assets:		
— Deferred tax assets to be recovered within 12 months	**4,583**	8,151
— Deferred tax assets to be recovered after 12 months	**–**	358
	4,583	8,509
Deferred tax liabilities:		
— Deferred tax liabilities to be recovered within 12 months	**(378)**	(532)
— Deferred tax liabilities to be recovered after 12 months	**–**	(378)
	(378)	(910)

The gross movement on the deferred income tax is as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
At beginning of the year	**7,599**	6,878
(Charged)/Credited to income tax expense	**(3,394)**	721
At end of the year	**4,205**	7,599

16 DEFERRED INCOME TAX *(Continued)*

The movements in deferred income tax assets and deferred income tax liabilities during the year are as follows:

	Deferred tax assets — Provision for impairment loss *RMB'000*	Deferred tax assets — Revenue variable consideration *RMB'000*	Deferred tax assets — Leases liabilities *RMB'000*	Deferred tax assets — Other *RMB'000*	Deferred tax liabilities — Right-of-use assets *RMB'000*	Total *RMB'000*
At 1 January 2023	1,684	5,213	–	–	(19)	6,878
Credited/(Charged) to income tax expense	3,824	(3,250)	1,038	–	(891)	721
At 31 December 2023	5,508	1,963	1,038	–	(910)	7,599
At 1 January 2024	**5,508**	**1,963**	**1,038**	**–**	**(910)**	**7,599**
Credited/(Charged) to income tax expense	**(5,067)**	**922**	**(410)**	**629**	**532**	**(3,394)**
At 31 December 2024	**441**	**2,885**	**628**	**629**	**(378)**	**4,205**

The expiry date of tax losses is as follows:

	As at 31 December	
	2024 ***RMB'000***	2023 *RMB'000*
As at 31 December 2025	**2,187**	2,187
As at 31 December 2026	**287**	287
As at 31 December 2027	**316**	316
As at 31 December 2028	**293**	293
As at 31 December 2029	**307**	–
	3,390	3,083

The Group did not recognise deferred income tax assets of approximately RMB848,000 (2023: RMB835,000) in respect of tax losses amounting to approximately RMB3,390,000 (2023: RMB3,339,000) which can be carried forward against future taxable income.

17 SUBSIDIARIES

The Group's principal subsidiaries at 31 December 2024 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital and debt securities	Ownership interest held by the Group		Ownership interest held by non-controlling interests	
				2024	2023	**2024**	2023
Directly owned:							
Honor Living Investment Limited	The BVI, limited liability company	Investment holding in the BVI	1 ordinary shares, USD1	**100%**	100%	**–**	–
Indirectly owned:							
Honliv Health Care Management (HK) Limited	Hong Kong, limited liability company	Investment holding in Hong Kong	5,000 ordinary shares, USD5,000	**100%**	100%	**–**	–
Henan Hongyong Enterprise Management Consulting Co., Ltd. # (河南宏永企業管理諮詢有限公司)	The PRC, limited liability company*	Investment holding in the PRC	RMB150,000,000	**100%**	100%	**–**	–
Henan Hongjie Pharmaceuticals Co., Ltd. # (河南宏捷醫藥有限公司)	The PRC, limited liability company*	Pharmaceutical wholesaler in the PRC	RMB30,000,000	**100%**	100%	**–**	–
Henan Honliv Hospital Co., Ltd. # (河南宏力醫院有限公司)	The PRC, limited liability company**	Hospital operation and hospital management services in the PRC	RMB146,900,000	**99%**	99%	**1%**	1%
Henan Honliv Maternal and Infant Care Co., Ltd. # (河南宏力母嬰護理有限公司)	The PRC, limited liability company**	Maternal and infant nursing services in the PRC	RMB5,000,000	**100%**	100%	**–**	–

* Registered as a wholly foreign owned enterprise under the PRC law.

** Registered as a Sino-Foreign joint enterprise under the PRC law.

English translation is for identification purpose only. The English names of the Group companies in corporated in the PRC represent the best efforts by management of the Group in translation their Chinese names as they do not have official English names.

(a) Significant restrictions

Cash and cash equivalents of RMB254,518,000 as at 31 December 2024 (2023: RMB235,131,000) are held in mainland China and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

18 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Financial assets		
Financial assets at amortised cost		
Trade receivables *(note 20)*	**63,757**	31,645
Other receivables (excluding prepayments) *(note 21)*	**20,196**	372
Amounts due from related parties *(note 32(e))*	**643**	353
Restricted deposits *(note 22)*	**–**	30,000
Cash and cash equivalents *(note 22)*	**258,498**	239,755
	343,094	302,125
Financial liabilities		
liabilities at amortised cost		
Borrowings *(note 28)*	**173,450**	176,530
Trade and notes payable *(note 26)*	**100,666**	124,461
Accruals, other payables and provisions (excluding accrued employee benefits and duty and other tax payable) *(note 27)*	**69,555**	71,511
Lease liabilities *(note 13(b))*	**2,594**	4,233
	346,265	376,735

The group's exposure to various risks associated with the financial instruments is discussed in note 3. The maximum exposure to credit risk at the end of the Reporting Period is the carrying amount of each class of financial assets mentioned above.

19 INVENTORIES

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Pharmaceuticals	**37,448**	29,833
Medical consumables and others	**2,121**	2,018
	39,569	31,851

19 INVENTORIES *(Continued)*

(a) Assigning costs to inventories

Cost of pharmaceuticals is determined using the weighted average method and cost of medical consumables and others is determined using the first-in, first-out (FIFO) method. Volume rebates or discounts are taken into account when estimating the cost of inventory if it is probable that they have been earned and will take effect. See note 36.8 for the group's other accounting policies for inventories.

(b) Amounts recognised in profit or loss

The cost of inventories recognised as expense and included in cost of sales amounted to RMB355,258,000 for the year ended 31 December 2024 (2023: RMB335,180,000).

20 TRADE RECEIVABLES

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**65,520**	53,676
Less: loss allowance for impairment of trade receivables *(note 3.1.2)*	**(1,763)**	(22,031)
Trade receivables — net	**63,757**	31,645

The carrying amounts of the Group's trade receivables were denominated in RMB and approximated their fair values. The balances mainly represent amounts to be claimed from relevant government bureau's medical insurance programs. Details of credit term are set out note 3.1.2.

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

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Up to 3 months	**62,782**	28,076
3 to 6 months	**477**	2,627
6 months to 1 year	**653**	868
1 to 2 years	**273**	17,484
2 to 3 years	**1,335**	–
Over 3 years	**–**	4,621
	65,520	53,676

20 TRADE RECEIVABLES *(Continued)*

(i) Classification as trade receivables

Trade receivables are mainly amounts due from customers and public medical insurance programs for treatments and general healthcare services rendered and pharmaceutical sales in the ordinary course of business. They are generally due for settlement within one year and therefore all classified as current. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details of the group's impairment policies and the calculation of the loss allowance are provided in note 3.1.2.

(ii) Impairment and risk exposure

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Note 3.1.2 provides for details about the calculation of the allowance.

All of the trade receivables were denominated in RMB. As a result, there is no exposure to foreign currency risk.

21 OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Current		
Other receivables	**20,196**	372
Prepayments of utilities expenses	**2,318**	1,754
	22,514	2,126

Due to the short-term nature of other current receivables, their carrying amount approximates their fair value. Note 3.1.2 sets out information about the impairment of financial assets and the Group's exposure to credit risk. All of the other current receivables which are classified as the financial assets at amortised cost are denominated in RMB. As a result, there is no exposure to foreign currency risk.

22 CASH AND CASH EQUIVALENTS

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Cash at bank and other financial institutions	**255,711**	236,552
Cash on hand	**2,787**	3,203
	258,498	239,755

22 CASH AND CASH EQUIVALENTS *(Continued)*

Cash and cash equivalents are denominated in the following currencies:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
RMB	**254,518**	235,131
HKD	**3,350**	3,508
USD	**630**	1,116
	258,498	239,755

23 SHARE CAPITAL

	Number of ordinary shares	Nominal value of ordinary share	Equivalent nominal value of ordinary share
		HKD	*RMB'000*
Authorized:			
As at 1 January 2023, 31 December 2023 and 2024	3,900,000,000	390,000	327

	Number of ordinary shares	Nominal value of ordinary share	Equivalent nominal value of ordinary share
		HKD	*RMB'000*
Issued and fully paid:			
As at 1 January 2023, 31 December 2023 and 2024	600,000,000	60,000	52

24 RESERVES

		Share premium RMB'000	Statutory surplus reserves RMB'000	Other reserves RMB'000	Total RMB'000
At 1 January 2023		280,752	46,493	54,759	382,004
Appropriation to statutory surplus reserves	*(a)*	–	3,839	–	3,839
Shares held for the employee share scheme	*(b)*	–	–	(45,922)	(45,922)
At 31 December 2023		280,752	50,332	8,837	339,921
At 1 January 2024		**280,752**	**50,332**	**8,837**	**339,921**
Appropriation to statutory surplus reserves	*(a)*	**–**	**3,397**	**–**	**3,397**
At 31 December 2024		**280,752**	**53,729**	**8,837**	**343,318**

(a) In accordance with the PRC regulations and the articles of association of the companies now comprising the Group, before distributing the net profit of each year, companies registered in the PRC are required to set aside 10% of its statutory net profit for the year after offsetting any prior year's losses as determined under relevant PRC accounting standards to the statutory surplus reserve fund. When the balance of such reserve reaches 50% of each company's share capital, any further appropriation is optional.

(b) Shares held for the employee share scheme

	As at 31 December		As at 31 December	
	2024	2023	**2024**	2023
	Shares	*Shares*	***RMB'000***	*RMB'000*
Shares held for the employee share scheme	**50,786,000**	50,786,000	**107,229**	107,229

An independent trustee (the "Trustee") was appointed by the Company to purchase and hold shares for the purpose of 2023 restricted share unit scheme and 2024 restricted share unit scheme (the "employee share scheme"). Such shares are treated as treasury shares and deducted from reserves of the Company. The Group accounts for treasury shares under the cost method.

24 RESERVES *(Continued)*

(b) Shares held for the employee share scheme *(Continued)*

During the year ended 31 December 2024, the Trustee did not purchase any shares for the purpose of the employee share scheme (2023: 20,788,000). As at 31 December 2024, no shares were granted under the employee share scheme.

Details	Number of shares	*RMB'000*
Opening balance 1 January 2023	29,998,000	61,307
Acquisition of shares by the Trustee	20,788,000	45,922
Balance 31 December 2023	50,786,000	107,229
Opening balance 1 January 2024	**50,786,000**	**107,229**
Acquisition of shares by the Trustee	**–**	**–**
Balance 31 December 2024	**50,786,000**	**107,229**

25 DIVIDENDS

The board of directors of the Company does not resolve to declare a dividend for the year ended 31 December 2024 and 2023.

26 TRADE AND NOTES PAYABLES

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Trade payables	**100,666**	94,461
Notes payables	**–**	30,000
	100,666	124,461

Trade payables are unsecured and are usually paid within one year of recognition.

The carrying amounts of trade and notes payables are considered to be the same as their fair values, due to their short-term maturities.

The carrying amounts of trade and notes payables are denominated in RMB. As a result, there is no exposure to foreign currency risk.

26 TRADE AND NOTES PAYABLES *(Continued)*

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

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Up to 3 months	**77,431**	78,971
3 to 6 months	**15,406**	38,539
6 months to 1 year	**2,839**	2,198
1 to 2 years	**1,260**	496
2 to 3 years	**421**	684
Over 3 years	**3,309**	3,573
	100,666	124,461

27 ACCRUALS, OTHER PAYABLES AND PROVISIONS

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Deposits from customers	**60,891**	48,287
Accrued employee benefits	**35,976**	24,679
Payables for plant and equipment	**2,419**	2,566
Duty and other tax payables	**2,296**	3,612
Advance from medical insurance providers	**–**	16,931
Others	**6,245**	3,727
	107,827	99,802

28 BORROWINGS

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Non-current		
Other borrowings		
— Secured borrowings *(a)*	**12,883**	22,503
Current		
Short-term bank borrowings		
— Secured borrowings *(b)*	**108,000**	109,000
— Guaranteed borrowings *(c)*	**29,000**	29,000
	137,000	138,000
Other borrowings		
— Secured borrowings *(a)*	**23,567**	16,027
	160,567	154,027
Total borrowings	**173,450**	176,530

Secured borrowings for the year ended 31 December 2024 bear weighted average interest rate at 5.78% (2023: 5.40%) annually.

Guaranteed borrowings for the year ended 31 December 2024 bear weighted average interest rate at 4.20% (2023: 4.20%) annually.

The borrowings are denominated in RMB. As a result, there is no exposure to foreign currency risk.

At 31 December, the Group's borrowings were repayable as follows:

	Bank borrowings As at 31 December		Other borrowings As at 31 December	
	2024	2023	**2024**	2023
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Within 1 year	**137,000**	138,000	**23,567**	16,027
Between 1 and 2 years	**–**	–	**12,883**	17,103
Between 2 and 5 years	**–**	–	**–**	5,400
	137,000	138,000	**36,450**	38,530

28 BORROWINGS *(Continued)*

(a) Other borrowings

Other borrowings are secured by machinery and equipment with additional guarantees are as follows:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Guaranteed by the Group, Qin Yan and his close family members	**36,450**	38,530

Other borrowings for the year ended 31 December 2024 bear weighted average interest rate ranging from 6.07% to 8.81%. The other borrowings were used for purchase of machinery and equipment amounting to RMB65.9 million. As of 31 December 2024, all of the machineries and equipments were delivered and recognised in property, plant and equipment.

(b) Bank borrowings of the Group which are secured by the following:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Property, plant and equipment and investment properties of the Group *(i)*	**108,000**	109,000

(i) Certain secured borrowings with additional guarantees are as follows:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Guaranteed by the Group, Henan Honliv Group Co., Ltd., Qin Yan and his close family members	**79,000**	79,000

(c) Certain bank borrowings of the Group are guaranteed but unsecured as follows:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
The Group	**29,000**	29,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29 CASH FLOW INFORMATION

(a) Cash generated from operations

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Profit before income tax	**42,698**	51,422
Adjustments for:		
— Depreciation of property, plant and equipment *(note 12)*	**69,060**	55,747
— Depreciation of right-of-use assets *(note 13)*	**4,179**	3,814
— Depreciation of investment properties *(note 14)*	**134**	159
— Amortisation of intangible assets *(note 15)*	**1,151**	516
— (Gains)/losses on disposal of property, plant and equipment	**(1,277)**	17
— Deferred income amortisation	**(66)**	(66)
— Finance costs — net	**7,805**	6,859
— Provision for receivables impairment *(note 3.1.2)*	**530**	15,294
— Gains on write off of trade payables	**(219)**	(183)
— Foreign exchange gains on operating activities *(note 9)*	**(82)**	(836)
Changes in working capital		
— Inventories	**(7,718)**	(2,351)
— Trade receivables	**(32,643)**	419
— Other receivables and prepayments	**(1,297)**	(930)
— Amounts due from related parties	**(290)**	(353)
— Restricted deposits	**30,000**	(30,000)
— Trade and notes payables	**(23,576)**	22,737
— Accruals, other payables and provisions	**8,408**	(20,562)
Cash generated from operations	**96,797**	101,703

29 CASH FLOW INFORMATION *(Continued)*

(b) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Cash and cash equivalents	**258,498**	239,755
Borrowings — repayable within one year	**(160,567)**	(154,027)
Borrowings — repayable after one year	**(12,883)**	(22,503)
Leases liabilities — repayable within one year	**(2,594)**	(2,800)
Leases liabilities — repayable after one year	**–**	(1,433)
Net debt	**82,454**	58,992
Cash	**258,498**	239,755
Gross debt — fixed interest rates	**(97,044)**	(101,763)
Gross debt — variable interest rates	**(79,000)**	(79,000)
Net debt	**82,454**	58,992

	Borrowings due within 1 year	Borrowings due after 1 year	Lease liabilities	Total
Gross debt as at 1 January 2023	(141,000)	–	(2,123)	(143,123)
Cash flows	9,201	(37,240)	1,232	(26,807)
Other changes	(22,228)	14,737	(3,342)	(10,833)
Gross debt as at 31 December 2023	(154,027)	(22,503)	(4,233)	(180,763)
Gross debt as at 1 January 2024	**(154,027)**	**(22,503)**	**(4,233)**	**(180,763)**
Cash flows	**1,000**	**2,081**	**1,639**	**4,720**
Other changes	**(7,540)**	**7,539**	**–**	**(1)**
Gross debt as at 31 December 2024	**(160,567)**	**(12,883)**	**(2,594)**	**(176,044)**

30 CONTINGENCIES

As at 31 December 2024, the Group had no significant contingent liabilities.

31 COMMITMENTS

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Contracted but not provided for:		
— Property, plant and equipment	**20,323**	26,689

32 RELATED PARTY TRANSACTIONS

(a) Parent entities

The Company is controlled by the following entities:

Name	Type	Place of incorporation	Ownership interest 2024	Ownership interest 2023
Sunny Rock Capital Limited	Immediate parent entity	British Virgin Islands	**51.8%**	51.8%
Rubrical Investment Limited	Immediate parent entity	British Virgin Islands	**22.2%**	22.2%

Mr. Qin Yan directly held the interests of the Company through Sunny Rock Capital Limited.

Mr. Qin Hongchao held the interests of the Company through Rubrical Investment Limited.

Mr. Qin Yan and Mr. Qin Hongchao (together, the "Controlling Shareholders") are two brothers, who are acting in concert and control the Group through an agreement that was signed on 10 December 2019.

(b) Subsidiaries

Interest in subsidiaries is set out in note 17.

32 RELATED PARTY TRANSACTIONS *(Continued)*

(c) Key management compensation

Key management includes directors (executive and non-executive) and senior managements. The compensation paid or payable to key management for employee services is shown below:

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Wages and salaries	**2,950**	3,249
Contributions to pension plans	**34**	39
Welfare and other expenses	**1,106**	881
	4,090	4,169

(d) Transactions with related parties

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are under common control or joint control in the Controlling Shareholders' families. Members of key management and their close family member of the Group are also considered as related parties.

The directors of the Company are of the view that the following parties that had transactions or balances with the Group are related parties:

Name	Relationship with the Group
Henan Honliv Group Co., Ltd. (河南省宏力集團有限公司)	Entity controlled by a close family member of the Controlling Shareholders
Henan Hongda Constructions Engineering Co., Ltd. (河南省宏大建設工程有限公司)	Entity controlled by a close family member of the Controlling Shareholders
Henan Honliv Advanced Technology Agricultural Development Co., Ltd. (河南省宏力高科技農業發展有限公司)	Entity controlled by a close family member of the Controlling Shareholders
Henan Honliv School (河南省宏力學校有限公司)	Entity controlled by a close family member of the Controlling Shareholders
Henan Guxiang No.9 Catering Co., Ltd. (河南省谷香九號餐飲有限公司)	Entity's key management is the Controlling Shareholder of the Company
Changyuan Honliv Catering Co., Ltd. (長垣市宏力餐飲有限公司)	Entity controlled by the Controlling Shareholder
Henan Honliv Yishenghuo Co., Ltd. (河南省宏力一生活有限公司)	Entity controlled by the Controlling Shareholder

32 RELATED PARTY TRANSACTIONS *(Continued)*

(d) Transactions with related parties *(Continued)*

The following significant transactions were carried out between the Group and its related parties. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

	Year ended 31 December	
	2024	2023
	RMB'000	*RMB'000*
Medical examination service provided to related parties		
— Henan Hongda Constructions Engineering Co., Ltd.	**–**	86
— Changyuan Honliv Catering Co., Ltd.	**40**	39
— Other related parties	**49**	47
	89	172
Premise rental income provided to related parties		
— Henan Honliv Yishenghuo Co., Ltd.	**171**	231
— Henan Guxiang No.9 Catering Co. Ltd.	**105**	105
	276	336
	365	508
Purchase of rental services from related parties		
— Henan Honliv School	**580**	–
— Henan Honliv Group Co., Ltd.	**–**	580
	580	580
Purchase of goods from related parties		
— Henan Honliv Yishenghuo Co., Ltd.	**–**	248
— Henan Honliv Advanced Technology Agricultural Development Co., Ltd.	**–**	244
— Henan Guxiang No.9 Catering Co., Ltd.	**–**	124
	–	616
	580	1,196

(i) The Group provided parking space to Henan Honliv General Aviation Co., Ltd. on a free basis for the years ended 31 December 2024 and 2023.

(ii) Certain bank and other borrowings of the Group were guaranteed by related parties. Details of which are disclosed in the note 28 above.

32 RELATED PARTY TRANSACTIONS *(Continued)*

(e) Balances with related parties

The following balances are in relation to transactions with related parties:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Amounts due from related parties:		
— Henan Honliv Yishenghuo Co., Ltd.	**423**	243
— Henan Guxiang No.9 Catering Co., Ltd.	**220**	110
	643	353

33 EVENTS OCCURRING AFTER THE REPORTING PERIOD

Subsequent to 31 December 2024, the Trustee purchased 8,962,000 shares at a consideration of RMB17,434,000 for the purpose of the Employee Share Scheme. Up to the report date, no shares have been granted to the employees under the Employee Share Scheme.

34 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

(a) Balance sheet of the Company

		As at 31 December	
		2024	2023
	Note	***RMB'000***	*RMB'000*
ASSETS			
Non-current assets			
Investment in subsidiaries		**158,573**	158,573
Total non-current assets		**158,573**	158,573
Current assets			
Other receivables and prepayments		**3**	3
Amounts due from related parties		**17,841**	17,841
Cash and cash equivalents		**2,457**	1,313
Total current assets		**20,301**	19,157
Total assets		**178,874**	177,730
EQUITY			
Equity attributable to the owners of the Company			
Share capital		**52**	52
Reserves	*34(b)*	**180,008**	180,008
Accumulated deficit	*34(b)*	**(3,231)**	(2,560)
Total equity		**176,829**	177,500
LIABILITIES			
Current liabilities			
Accruals and other payables		**99**	117
Amounts due to related parties		**1,946**	113
Total current liabilities		**2,045**	230
Total liabilities		**2,045**	230
Total equity and liabilities		**178,874**	177,730

The balance sheet of the Company was approved by the Board of Directors on 28 March 2025 and signed on its behalf.

Qin Yan **Wang Zhongtao**

34 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY *(Continued)*

(b) Reserve movement of the Company

	Accumulated deficit *RMB'000*	Share premium *RMB'000*	Other reserves *RMB'000*	Total *RMB'000*
At 1 January 2023	(3,238)	280,752	(54,822)	222,692
Profit for the year	678	–	–	678
Shares held for the Employee Share Scheme	–	–	(45,922)	(45,922)
At 31 December 2023	(2,560)	280,752	(100,744)	177,448
At 1 January 2024	**(2,560)**	**280,752**	**(100,744)**	**177,448**
Loss for the year	**(671)**	**–**	**–**	**(671)**
At 31 December 2024	**(3,231)**	**280,752**	**(100,744)**	**176,777**

35 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors and chief executive emoluments

The remuneration of each director and the chief executive is set out below:

For the year ended 31 December 2024	Salaries *RMB'000*	Contribution to a pension plan *RMB'000*	Welfare and other expenses *RMB'000*	Total *RMB'000*
Executive directors				
Mr. Qin Yan	**800**	**12**	**1,087**	**1,899**
Mr. Teng Qingxiao	**550**	**11**	**6**	**567**
Mr. Wang Zhongtao	**–**	**–**	**–**	**–**
Mrs. Li Yanhong	**10**	**1**	**–**	**11**
Non-executive director				
Mr. Qin Hongchao	**–**	**–**	**–**	**–**
Independent non-executive directors				
Mr. Jiang Tianfan	**187**	**–**	**–**	**187**
Mr. Zhao Chun	**187**	**–**	**–**	**187**
Mr. Sun Jigang	**187**	**–**	**–**	**187**
	1,921	**24**	**1,093**	**3,038**

35 BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(a) Directors and chief executive emoluments *(Continued)*

For the year ended 31 December 2023	Salaries *RMB'000*	Contribution to a pension plan *RMB'000*	Welfare and other expenses *RMB'000*	Total *RMB'000*
Executive directors				
Mr. Qin Yan	800	11	852	1,663
Mr. Teng Qingxiao	625	11	6	642
Mr. Wang Zhongtao	225	8	5	238
Non-executive director				
Mr. Qin Hongchao	–	–	–	–
Independent non-executive directors				
Mr. Zhao Chun	183	–	–	183
Mr. Sun Jigang	183	–	–	183
Mr. Jiang Tianfan	183	–	–	183
	2,199	30	863	3,092

Note:

Mr. Qin Yan is also the chief executive officer.

During the years ended 31 December 2024 and 2023, 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.

(b) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 2024 and 2023.

36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

This note provides a list of other potentially material accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of the Company and its subsidiaries.

36.1 Principles of consolidation and equity accounting

36.1.1 Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated balance sheet respectively.

36.1.2 Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

36.2 Segment reporting

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

36.3 Foreign currency translation

36.3.1 Functional and presentation currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). Since the majority of the assets and operations of the Group are located in the PRC, the consolidated financial statements are presented in RMB, which is the Group’s functional and presentation currency.

36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

36.3 Foreign currency translation *(Continued)*

36.3.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to cash and cash equivalents are presented in the consolidated statement of comprehensive income, within finance income or costs. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income on a net basis within other losses — net.

36.3.3 Group companies

The results and financial position of foreign operations (none of which has the currency of a hyper inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,

- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and

- all resulting exchange differences are recognised in other comprehensive income.

36.4 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the Reporting Period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other losses — net in the consolidated statement of comprehensive income.

36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

36.4 Property, plant and equipment *(Continued)*

Construction in progress (the "CIP") includes the costs of construction and acquisition and capitalized borrowing costs. No provision for depreciation is made on CIP until such time as the relevant assets are completed and ready for intended use. When the assets concerned are available for use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated above.

36.5 Intangible assets

Computer software

Acquired computer software is capitalised on the basis of the costs incurred to acquire and bring the specific software into usage. Costs associated with maintaining computer software programs are recognised as an expense as incurred. These costs are amortised using the straight-line method over their estimated useful lives of 3 years.

36.6 Impairment of non-financial assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

36.7 Financial assets

36.7.1 Classification

There is only one type of the Group's financial assets which are measured at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The group reclassifies debt investments when and only when its business model for managing those assets changes.

36.7.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

36.7.3 Measurement

At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

36.7 Financial assets *(Continued)*

36.7.3 Measurement *(Continued)*

Debt Instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group adopted measurement below in which was classified as debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the consolidated statement of comprehensive income and presented in "other losses — net" together with foreign exchange gains and losses.

36.7.4 Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 3.1.2 for further details.

36.8 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

36.9 Trade receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See note 20 for further information about the Group's accounting for trade receivables and note 3.1.2 for the description of the Group's impairment policies.

36.10 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand and deposits held at call with financial institutions.

36.11 Share capital and shares held for employee share scheme

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

36.11 Share capital and shares held for employee share scheme *(Continued)*

Where any group company purchases the Company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company as treasury shares until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

36.12 Trade and other payables

These amounts of trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade payables and other payables are classified as current liabilities if payment is due within one year or less after the Reporting Period. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

36.13 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facilities will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the consolidated statement of comprehensive income as finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the Reporting Period.

Covenants that the Group is required to comply with, on or before the end of the Reporting Period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the Reporting Period do not affect the classification at the reporting date.

36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

(Continued)

36.14 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

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.

Other borrowing costs are expensed in the period in which they are incurred.

36.15 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

36.15.1 Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the Reporting Period in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

36.15.2 Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the Reporting Period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets and liabilities and where the deferred income tax balances relate to the same taxation authority. Current income tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred income tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

(Continued)

36.16 Employee benefits

36.16.1 *Short-term obligations*

Liabilities for wages and salaries are recognised in respect of employees' services up to the end of the Reporting Period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

36.16.2 *Pension obligations*

The Group's companies incorporated in the PRC contribute based on certain percentage of the salaries of the employees to a defined contribution retirement benefit plan organised by relevant government authorities in the PRC on a monthly basis. The government authorities undertake to assume the retirement benefit obligations payable to the existing and future retired employees under these plans and the Group has no further obligation for post-retirement benefits beyond the contributions made. Contributions to these plans are expensed as incurred. Assets of the plans are held and managed by government authorities and are separate from those of the Group.

There were no forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) to offset existing contributions under the defined contribution schemes.

36.17 Share-based payments

Share-based compensation benefits are provided to employees via the employee share scheme. A management committee appointed by the board of directors of the Company will make shares grant to employees with specified cash consideration.

The cost of employee share scheme is recognised in expense, together with a corresponding increase in reserves, over the period in which all of the specified vesting conditions are fulfilled if any. The total amount to be expensed is determined by reference to the number of shares and the fair value of the shares granted as at grant date less the cash consideration.

36.18 Provisions

Provisions for legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the Reporting Period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES

(Continued)

36.19 Earnings per share

36.19.1 Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, and

- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

36.19.2 Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and

- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

36.20 Leases

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities are the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,

- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date,

- amounts expected to be payable by the Group under residual value guarantees,

- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and

- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

36 SUMMARY OF OTHER POTENTIALLY MATERIAL ACCOUNTING POLICIES *(Continued)*

36.20 Leases *(Continued)*

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the consolidated balance sheet based on their nature.

Entity-specific details about the group's leasing policy are provided in note 13(b).

36.21 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the Reporting Period but not distributed at the end of the Reporting Period.

36.22 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated statement of comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and they are credited to the consolidated statement of comprehensive income on a straight-line basis over the expected lives of the related assets.

36.23 Interest income

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes.

FIVE-YEAR FINANCIAL SUMMARY

For the year ended 31 December 2024

A summary of the results and of the assets and liabilities of the Group for the last five years/periods is as follows:

	Year ended 31 December 2020 *RMB'000*	Year ended 31 December 2021 *RMB'000*	Year ended 31 December 2022 *RMB'000*	Year ended 31 December 2023 *RMB'000*	**Year ended 31 December 2024** ***RMB'000***
Results					
Revenue	524,043	606,837	727,789	760,527	**768,725**
Profit/(Loss) before income tax	30,853	50,542	63,021	51,422	**42,698**
Income tax (expense)/credit	(8,662)	(13,524)	(13,678)	(12,724)	**(11,222)**
Profit/(Loss) for the period/year	22,191	37,018	49,343	38,698	**31,476**
Profit/(Loss) attributable to owners of the Company	21,840	36,615	48,947	38,310	**31,151**

	As at 31 December 2020 *RMB'000*	As at 31 December 2021 *RMB'000*	As at 31 December 2022 *RMB'000*	As at 31 December 2023 *RMB'000*	**As at 31 December 2024** ***RMB'000***
Assets and liabilities					
Total assets	972,464	961,714	935,038	968,709	**974,003**
Total liabilities	442,847	395,079	380,367	421,262	**395,080**
Total equity	529,617	566,635	554,671	547,447	**578,923**