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Xunfei Healthcare Technology Co., Ltd.

訊飛醫療科技股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2506)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2024

The board (the “**Board**”) of directors (the “**Director(s)**”) of Xunfei Healthcare Technology Co., Ltd. (the “**Company**” or “**Xunfei Healthcare**”, together with its subsidiaries and consolidated affiliated entities, collectively the “**Group**”) hereby announces the audited consolidated results of the Group for the year ended December 31, 2024 (the “**Reporting Period**”). This announcement complies with the requirements of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) in relation to the information to be included in the preliminary announcement of annual results. These annual results have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

FINANCIAL HIGHLIGHTS

	For the year ended December 31,		Year-on-year
	2024	2023	change
	<i>(RMB'000)</i>		
Revenue	733,984	556,125	32.0%
Gross profit	404,084	314,654	28.4%
Loss before tax	(172,016)	(186,915)	(8.0%)
Loss for the year	(137,636)	(154,224)	(10.8%)
Net loss attributable to owners of the parent company	(132,600)	(144,842)	(8.5%)

MANAGEMENT DISCUSSION AND ANALYSIS

The year 2024 marked a pivotal moment for medical large language models (LLMs), with the global medical AI industry driven by both technological breakthroughs and evolving application scenarios. In China, the medical AI market is expanding rapidly, fueled by advancements in AI, supportive policies, growing healthcare demand, and digital economic development. Breakthroughs in AI, particularly in LLMs, have enabled remarkable progress in medical applications, demonstrating strong performance in specialized tasks. These innovations are not only driving global economic growth but also unlocking significant opportunities in complex sectors like healthcare. As the company with the largest number of doctors and patients served by medical AI technology in China, we have seized unprecedented growth opportunities. Amid this wave of rapid technological and industry evolution, the Company has made substantial progress in both core technology and business expansion, laying a solid foundation for the next step of leapfrog development.

Core Technologies

Following the launch of Xunfei Spark Medical Model 1.0 in October 2023, the model received a major upgrade on June 27, 2024, significantly enhancing its performance across six core areas: medical Q&A, complex medical language comprehension, professional document generation, disease diagnosis and treatment recommendations, multi-round medical dialogues, and multi-modal medical interactions. Its overall effectiveness improved to 85%, with core capabilities surpassing OpenAI GPT-4 Turbo by 5%. In the healthcare-focused LLM evaluation conducted by the China Academy of Information and Communications Technology (CAICT) in June 2024, the model outperformed major competitors in key sub-tasks, including patient profiling, health intervention planning, medical record generation and quality control, interpretation of examination and test reports, and interpretation of physical examination reports. Additionally, it demonstrated strong expertise in a wide range of fields such as general health knowledge, disease encyclopaedias, medication guidance, electronic medical record (EMR) structuring, professional knowledge integration into daily routine, intelligent examination assistance, doctor and hospital navigation, initial diagnosis support, examination and test recommendations, assisted diagnosis, disease diagnosis assistance, and medication safety guidance.

On October 24, 2024, Xunfei Healthcare officially launched the Xunfei Spark Medical Model 2.0, delivering significant enhancements across the six core scenarios mentioned above. Its overall effectiveness reached 88%, with core capabilities comprehensively surpassing OpenAI GPT-4 Turbo and GPT-4o. At the same time, the Company introduced the Xunfei Spark Medical Imaging Model. Leveraging 100m-level medical images from the Anhui Province Cloud Medical Imaging Platform, this advanced model powers an intelligent medical imaging assistant, enabling the entire process of “intelligent quality control, diagnostic assistance, and image interpretation”.

On November 2, 2024, in collaboration with West China Hospital of Sichuan University, we launched the “Huaxi Hongyi” medical LLM. This model excels in the quality control of complex medical records. Practical tests demonstrate its 90% accuracy in handling intricate quality control tasks, such as diagnosing and monitoring treatment behaviors and surgical procedure quality control, greatly improving both personnel efficiency and content accuracy. On November 7, 2024, Xunfei Healthcare partnered with Beijing Anzhen Hospital to introduce a specialized cardiac diagnosis LLM, marking a major breakthrough in assisted diagnosis for cardiovascular diseases. Leveraging Beijing Anzhen Hospital’s high-quality expertise, the model integrates an intelligent cardiac ultrasound reporting system, driving new advancements in cardiovascular disease diagnosis and treatment.

On March 3, 2025, Xunfei Healthcare officially launched the Xunfei Spark Medical Model X1 built on the deep reasoning technology, China’s only medical deep reasoning LLM trained entirely on domestically produced computing power. Developed using Xunfei Healthcare’s extensive, 100m-level authoritative medical knowledge base and high-quality desensitized diagnostic and treatment data, X1 introduces key technological advancements. These include enhanced medical expertise, evidence-based clinical reasoning, and reinforced learning from medical experts’ feedback, significantly reducing medical hallucinations while improving accuracy, professionalism, and interpretability in clinical decision-making. Real-world scenario testing shows that X1 achieved a 94% rationality rate in auxiliary diagnosis for general diseases, a 90% rationality rate in auxiliary (main) diagnosis for specialized diseases, and an 89% response rate for health consultations, all surpassing GPT-4o and DeepSeek R1.

On March 3, 2025, Xunfei Healthcare, in partnership with Huawei, launched the fully localized Xunfei Spark Medical All-in-One Machine, designed for medical applications. This advanced system supports the Xunfei Spark Medical Model X1 alongside various open-source models, enabling seamless collaboration between heterogeneous models, rapid deployment, and out-of-the-box usability. Equipped with the Xunfei Medical Intelligence Agent Platform, the all-in-one machine offers 20 specialized medical intelligence agents, covering tasks such as automatic generation and quality control of medical records, intelligent follow-ups, and report interpretation. By integrating deep reasoning with industry-specific insights, it enhances healthcare knowledge capabilities by 30% while reducing model hallucinations by 10%. Furthermore, leveraging the Ascend hardware, the system significantly boosts reasoning performance, driving a 40% improvement in Xunfei Spark Medical Model X1’s inference efficiency.

Xunfei Healthcare, in collaboration with CAICT, led multiple domestic medical institutions, research institutes, and information technology (IT) enterprises, developed and officially released the “Technical Requirements for the Application of LLMs in the Healthcare Industry, Part 5: Clinical Research” (Standard No.: 2024-0026T-IHIA), “Technical Requirements for the Application of LLMs in the Healthcare Industry, Part 8: Traditional Chinese Medicine” (Standard No.: 2024-0027T-IHIA), and “Governance Specifications for Synthetic Services of LLMs in the Healthcare Industry, Part 2: Algorithm Models” (Standard No.: 2024-0028T-IHIA). So far, we have co-led the development of seven standards for LLMs in the healthcare industry, further establishing an improved framework covering security management, data governance, and clinical applications, among other dimensions.

With rapid improvements in LLM technology, performance ceilings continue to rise while training and inference costs decline exponentially, paving the way for a new phase of accelerated growth in medical AI. The Company believes that the healthcare sector, given its direct impact on human health, demands AI solutions that meet exceptionally high standards in professionalism, breadth, depth, and adaptability to the evolving medical landscape and personalized healthcare needs. Furthermore, the critical nature of accuracy and safety in medicine underscores the necessity for ongoing advancements in LLM technology and its seamless integration into the industry.

Currently, Xunfei Healthcare’s LLMs offer the following six advantages in industry application:

- Long-term, extensive accumulation of medical knowledge and data: These mainly include 100m-level, high-accuracy medical knowledge, high-quality data, and reinforced learning data in the medical field;
- Fully self-developed and continuously innovated LLM technologies: Our proprietary Spark LLM base incorporates supervised fine-tuning, reinforced learning, and safe, controllable core technologies, along with hardware engineering adaptation and an efficient toolchain/system platform. Through ongoing innovation, we ensure logical consistency, professionalism, and interpretability in medical reasoning;
- Fully localized hardware and software for self-reliance and controllability: Following the technical path of entirely localized medical LLM hardware and software, we have devised integrated technical solutions for efficient training and reasoning based on domestically produced computing power platforms, such as Huawei’s Ascend;

- Systematic and innovative AI capabilities across general and specialized medicine: Our AI solutions cover medical text, audio, images, graphical data, and other forms of content, addressing immediate needs under real-world scenarios;
- Technology deployment and service assurance: With extensive experience in scaling AI applications and providing industry-wide technical services, we excel in translating product requirements into effective solutions, ensuring continuous upgrades and full-chain service support;
- Firm commitment to the localization of hardware and software for self-reliance and controllability: Looking ahead, Xunfei Healthcare remains committed to the path of localization for self-reliance and controllability. By addressing immediate needs in the medical industry, we will strengthen our advantages and build a complete set of methods for researching and implementing original medical AI technologies.

The enhancement of its core technology and product capabilities is attributable to the Company's unswerving investment in research and development (R&D). For the year ended December 31, 2024, its total R&D investment (including R&D expenses and development expenditures) reached RMB296.8 million (of which R&D investment in core technology amounted to RMB82 million, representing a year-on-year increase of 13.2%), accounting for 40.4% of its total revenue for 2024:

Business Review

While maintaining our leadership in core medical LLM technology, the Company launched extensive cooperation with China's top medical institutions in 2024, achieving remarkable results and recognition from authoritative institutions:

- Our deputy general manager, Mr. Lu Xiaoliang, was honored with the First Prize in the National Science and Technology Progress Award by the State Council of the People's Republic of China (PRC) as a team member;
- At the 7th Digital China Summit, the National Data Administration, in collaboration with other departments, released the first 20 national benchmark cases of Data Elements × across 12 industries and fields. General Practice CDSS was selected as one of the first benchmark cases in the medical and healthcare sector;
- We were recognized as the "Key Laboratory for Medical AI Research and Application in Anhui Province" by the Department of Science and Technology of Anhui Province;
- We jointly released the "Hongyi LLM" with West China Hospital of Sichuan University, and a multi-modal LLM, the "Cardiac Ultrasound Diagnosis Decision System", with Beijing Anzhen Hospital and Beihang University;

- Our “Hefei Intelligent Multi-point Trigger Early Warning System for Infectious Disease Prevention and Control” won the First Prize in the Intelligent Service Category at the Second National Digital Health Innovation Application Competition;
- Our General Practice CDSS received the Excellence Award in the Fourth Yangtze River Delta Health Governance Best Practice Case Selection in 2024;
- Our AI-powered Image Interconnection and Interoperability in Anhui Province was selected as one of the top ten AI application scenarios in the Yangtze River Delta;
- Our “Cognitive LLM Empowers Local Image Cloud and Enhances Medical Service Efficiency” and “Exploring Integrated AI Chronic Disease Management Based on Digital Medical Community” were selected as “People’s Health–Healthy China Innovative Practice Case of 2024” by People.cn;
- We received the Gold Award for Public Welfare Marketing in the China Innovation Communication Awards (Dandelion Award).

At the end of 2024, the Company was successfully listed on the Hong Kong Stock Exchange as the “first medical LLM stock”, opening a new chapter for its future growth.

In 2024, the Company actively pursued market expansion and continued to grow its customer base. As of December 31, 2024, the Company provided products and services to over 70,000 primary healthcare (PHC) institutions spanning over 670 districts and counties in more than 30 provinces as well as more than 500 higher-level hospitals (including more than 40 out of China’s top 100 hospitals and 7 out of China’s top 10 hospitals). The extensive market coverage underscores the technological leadership and market competitiveness of our AI-powered medical products. It also highlights the efficiency of our marketing system, laying a solid foundation for the next phase of rapid business development.

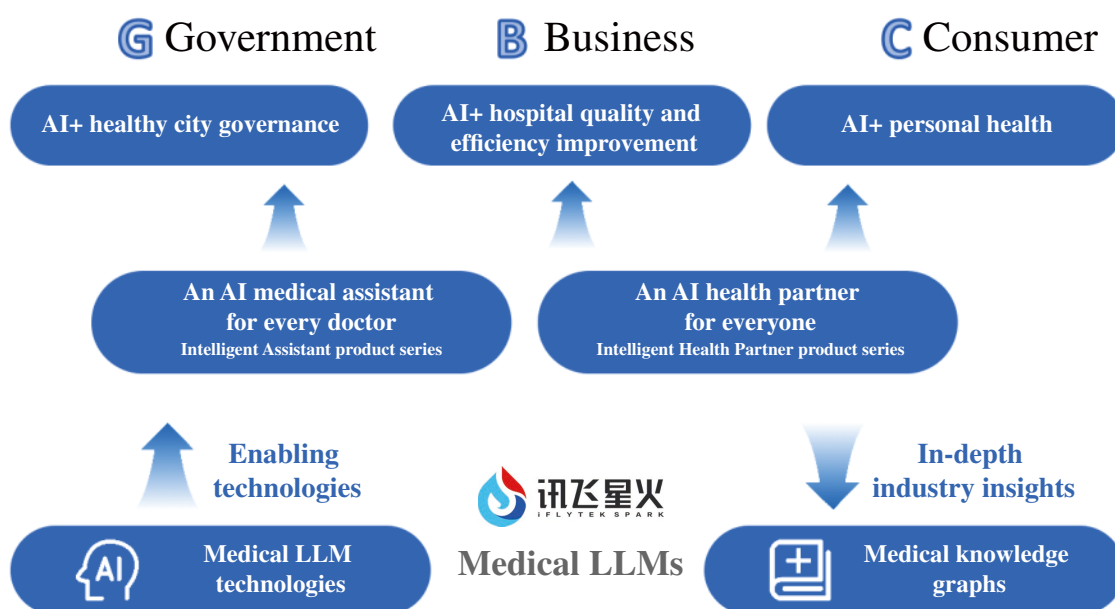
Leveraging its leading technological capabilities, extensive customer base, and brand recognition, the Company continues to improve its operational efficiency and seize new profit opportunities through synergistic commercialization strategies. For the year ended December 31, 2024, the Company recorded revenue of RMB734.0 million, representing an increase of 32.0% as compared with the revenue of RMB556.1 million for the previous year. For the year ended December 31, 2024, the Company's gross profit was RMB404.1 million, reflecting an increase of 28.4% as compared with that of the previous year. Our gross profit margin was 55.1%, maintaining at a reasonable high level with a slight decrease of 1.5 percentage points from that of the previous year. This was primarily because in 2024, the Company made technical upgrades to most of its hospital services and products based on medical LLMs, which resulted in a decline in revenue and gross profit margin during the early marketing phase. As these products mature, the Company anticipates rapid revenue growth alongside an improvement in gross profit levels.

For the year ended December 31, 2024, the Company's revenue was mainly derived from PHC services and patient services. The following table sets forth a breakdown of the Company's revenue by business segment for the periods indicated:

	2024				2023			
	Revenue	Percentage of	Gross	Gross	Revenue	Percentage of	Gross	Gross
	RMB'000	total revenue	profit	profit	RMB'000	total revenue	profit	profit
		%	RMB'000	margin		%	RMB'000	margin
				%				%
PHC services	237,031	32.3	142,487	60.1	239,754	43.1	143,685	59.9
Hospital services	132,035	18.0	61,016	46.2	64,912	11.7	36,308	55.9
Regional healthcare solutions	153,755	20.9	81,864	53.2	116,638	21.0	57,239	49.1
Patient services	211,163	28.8	118,717	56.2	134,821	24.2	77,422	57.4
Total	<u>733,984</u>	<u>100.0</u>	<u>404,084</u>	<u>55.1</u>	<u>556,125</u>	<u>100.0</u>	<u>314,654</u>	<u>56.6</u>

As a leader in China's medical AI sector, the Company leverages its cutting-edge medical LLM technologies and extensive medical knowledge graphs built through the largest-scale commercial application. Our mission is to create an AI medical assistant for every doctor and an AI health partner for everyone. To achieve this, we have rolled out two series of products, that is, Intelligent Assistant and Intelligent Health Partner. These products redefine the way AI works in areas, including health risk warnings, early health screening, auxiliary diagnosis and treatment, post-discharge patient management, and chronic disease management.

Utilizing our two core capability platforms, LLMs and big data, and our two core product series, Intelligent Assistant and Intelligent Health Partner, the Company has developed a diversified AI-powered product matrix that serves government, business, and consumer (GBC) users. This matrix includes: (1) Empowering healthy city governance: We provide medical AI technologies to address key government priorities, such as strengthening PHC services, improving disease prevention and control, and enhancing the efficiency of healthcare insurance use; (2) Empowering hospital quality and efficiency improvement: We offer comprehensive AI solutions for hospitals to improve medical quality, patient satisfaction, and hospital management efficiency; and (3) Empowering personal health: We provide digital imaging services, post-discharge patient management services, a home health consulting and management APP (the Xunfei Xiaoyi APP), and home medical devices (hearing aids), supporting individuals throughout their entire health journey.



Intelligent Assistant Product Series

In 2024, the “Decision of the CPC Central Committee on Further Comprehensively Deepening Reform and Promoting Chinese Modernization” explicitly emphasized the need to strengthen PHC services. In response, the National Health Commission of the PRC (NHC) called for a grassroots-focused approach to reviewing and optimizing the healthcare system, service models, and healthcare concepts and order. The NHC also prioritized the implementation of foundational healthcare projects and the further expansion, decentralization, and equitable regional distribution of high-quality medical resources.

In 2024, the NHC, together with the State Administration of Traditional Chinese Medicine and the National Disease Control and Prevention Administration, issued the “Reference Guidelines for Artificial Intelligence Application Scenarios in the Healthcare Industry”, which further strengthened the support for the medical AI industry and the deep integration of AI technologies in the healthcare industry.

In recent years, governments at all levels have increasingly promoted the adoption of AI technologies in auxiliary diagnosis and treatment. For primary care physicians, AI is encouraged to provide diagnostic and treatment recommendations, enhance medical capabilities, standardize clinical workflows, and reduce medical errors. AI also supports family doctors by automating repetitive tasks such as chronic disease screening, intelligent assessments, follow-ups, and personalized patient education, allowing them to focus more on diagnosis, treatment, and patient care. This integration effectively strengthens the coordination of medical treatment and disease prevention, improving patient recovery outcomes. For doctors in higher-level hospitals, AI is rapidly transforming pre-, intra-, and post-diagnosis processes, including intelligent triage, management and quality control of medical records, image-based diagnosis, clinical decision support, and scientific research. These advancements significantly enhance diagnostic and treatment efficiency and streamline healthcare management processes.

These policies are expected to drive increased investment in the medical AI sector over the coming years, accelerating industry growth. With its leading core medical LLM technologies and extensive nationwide deployment of its mature products, the Company is well-positioned to capitalize on this momentum and achieve rapid market expansion.

PHC Services

General Practice CDSS: As of December 31, 2024, General Practice CDSS was adopted in over 70,000 PHC institutions across over 670 districts and counties in over 30 provinces and cities nationwide, accumulating approximately 910 million AI-assisted diagnosis suggestions and over 350 million standardized electronic medical records. It has prompted corrections in over 1.6 million significant medical records, identified 86 million unreasonable prescriptions, increased the rationality rate of auxiliary diagnosis from approximately 90% in 2021 to approximately 95% currently, and improved the accuracy rate of prescription review from approximately 93% in 2021 to approximately 95% currently. It now covers over 1,900 diseases, effectively reducing the risks of misdiagnosis, missed diagnosis, and medication errors. There are a total of 2,843 districts and counties across mainland China, indicating that there is still significant room for improvement in the penetration rate of General Practice CDSS. Driven by national, provincial and municipal policies, our Intelligent Assistant is set to enter a phase of rapid growth.

Chronic Disease Management: The Company's AI chronic disease management system is designed in accordance with China's basic public health service norms and business guidelines, including the "National Primary Care Guidelines for Hypertension Management" and the "National Primary Care Guidelines for Diabetes Management". The system automates key aspects of chronic disease management, such as screening, risk categorization and grading, follow-ups, personalized health education, and lifestyle interventions. This enables family doctors to focus on diagnosis, treatment, and patient care, effectively fostering the integration of medical treatment and prevention, improving chronic disease control rates, and reducing hospitalization rates due to complications. During the Reporting Period, the chronic disease management system was deployed in over 100 districts and counties across Gansu, Anhui, Jiangsu, Hebei, Liaoning, Henan, and Sichuan provinces.

For the year ended December 31, 2024, the Company's revenue from PHC services was RMB237.0 million, representing 32.3% of its total revenue for 2024.

Hospital Services

Smart Hospital Solutions: With advancements in medical LLM capabilities, the Company's Smart Hospital Solutions have gained greater traction, leading to deeper collaborations with more higher-level hospitals and enterprises. In April 2024, Xunfei Healthcare, West China Hospital of Sichuan University, and Huawei entered into a strategic cooperation agreement. This partnership focuses on innovative medical service models, enhanced patient experience, and the application of medical LLM technologies to drive AI adoption in hospitals, improve healthcare quality and public health outcomes. As part of our initiative to establish West China Hospital as a benchmark for AI-powered healthcare, we launched an integrated patient service solution in West China Hospital of Sichuan University that has cumulatively served over 13 million patient visits. Additionally, the Company's intelligent big data platform solutions support hospitals in developing "lakehouse" infrastructure, enhancing operation management and research capabilities. Currently, pilot projects in hospitals across Shenzhen, Beijing, and other locations have facilitated the storage of ten billion-level data entries, with a daily real-time data increment of 20 million. Our research platform also supports the development of three specialized disease research cohorts, each comprising 100,000 individuals.

Intelligent Assistant: Through ongoing technological innovation, the Company's Intelligent Assistant supports hospitals and physicians in diagnosing, treating, and managing both general and specialized diseases, enhancing work efficiency and service quality of doctors in higher-level hospitals. Specialized CDSS (Clinical Decision Support System) for higher-level hospitals now covers over 1,700 diseases, while the VTE (Venous Thromboembolism) system enables intelligent assessment of over 170 VTE-related items, achieving over 97% consistency with expert evaluations.

For the year ended December 31, 2024, the Company's revenue from hospital services hit RMB132.0 million, representing an increase of 103.4% over 2023 and accounting for 18.0% of its total revenue for 2024.

Regional Healthcare Solutions

In 2024, China introduced a series of policies to strengthen the development of new medical and healthcare infrastructure. AI and digital technologies were leveraged to address disparities in medical resources, advance public health reforms, and drive the high-quality development of public hospitals. For instance, the Sanming model in healthcare reform was promoted to accelerate the establishment of medical communities, develop an infectious disease monitoring and forewarning system, and support the high-quality development of three batches of public hospitals. Guided by these major national policies, the Company utilized world-leading core medical AI technologies and standardized products to develop scenario-based solutions. Through proactive market expansion, we capitalized on a critical window to establish base cities, driving rapid overall business growth.

Regional Healthcare Administrator Services: Through strategic market planning and expansion, the Company has secured multiple provincial-level projects for infectious disease forewarning, alert, and response system (EWARS) platform in Anhui Province, Henan Province, Qinghai Province, Ningxia Hui Autonomous Region, and Guangxi Zhuang Autonomous Region. Looking ahead, the Company will collaborate on advancing the application of medical LLMs in disease control, contributing its AI expertise to China's infectious disease prevention and control efforts. Additionally, the Company have applied LLM technologies to the governance and intelligent utilization of urban and regional health data, initiating collaborations in Changning District, Shanghai, and Longhua District, Shenzhen.

Medical Insurance Administrative Solutions: Xunfei Healthcare has actively supported the needs for DRG (Diagnosis-Related Groups) and DIP (Diagnosis-Intervention Packet) payment methods as proposed under the Sanming healthcare reform by developing an intelligent risk control system for medical insurance. This system analyses the full content of medical records, leveraging AI to provide comprehensive diagnosis and treatment services to medical institutions based on EMRs and medical insurance settlement data. It enables refined management under the DRG/DIP payment mode while offering end-to-end fund supervision services to medical insurance bureaus — before, during, and after settlement. Addressing challenges such as limited manpower, expertise, and oversight capabilities in medical insurance fund supervision, the system significantly enhances fund utilization efficiency and promotes systematic governance and standardized fund management. Currently, it is in regular operation in Lvliang City, Shanxi Province, and Pu'er City, Yunnan Province, with deployments in Hefei (Anhui), Guiyang (Guizhou), Wuzhou (Guangxi), Jiujiang (Jiangxi), and other locations. Ultimately, it fosters the coordinated development and governance of medical insurance, healthcare, and pharmaceuticals.

For the year ended December 31, 2024, the Company's revenue from regional healthcare solutions stood at RMB153.8 million, representing an increase of 31.8% as compared to 2023 and accounting for 20.9% of its total revenue for 2024.

Intelligent Health Partner Product Series

With a mission to become a health partner for everyone, the Company has developed AI-powered health assistants based on the Xunfei Spark Medical Model and advanced AI technologies such as intelligent voice interaction. These assistants comprise four key components: AI-driven post-discharge patient management, the Xunfei Xiaoyi APP, the Cloud Medical Imaging Platform, and intelligent medical devices. By offering AI-enabled health partner services, the Company extends its reach to end-users, driving long-term and stable profitability growth.

AI-driven Post-discharge Patient Management: The Statistical Bulletin on the Development of China’s Health and Wellness Undertakings reports that patient admissions reached 300 million in 2023. Without continuous post-discharge care, emergencies lacking timely guidance and treatment can lead to severe health risks and unnecessary strain on social healthcare resources. In recent years, China has increasingly prioritized post-discharge patient management. The “Opinions on Further Improving the Medicine and Healthcare System”, issued by the General Offices of the CPC Central Committee and the State Council, calls for an “expanded supply of follow-up services such as rehabilitation and nursing care”. Similarly, the NHC, in its “Circular on the Themed Activity to Improve Medical Care Experience and Enhance Patient Satisfaction”, emphasizes the need to “strengthen post-discharge patient management and follow-ups”.

The Company’s AI-driven post-discharge patient management system, fully upgraded based on the Xunfei Spark Medical Model, can comprehensively analyze EMRs, automatically extract key diagnostic and treatment information, and generate personalized recovery plans based on evidence-based disease management knowledge. Additionally, leveraging advanced technologies such as content generation, speech recognition, and speech synthesis, the system enables more natural and interactive patient engagement. It assists physicians in delivering disease information and rehabilitation guidance, regularly assesses patient conditions, provides lifestyle improvement recommendations, and identifies potential risks based on patient feedback, ensuring timely alerts for physicians when necessary.

As of December 31, 2024, our AI-driven post-discharge patient management system became operational in a large number of hospitals, including the West China Hospital of Sichuan University, Tongji Hospital affiliated to Tongji Medical College of Huazhong University of Science & Technology, Beijing Tiantan Hospital affiliated to Capital Medical University, Beijing Tongren Hospital affiliated to Capital Medical University, Zhongnan Hospital of Wuhan University, Zhongda Hospital of Southeast University, Shandong Provincial Hospital, the First Affiliated Hospital of Henan University, the First Hospital of Hebei Medical University, the Affiliated Hospital of Hebei University, Gansun Provincial Central Hospital, the People's Hospital of Ningxia Hui Autonomous Region, and the First Affiliated Hospital of China University of Science and Technology. At West China Hospital of Sichuan University, for instance, the system has served more than 1.2 million patients, and achieved a 100% follow-up rate for discharged patients. In 2024, the system expanded into leading hospitals across six provinces/autonomous regions, that is, Jiangsu, Shandong, Henan, Hebei, Gansu, and Ningxia, which laid a solid foundation for broader adoption and rapid growth across these areas in 2025.

Xunfei Xiaoxi App: On June 27, 2024, Xunfei Healthcare launched an upgrade to the Xunfei Xiaoyi APP, enhancing its capabilities for personalized applications in specialized fields by introducing the Personal Digital Health Space. This AI-powered health partner aims to serve individuals and families alike. The Personal Digital Health Space creates a tailored digital health environment based on users' personalized information, such as EMRs, examination reports, and physical examination results. It offers in-depth analysis of potential health issues prior to doctor visits, provides personalized drug contraindication recommendations, and tracks changes in health data through examination comparisons. Additionally, the app can monitor the health status of other family members by enabling role switching. With these advancements, the Xunfei Xiaoyi APP now covers 1,600 common diseases, 2,800 common medicines, and 6,000 common tests and examinations, addressing users' core health needs across pre-visit, medication, and post-test scenarios.

As of December 31, 2024, the Xunfei Xiaoyi APP was downloaded over 20 million times, with a user satisfaction rate of 98% and a user recommendation rate of 42%. On March 3, 2025, the Xunfei Spark Medical Model X1 was officially integrated into the app. This deeper integration with personal health records allows the app to gain a comprehensive understanding of users' health conditions, anticipate their potential needs, and provide more personalized, specific, and actionable medical advice. This marks a significant step toward becoming an AI-driven personal health partner. During the Reporting Period, the Xunfei Xiaoyi APP generated no revenue. Moving forward, the Company plans to explore potential business models for the app by incorporating professional medical services.

Cloud Medical Imaging Platform for Auxiliary Diagnosis: The Company has built the largest regional imaging data connectivity and recognition cloud platform in China in Anhui Province, with data service usage exceeding 112 million times. In November 2024, seven national ministries and commissions, including the National Healthcare Security Administration and the National Health Commission, issued the “Guiding Opinions on Further Promoting Mutual Recognition of Medical Examination and Test Results across Medical Institutions”. This directive mandates that by the end of 2025, all public hospitals at level II and above should implement inter-institutional access to examination and test results. Additionally, the “Guidelines for Pricing of Radiological Inspection-related Medical Services” issued by three national ministries, including the National Health Commission, stipulates that digital imaging services should be offered by medical institutions as part of their examination items. If not, a deduction of RMB5/part under examination will apply. In response to these policies, which strongly support AI-enabled medical image access and diagnosis, Xunfei Healthcare has developed a cloud medical imaging platform for auxiliary diagnosis. This platform enables physicians at all levels of hospitals across provinces to upload image results and access data and reports from other hospitals. It facilitates healthcare data interconnection, reducing unnecessary repeated examinations and preventing patients from unnecessary radiation exposure. The platform offers remote consultation services, digital imaging services, cloud-based radiology information systems (RIS)/picture archiving and communication systems (PACS), equipment and infrastructure services, as well as AI-assisted image diagnosis.

In October 2024, the Company launched the Xunfei Spark Medical Imaging Model along with an intelligent medical imaging assistant built on this model. The system deeply integrates AI technologies in medical imaging, utilizing image recognition algorithms and medical cognitive intelligence engines to establish a cross-institution image data interconnection and communication system. It enables efficient collaboration of large-scale image data through intelligent compression, transmission technologies, and distributed cloud storage solutions, significantly reducing the number of repeated image examinations and the associated costs. In the intelligent quality control process, the imaging assistant helps technicians quickly assess image quality and address examination issues promptly. In intelligent diagnosis, it supports imaging physicians in rapidly generating diagnostic reports, providing traceability explanations, and making multi-period comparisons. During intelligent image interpretation, the assistant connects to medical imaging LLMs, aiding clinicians in formulating diagnostic and treatment plans through relevant Q&As. To date, the Company has established and operates China’s first cloud medical imaging platform that achieves interconnection and mutual recognition. This platform is expected to be promoted efficiently across other regions outside Anhui Province, driven by the favorable policies such as the “Guiding Opinions on Further Promoting Mutual Recognition of Medical Examination and Test Results across Medical Institutions” and the “Guidelines for Pricing of Radiological Inspection-related Medical Services”.

As at December 31, 2024, over 1,970 medical institutions and over 3,200 experts registered on the platform. As at the same date, the cloud medical imaging platform served nearly 8.49 million remote consultations in Anhui Province.

Intelligent Medical Devices: During the 14th Five-Year Plan period, China’s population aged 60 and above will surpass 300 million, marking a transition from a mildly ageing society to a moderately ageing one. Hearing loss is a prevalent issue among the elderly. The Company’s medical devices primarily include hearing aids, which are sold to individual customers via e-commerce platforms. Equipped with the Company’s internally developed scene recognition system, AIScene, these hearing aids can monitor users’ environment in real-time, offering functions such as sound enhancement and noise reduction. In 2022, Xunfei smart hearing aids were launched, followed by an upgraded premium version in the same year. With excellent performance, an intelligent user experience, and affordable prices, they have been highly praised by the market and consumers. In April 2024, the Company introduced the Xing series, a new line of hearing aids featuring a behind-the-ear design. This series is equipped with the upgraded scene recognition system, intelligent 64 channels, 32 adjustable frequency points, and a full-scale gain of up to 70 decibels, catering to individuals with profound hearing loss. Empowered by the Xunfei Spark Medical Model, these hearing aids are ushering in a new era of AI in the hearing aid market.

In December 2024, the Company launched the pro-version intelligent behind-the-ear hearing aids: Haoyue/Yingyue series. These hearing aids integrate our advanced intelligent speech recognition technology and feature comprehensive upgrades, including multimodal subtitle assistance and a deep-sea-level noise reduction system. The multimodal subtitle assistance function transcribes speech into text in real time, allowing users to “see” the sound, which enhances communication. Research indicates that combining vision and hearing significantly improves speech comprehension compared to relying on hearing or vision alone. The Haoyue/Yingyue series empowers individuals with hearing loss to approach the hearing levels of those with normal hearing, offering an optimal user experience.

In 2024, our hearing aids ranked among the top three brands on China’s major e-commerce platforms, JD.com and Tmall. During the “618 Shopping Festival”, they ranked first in the hearing aid category on Tmall and second on JD.com. During the “Double Eleven Shopping Festival”, they ranked second on both platforms. As of December 31, 2024, the cumulative sales of smart hardware hearing aids exceeded 140,000 units.

For the year ended December 31, 2024, the Company’s revenue from patient services was RMB211.2 million, representing an increase of 56.6% over 2023 and accounting for 28.8% of its total revenue for 2024.

FINANCIAL REVIEW

Revenue

The Company's total revenue increased by 32.0% from RMB556.1 million for the year ended December 31, 2023 to RMB734.0 million for the year ended December 31, 2024. Such increase was mainly attributable to the growth from patient services (56.6% year-on-year growth in revenue), hospital services (103.4% year-on-year growth in revenue) and regional healthcare solutions (31.8% year-on-year growth in revenue).

Cost of sales

The Company's cost of sales increased by 36.6% from RMB241.5 million for the year ended December 31, 2023 to RMB329.9 million for the year ended December 31, 2024, primarily due to the increase in costs as revenue grew.

Gross profit and gross profit margin

The Company's gross profit increased by 28.4% from RMB314.7 million for the year ended December 31, 2023 to RMB404.1 million for the year ended December 31, 2024. The Company's gross profit margin was 56.6% and 55.1% for the year ended December 31, 2023 and the year ended December 31, 2024, respectively, representing a small change.

Other income

The Company's other income decreased by 14.3% from RMB48.6 million for the year ended December 31, 2023 to RMB41.6 million for the year ended December 31, 2024, primarily due to the decrease in value-added tax refund income as well as government grants for the period.

Impairment losses under expected credit loss model, net of reversal

The Company's impairment losses under the expected credit loss model, net of reversal, increased by 116.6% from RMB6.2 million for the year ended December 31, 2023 to RMB13.4 million for the year ended December 31, 2024, primarily due to the increase in the trade receivables, contract assets and the balance of long-term receivables as at the end of the period.

Other gains and losses

The Company's other gains were RMB0.7 million for the year ended December 31, 2023, compared to other losses of RMB0.1 million for the year ended December 31, 2024, primarily due to the decrease in income from purchase of wealth management products and the increase in donations for the period.

Selling expenses

The Company's selling expenses increased by 17.8% from RMB163.1 million for the year ended December 31, 2023 to RMB192.1 million for the year ended December 31, 2024. Such increase was mainly attributable to the increase in advertising and promotion expenses arising from the investment in smart hearing aids and Xunfei Xiaoyi APP's advertising and promotion.

Administrative expenses

The Company's administrative expenses decreased by 14.8% from RMB112.6 million for the year ended December 31, 2023 to RMB95.9 million for the year ended December 31, 2024, primarily due to the decrease in amortization of equity incentives.

Research and development expenses

The Company's research and development expenses increased by 3.0% from RMB264.0 million for the year ended December 31, 2023 to RMB271.9 million for the year ended December 31, 2024, primarily due to the increase in labor costs for core technology research and development and product development.

Listing expenses

Listing expenses refer to professional fees, underwriting commissions and other expenses incurred in connection with the Global Offering. The Company's listing expenses increased by 880.0% from RMB3.9 million for the year ended December 31, 2023 to RMB38.2 million for the year ended December 31, 2024.

Finance costs

The Company's finance costs increased by 407.0% from RMB1.2 million for the year ended December 31, 2023 to RMB6.1 million for the year ended December 31, 2024, primarily due to the increase in relevant interest expenses of bank borrowings.

Income tax credit

The Company's income tax credit amounted to RMB32.7 million and RMB34.4 million for the year ended December 31, 2023 and for the year ended December 31, 2024, respectively, primarily due to the increase in deferred income tax expenses.

Loss for the year

Based on the foregoing, the Company's loss for the year decreased by 10.8% from RMB154.2 million for the year ended December 31, 2023 to RMB137.6 million for the year ended December 31, 2024.

Non-IFRS measures

To supplement the Company's consolidated financial statements, which are presented in accordance with IFRS, the Company uses adjusted net loss for the year (non-IFRS measure) and adjusted net loss margin (non-IFRS measure) as additional financial measures, which are not required by, or presented in accordance with, IFRS. The Company believes that these non-IFRS measures help to compare operating results across periods and companies by eliminating the potential impacts of certain items. The Company believes that these non-IFRS measures, when presented in conjunction with the corresponding IFRS measures, provide useful information for potential investors and management by eliminating the potential impact of certain items, helping to compare the Company's operating performance across periods.

The Company defines adjusted loss for the year (non-IFRS measure) as loss for the year adjusted by adding back equity-settled share-based payments and listing expenses. Equity-settled share-based payments are non-cash in nature and mainly refer to arrangements where the Company receives employee services as consideration for equity instruments. Equity-settled share-based payments are not expected to result in future cash payments. Listing expenses are expenses for professional fees, underwriting commissions and other expenses incurred in connection with the Global Offering. The use of non-IFRS measures as analytical tools has limitations, and they should not be considered in isolation or as a substitute for or superior to analysis of the Company's operating results or financial condition as reported under IFRS. In addition, the definition of non-IFRS measures may differ from similarly titled terms used by other companies.

The following table is a reconciliation of adjusted net loss for the year (non-IFRS measure) and adjusted net loss margin (non-IFRS measure) for the periods indicated:

	For the year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Loss and total comprehensive expense for the year	(137,636)	(154,224)
Add: Equity-settled share-based payments	54,628	93,331
Add: Listing expenses	38,231	3,901
Adjusted net loss for the year (non-IFRS measure)	(44,777)	(56,992)
Adjusted net loss margin (non-IFRS measure) (%)	(6.1%)	(10.2%)

Liquidity and sources of funds

For the year ended December 31, 2024, the Company primarily met our cash requirements through shareholder capital contribution, bank borrowings, and cash generated from operations. As at December 31, 2023 and December 31, 2024, the Company's cash and cash equivalents were RMB142.5 million and RMB676.8 million, respectively.

The following table sets forth the Company's cash flows for the years indicated:

	For the year ended	
	December 31,	
	2024	2023
	<i>RMB in</i>	<i>RMB in</i>
	<i>millions</i>	<i>millions</i>
Net cash used in operating activities	(134.1)	(314.3)
Net cash from (used in) investing activities	(4.3)	0.5
Net cash from financing activities	672.6	293.3
Net (decrease) increase in cash and cash equivalents	534.3	(20.5)
Cash and cash equivalents at the beginning of the year	142.0	163.0
Cash and cash equivalents at the end of the year,		
presented as bank balances and cash	676.8	142.5

Looking ahead, the Company believes that the Company will be able to meet its liquidity requirements by using cash generated from operating activities and the net proceeds from the Global Offering.

Net cash used in operating activities

For the year ended December 31, 2024, the Company's net cash used in operating activities was RMB134.1 million, which was mainly due to loss before tax of RMB172.0 million, adjusted by non-cash and non-operating items, which mainly consisted of an increase in trade and other receivables of RMB255.6 million, and such cash outflow was partially offset by (i) equity-settled share-based payments of RMB54.6 million; (ii) other intangible asset amortization of RMB37.7 million; and (iii) an increase in bill, trade and other payables of RMB148.2 million. For the year ended December 31, 2023, the Company's net cash used in operating activities was RMB314.3 million, which was mainly due to loss before tax of RMB186.9 million, adjusted by non-cash and non-operating items, which mainly consisted of an increase in trade and other receivables of RMB187.1 million, and such cash outflow was partially offset by (i) equity-settled share-based payments of RMB93.3 million; and (ii) an increase in bill, trade and other payables of RMB85.1 million.

Net cash from (used in) investing activities

During the year ended December 31, 2024, the Company's net cash used in investing activities was RMB4.3 million, which was mainly attributable to withdrawals of financial assets at fair value through profit or loss of RMB75.3 million, partially offset by (i) the purchase of financial assets at fair value through profit or loss of RMB50.0 million; and (ii) the purchase of other intangible assets of RMB25.0 million. During the year ended December 31, 2023, the Company's net cash from investing activities was RMB0.5 million, which was mainly attributable to withdrawals of financial assets at fair value through profit or loss of RMB373.5 million, partially offset by (i) purchase of financial assets at fair value through profit or loss of RMB312.6 million; and (ii) the acquisition of subsidiaries of RMB24.2 million.

Net cash from financing activities

During the year ended December 31, 2024, the Company's net cash generated from financing activities was RMB672.6 million, which was mainly attributable to (i) proceeds from the issuance of ordinary shares of RMB539.3 million and; (ii) bank borrowings raised of RMB340.0 million, partially offset by the repayment of bank borrowings of RMB183.2 million. During the year ended December 31, 2023, the Company's net cash generated from financing activities was RMB293.3 million, which was mainly attributable to (i) proceeds from the issuance of ordinary shares of RMB210.0 million and; (ii) bank borrowings raised of RMB128.0 million, partially offset by the repayment of bank borrowings of RMB40.0 million.

Indebtedness

For the year ended December 31, 2024, the Company had indebtedness in the form of bank borrowings and lease liabilities (both current and non-current). The Company did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, acceptance liabilities, or other similar indebtedness, any material guarantees, litigations, or claims that are pending or threatened against any member of our Group, or other material contingent liabilities.

Bank borrowings

As at December 31, 2023 and December 31, 2024, the Company's bank borrowings were RMB88.0 million and RMB244.8 million, respectively, which mainly refer to unsecured and unguaranteed bank borrowings for working capital replenishment. The Company's bank borrowings are all denominated in RMB. For the year ended December 31, 2024, the interest rates of the Company's fixed-rate bank borrowings ranged from 2.40% to 3.55% per annum. As of the date of this announcement, the Company's unutilized committed banking facilities amounted to approximately RMB650.2 million.

Lease liabilities

The Company's lease liabilities increased from RMB1.6 million for the year ended December 31, 2023 to RMB9.3 million for the year ended December 31, 2024, mainly due to the simultaneous recognition of lease liabilities for two newly recognized right-of-use assets during the period.

Gearing ratio

As of December 31, 2024, the Company's gearing ratio based on total liabilities/total assets was 52.8%, compared to that of 55.6% for the same period last year.

Contingent liabilities

As of December 31, 2024, the Company did not have any material contingent liabilities.

Capital expenditures

For the year ending December 31, 2024, the Company's capital expenditures were RMB33.0 million, mainly due to the increase in purchases of fixed assets and intangible assets during the period. The Company primarily funds its capital expenditure needs with borrowings, cash generated from sales, and equity financing.

Pledge of assets

As of December 31, 2024, the Company did not have any material pledge of assets.

Material investments held

As of December 31, 2024, the Company did not hold any material investments (including any investment in an investee company with a value of 5% or more of our Group's total assets as of December 31, 2024).

Future plans for material investments and capital assets

As of December 31, 2024, the Company did not have other plans for material investments and capital assets.

Material acquisitions and/or disposals of subsidiaries and affiliated companies

For the year ended December 31, 2024, the Company did not have any material acquisitions and/or disposals of subsidiaries and affiliated companies.

Foreign exchange risk

The functional currency of the Company's entities is RMB. During the Reporting Period, the Company primarily operated its business in China. The Company does not currently have a foreign exchange hedging policy. However, the Company's management monitors foreign exchange risks and will consider hedging significant foreign exchange risks when necessary.

FUTURE OUTLOOK

After eight years of deep technological cultivation and industry accumulation, Xunfei Healthcare has grown into the healthcare AI company with the broadest coverage and the largest market share in the PRC's AI healthcare field. The direction of "AI + Healthcare" is already an irresistible trend. In the future, Xunfei Healthcare will continue to iterate its products, play a greater role in multiple application scenarios such as improving the quality of diagnosis and treatment, enhancing the effectiveness of chronic disease management, controlling the quality of medical records, and managing patients after diagnosis, to create an AI medical assistant for every doctor and an AI health partner for everyone.

With the advent of the intelligent era, integrating clinical data, clinical guidelines, omics data, and comprehensive knowledge of the medical ecosystem to build a comprehensive medical brain has become a key direction for future healthcare development. This process emphasizes human-machine collaboration to maximize the capabilities of machine deep learning, reduce manual workload, ensure data quality, and enable rapid construction of a high-quality medical knowledge base. Within the broader context of general artificial intelligence, the Company will fully leverage the combination of the real economy and financial capital to drive technological breakthroughs and in-depth applications of medical large models, providing residents with better medical services, offering doctors convenient diagnostic and treatment tools, generating substantial returns for investors, and ultimately making greater contributions to human health and well-being.

Looking ahead, the Company will continue to adhere to the innovative development path of "reaching for the stars while staying grounded." "Reaching for the stars" means maintaining our global leadership position after becoming the first medical large model stock in China and striving to become the first globally. "Staying grounded" emphasizes addressing the essential needs of society and serving the demands of doctors, patients, hospitals, and government disease control agencies. To achieve this goal, the Company will adhere to a product-oriented approach, creating exceptional products through the integration of software and hardware and GBC collaboration. The Company will continue to strengthen our healthcare AI infrastructure and capacity building, increase R&D investment, optimize solutions, expand geographical coverage and customer reach, seize new profit opportunities, explore new possibilities for AI in healthcare, and contribute Chinese wisdom and strength to global health.

Employees, Training, and Remuneration Policies

As of December 31, 2024, our Group had 911 full-time employees (December 31, 2023: 852), most of whom are located in Hefei City, Anhui Province, China.

The Company provides employees with an insurance package consisting of pension insurance, maternity insurance, unemployment insurance, work-related injury insurance, medical insurance and housing funds, as required by Chinese laws and regulations. The Company offers a flexible work system to accommodate employees' flexible work needs and strictly enforce work hours and vacation policies to enhance work efficiency and employee satisfaction. The Company's dismissal procedures are structured to ensure fairness and legality. They include clear guidelines on performance management, regular feedback sessions, and a structured grievance redressal mechanism that employees can use to contest decisions or seek clarification. In addition, the Company maintains a zero-tolerance policy towards discrimination and harassment in the workplace. This policy is supported by mandatory training sessions on diversity and inclusion for all employees, regular reviews of workplace practices, and a confidential reporting system for any incidents of discrimination or harassment. The Company also regularly organizes health and safety training programs to improve employees' first aid knowledge and skills.

For the year ended December 31, 2024, our total employee compensation and benefits expenses were RMB276.3 million.

Subsequent Events

There were no other material events subsequent to the Reporting Period and up to the date of this announcement that would likely have a significant impact on the Group.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2024

		Year ended December 31,	
	NOTES	2024	2023
		RMB in thousands	RMB in thousands
Revenue	3	733,984	556,125
Cost of sales		<u>(329,900)</u>	<u>(241,471)</u>
Gross profit		404,084	314,654
Other income		41,649	48,577
Impairment losses under expected credit loss model, net of reversal		(13,404)	(6,187)
Other gains and losses		(101)	734
Selling expenses		(192,102)	(163,058)
Administrative expenses		(95,885)	(112,559)
Research and development expenses		(271,886)	(263,964)
Listing expenses		(38,231)	(3,901)
Finance costs		<u>(6,140)</u>	<u>(1,211)</u>
Loss before tax	5	(172,016)	(186,915)
Income tax credit	4	<u>34,380</u>	<u>32,691</u>
Loss and total comprehensive expense for the year		<u>(137,636)</u>	<u>(154,224)</u>
Loss and total comprehensive expense attributable to:			
— Owners of the Company		(132,600)	(144,842)
— Non-controlling interests		<u>(5,036)</u>	<u>(9,382)</u>
		<u>(137,636)</u>	<u>(154,224)</u>
Loss per share			
— Basic (RMB yuan)	7	<u>(1.16)</u>	<u>(1.30)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2024

	NOTES	As at December 31, 2024 RMB in thousands	2023 RMB in thousands
Non-current assets			
Equipment		13,358	13,879
Right-of-use assets		8,301	1,716
Goodwill		23,777	23,777
Other intangible assets		145,588	158,322
Deferred tax assets		139,643	105,699
Long-term trade receivables	8	76,203	79,195
Pledged/restricted bank deposits		1,875	1,875
		<u>408,745</u>	<u>384,463</u>
Current assets			
Inventories		102,851	73,529
Trade and other receivables	9	795,609	533,260
Contract assets		20,325	8,153
Tax recoverable		88	23
Amount due from the ultimate holding company		4,610	6,707
Amounts due from fellow subsidiaries		69,527	58,459
Financial assets at fair value through profit or loss ("FVTPL")		—	25,000
Pledged/restricted bank deposits		11,428	5,516
Cash and cash equivalents		676,754	142,504
		<u>1,681,192</u>	<u>853,151</u>

		As at December 31,	
	NOTE	2024	2023
		RMB in thousands	RMB in thousands
Current liabilities			
Bill, trade and other payables	10	521,170	379,664
Bank borrowings		180,000	88,000
Amount due to the ultimate holding company		78,893	33,306
Amounts due to related companies		99,600	65,962
Lease liabilities		4,670	1,047
Provision		79,118	61,035
Contract liabilities		28,897	39,681
Deferred income		6,283	2,352
Tax liabilities		1,658	—
		<u>1,000,289</u>	<u>671,047</u>
Net current assets		<u>680,903</u>	<u>182,104</u>
Total assets less current liabilities		<u>1,089,648</u>	<u>566,567</u>
Non-current liabilities			
Lease liabilities		4,638	504
Deferred income		19,302	—
Bank borrowings		64,800	—
Deferred tax liabilities		14,066	16,203
		<u>102,806</u>	<u>16,707</u>
Net assets		<u><u>986,842</u></u>	<u><u>549,860</u></u>
Capital and reserves			
Share capital		120,879	113,843
Reserves		<u>819,020</u>	<u>384,944</u>
Equity attributable to owners of the Company		939,899	498,787
Non-controlling interests		<u>46,943</u>	<u>51,073</u>
Total equity		<u><u>986,842</u></u>	<u><u>549,860</u></u>

1. GENERAL INFORMATION

Xunfei Healthcare Technology Co., Ltd. (訊飛醫療科技股份有限公司) (the “**Company**”), formerly known as Anhui Xunfei Medical Co., Ltd. (安徽訊飛醫療股份有限公司), Anhui iFLYTEK Medical Information Technology Company Limited (安徽科大訊飛醫療信息技術有限公司) and Anhui Puji Information Technology Company Limited (安徽普濟信息科技有限公司), was established as a company with limited liability in Hefei City, Anhui Province, the PRC, on May 13, 2016, under the Company Law of the PRC. The immediate holding company and the ultimate holding company of the Company is iFLYTEK. The address of the registered office and the principal place of business of the Company is No. 167 Guang’anmennei Street Xicheng District, Beijing PRC.

On December 24, 2021, the Company was converted into a joint stock company with limited liability. The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on December 30, 2024 (the “**Listing**”).

The Group are principally engaged in the provision of comprehensive healthcare AI solutions in the PRC.

The consolidated financial statements is presented in Renminbi (“**RMB**”), which is also the functional currency of the Company and its subsidiaries.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

For the purpose of preparing and presenting the consolidated financial statements for the year ended December 31, 2024, the Group has consistently adopted the accounting policies which conform with IFRS Accounting Standards, amendments to IFRS Accounting Standards and the related interpretations issued by the IASB, which are effective for the accounting period beginning on January 1, 2024.

New and amendments to IFRS Accounting Standards in issue but not yet effective

At the date of this announcement, the following new and amendments to IFRS Accounting Standards have been issued which are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ³
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards — Volume 11 ³
Amendments to IAS 21	Lack of Exchangeability ²
IFRS 18	Presentation and Disclosure in Financial Statements ⁴

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

² Effective for annual periods beginning on or after January 1, 2025.

³ Effective for annual periods beginning on or after January 1, 2026.

⁴ Effective for annual periods beginning on or after January 1, 2027.

The application of IFRS 18 has impact on presentation of the consolidated statement of profit or loss and other comprehensive income and no impact on the Group's financial positions and performance. Except for the IFRS 18, the directors of the Company anticipate that the application of these amendments to IFRS Accounting Standards will have no material impact on the Group's financial position and performance in foreseeable future.

3. REVENUE AND SEGMENT INFORMATION

Disaggregation of revenue from contracts with customers

	Year ended December 31,	
	2024	2023
	<i>RMB in</i>	<i>RMB in</i>
	<i>thousands</i>	<i>thousands</i>
Types of goods or services		
Project implementation services	639,521	469,200
Operation services	39,432	34,674
AI healthcare products	55,031	52,251
	<u>733,984</u>	<u>556,125</u>
By business lines		
Primary Healthcare (“PHC”) Services	237,031	239,754
Regional Healthcare Solutions	153,755	116,638
Hospital Services	132,035	64,912
Patient Services	211,163	134,821
	<u>733,984</u>	<u>556,125</u>
Timing of revenue recognition		
A point in time	694,552	521,451
Overtime	39,432	34,674
	<u>733,984</u>	<u>556,125</u>

Geographical information

The Group primarily operates in the PRC. The Group's non-current assets are all located in the PRC.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	Year ended December 31,	
	2024	2023
	<i>RMB in</i>	<i>RMB in</i>
	<i>thousands</i>	<i>thousands</i>
Customer A	N/A ¹	63,653
Customer B	N/A ¹	61,628

¹ The corresponding revenue did not contribute over 10% of total revenue of the Group.

4. INCOME TAX CREDIT

	Year ended December 31,	
	2024	2023
	<i>RMB in</i>	<i>RMB in</i>
	<i>thousands</i>	<i>thousands</i>
Current tax	1,658	—
Deferred tax	(36,038)	(32,691)
	(34,380)	(32,691)

5. LOSS BEFORE TAX

Loss for the year has been arrived at after charging:

	Year ended December 31,	
	2024	2023
	<i>RMB in</i>	<i>RMB in</i>
	<i>thousands</i>	<i>thousands</i>
Auditor's remunerations	2,896	300
Directors' remuneration	19,048	29,425
Other staff:		
Salaries and other benefits	213,322	194,194
Discretionary bonus	46,849	38,411
Retirement benefit scheme contributions	20,227	18,472
Equity-settled share-based payments	38,809	67,249
Total staff costs	338,255	347,751
Less: Capitalised in development costs	(12,579)	(12,172)
	325,676	335,579
Depreciation of equipment	8,563	7,081
Depreciation of right-of-use assets	1,675	1,505
Amortization of other intangible assets	37,687	33,374
Total depreciation and amortization	47,925	41,960
Cost of inventories recognized as an expense	338,636	248,504

6. DIVIDENDS

No dividend was paid or proposed by the Company during 2024, nor has any dividend been proposed since the end of the reporting period (2023: nil).

7. LOSS PER SHARE

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

	Year ended December 31,	
	2024	2023
	<i>in thousands</i>	<i>in thousands</i>
Loss for the purposes of calculating basic loss per share attributable to owners of the Company (<i>RMB</i>)	<u>(132,600)</u>	<u>(144,842)</u>
Weighted average number of ordinary shares for the purpose of basic loss per share calculation	<u>113,862</u>	<u>111,117</u>

No diluted earnings per share for both years as there were no potential ordinary shares in issue.

8. LONG-TERM TRADE RECEIVABLES

	As at December 31,	
	2024	2023
	<i>RMB in thousands</i>	<i>RMB in thousands</i>
Long-term trade receivables (<i>Note</i>)	220,334	180,873
Less: due within one year	<u>(140,859)</u>	<u>(97,996)</u>
	79,475	82,877
Less: allowance for credit losses	<u>(3,272)</u>	<u>(3,682)</u>
	<u>76,203</u>	<u>79,195</u>

The following is an aged analysis of long-term trade receivables net of allowance for credit losses presented based on invoice dates:

	As at December 31,	
	2024	2023
	<i>RMB in</i>	<i>RMB in</i>
	<i>thousands</i>	<i>thousands</i>
0–90 days	42,480	—
91–180 days	—	24,710
181–365 days	1,128	1,270
1–2 years	23,355	53,215
2–3 years	9,240	—
	<u>76,203</u>	<u>79,195</u>

9. TRADE AND OTHER RECEIVABLES

	As at December 31,	
	2024	2023
	<i>RMB in</i>	<i>RMB in</i>
	<i>thousands</i>	<i>thousands</i>
Trade receivables	755,555	509,995
Less: allowance for credit losses	<u>(24,181)</u>	<u>(11,729)</u>
	731,374	498,266
Other receivables	15,799	9,509
Advance to suppliers	39,923	10,831
Other tax recoverables	8,513	8,577
Prepayments for listing expenses	—	2,966
Deferred issue costs	—	3,111
	<u>795,609</u>	<u>533,260</u>

The following is an aged analysis of trade receivables net of allowance for credit losses presented based on invoice dates:

	As at December 31,	
	2024	2023
	<i>RMB in thousands</i>	<i>RMB in thousands</i>
0–90 days	272,046	135,211
91–180 days	56,729	77,951
181–365 days	82,593	76,193
1–2 years	124,524	132,624
2–3 years	153,311	65,357
Over 3 years	42,171	10,930
	731,374	498,266

10. BILL, TRADE AND OTHER PAYABLES

	As at December 31,	
	2024	2023
	<i>RMB in thousands</i>	<i>RMB in thousands</i>
Trade payables	346,122	242,665
Bill payables	53,139	38,379
Total trade and bill payables	399,261	281,044
Payroll payables	63,011	52,060
Value-added tax and other tax payables	34,437	30,363
Payable for acquisition of a subsidiary	—	8,067
Listing expenses and issue costs payable	19,806	4,371
Others	4,655	3,759
	521,170	379,664

The credit period of trade creditors is generally 30 days. The following is an aged analysis of trade payables presented based on the invoice dates:

	As at December 31,	
	2024	2023
	<i>RMB in</i>	<i>RMB in</i>
	<i>thousands</i>	<i>thousands</i>
0–90 days	195,350	161,661
91–180 days	20,610	14,849
181–365 days	80,711	27,212
Over 1 years	49,451	38,943
	346,122	242,665

The following is an aged analysis of bill payables based on the bill issuance dates at the end of each reporting period:

	As at December 31,	
	2024	2023
	<i>RMB in</i>	<i>RMB in</i>
	<i>thousands</i>	<i>thousands</i>
0–180 days	53,139	38,379

OTHER INFORMATION

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Our Company is committed to maintaining high standards of corporate governance to protect shareholders' interests, enhance corporate value, and ensure accountability. The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Listing Rules as its own code of corporate governance. To the best of the Directors' knowledge, our Company has complied with the applicable code provisions set out in Part 2 of the CG Code for the period from December 30, 2024 (the “**Listing Date**”) to December 31, 2024.

The Board will continue to review and monitor the Company's corporate governance practices to ensure compliance with the CG Code and maintain high standards of corporate governance.

COMPLIANCE WITH THE MODEL CODE

Our Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as the code for securities transactions by Directors and supervisors. As the Model Code was not applicable prior to the Listing Date, each of the Directors and supervisors has confirmed, after specific inquiries are made to all Directors and supervisors, that they have complied with the Model Code from the Listing Date up to the end of the Reporting Period.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

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 the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on March 26, 2025. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

AUDIT COMMITTEE

The Company has established the Audit Committee in accordance with Rule 3.21 of the Listing Rules and the CG Code. The Audit Committee comprises three members, namely Prof. Zhao Huifang (趙惠芳), Prof. Wang Yang (汪揚) and Mr. Duan Dawei (段大為), with Prof. Zhao Huifang (who is an independent non-executive Director of the Company with appropriate professional qualifications) acting as the chairman of the Audit Committee.

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended December 31, 2024 and has discussed with senior management and the Auditor matters relating to the accounting policies and practices and internal controls adopted by the Company.

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

Neither our Company nor any of its subsidiaries purchased, sold or redeemed any of our Company's securities (including the sale of treasury shares (as defined under the Listing Rules)) during the period from the Listing Date to December 31, 2024. Our Company did not hold any treasury shares as of December 31, 2024.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended December 31, 2024 (2023: nil).

USE OF PROCEEDS FROM THE LISTING

Our Company was listed on the Main Board of the Hong Kong Stock Exchange on December 30, 2024 (the “**Listing**”), issuing 7,035,550 new shares at an offer price of HK\$82.80 per share, with net proceeds from the Listing of approximately HK\$507.1 million after deducting underwriting commissions, fees and other expenses related to the Global Offering. The net proceeds from the Listing will be applied in accordance with the plans disclosed in the section headed “Future Plans and Use of Proceeds” in the prospectus of the Company dated December 18, 2024, namely:

Item	Percentage	Proceeds to be used for related purpose (HK\$ in millions)	Utilized proceeds during the Reporting Period (HK\$ in millions)	Unutilized proceeds as of the end of the Reporting Period (HK\$ in millions)	Expected timetable for the fully utilizing of unutilized proceeds ^{Note}
Investing in research and development to continuously reinforce our core competence	32.3	164.0	0	164.0	By the end of December 2026
Further enriching our products and services through upgrading existing products and developing new products	26.6	135.0	0	135.0	By the end of December 2026
Reinforcing our commercialization capabilities and expand our service network	24.7	125.1	0	125.1	By the end of December 2026
Acquiring companies that may generate synergy with our existing capacities, such as medical device manufactures.	6.4	32.3	0	32.3	By the end of December 2026
Working capital and other general corporate purposes	10.0	50.7	0	50.7	By the end of December 2025
Total	100	507.1	0	507.1	

Note: The expected timetable for the fully utilizing of unutilized proceeds was based on the estimate of the Group, which is subject to the current and future development of the market conditions.

The Company has placed the net proceeds that have not yet been utilized in short-term interest-bearing accounts with licensed commercial banks and/or other authorized financial institutions. The Company will comply with PRC laws regarding foreign exchange registration and remittance of proceeds.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The annual results announcement will be published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.iflyhealth.com). The annual report of the Company for the year 2024 will be published on the websites of the Hong Kong Stock Exchange and the Company in due course.

By order of the Board
Xunfei Healthcare Technology Co., Ltd.
Dr. Tao Xiaodong
Executive Director

Hong Kong, March 26, 2025

As of the date of this announcement, the Board of the Company comprises: (i) Dr. Tao Xiaodong as executive Director; (ii) Dr. Liu Qingfeng, Mr. Zhao Zhiwei and Mr. Duan Dawei as non-executive Directors; and (iii) Prof. Wang Yang, Prof. Zhao Huifang and Mr. Tan Ching as independent non-executive Directors.