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## Xikang Cloud Hospital Holdings Inc.

### 熙康雲醫院控股有限公司

(formerly known as Neusoft Xikang Holdings Inc. 東軟熙康控股有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 9686)

## ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2024

### FINANCIAL HIGHLIGHTS

	Year ended December 31,		Change
	2024	2023	
	RMB million	RMB million	RMB million
Revenue	501.5	537.7	(36.2)
Gross profit	147.5	164.6	(17.1)
Gross margin	29.4%	30.6%	(1.2%)
Loss for the year	(83.8)	(154.9)	71.1
Add: Share-based compensation expenses	8.5	29.8	(21.3)
Add: Interest expenses for financial liability with redeemable rights	—	9.7	(9.7)
Adjusted net loss for the year (non-HKFRS measure)	(75.3)	(115.4)	40.1

The board (the “**Board**”) of directors (the “**Director(s)**”) of Xikang Cloud Hospital Holdings Inc. (the “**Company**” or “**we**”, “**us**” or “**our**”) is pleased to announce the consolidated annual results of the Company, its subsidiaries and the consolidated affiliated entities controlled under the contractual arrangements (together, the “**Group**”) for the year ended December 31, 2024 (the “**Reporting Period**”), as well as the comparative data for the same period in 2023. The above annual results have been prepared in accordance with Hong Kong Financial Reporting Standards and have been reviewed by the audit committee (the “**Audit Committee**”) of the Company and independent auditor.

During the Reporting Period, we recorded a total revenue of RMB501.5 million (2023: RMB537.7 million), representing a year-over-year decrease of 6.7% as compared to 2023 due to the impact of the macro market and post-pandemic era, as well as the Company’s continued optimization of business structure. During the Reporting Period, our nursing services gradually demonstrated economies of scale, effectively improving organizational effectiveness and resource allocation efficiency, and enhancing operational efficiency through information technology, digitization and AI empowerment, which resulted in reducing our net loss by 45.9% to RMB83.8 million (2023: RMB154.9 million).

## CHIEF EXECUTIVE OFFICER’S STATEMENT

2024 witnessed profound transformation in China’s healthcare industry as well as new heights in the development of the Company. Driven by the global wave of digital transformation, the healthcare industry is undergoing a profound transformation from being “disease-centered” to “health-centered”. With the intensification of population aging, the continuous upgrading of health-related consumption demand, and the rapid development of cutting-edge technologies such as AI, home-based medical care services have become a major driver for medical inclusiveness and people’s health. In this context, the Company views “empowering every family with fair, precise, friendly medical, health, and home care services” as its mission, adheres to the strategy of “medical and nursing services delivered to home”, and strives to become a leader in promoting the high-quality development of China’s healthcare ecosystem.

During the past year, the Company achieved satisfactory results underpinned by market demand, policy support and technological progress. We successfully built a digital healthcare ecosystem connecting the government, medical institutions, patients and insurance institutions under the core business model of “city-specific cloud hospital platform”, which can precisely match and efficiently utilize medical resources. As of December 31, 2024, over 36,000 medical institutions have joined our platform, with an increase of 9.3% in the number of doctors and a surge of 89.2% in the number of nurses who joined our platform year on year. These results cannot be achieved without the firm choice and support of our partners. It is their trust that has consolidated the leading position of the Company in the industry and laid a solid foundation for our rapid expansion nationwide.

### *Adhering to Our Mission to Widen Service Coverage*

We are hopeful about the future of China’s healthcare industry. According to the National Bureau of Statistics, the population aged 60 and above in China has exceeded 300 million by 2024. The acceleration of aging has led to a surge in demand for home care services. China vigorously promotes the support policy of “Internet + Healthcare”, so that high-quality medical resources can be available to more people, which enlarges the market of home care services. Relying on its unique “city-specific cloud hospital platform” business model, we actively answers the government’s call by extending professional medical and nursing services to every household, making these services accessible at home rather than merely at the hospital.

We seek to provide every family with homogeneous and efficient medical, health, and home care services via innovation of technologies and service models. We are well aware that the future of medical care services lies not only in the advancement of technology, but also in the precise understanding and continuous satisfaction of users’ needs. We will continue to dig into this field and contribute to the high-quality development of the industry.

### *Achieving Fruitful Results by Focusing on Strategies*

Guided by its strategic focuses, the Company optimized its business structure, and upgraded nursing services as an independent business segment in 2024. “Medical services, nursing services, and health management services” were officially established as our three major business segments which formed a clearer and more competitive business system. With a firm focus on strategies, we managed to achieve rapid growth in our core business and significant improvement in operational efficiency under a replicable and scalable operating model in combination with AI and intelligent technologies. During the Reporting Period, the volume of our Internet medical services increased by 20.8% and home care services by 114.9% year on year. We recorded positive net operating cash flow for the first time during the year, indicating that the Company’s business has entered a healthy development stage and is expected to post a profit soon.

As an industry leader in innovation, Xikang Cloud Hospital will continue to deepen the “Internet + Care” business, consolidate the strategic presence of city-specific cloud hospital platform, and expedite the commercialization of AI technologies. By doing so, we aim to systematically improve the accuracy and operational efficiency of medical services, set up a new benchmark in the industry, and promote the inclusive development of home care services.

### *Attaining Share Value by Building an Ecosystem*

We uphold the concept of open cooperation and mutual benefit, and endeavor to build a multi-party collaborative and sustainable medical and health ecosystem. In 2024, we established deep strategic cooperation with many provincial and municipal governments, and successfully built and operated the “Internet + Care Service” platform, which effectively integrated regional medical resources, markedly improved resource utilization efficiency and service accessibility, and injected new momentum into grass-roots medical care. Meanwhile, we continued to expand our service coverage and introduce high-quality third-party medical and health services, covering expert consultations, medical companionship, high-quality consumables, health products, etc. This further diversified the services in our ecosystem, notably improved service efficiency and user experience, and provided users with full-chain, high-quality health management solutions.

We will deepen cooperation with the government, medical institutions, third-party service providers and various sectors of society with an open and inclusive attitude, in order to bring the medical and health ecosystem to higher levels and wider fields, and create greater value for shareholders and stakeholders.

Looking ahead, substantial opportunities for intelligent and inclusive upgrading will present themselves in the healthcare industry, and we are currently at a critical stage of rapid digital transformation. 2025 is bound to be a strategically pivotal year for us. We will unswervingly concentrate on “medical and nursing services delivered to home” with users’ needs as the fundamental driving force, technological innovation as the engine, and efficiency as the cornerstone. We will continue our efforts to win the trust and praise of users by providing excellent service quality, constantly enhance the brand value and market influence of “Xikang Cloud Hospital”, and further cement our market leading position. While rendering greater health and well-being to the society, we aim to achieve a leapfrog improvement in profitability, promote the sustainable development of the medical and health industry, and create a bright future of health for all.

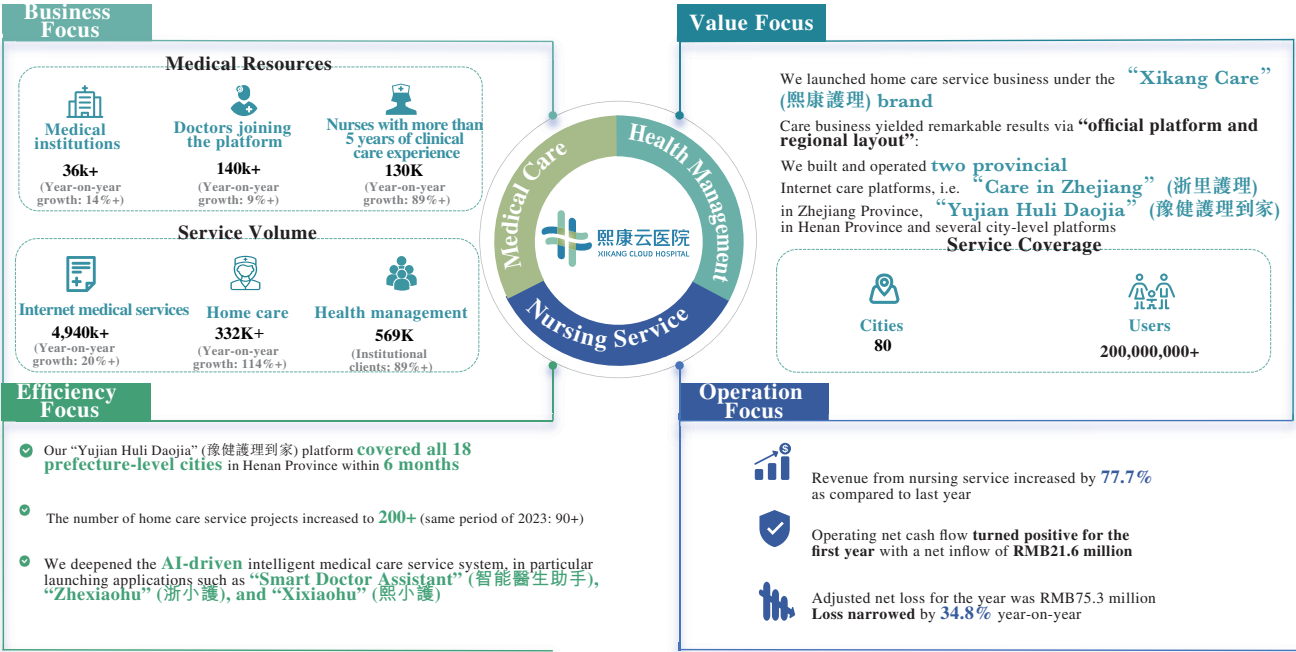
**ZONG Wenhong**

*Chief Executive Officer and Chief Medical Officer*

March 20, 2025

MANAGEMENT DISCUSSION AND ANALYSIS

IMPRESSIVE ACHIEVEMENTS OF STRATEGIC FOCUSES IN 2024



## **I. BUSINESS REVIEW**

### **“City-specific Cloud Hospital Platform” Business Model**

With the improvement of people’s health consumption awareness, the promotion of national policies and the continuous breakthroughs of digital technology such as AI, the home medical and nursing service market has grown rapidly and the demand for health consumption has continued to grow. In particular, coupled with the ageing population and declining birth rates in China, the demand of the elderly for high-quality, safe, and friendly nursing services is increasingly prominent, showing great market prospects. Keeping abreast of market and AI development trends, we are dedicated to delivering home-based medical and nursing services, ensuring that every family can efficiently and easily enjoy fair, precise, and friendly healthcare services and home care services. Leveraging our outstanding business growth and key achievements, we have been gradually becoming an important infrastructure that meets this demand.

We have been adhering to building the unique business model of “city-specific cloud hospital platform” that takes the city as the gateway and closely correlates with the regional medical and health system. We help governments build and operate the city-specific cloud hospital platform that integrates urban medical service resources and connects local governments, medical institutions, patients and insurers. We have been actively strengthening and expanding our AI technology capabilities and applications, continuously upgrading our healthcare ecosystem, and relying on advanced multimodal AI models to constantly optimize the precise allocation of healthcare resources to healthcare needs, enhance the fairness of accessing healthcare resources, and subsequently form a more advanced and valuable platform-based regional digital medical service ecology.

We continue to extend professional medical and nursing services to every household within a city through technological and service model changes, turning the bed at patients’ households into the seamless extension of beds at hospitals, ensuring the medical and nursing services in home settings are as safe, reliable and effective as those in hospitals, and realizing a seamless transition of medical and nursing care.

### **The Uniqueness of our Cloud Hospital Business Model**

#### *The Core of our Business Model as the Cloud Hospital*

The core value of our cloud hospital business model is to access urban medical resources instantly, in bulk, and at low cost with the support of local governments, so doctors and nurses can provide more professional and convenient medical and nursing services to patients in each city.

Local governments are the policy-makers, regulators and payers of China’s health industry. Considering their important position within the industry, government customers are one of the core pipelines of our business. Our in-depth understanding of government services and medical regulation, as well as our accumulation of abundant cooperative resources have formed our unique and competitive advantages that are hard to be imitated by other competitors. Our “city-specific cloud hospital platform” model is closely connected and deeply linked with the regional medical and health service system. We adhere to our market strategy of accelerating the cooperation with medical institutions with local governments as the core breakthrough, to ensure the credibility of our platform.

By taking a city as the gateway with the “top-down” urban expansion strategy, we connect all medical resources within the region, leading to the fast promotion of medical institutions, doctors and nurses joining our platform intensively, subsequently integrating the city’s medical resources comprehensively. We continue to deepen and broaden our local platform construction and service operation, and continuously promote the exploration of service scenarios and content innovation from inside-hospital to outside-hospital, and from offline to online. Leveraging our capabilities of enriching service contents of medical, nursing, health management and other services, we can achieve scalable service provision on our cloud hospital platform, resulting in the good expansibility and replicability of our business.

### *Rapid Development under our Cloud Hospital Business Model*

We formed and operated the first city-specific cloud hospital platform of China in Ningbo. On the grounds of our successful operational experience in the full-cycle medical service chain combining medical, nursing and health management services in Ningbo for more than ten years, we have formed a comprehensive, mature and verifiable business replication model to realize rapid replication and expansion in other cities. Driven by our cloud hospital business model, we have been exploring and implementing the valuable innovative application of AI technology and smart healthcare management system, which has significantly accelerated the speed of our business expansion. During the Reporting Period, we continued to dig the markets in Eastern China, Northern China, Southern China and other regions, thus further expanding our city-specific cloud hospital platform network. As of December 31, 2024, the number of medical institutions connected to our platform network was over 36,000, of which the number of hospitals was 2,986 (as of December 31, 2023: 2,610), representing a year-on-year increase of 14.4%. There were 142,000 doctors (as of December 31, 2023: 130,000) and 130,000 nurses (with more than 5 years of clinical nursing experience) (as of December 31, 2023: 69,000) joining our platform, representing a year-on-year increase of 9.3% and approximately 89.2%, respectively.

During the Reporting Period, combining our own strategic positioning and advantages, we made the integration and adjustment of our business structure in the first half of 2024, upgraded our fast-developing home care services into an independent business segment to highlight its strategic value to the Company, forming the three major segments of “medical services, nursing services and health management services”, the main businesses and advantageous businesses of the Company have become clearer and more prominent. During the Reporting Period, we vigorously focused on our “home-based medical and nursing services”. As the leading “Internet + Nursing Service” platform operator in China, we cooperated with several provincial and municipal governments in China, among which, we helped the governments of Zhejiang Province and Henan Province to form and operate two provincial “Internet + Nursing Service” platforms. While we were working on the “Care in Zhejiang (浙里護理)” platform in Zhejiang Province, the “YuJian Huli Daojia (豫健護理到家)” platform in Henan Province was operating well, which achieved the comprehensive coverage in 18 cities of Henan Province in the first half of 2024. Empowered by AI technology in the fields of data analysis, smart services and personalized nursing guidance, we have not only achieved significant growth in the scale of our nursing service business, but also made impressive strides in user loyalty and user experience.



Meanwhile, we have been optimizing our business structure and resource allocation, strengthening the synergies among our three major business segments, and continuously innovating to satisfy users' needs for services from inside-hospital to outside-hospital, and from offline to online. Our healthcare management services have become precise, intelligent and efficient with the help of the application of AI technology. During the Reporting Period, continuously guided by the cloud hospital model and business focus strategy, the overall business performance of the Company has improved steadily, and the strategic business has developed strongly and grown significantly. The volume of internet medical services we provided exceeded 4,944,000 (same period of 2023: exceeded 4,091,000), representing a year-on-year increase of 20.8%. The volume of home care services we provided exceeded 332,000 (same period of 2023: exceeded 154,000), representing a year-on-year increase of 114.9%. The volume of nursing consultation services we provided exceeded 324,000 (same period of 2023: exceeded 197,000), representing a year-on-year increase of 64.0%.

*The Scale Effect of our Core Business is Achieved, the Profit is Expected to Grow at an Accelerated Pace*

During the Reporting Period, as the business model under our cloud hospital platform became more certain and the profit model under our strategic focus became more pronounced, and we kept creating the value and core competitiveness of the Company through the city expansions and the continuous development of service offerings, the scale effect of our core businesses accelerated. At the same time, by virtue of the in-depth promotion of AI technology in the areas of innovation breakthroughs, precise optimization and processes enhancement in business, the operational efficiency has been continuously improved, the financial condition has also been significantly optimized. The net cash flow from operations had a positive inflow for the first year, hastening the reduction of losses, thus laying a solid foundation for the Company's turnaround from loss to profit as early as possible as well as for long-term sound and steady development.

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

	Year ended December 31,			
	2024		2023	
	Revenue	%	Revenue	%
	<i>(RMB in thousands, except for percentages)</i>			
Medical Services <sup>(Note 1)</sup>	216,670	43.2%	223,703	41.6%
Nursing Services <sup>(Note 2)</sup>	56,151	11.2%	31,606	5.9%
Health Management Services <sup>(Note 3)</sup>	228,675	45.6%	282,406	52.5%
<b>Total</b>	<b>501,496</b>	<b>100.0%</b>	<b>537,715</b>	<b>100.0%</b>



*Notes:*

- 1 Revenue generated from our medical services segment decreased by 3.1% to RMB216.7 million for the year ended December 31, 2024 from RMB223.7 million for the year ended December 31, 2023, mainly attributable to the continued weakness of the current economic fundamentals and increasingly fierce market competition, which resulted in fewer project opportunities and delays in projects in cooperation with local governments.
- 2 Revenue generated from our nursing services segment increased by 77.7% to RMB56.2 million for the year ended December 31, 2024 from RMB31.6 million for the year ended December 31, 2023, mainly attributable to the gradual demonstration of economies of scale of nursing services benefiting from our realization of rapid replication by market promotion and professional operation apart from enhancing operational efficiency through information technology, digitization and AI empowerment.
- 3 Revenue generated from our health management services segment decreased by 19.0% to RMB228.7 million for the year ended December 31, 2024 from RMB282.4 million for the year ended December 31, 2023, mainly attributable to the increasingly fierce market competition and the continued weakness of economic fundamentals, which led companies to reduce the expenditure on their employees' health management.

## **Development of Three Major Business Segments**

Xikang Cloud Hospital adheres to the health needs of the residents, constantly promotes the exploration of “Medical + Nursing + Health Management” service scenarios and content innovation and continues to lead the development of China’s home medical and nursing market. Our business portfolio takes the city-specific cloud hospital platform as the carrier and includes three major business segments: medical services, nursing services, and health management services. Our medical service business is dedicated to empowering medical institutions and their practitioners, to help them provide patients with “seamless and integrated online and offline, in – and out-of-hospital” online medical services. Our nursing service business extends professional nursing services to out-of-hospital scenarios, providing users with professional, safe, reliable, and homogeneous home care services and online nursing consultation services. Our health management service business provides individual and institutional users with full-cycle health management services through our self-operated medical institutions. So far, we have formed a closely connected and efficiently collaborated business integration mechanism to cultivate a cloud hospital industrial ecology that covers the full cycle of healthcare service needs. We have formed an ever-expanding range of business application scenarios to continuously enhance the market competitiveness of our unique cloud hospital business model.

We have actively promoted the strategic integration of artificial intelligence technology and healthcare services, continued to increase investment in the development of application scenarios that match users’ needs. Relying on AI core technology such as natural language processing and computer vision, an AI-driven medical and nursing service system is established. We actively promote the commercialization of our services to create an efficient operation model of home medical and nursing services. This effectively improved our operational efficiency, service response, and user satisfaction.

During the Reporting Period, we were determined to implement our “Business-Focus Strategy”, kept deepening our efforts in the existing markets, expanding our service offerings and optimizing our strategic synergies. We formulated and implemented a more comprehensive market expansion plan to make full use of the collaboration and integration of resources among our three major business segments, and enter into multi-scenario and multi-industry cooperation with various stakeholders. In the meantime, we constantly explored a series of home healthcare, nursing, rehabilitation services and product offerings to improve the whole-process healthcare service system that “focuses on the needs of users”. Satisfying the differentiated needs of our users with a variety of solutions significantly enhanced the commercialization of our resources and services.

## Medical Services

We insist on the seriousness of medical services, adhere to a patient-oriented approach, and fully integrate the medical service ecosystem resources within the city based on patients' post-hospital and home medical service needs, to provide convenient, high-quality, safe and reliable home medical services with the same quality as those in hospital for users connected to our city-specific cloud hospital platform. We adhere to the city-specific cloud hospital development strategy of "connecting and empowering all parties including the providers, the demanders, the payers and the regulators" so as to achieve the collaborative optimization of medical service operation in a city, resulting in a mature, robust and positively circulating medical service network.

We take "integrated medical services from offline to online" and "pre-hospital, in-hospital and post-hospital full-cycle medical management" as the breakthroughs to continuously optimize the process and experience of medical services and enrich the scenarios and contents of our home medical services. While strengthening the formation and operation of the internet hospital, we have been strongly focusing on the "remote medical services on our cloud platform". We further explored our own service advantages and launched the innovative "remote outpatient consultation" services, which offers one-on-one video consultation with top experts from top 100 hospitals in China. Concurrently, we have been promoting the application of AI technology in medical services by launching "Smart Medical Assistant", which integrates AI technology into various segments of the medical service chain, including smart triage, pre-consultation, user history, diagnostic recommendations and medication guidance. This further helps medical institutions optimize patients' medical treatment process, improve outpatient efficiency and better medical treatment experience, realizing the tight integration of new-generation digital technology and medical services.

During the Reporting Period, our internet medical services grew steadily. The volume of online consultation services and e-prescription services were 2,460,000 (same period of 2023: 1,648,000) and 785,000 (same period of 2023: 729,000), representing a year-on-year increase of 49.3% and 7.7%, respectively. The volume of examination services was 515,000 (same period of 2023: 260,000), representing a year-on-year increase of 98.0%. The volume of remote medical services was 1,184,000 (same period of 2023: 1,455,000), representing a year-on-year decrease of 18.6%.

While focusing on service and product innovation, we have been deeply exploring the advanced technology, experience, resources and customer advantages of ourselves and our business partners from the perspective of user medical experience, continuously iterating and upgrading the cloud hospital platform in Shenyang, Nanning and other locations, to enhance the efficiency of our platform in connecting with medical institutions for the provision of healthcare services, and to increase our attachment with both governmental and hospital customers. We ensure that users could receive cost-effective healthcare services while improving the service capabilities of the institutions. As of December 31, 2024, we assisted 197 hospitals to establish their internet hospitals through our cloud hospital platform (same period of 2023: 151).

During the Reporting Period, the revenue from our medical service business amounted to RMB216.7 million (same period of 2023: RMB223.7 million), representing a year-on-year decrease of 3.1%.

## Nursing Services

Home care service is a serious medical service in China, which is subject to compulsory access management and process supervision by government authorities. Therefore, we have been firmly adhering to the route of “official platform, regional layout”, and complying with the principles of professionalism, safety and trustworthiness to maximize the satisfaction of users’ needs for home and extended medical services. In 2016, we took the lead in launching an innovative pilot program for “home care services” in Ningbo City. Accumulated through long-term practice, we have formed a comprehensive operational service system, and we took the opportunity of “Innovation in One Place, Sharing across the Province” in Ningbo as the starting point, to gradually facilitate the replication and expansion of our home care services throughout China. On account of continuous development and experience in recent years, we have accumulated a mature experience model and good market recognition in the home care industry and built the “Xikang Care (熙康護理)” brand, with business covering the East, Central, South and Southwest regions of China.

We have currently undertaken the formation and operation of several provincial and municipal official “Internet + Nursing Service” platforms, and have continued to promote the establishment of a comprehensive standardized system for home care services by local government authorities and relevant organizations, and set the unified urban management system, service model, operation mechanism, training system and other standards, so that local residents could enjoy quality home care services with the same service quality in the business coverage area. During the Reporting Period, we take the “Care in Zhejiang (浙里護理)” platform in Zhejiang Province to promote the networked management of extended care areas in the province and to construct a consolidated regional collaboration of the integrated care service scheduling system, thus further strengthening the collaboration with primary medical institutions and promoting the integration and effective utilization of medical resources across the province. In addition, we have actively explored a number of new home care business scenarios such as group services, enterprise collaboration, civil collaboration and scientific research cooperation.

During the Reporting Period, we continued to expand and deepen the construction and service operation of home care platforms such as the “Care in Zhejiang (浙里護理)” in Zhejiang Province, the “YuJian Huli Daojia (豫健護理到家)” in Henan Province, the “Cloud Care in Jiulongpo (九龍坡雲護理)” in Chongqing City, the “Kind Care (盛情護理)” in Shenyang City, Liaoning Province, the “Nanning Cloud Hospital for Home Care (南寧雲醫院居家護理)” in Nanning City, Guangxi Zhuang Autonomous Region, the “Care in Xuan (宣慧護理)” in Xuancheng City, Anhui Province, with service coverage as over 0.2 billion people. Among which, we have made significant progress in expanding our operations in Henan Province, and achieved the comprehensive coverage of the “YuJian Huli Daojia (豫健護理到家)” platform in 18 cities of Henan Province within 6 months. As of December 31, 2024, 536 medical institutions and 47,000 nurses (with more than 5 years of clinical nursing experience) have joined the platform.

We adhere to a user-oriented approach, take standardized and comprehensive management as the breakthroughs, continue to carry out business breakthroughs and innovations, and fully upgrade the nursing service platform operated by us. The service operational efficiency and user experience were continuously optimized by means of AI technology, which led the achievement of service items such as AI smart recommendation and AI smart customer service, and users' satisfaction with home care services has been further enhanced. During the Reporting Period, we made every effort to facilitate the unveiling of smart service assistants "Nurse Zhe (浙小護)" and "Nurse Xi (熙小護)", and continued to iterate and optimize the application of AI technology in the service assistants that efficiently serve in the scenarios such as service item recommendation, service staff recommendation, whole-process guidance on service orders and replies to users' questions, providing users with a smart, instant and efficient service guidance experience.

In the meantime, on the basis of full insight into the needs of different populations for home care, we continue to integrate multi-level service scenarios, innovate service contents, enrich home care service and rehabilitation service items to meet the needs of the elderly, women and children, chronic patients and postoperative patients for more abundant and more diversified care and rehabilitation. As of December 31, 2024, the number of our service items expanded to 200+ (same period of 2023: 90+).

At present, we have developed a standardized operational system with high replicability and availability to guide the efficient development of operation and expansion in various regions. During the Reporting Period, we focused on the operation of our nursing service business under the guidance of our unique lean operations strategy. With the increased application of AI, information technology and other technologies, we facilitated the continuous growth of our business in existing regions and the replication and rapid growth of our business in newly expanded regions by professional operation and data-driven operation. In addition, we continued to explore multi-channel and cross-business cooperation and expansion to improve user reach and increase user conversion, thereby achieving a substantial increase in the number of paying users for nursing services. As of December 31, 2024, the volume of home care services we provided exceeded 332,000 (same period of 2023: exceeded 154,000), representing a year-on-year increase of 114.9%. Of which, the volume of home care services provided in Zhejiang Province exceeded 261,000 (same period of 2023: exceeded 121,000), representing a year-on-year increase of 115.6%. The volume of nursing consultation services we provided exceeded 324,000 (same period of 2023: exceeded 197,000), representing a year-on-year increase of 64.0%.

During the Reporting Period, the revenue from our nursing service business amounted to RMB56.2 million (same period of 2023: RMB31.6 million), representing a year-on-year increase of 77.7%.

## **Health Management Services**

We adhere to building an integrated lifecycle health management service system from offline to online by focusing on the health of users, and are dedicated to providing users with continuous, comprehensive and specialized one-stop health management services. As of December 31, 2024, we had 9 medical institutions in 9 cities across the country, which were mainly located in Eastern China, Northern China and Southern China.

We insist on strengthening and consolidating our strategic synergies in health management services. Leveraging on the integration of “medical + nursing + health management” resources and the seamless connection of “products + services”, we develop integrated “health management +” services for both institutional and individual customers to provide them with more comprehensive, diversified, and sustainable health management service solutions. For institutional customers, we focused on strengthening the connection between products and services in enterprises’ health management settings to better help enterprises manage their employees’ health.

We continue to deepen our expansion strategy for both institutional and individual customers, exploring the core needs of both types of customers. On the basis of consolidating the loyalty of institutional customers, we increase our reach to individual customers and satisfy their diversified needs through our online retail channels, thus exploring new growth points in revenue from our health management business. We keep deepening the application of cutting-edge technology in health management service scenarios, realizing the optimization of the service experience in the whole process through “AI + Health Management”, and create AI technology-supported customized package recommendation, smart guided examination, smart report interpretation, health report analysis and other scenarios to provide users with more intelligent and accurate personal health management solutions.

During the Reporting Period, due to the fierce market competition, the volume of our health management services amounted to 569,000 (same period of 2023: amounted to 589,000), representing a year-on-year decrease of 3.5%. Among them, institutional customers were the major customer group of our health management services, accounting for 89.1%. During the Reporting Period, the volume of institutional customers and individual customers was 507,000 and 62,000 (same period of 2023: 519,000 and 70,000), respectively.

During the Reporting Period, the revenue from our health management service business amounted to RMB228.7 million (same period of 2023: RMB282.4 million), representing a year-on-year decrease of 19.0%.

## **II. BUSINESS PROSPECTS**

As the pioneer of the city-specific cloud hospital model and the leader in serious medical digital transformation in China, we will keep up with the core trends of the internet healthcare in “AI + Whole Course Management” and “Inclusive Home Medical” services. According to the strategic guideline of “Healthy China 2030”, we will adhere to our business development strategy empowered by “the providers, the demanders, the payers and the regulators” and focus on the “expansion of coverage of quality medical resources + upgrade of service capability”, and deepen the construction of the “home-based medical and nursing services” network to make efforts for the high-quality development of the healthcare ecology while ensuring the compliance, safety and reliability of the services provided on the platform.

We will continue to accelerate the layout and expansion of our city-specific cloud hospital platform in the smart healthcare ecology, fully leverage our brand advantages and integration capabilities of “Internet + Nursing Services”, deepen and innovate the contents and products of home medical and nursing services. With our mature and replicable operating model, we enable professional, safe and abundant medical and nursing services to reach more families across China, releasing the scale effect and increasing the market conversion rate of the service resources and user resources connected to the cloud hospital platform.



We will increase the promotion of AI and other technology development and scenario application innovation, deepen the empowerment of artificial intelligence, informatization and digitalization in various business segments, deeply integrate AI and other emerging digital technologies with the “home-based medical and nursing care service” business, control the accuracy of medical and nursing services. We aim to realize the iteration and upgrade as well as the horizontal promotion of platform services and products, and at the same time fully explore the value of data and use digital assets to realize the precision and optimization of business processes and the efficient development growth of business.

We are dedicated to forming a one-stop medical health service platform to better serve our C-users and insist on the implementation of a closely coordinated business integration mechanism. We take the city-specific cloud hospital platform and its accumulated “Medical Services + Nursing Services + Health Management Services” business resources as the foundation to integrate our core business resources, promote diversified business development, further attract and expand industrial ecological resources such as medical equipment, pharmaceutical consumables, health products, finance and insurance, continuously creating more abundant applying scenarios and ultimately achieving the strategic goal of “developing the city-specific cloud hospital platform economy”.

We are committed to becoming the largest city-specific cloud hospital in China, with the highest quality team of doctors and nurses, achieving the widest business coverage and unparalleled reputation. Our dream stems from our understanding and concern for the lives of the people. Through our efforts to bring people real convenience and benefits, we hope that we can offer our quality medical and nursing services to every family, so that every family can have their own “hospital”, their own doctors and nurses. We firmly believe in the good business prospects of city-specific cloud hospitals and will spare no effort to create more value for all participants in the healthcare ecosystem, striving tirelessly to achieve the vision of “empowering every family with fair, precise, friendly medical, nursing, and home care services”.

### **III. FINANCIAL REVIEW**

#### **Revenue from Contracts with Customers**

Our revenue decreased by 6.7% to RMB501.5 million for the year ended December 31, 2024 from RMB537.7 million for the year ended December 31, 2023, mainly attributable to the decrease in revenue from health management services.

#### **Medical Services**

Revenue generated from our medical services segment decreased by 3.1% to RMB216.7 million for the year ended December 31, 2024 from RMB223.7 million for the year ended December 31, 2023, mainly attributable to the continued weakness of the current economic fundamentals and increasingly fierce market competition, which resulted in fewer project opportunities and delays in projects in cooperation with local governments.

#### **Nursing Services**

Revenue generated from our nursing services segment increased by 77.7% to RMB56.2 million for the year ended December 31, 2024 from RMB31.6 million for the year ended December 31, 2023, mainly attributable to our rapid replication achieved through marketing and professional operation which gradually demonstrated economies of scale of nursing services, as well as enhancement of operational efficiency through information technology, digitization and AI empowerment.

## **Health Management Services**

Revenue generated from our health management services segment decreased by 19.0% to RMB228.7 million for the year ended December 31, 2024 from RMB282.4 million for the year ended December 31, 2023, mainly attributable to the increasingly fierce market competition and the continued weakness of economic fundamentals, which led companies to reduce the expenditure on their employees' health management.

## **Cost of Sales and Services**

Our cost of sales and services decreased by 5.1% to RMB354.0 million for the year ended December 31, 2024 from RMB373.1 million for the year ended December 31, 2023, mainly attributable to the decrease in revenue.

## **Gross Profit and Gross Margin**

As a result of the foregoing, our gross profit decreased by 10.4% to RMB147.5 million for the year ended December 31, 2024 from RMB164.6 million for the year ended December 31, 2023.

During the Reporting Period, the gross margins of medical services, nursing services and health management services, amounted to 23.4%, 25.3% and 36.2% (2023: 22.4%, 40.9% and 35.9%) respectively. Our gross margin decreased to 29.4% for the year ended December 31, 2024 from 30.6% for the year ended December 31, 2023, mainly attributable to the decrease in our platform management fees charged to third-party medical institutions as a percentage of the service fees charged by such institutions to patients, while the gross margin of platform management fees is inherently higher.

## **Selling and Distribution Expenses**

Our selling and distribution expenses decreased by 31.2% to RMB66.2 million for the year ended December 31, 2024 from RMB96.3 million for the year ended December 31, 2023, mainly attributable to: (i) the continuous strengthening of production control and the constant improvement of resource allocation efficiency; and (ii) the decrease in share-based compensation expenses.

## **Research and Development Expenses**

Our research and development expenses decreased by 24.4% to RMB42.0 million for the year ended December 31, 2024 from RMB55.6 million for the year ended December 31, 2023, mainly attributable to the continuous optimization of organizational effectiveness, resulting in a decrease in manpower and related expenses.

## **Administrative Expenses**

Our administrative expenses decreased by 29.7% to RMB83.2 million for the year ended December 31, 2024 from RMB118.4 million for the year ended December 31, 2023, mainly attributable to (i) the fact that the Group was listed on the Stock Exchange on September 28, 2023 and no longer incurred listing expenses during the Reporting Period, which resulted in a significant decrease in expenses; and (ii) the decrease in share-based compensation expenses.



## **Other Income**

Our other income increased by 287.4% to RMB16.1 million for the year ended December 31, 2024 from RMB4.2 million for the year ended December 31, 2023, mainly attributable to (i) increased returns from investment in wealth management products; and (ii) increased government grants.

## **Other Gains/(Losses), Net**

We recorded net other gains of RMB4.7 million for the year ended December 31, 2024, compared to the net other losses of RMB1.6 million for the year ended December 31, 2023.

## **Finance Income and Finance Costs**

Our finance income after deducting net finance costs decreased by 81.5% to RMB6.1 million for the year ended December 31, 2024 from RMB33.1 million for the year ended December 31, 2023, mainly attributable to (i) an increase in interest income; and (ii) no interest expenses incurred for financial liability for redeemable rights.

## **Share of Losses of Associates**

Our share of losses of associates increased by 254.0% to RMB17.4 million for the year ended December 31, 2024 from RMB4.9 million for the year ended December 31, 2023, mainly attributable to an increase in losses of associates.

## **Income Tax Credit/(Expense)**

We recorded an income tax credit of RMB0.1 million for the year ended December 31, 2024, compared to an income tax expense of RMB7.3 million for the same period in 2023, mainly attributable to an increase in deferred income tax credit.

## **Loss for the Year**

As a result of the foregoing, our loss for the Reporting Period decreased by 45.9% to RMB83.8 million for the year ended December 31, 2024 from RMB154.9 million for the year ended December 31, 2023.

## **Adjusted Net Loss**

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

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

	<b>Year ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
	<i>(RMB in thousands)</i>	
Loss for the year	<b>(83,845)</b>	(154,892)
Add: Share-based compensation expenses	<b>8,579</b>	29,822
Add: Interest expenses for financial liability with redeemable rights	<b>–</b>	9,677
Adjusted net loss for the year (non-HKFRS measure)	<b>(75,266)</b>	(115,393)

The non-HKFRS measure, adjusted net loss for the year, used by us has been adjusted for (i) share-based compensation expenses and (ii) interest expenses for financial liability for redeemable rights. In particular, the share-based compensation expenses are a non-cash expense arising from granting share-based awards to selected employees. Meanwhile, the redeemable rights arose from an investment agreement entered into by the Company and an investor in round C Pre-IPO investments of the Company, pursuant to which the Company has an obligation to repurchase its ordinary shares issued to such investor. The redeemable rights were recognized as a financial liability and such recognition was automatically terminated upon the listing. As a result, we did not have any additional interest expenses for financial liability with redeemable rights during the Reporting Period.

Our adjusted net loss (non-HKFRS measure) decreased from RMB115.4 million for the year ended December 31, 2023 to RMB75.3 million for the year ended December 31, 2024. For the year ended December 31, 2024, the decrease in our adjusted net loss (non-HKFRS measure) was mainly because (i) during the Reporting Period, the Group's nursing services gradually demonstrated economies of scale, effectively improving organizational effectiveness and resource allocation efficiency, and enhancing operational efficiency through information technology, digitization and AI empowerment, which resulted in a significant decrease in expenses; and (ii) the Group used funds in a more efficient manner, and made reasonable use of temporarily idle proceeds from the Global Offering, which increased the rate of return on idle funds of the Company.

### **Contingent Liabilities**

As of December 31, 2024, we were not involved in any material legal, arbitration or administrative proceedings that were expected to materially and adversely affect our financial condition or results of operations, although there can be no assurance that this will not be the case in the future.

As of December 31, 2024, we did not have any significant contingent liabilities (as of December 31, 2023: nil).

## Capital Expenditures

During the Reporting Period, we incurred capital expenditures of RMB13.4 million mainly for purchases of property, plant and equipment (for the year ended December 31, 2023: RMB4.3 million).

## Pledge of Assets

As of December 31, 2024, the Group did not pledge any assets (as of December 31, 2023: nil).

## Future Plans for Material Investments or Capital Assets

Save as disclosed under the section headed “Proceeds from the Global Offering” herein, as of December 31, 2024, the Group did not have any other plans for material investments or capital assets.

## Liquidity and Capital Resources

Historically, we have funded our working capital primarily from bank borrowings and equity financing. As of December 31, 2024, we had cash and cash equivalents of RMB760.9 million (as of December 31, 2023: RMB676.8 million). We expect to use a portion of the proceeds from the Global Offering (within the meaning of the Prospectus of the Company dated September 18, 2023) to fund our working capital requirements. We currently do not have any plans for material additional external financing.

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

	<b>Year ended December 31,</b>	
	<b>2024</b>	<b>2023</b>
	<i>(RMB'000)</i>	
Cash generated from/(used in) operations	<b>9,058</b>	(20,070)
Interest received	<b>19,941</b>	3,354
Income taxes paid	<b>(7,435)</b>	(3,442)
Net cash generated from/(used in) operating activities	<b>21,564</b>	(20,158)
Net cash generated from/(used in) investing activities	<b>110,452</b>	(146,597)
Net cash (used in)/generated from financing activities	<b>(56,562)</b>	504,768
Net increase in cash and cash equivalents	<b>75,454</b>	338,013
Cash and cash equivalents at the beginning of the period	<b>676,794</b>	350,748
Effects of exchange rate changes on cash and cash equivalents	<b>8,609</b>	(11,967)
Cash and cash equivalents at the end of the period	<b>760,857</b>	676,794

### **Net Cash Generated from Operating Activities**

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

For the year ended December 31, 2024, we had net cash generated from operating activities of RMB21.6 million, which represents our cash generated from operations of RMB9.1 million and other cash items of RMB12.5 million.

### **Net Cash Generated from Investing Activities**

For the year ended December 31, 2024, we had net cash generated from investing activities of RMB110.5 million, which was mainly attributable to (i) subscription amount for our wealth management products of RMB224.7 million; and (ii) redemption amount for our wealth management products of RMB343.8 million.

### **Net Cash Used in Financing Activities**

For the year ended December 31, 2024, we had net cash used in financing activities of RMB56.6 million, which was mainly attributable to payments of lease liabilities of RMB26.6 million and payments for interests of RMB23.5 million.

### **Borrowings**

As of December 31, 2024, the aggregate principal balance of our borrowings was RMB509.9 million (as of December 31, 2023: RMB509.4 million). As of December 31, 2024, RMB0.1 million of our banking facilities remained unutilized (as of December 31, 2023: RMB102.5 million).

As of December 31, 2024, all of our borrowings were bank loans. The maturity dates of our outstanding borrowings fall on or before November, 2025.

## Significant Investments Held

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

Name of the investee company	Principal business	As at December 31, 2024			Year ended December 31, 2024		
		Investment cost (RMB'000)	Shareholding percentage	Carrying amount (RMB'000)	Percentage of total assets of the Group	Dividend distributed (RMB'000)	Investment loss in associates (RMB'000)
Dalian Xikang Yunshe Kang Travel Investment Management Co., Ltd.	Operation and management of health preserving hotels	100,000	11.83%	83,039	6.59%	–	(5,489)
Neusoft Management Consulting (Shanghai) Co., Ltd.	Business consulting service, including, among others, medical devices	96,436	49.00%	86,520	6.86%	–	(11,945)

*Note:*

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

Through the investments in Dalian Xikang Yunshe Kang Travel Investment Management Co., Ltd., we provide hotel guests with a series of health management services. Neusoft Management Consulting (Shanghai) Co., Ltd. mainly holds a property, which is used by the Group to provide health management services. Accordingly, the Directors believe that investments in Dalian Xikang Yunshe Kang Travel Investment Management Co., Ltd. and Neusoft Management Consulting (Shanghai) Co., Ltd. could bring synergistic effects to our Group, which is conducive to our future development.

Save as disclosed above, during the Reporting Period, the Company did not hold any other significant investments (including any investment in an investee company with a value of 5% or more of the Group's total assets as at December 31, 2024). For cash management purposes, we subscribed for wealth management products. During the Reporting Period, none of the subscriptions of such wealth management products with a single financial institution was required to be disclosed under Chapter 14, Chapter 14A or paragraph 32(4) of Appendix D2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

## Capital Commitments

As of December 31, 2024, we did not have any material capital commitments (as of December 31, 2023: nil).

## Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures

For the year ended December 31, 2024, our Company did not have any material acquisition or disposal of subsidiaries, associates and joint ventures.

## **RISK MANAGEMENT**

### **Foreign Exchange Risk**

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

We operate mainly in the PRC with most of the transactions settled in US dollar and Renminbi respectively as the functional currency. Our management considers that our business is not exposed to any significant foreign exchange risk as we have no significant financial assets or liabilities denominated in currencies other than the respective functional currencies of our entities. As of December 31, 2024, our Company did not hold any financial instruments for hedging purposes (as of December 31, 2023: nil).

### **Gearing Ratio**

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

### **Interest Rate Risk**

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's borrowings with a floating interest rate. The increase/decrease of the variable interest rate by 0.5% will lead to the increase/decrease in the Group's loss before tax by RMB1.6 million (2023: RMB2.5 million).

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

During the Reporting Period, neither the Company nor any of its subsidiaries and consolidated affiliated entities have purchased, sold or redeemed any of the Company's securities listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (including sale of treasury shares). As of the end of the Reporting Period, the Company did not hold treasury shares.

## EMPLOYEES AND REMUNERATION POLICIES

As of December 31, 2024, the Company had 855 full-time employees, all of whom are based in China. The following table sets forth the breakdown of the Company's employees by function as of December 31, 2024:

Function	Number of Employees	% of Total
Management and administration	139	16.3
Sales and marketing and operational support	213	24.9
Research and development	152	17.8
Health management	351	41.0
<b>Total</b>	<b>855</b>	<b>100.0</b>

For the year ended December 31, 2024, the compensation and benefits expenses of the Company paid to its employees were RMB166.1 million (2023: RMB193.5 million). As of December 31, 2024, among all of the Company's 855 employees, 479 employees had bachelor's degrees or above, accounting for 56.0% of the Company's total employees.

The Company is committed to establishing competitive and fair remuneration. In order to effectively motivate the Company's employees, the Company continually refines its remuneration and incentive policies through market research. The Company conducts performance evaluations for employees semi-annually to provide feedback on their performance. Compensation for employees typically consists of basic salary and a performance-based bonus. We also adopted multiple share option schemes to enhance the enthusiasm, sense of responsibility and sense of mission of our employees, and thereby aligning the interests of our employees with the interests of our Company.

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

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

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



## EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, after the Reporting Period and up to the date of this results announcement, there has been no significant event which had materially affected the Group's business operations and finances.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions of the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Listing Rules as the basis for the Company's corporate governance practices since September 28, 2023 (the “**Listing Date**”). The Company is committed to implementing the best corporate governance practices.

The Company has complied with the code provisions under the CG Code during the Reporting Period.

## PROCEEDS FROM THE GLOBAL OFFERING

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

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

As of December 31, 2024, the Group's use of the net Proceeds is set out in the table below:

Purpose of use	% of use of Proceeds	Net Proceeds (HK\$ million)	Unutilized Amount as at January 1, 2024 (HK\$ million)	Utilized amount for the year ended December 31, 2024 (HK\$ million)	Unutilized Amount as at December 31, 2024 (HK\$ million)	Expected timetable For utilization
Expansion of city-specific cloud hospital platforms to enlarge our medical networks and user base	30%	166.3	166.3	16.2	150.1	By December 31, 2028
Enriching our offerings across the industry value chain to provide more professional and diversified healthcare services	25%	138.6	138.6	10.1	128.5	By December 31, 2028
Research and development on technology infrastructure and data capabilities	25%	138.6	138.6	20.9	117.7	By December 31, 2028
Potential mergers and acquisitions opportunities	10%	55.5	55.5	0.0	55.5	By December 31, 2028
Working capital and other general corporate purposes	10%	55.5	55.5	10.8	44.7	By December 31, 2028

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

The Company subscribed for wealth management product in an amount of US\$15 million from Shenwan Hongyuan Financial Products Company Limited on March 10, 2025. For details, please refer to the announcement of the Company dated March 10, 2025. In the event that the aforesaid purchases of wealth management products constitute a notifiable transaction under Chapter 14 and/or a connected transaction under Chapter 14A of the Listing Rules in the future, the Company will comply with the relevant requirements under the Listing Rules.

## **FINAL DIVIDEND**

The Board has resolved not to recommend the distribution of a final dividend for the year ended December 31, 2024 (for the year ended December 31, 2023: nil).

## **COMPLIANCE WITH THE MODEL CODE**

From the Listing Date, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) contained in Appendix C3 to the Listing Rules as its code of conduct for securities transactions by Directors.

Having made specific enquiries to all of the Directors, all Directors confirmed that they have fully complied with all relevant requirements set out in the Model Code during the Reporting Period.

## **SCOPE OF WORK OF AUDITOR**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2024 as set out in this preliminary announcement have been agreed by the Group’s auditor, Ernst & Young, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement, and consequently no assurance conclusion has been expressed by Ernst & Young on the preliminary announcement.

## **AUDIT COMMITTEE**

The Audit Committee of our Company comprises one non-executive Director, namely Dr. CHEN Lianyong, and two independent non-executive Directors, namely Dr. CHEN Yan and Dr. YIN Guisheng. Dr. CHEN Yan is the chairman of the Audit Committee. The Audit Committee of our Company has reviewed the annual results of our Company for the year ended December 31, 2024, and the accounting principles and practices adopted by our Company, and has discussed relevant internal control, risk management and financial reporting with the management. The Audit Committee believes that the Company’s consolidated annual results for the year ended December 31, 2024 are in compliance with relevant accounting standards, laws and regulations.

# **CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	<i>Notes</i>	<b>2024</b> <b><i>RMB'000</i></b>	2023 <i>RMB'000</i>
<b>REVENUE</b>	<i>4</i>	<b>501,496</b>	537,715
Cost of sales		<u>(353,998)</u>	<u>(373,106)</u>
<b>Gross profit</b>		<u><b>147,498</b></u>	<u>164,609</u>
Selling and distribution expenses		(66,209)	(96,251)
Research and development expenses		(42,010)	(55,580)
Administrative expenses		(83,233)	(118,404)
Impairment losses on financial and contract assets, net		(37,170)	(6,538)
Other income	<i>4</i>	<b>16,100</b>	4,156
Other gains/(losses), net		<b>4,652</b>	(1,640)
Finance income	<i>6</i>	<b>20,897</b>	5,220
Finance costs	<i>6</i>	(27,018)	(38,283)
Share of losses of associates		<u>(17,434)</u>	<u>(4,925)</u>
<b>LOSS BEFORE TAX</b>	<i>5</i>	<u><b>(83,927)</b></u>	<u>(147,636)</u>
Income tax credit/(expense)	<i>7</i>	<u><b>82</b></u>	<u>(7,256)</u>
<b>LOSS FOR THE YEAR</b>		<u><u><b>(83,845)</b></u></u>	<u><u>(154,892)</u></u>

# **CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)**

	<i>Note</i>	<b>2024</b> <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods			
Exchange differences:			
Exchange differences on translation of a foreign operation		<u>(286)</u>	<u>(177)</u>
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods		<u>(286)</u>	<u>(177)</u>
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:			
Exchange differences:			
Exchange differences on translation of the Company's financial statements into presentation currency		<u>9,941</u>	<u>(13,776)</u>
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods		<u>9,941</u>	<u>(13,776)</u>
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX</b>		<u><b>9,655</b></u>	<u>(13,953)</u>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		<u><b>(74,190)</b></u>	<u><b>(168,845)</b></u>
<b>Loss attributable to:</b>			
Owners of the parent		(83,053)	(154,652)
Non-controlling interests		<u>(792)</u>	<u>(240)</u>
		<u><b>(83,845)</b></u>	<u><b>(154,892)</b></u>
<b>Total comprehensive loss attributable to:</b>			
Owners of the parent		(73,398)	(168,605)
Non-controlling interests		<u>(792)</u>	<u>(240)</u>
		<u><b>(74,190)</b></u>	<u><b>(168,845)</b></u>
<b>LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>			
Basic and diluted (RMB)	8	<u><b>(0.10)</b></u>	<u><b>(0.23)</b></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	<b>31 December 2024 RMB'000</b>	<b>31 December 2023 RMB'000</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		31,684	28,902
Right-of-use assets		60,689	81,939
Intangible assets		2,532	3,184
Investments in associates		169,559	186,993
Long-term trade receivables	9	5,860	10,073
Prepayments		–	14
Other receivables		3,251	–
Deferred tax assets		6,950	596
<b>Total non-current assets</b>		<b>280,525</b>	<b>311,701</b>
<b>CURRENT ASSETS</b>			
Inventories		17,268	38,096
Assets recognised from costs to fulfil contracts		6,000	7,321
Trade receivables	10	101,974	151,809
Contract assets		6,217	6,080
Prepayments		7,557	6,089
Other receivables		35,309	47,737
Other current assets		7,873	6,505
Financial assets at fair value through profit or loss		36,842	144,205
Restricted deposits		12	1,674
Cash and cash equivalents		760,857	676,794
<b>Total current assets</b>		<b>979,909</b>	<b>1,086,310</b>
<b>CURRENT LIABILITIES</b>			
Trade payables	11	201,137	238,652
Contract liabilities		29,013	31,802
Other payables and accruals		63,923	68,816
Interest-bearing bank borrowings		510,305	240,135
Lease liabilities		24,326	27,708
Tax payables		2,660	5,699
Other current liabilities		66	36
<b>Total current liabilities</b>		<b>831,430</b>	<b>612,848</b>
<b>NET CURRENT ASSETS</b>		<b>148,479</b>	<b>473,462</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>429,004</b>	<b>785,163</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

	31 December 2024 RMB'000	31 December 2023 RMB'000
<b>NON-CURRENT LIABILITIES</b>		
Contract liabilities	14,145	14,486
Interest-bearing bank borrowings	–	269,850
Lease liabilities	39,839	62,072
Deferred income	4,420	4,420
Deferred tax liabilities	2,478	602
	<hr/>	<hr/>
<b>Total non-current liabilities</b>	<b>60,882</b>	<b>351,430</b>
	<hr/>	<hr/>
<b>Net assets</b>	<b>368,122</b>	<b>433,733</b>
	<hr/>	<hr/>
<b>EQUITY</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	1,125	1,125
Share premium	2,543,431	2,543,431
Reserves	359,083	340,865
Accumulated losses	(2,540,330)	(2,457,277)
	<hr/>	<hr/>
	363,309	428,144
<b>Non-controlling interests</b>	<b>4,813</b>	<b>5,589</b>
	<hr/>	<hr/>
<b>Total equity</b>	<b>368,122</b>	<b>433,733</b>
	<hr/>	<hr/>



## NOTES TO FINANCIAL STATEMENTS

### 1. CORPORATE AND GROUP INFORMATION

Xikang Cloud Hospital Holdings Inc. (the “Company”) was incorporated in the Cayman Islands on 12 May 2011 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is PO Box 309, Ugland House, Grand Cayman KY1-1104, Cayman Islands. In May 2024, the name of the Company was changed from “NEUSOFT XIKANG HOLDINGS INC.” to “Xikang Cloud Hospital Holdings Inc.”.

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

### 2. ACCOUNTING POLICIES

#### 2.1 BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value. The financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

##### *Basis of consolidation*

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

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

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

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

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

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

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

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the "2020 Amendments")
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> (the "2022 Amendments")
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

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

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

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

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

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

## 2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> <sup>3</sup>
HKFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> <sup>3</sup>
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> <sup>2</sup>
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts referencing Nature-dependent electricity</i> <sup>2</sup>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>4</sup>
Amendments to HKAS 21	<i>Lack of Exchangeability</i> <sup>1</sup>
<i>Annual Improvements to HKFRS Accounting Standards – Volume 11</i>	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2025

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>3</sup> Effective for annual/reporting periods beginning on or after 1 January 2027

<sup>4</sup> No mandatory effective date yet determined but available for adoption

The above new and revised HKFRSs do not expect to have a material impact on the consolidated financial statements of the Group. The Group will adopt the new and revised HKFRSs when they become effective.

### 3. OPERATING SEGMENT INFORMATION

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

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

The directors of the Company, who are the chief operating decision makers (“CODM”), have changed the structure of internal organisation in a manner that causes the composition of the Group’s segments to change. During the reporting period, on the basis of understanding the strategic positioning and advantages of the Group, the fast-developing nursing services were upgraded into an independent segment. At the same time, the cloud hospital platform services and internet medical services (excluding nursing services) were integrated into medical services segment, and the smart healthcare products were merged into the health management services segment to further increase the capability of resource integration and the synergistic effect of the business. The corresponding items of segment information for previous period have been restated.

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

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

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

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

Year ended 31 December 2023 (Restated)	Medical services <i>RMB'000</i>	Nursing services <i>RMB'000</i>	Health management services <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Segment information</b>				
Sales to external customers	223,703	31,606	282,406	537,715
Cost of sales	(173,534)	(18,686)	(180,886)	(373,106)
<b>Segment gross profit</b>	<b>50,169</b>	<b>12,920</b>	<b>101,520</b>	<b>164,609</b>

**Reconciliation:**

Selling and distribution expenses	(96,251)
Research and development expenses	(55,580)
Administrative expenses	(118,404)
Impairment losses on financial and contract assets, net	(6,538)
Other income	4,156
Other losses, net	(1,640)
Finance income	5,220
Finance costs	(38,283)
Share of losses of associates	(4,925)
Loss before tax	(147,636)

**Geographical information**

**(a) Revenue from external customers**

	<b>2024</b> <b><i>RMB'000</i></b>	<b>2023</b> <b><i>RMB'000</i></b>
Mainland China	<b>501,088</b>	537,401
Other regions	<b>408</b>	314
Total revenue	<b>501,496</b>	537,715

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

**(b) Non-current assets**

As at 31 December 2024 and 2023, all of the non-current assets of the Group were located in Mainland China.

**Information about a major customer**

No revenue from the Group's sales to a single customer accounted for 10% or more of the Group's revenue during the years ended 31 December 2024 and 2023.

#### 4. REVENUE AND OTHER INCOME

An analysis of revenue is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<i>Revenue from contracts with customers</i>	<b>501,496</b>	537,715

#### Revenue from contracts with customers

##### (a) Disaggregated revenue information

#### For the year ended 31 December 2024

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

#### For the year ended 31 December 2023

Segments (Restated)	Medical services <i>RMB'000</i>	Nursing services <i>RMB'000</i>	Health management services <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Geographical markets</b>				
Mainland China	223,389	31,606	282,406	537,401
Other regions	314	–	–	314
Total	<b>223,703</b>	<b>31,606</b>	<b>282,406</b>	<b>537,715</b>
<b>Timing of revenue recognition</b>				
Recognised at a point in time	202,305	30,740	281,938	514,983
Recognised transferred over time	21,398	866	468	22,732
Total	<b>223,703</b>	<b>31,606</b>	<b>282,406</b>	<b>537,715</b>

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

	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i> <i>(Restated)</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Medical services	<b>5,214</b>	5,541
Nursing services	<b>442</b>	500
Health management services	<b>20,082</b>	31,655
	<hr/>	<hr/>
Total	<b>25,738</b>	37,696
	<hr/> <hr/>	<hr/> <hr/>

**(b) Performance obligations**

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

*Medical services*

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

*Nursing services*

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

*Health management services*

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



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

	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i> <i>(Restated)</i>
Amounts expected to be recognised as revenue:		
Medical services	<b>63,357</b>	108,631
Nursing services	<b>1,222</b>	2,291
Health management services	<b>80,239</b>	82,723
	<hr/>	<hr/>
Total	<b>144,818</b>	193,645
	<hr/> <hr/>	<hr/> <hr/>

Management expects that RMB44,245,000 (2023: RMB58,094,000) of the transaction price allocated to the unsatisfied contracts as at 31 December 2024 will be recognised as revenue within one year. The remaining RMB100,573,000 (2023: RMB135,551,000) will be recognised over one year.

An analysis of other income is as follows:

	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
Government grants*	<b>8,872</b>	3,572
Investment return on wealth management products	<b>7,000</b>	–
Value added tax (“VAT”) refund and VAT reduction	<b>126</b>	150
Refund of service fee for withholding individual income tax	<b>102</b>	150
Additional deduction of input VAT	–	84
Other items	–	200
	<hr/>	<hr/>
Total	<b>16,100</b>	4,156
	<hr/> <hr/>	<hr/> <hr/>

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

## 5. LOSS BEFORE TAX

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Cost of sales of hardware, software, raw materials and others	272,330	306,261
Depreciation of property, plant and equipment	8,313	10,002
Depreciation of right-of-use assets	19,460	22,965
Amortisation of softwares	522	618
Amortisation of patents	118	118
Lease payments not included in the measurement of lease liabilities	751	6,792
Listing expenses**	–	21,270
Auditor's remuneration	1,784	2,780
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages, salaries and bonuses	128,825	146,771
Share-based compensation expenses	8,579	29,822
Social security costs and housing benefits***	29,521	38,245
Other employee benefits****	7,715	8,476
Total	<u>174,640</u>	<u>223,314</u>
Foreign exchange differences, net*	(42)	2,647
Impairment of/(reversal of impairment of) financial and contract assets, net:		
Impairment of long-term trade receivables, net	769	1,029
Impairment of trade receivables, net	35,819	200
Impairment of other receivables, net	312	5,931
Impairment of/(reversal of impairment of) contract assets, net	<u>270</u>	<u>(622)</u>
Total	<u>37,170</u>	<u>6,538</u>
(Reversal of impairment loss)/impairment loss on inventories**	(370)	204
Gain on bargain purchase*	(1,202)	–
Fair value gains on financial assets at fair value through profit or loss, net*	(3,604)	(1,977)
Loss on disposal of property, plant and equipment, net*	934	1,435
Gain on partial or full termination of the lease, net*	(376)	(1,027)
Loss on disposal of other intangible assets, net*	<u>–</u>	<u>20</u>

\* These items are included in “Other gains/(losses), net” in profit or loss of the consolidated statement of profit or loss and other comprehensive income.

\*\* These items are included in “Administrative expenses” in profit or loss of the consolidated statement of profit or loss and other comprehensive income.

\*\*\* The social security costs and housing benefits include RMB15,419,000 (2023: RMB17,312,000) relating to pension scheme contributions. There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

\*\*\*\* The other employee benefits include RMB6,098,000 (2023: RMB5,974,000) relating to termination benefits.

## 6. FINANCE INCOME AND COSTS

An analysis of finance income and costs is as follows:

	2024 RMB'000	2023 RMB'000
<b>Finance income</b>		
Interest income	20,897	5,220
<b>Finance costs</b>		
Interest on bank borrowings	(23,362)	(25,159)
Interest on lease liabilities	(3,656)	(3,447)
Interest expenses for financial liability with redeemable rights	–	(9,677)
	<b>(27,018)</b>	<b>(38,283)</b>

## 7. INCOME TAX

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

### Cayman Islands

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

### Hong Kong

The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax. The first HKD2,000,000 (2023: HKD2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2023: 8.25%) and the remaining assessable profits are taxed at 16.5% (2023: 16.5%).

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

### Mainland China

The income tax provision of the Group in respect of its operations in the Mainland China was subject to statutory tax rate of 25% on the assessable profits during the years ended 31 December 2024 and 2023, based on the existing legislation, interpretations and practices in respect thereof.

On 15 November 2022, Xikang Healthcare Technology Co., Ltd. was qualified as a “High and New Technology Enterprise” (“HNTE”) under the relevant PRC laws and regulations. Accordingly, the entity was entitled to a preferential income tax rate of 15% during the years ended 31 December 2024 and 2023. This status is subject to HNTE status of Xikang Healthcare Technology Co., Ltd. every three years.

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

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current – Mainland China		
Charge for the year	4,380	6,328
Overprovision in prior years	16	–
Deferred	<u>(4,478)</u>	<u>928</u>
Total tax (credit)/charge	<u><u>(82)</u></u>	<u><u>7,256</u></u>

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

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Loss before tax	<u><u>(83,927)</u></u>	<u><u>(147,636)</u></u>
Tax at the statutory tax rate	(25,378)	(36,909)
Effect of different tax rates	–	6
Lower tax rate for specific provinces or enacted by local authority	–	(502)
Expenses not deductible for tax	4,408	21,597
Super deduction of research and development expenses	(3,568)	(7,690)
Income not subject to tax	–	(1,601)
Tax losses and temporary differences recognised from previous periods	(4,846)	–
Tax losses and temporary differences not recognised	34,460	39,302
Tax losses utilised from previous periods	(5,174)	(6,947)
Adjustments in respect of current tax of previous periods	<u>16</u>	<u>–</u>
Tax (credit)/charge at the Group's effective rate	<u><u>(82)</u></u>	<u><u>7,256</u></u>

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

The calculation of the loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 841,876,805 (2023: 678,635,000) outstanding during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2024 and 2023 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

The calculation of loss per share is based on:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>Loss</b>		
Loss attributable to ordinary equity holders of the parent, used in the loss per share calculation	<u><u>(83,053)</u></u>	<u><u>(154,652)</u></u>
	<b>Number of shares</b>	
	2024	2023
<b>Shares</b>		
Weighted average number of ordinary shares outstanding during the year used in the loss per share calculation	<u><u>841,876,805</u></u>	<u><u>678,635,000</u></u>

## 9. LONG-TERM TRADE RECEIVABLES

	2024 RMB'000	2023 RMB'000
Long-term trade receivables	18,169	20,228
Less: Impairment	(4,655)	(3,886)
	<u>13,514</u>	<u>16,342</u>
Less: long-term trade receivables due within one year	(7,654)	(6,269)
	<u>5,860</u>	<u>10,073</u>
Net carrying amount	<u>5,860</u>	<u>10,073</u>

The Group signed contracts with medical institutions, governments and enterprises in relation to the sales of smart healthcare products. According to the payment terms in the contracts, the total consideration of the sales of smart healthcare products will be collected within 10 years.

An ageing analysis of the long-term trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2024 RMB'000	2023 RMB'000
Within 3 months	6,202	–
4 months to 1 year	–	663
1 to 2 years (excluding 1 year)	370	9,315
2 to 3 years (excluding 2 years)	5,082	10,250
3 to 4 years (excluding 3 years)	6,515	–
	<u>18,169</u>	<u>20,228</u>
Less: Impairment	(4,655)	(3,886)
	<u>13,514</u>	<u>16,342</u>
Less: long-term trade receivables due within one year	(7,654)	(6,269)
	<u>5,860</u>	<u>10,073</u>
Net carrying amount	<u>5,860</u>	<u>10,073</u>

## 10. TRADE RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables	230,982	246,238
Less: Impairment	(129,008)	(94,429)
	<u>101,974</u>	<u>151,809</u>
Net carrying amount	<u>101,974</u>	<u>151,809</u>

The credit terms given to trade customers are determined on an individual basis. The normal credit period of trade receivables related to comprehensive health management services (included in health management services) is mainly within 90 days, while the normal credit period of trade receivables related to medical services, nursing services and health management services (excluding comprehensive health management services) are mainly within one year. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

Included in the Group's trade receivables are amounts due from the Group's related parties of RMB6,004,000 (2023: RMB9,369,000), which are repayable on credit terms similar to those offered to the major customers of the Group.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	<b>2024</b> <b>RMB'000</b>	2023 <b>RMB'000</b>
Within 3 months	58,592	58,027
4 months to 1 year	29,035	58,040
1 to 2 years (excluding 1 year)	40,945	60,084
2 to 3 years (excluding 2 years)	45,768	25,599
3 to 4 years (excluding 3 years)	15,666	5,272
4 to 5 years (excluding 4 years)	5,162	15,237
Over 5 years	35,814	23,979
	<b>230,982</b>	246,238
Less: Impairment	<b>(129,008)</b>	(94,429)
Total	<b>101,974</b>	151,809

## 11. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>2024</b> <b>RMB'000</b>	2023 <b>RMB'000</b>
Within 3 months	99,535	91,783
4 to 6 months	11,185	40,006
7 months to 1 year	16,987	44,136
1 to 2 years (excluding 1 year)	34,656	45,896
2 to 3 years (excluding 2 years)	26,528	15,408
3 to 4 years (excluding 3 years)	10,823	916
4 to 5 years (excluding 4 years)	916	97
over 5 years	507	410
	<b>201,137</b>	238,652
Total	<b>201,137</b>	238,652

The trade payables are non-interest-bearing and are normally settled on 180-day terms.

## 12. DIVIDENDS

No dividend has been paid or declared by the Company during the years ended 31 December 2024 and 2023.

## **PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at <https://www.xikang.com/>. The annual report of the Company for the year ended December 31, 2024 will be published on the aforesaid websites of the Stock Exchange and the Company in due course.

By Order of the Board  
**Xikang Cloud Hospital Holdings Inc.**  
**Dr. LIU Jiren**  
*Chairman and Non-Executive Director*

Hong Kong, March 20, 2025

*As at the date of this announcement, the Board of the Company comprises Ms. ZONG Wenhong as an executive Director; Dr. LIU Jiren, Mr. XU Hongli, Dr. WANG Nan, Mr. PU Chengchuan and Dr. CHEN Lianyong as non-executive Directors; and Dr. CHEN Yan, Dr. QI Guoxian and Dr. YIN Guisheng as independent non-executive Directors.*